

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(76) 431 final.

Brussels, 29 July 1976.

Proposal for a
COUNCIL REGULATION

concluding the Agreement between the

European Economic Community

and the

Federal Republic of Brazil

on trade in textiles products

(submitted to the Council by the Commission)

COM(76) 431 final.



EXPLANATORY STATEMENT

1. On 18 March 1975, the Council decided to authorise the Commission to open negotiations with the Federal Republic of Brazil for the conclusion of an Agreement on trade in textile products.
2. In conformity with this Council Decision and in consultation with the Art.113 Committee, the Commission negotiated with representatives of the Brazilian government during October and December 1975 and January, February and March 1976. Following these negotiations a draft Agreement was drawn up and initialled by the heads of delegation on 1 April 1976.
3. In particular, the draft Agreement provides restraint levels for Brazilian exports of certain defined textiles products to the Community and a checking system to be operated by Community authorities on imports of such products. The Community measures relating to the checking system for the products in question were laid down in Commission Regulation (EEC) No. 790/76 of 6 April 1976,⁽¹⁾ subsequently confirmed in Council Regulation (EEC) No. 1169/76 of 17 May 1976 (2).
4. The Agreement further provides that, for the products covered by the Agreement, the Community shall suspