

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(76) 138 final.

Brussels, 6 April 1976

RECOMMENDATION FOR

REGULATION OF THE COUNCIL

concluding the Agreement between the European Economic Community
and Japan on trade in textiles products

(submitted to the Council by the Commission)

COM(76) 138 final.

EXPLANATORY STATEMENT

1. On 10 July 1975, the Council decided to authorise the Commission to open negotiations with Japan for a bilateral agreement on trade in textile products. This Agreement has been negotiated within the framework of the Arrangement regarding International Trade in Textiles.

2. In conformity with the Council Decision mentioned above and in consultation with the Article 113 Committee, the Commission negotiated with Japan in July, November and December 1975.

Following these negotiations, a draft agreement was drawn up. This draft agreement takes due account of the peculiarities of trade between Japan and the Community and sets out in particular :

- reciprocal rights and obligations so that an orderly and equitable development of trade may be realised, in conformity with the provisions of the Geneva Arrangement;
- a consultation procedure for any problem which may arise in trade in textiles between the Community and Japan;
- self-restraint on exports of specific categories of textiles products (following consultations held within the framework described above) at levels agreed by Japan, with regard to the Community or certain of its markets;
- an undertaking by the Community not to have recourse to the safeguard clause of the Geneva Arrangement for the categories of products for which quantitative limits are provided, provided that such agreed limits are respected.

Having agreed that the draft agreement was in conformity with the results of the negotiations, the heads of delegation proceeded, on 12 December 1975, to initial the text.

3. The Commission considers that the draft agreement and the related exchanges of letters constitute an acceptable result for the Community. The Commission therefore recommends that the Council adopt the draft Regulation annexed hereto.

4. In order to ensure that the objectives of the Agreement are achieved pending its entry into force, the measures necessary for the Community to apply the provisions of the Agreement are the subject of a separate proposal for a Regulation.

RECOMMENDATION FOR REGULATION OF THE COUNCIL

concluding the Agreement between the European Economic
Community and Japan on trade in textiles products

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic
Community, and in particular Article 113 thereof,
Having regard to the proposal from the Commission,
Whereas the Agreement negotiated between the European Economic Community
and Japan on trade in textile products should be concluded;
Whereas the import system for certain textiles products originating in
Japan established by Council Regulation (EEC) No. provides
for the application of the provisions of this Agreement,

HAS ADOPTED THIS REGULATION :

Article 1

The Agreement between the European Economic Community and
Japan on trade in textile products, together with the related exchange
of letters, is hereby concluded on behalf of the Community.

The texts of the said Agreement and of the said letters
are annexed to this Regulation.

Article 2

The President of the Council shall notify the other
Contracting Party that, as regards the Community, the procedures
necessary for the entry into force of the Agreement and of the
exchange of letters have been completed.

Article 3

This Regulation shall enter into force on the third day
following that of its publication on the Official Journal of the
European Communities.

A G R E E M E N T

between

THE GOVERNMENT OF JAPAN

and

THE EUROPEAN ECONOMIC COMMUNITY

on Trade in Textiles

12 December 1975

The Government of JAPAN,

of the one part,

and

the Council of the European Communities,

of the other part,

Desiring to ensure, in conformity with the provisions of the Arrangement regarding International Trade in Textiles done in Geneva on 20 December 1973 (hereinafter referred to as "the Geneva Arrangement"), the orderly and equitable development of trade in textiles between Japan and the European Economic Community (hereinafter referred to as "the Community"),

Desiring to solve any problems regarding their trade in textiles through consultations and in a spirit of mutual cooperation,

Have agreed as follows :

Article 1

This Agreement shall apply to the trade between the Parties in those categories of textiles originating in and dispatched from either Party which are referred to in paragraph 1 of Article 12 of the Geneva Arrangement.

Article 2

1. The provisions of this Agreement shall not affect the respective rights and obligations of the Parties under the Geneva Arrangement or under the General Agreement on Tariffs and Trade.

2. In particular, the Parties recognise and confirm that, except as may otherwise be agreed between them under the provisions of this Agreement, this Agreement shall not affect the respective rights and obligations of the Parties under Article 3 of the Geneva Arrangement.

Article 3

All existing unilateral quantitative restrictions, bilateral agreements and any other quantitative measures in force having a restrictive effect, which have been notified by either Party to the Textiles Surveillance Body under paragraph 1 of Article 2 of the Geneva Arrangement, shall, unless justified under the provisions of the GATT, be terminated as soon as possible after the conclusion of this Agreement and in any case by 31 March 1977.

Article 4

1. The Parties shall enter promptly into consultations with each other at the request of either Party on any problem concerning their trade in textiles and in particular on any problem arising from the application of this Agreement. Such consultations shall be held in conformity with the provisions of the Geneva Arrangement in a spirit of mutual confidence and cooperation and with a view to the conciliation of differences existing between them.

2. (i) In view of the desire of the Parties to avoid, on the one hand, real risks of market disruption (as defined in Annex A of the Geneva Arrangement) in the Community and in Japan and, on the other hand, disruption to their export trade in textiles, specific procedures for consultations are set out below.

(ii) Consultations shall be held at the request of either Party in any case in which, in the opinion of that Party, conditions prevailing in its market (in the case of the Community, in the markets in any or all of its regions) are such as to demonstrate the existence of real risks of market disruption. Any request for such consultations shall be accompanied by a statement of the market conditions which shall include data designed to demonstrate the existence of real risks of market disruption.

(iii) In such consultations, the Parties shall examine the case on the basis of relevant data with a view to clarifying the situation and to arriving at mutually acceptable solutions which realise the objectives set out in sub-paragraph (i) above.

(iv) Until such time as a mutually satisfactory conclusion is reached in such consultations, each Party shall accord sympathetic consideration to any proposals for short-term interim measures considered by the other Party requesting consultations as urgently necessary to avoid a deterioration of the situation pending the conclusion of consultations.

(v) The consultations referred to in this paragraph shall be held as soon as possible and normally within 60 days of the request for such consultations. In the event that the Parties are unable to reach agreement during such consultations either Party may bring the matter before the Textiles Surveillance Body in accordance with Article 11 (4) of the Geneva Arrangement. The Party choosing to adopt such course of action shall immediately notify the other Party of its intention.

3. If, having regard to the provisions of the Geneva Arrangement, either Party considers that, as a result of the application of the provisions of this Agreement, it is being placed in an inequitable position as compared with a third country, that Party may request consultations with the other Party under the conditions set out in paragraph 1 above.

Article 5

1. The Parties will exchange all useful information concerning their trade in textiles for the successful implementation of this Agreement.

2. Representatives of the Parties will meet at the request of either Party and at least once a year for a general overall review of this Agreement, its implementation and developments in their trade in textiles, with a view to ensuring progressive liberalisation and orderly expansion of such trade.

Article 6

1. This Agreement shall enter into force on the first day of the month following the date on which the Parties have notified each other of the completion of the procedures necessary for the purpose. It shall remain in force until 31 December 1977.

2. This Agreement shall enter into force in the manner defined in paragraph 1 of this Article with effect from 1 January 1975.

3. (i) Either Party may at any time propose modifications to this Agreement.

(ii) Either Party may, by giving at least 120 days' notice to the other Party, terminate the Agreement at the end of any calendar year.

4. This Agreement shall apply, in the case of the Community, to the territories to which the Treaty establishing the European Economic Community applies on the conditions established in the said Treaty.

Done at _____, on _____ December 1975,
in duplicate, in the Japanese, German, French, Italian,
Dutch, Danish, English languages, each of these texts
being equally authentic.

For the Government of Japan:

For the Council of the
European Communities:

Exchange of letters

[Sir] [Your Excellency]

I have the honour to state on behalf of the [Government of Japan] [Council of the European Communities] that as a result of consultations held under Article 4 of the Agreement between the Government of Japan and the European Economic Community on Trade in Textiles, the following matters are agreed upon between the Parties :

1. As temporary measures, the Government of Japan will
 - (a) limit its exports to the European Economic Community (hereinafter referred to as "The Community") of the textiles listed in Part A of Annex I as provided for therein; and
 - (b) undertake further consultations, in accordance with Article 4 of the Agreement should a consultation level as shown in Part B of Annex I be exceeded or be likely to be exceeded, it being understood that, as a result of such consultations, the Government of Japan would, if so requested by the Community, limit its exports of the textiles listed in Part B of Annex I in such manner as to eliminate real risks of market disruption in the Community or its regions.
2. The quantitative limits established in paragraph 1 above shall be managed under a control system administered by the Government of Japan as set out in Annex II hereto.
3. Imports of the textiles listed in the Annex I which are for immediate re-export or for inward processing and subsequent re-export shall not be subject to quantitative limits, provided that they are entered as such under an administrative system of control in force for this purpose in the Community.
4. The Government of Japan shall endeavour to ensure that exports of the textiles for which quantitative limits are established are spaced out as evenly as possible over each year, due account being taken, in particular, of seasonal factors.

5. The Government of Japan and the Community shall take all possible measures to ensure that traditional channels and methods of trade between the Community and Japan are maintained.

6. In respect of the products for which quantitative limits are established as shown in Annex I hereto, the Community shall refrain from invoking the provisions of Article 3 of the Geneva Arrangement, provided that the quantitative limits as established in Annex I in respect of the regions of the Community concerned are respected,

7. Within any one year, unused portions of quantitative limits established may be transferred to other quantitative limits established, under the conditions set out below.

(a) The quantitative limit for any specific category established may be increased in any one year by the transfer from any other quantitative limit or limits of a maximum of 7 % of the quantitative limit to which the transfer is made.

(b) Portions of any quantitative limit established which are not used during any year, may be carried over and added to the quantitative limit established for the same product in the following year within a limit of 10%.

(c) Advance delivery may be authorized from the quantitative limit established for the same product for the following year within a limit of 10 %. Amounts delivered in advance shall be deducted from the quantitative limit for the product in question for the following year.

(d) The preceding flexibility provisions for transfer, carry over and advance delivery shall not in any year result in a quantitative limit for any category being exceeded by more than 15 % of the quantitative limit for that category for that year.

(e) Either Party wishing to utilise the provisions for transfer, carry over and advance delivery set out above shall notify the other in writing in advance.

Community ceilings

Category N°	CCT Heading N°	Description	Control Unit	Member State	Quantitative limit		
					1975 ¹	1976 ¹	1977 ²
1	51.04	Woven fabrics of man-made fibres (continuous), including woven fabrics of monofil or strip of heading n°. 51.01 or 51.02 : - ex A. of synthetic textile fibres (see footnotes)	1,000 kg	FRG	886	1280	1400
				F	254	381	493
				I	212	318	412
				BNL	384	490	536
				UK	844	1075	1175
				IRL	856	860	863
				DK	64	96	121
				EEC	3500	4500	5000
2	55.09 56.07	Woven fabrics of cotton - Woven fabrics of man-made fibres - A. of synthetic textiles fibres	1,000 kg	FRG	3761	4100	4500
				F	2665	2900	3200
				I	1573	1700	1900
				BNL	1003	1500	1700
				UK	998	1300	1500
				IRL	759	1000	1300
				DK	901	950	1000
				EEC	11660	13450	15100

For the years 1975 and 1976, the coverage for Category 1 is Nimexes 05, 07, 13, 15, 21, 23, ex 25 (Polyamid, heavier than 70g/m²; and Polyester, heavier than 100g/m² but lighter than 200g/m²) 27, 28, 32, 34, 36, 42, 46, 48.

For the year 1977, the coverage for Category 1 is Nimexes 05, 07, 21, 23, ex 25 (Polyamid, heavier than 70g/m²; and Polyester, heavier than 100g/m² but lighter than 200g/m²), 27, 32, 34.

Regional ceilings

Category No.	CCT Heading No.	Description	Control Unit	Member State	Quantitative limit		
					1975	1976	1977
3	58.07 (nimexe .11,.19)	Yarn of combed sheep's or lambs' wool (worsted yarn) not put up for retail sale	T	FRG	500	750	1.000
4	58.04	Woven pile fabrics and chenille fabrics	T	F I	300 200	310 212	350 225
5a	58.05 (nimexe .51,.59, .61,.69)	Narrow woven fabrics, and narrow fabrics (bolduc) consisting of warp without weft assembled by means of an adhesive, other than goods falling within heading No. 58.06	T	ENL	120	140	160
5b	58.05 (all nimexes other than 16)	idem	T	UK	120	150	180

Temporary regional ceilings for Italy (termination : 31 March 1977)

15-month period 1.1.76 to 31.3.1977

6	ex 61.01 ex 61.02	Raincoats of the overcoat type	pieces	I		600 000	
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CONSULTATION LEVEL

Category	CCP Heading	Description	Control Unit	Member State	Quantity (Calendar year)
	56.05	Yarn of man-made fibres (dis-continuous or waste), not put up for retail sale	T	FRG	3,358
				F	1,200
				I	500
				BNL	1,522
		- A. of synthetic textiles fibres		UK	360
				DK	712
				Ir1	22
				EC	<u>7,674</u>

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Details of control system

1. The Government of Japan establishes the following system of export restraints :

Under the system :

- (1) The competent authorities (MITI) issue export licences to exporters who have firm sales contracts of the product concerned up to the quantitative limit determined on a yearly basis.
- (2) Without such export licences exporters are not permitted to export the product concerned to the Community.

2. The Government of Japan is prepared to furnish the Community with statistical information, on a quarterly basis, showing the amount of licensed shipments for export from Japan to the Community of the products concerned.

3. Furthermore, provided that no documentation other than that required for normal customs documents and health and sanitary or consumers' protection purposes is made mandatory at the importing end, the Government of Japan will issue a "certificate of export" in English which certifies that the shipment forms part of the quantitative limit for the relevant Member State of the Community and which is to accompany each consignment. This provision shall not preclude any requirement for import documentation for statistical purposes which is accorded freely and without delay, provided that the requirement is applicable erga omnes.

4. The "certificate of export", an example of which is attached hereto, shall specify and contain :

- (1) destination
- (2) serial number
- (3) name of exporter
- (4) name of importer
- (5) description of products
- (6) quantity (in terms of the relevant control unit).

5. Should the inflow of the product concerned to the Community via one or more third country and not accompanied by a "certificate of export" undermine the objectives of the export restraints, the Government of Japan is prepared to enter into consultation with the Community with a view to remedying the situation effectively and promptly.

CERTIFICATE OF EXPORT FROM JAPAN

Date

Certificate No. of Export to
European Economic Community
(Name of member State)

No.

Export Licence No.

1. Name of Exporter
2. Name of Importer
3. Item No. & Description
4. Quantity

I hereby certify that the above mentioned cargo of Japanese origin forms part of and has been debited from the export quota to the European Economic Community (Name of member State)

Signature :

Title :

Ref.

Name of Vessel

Date of Shipment

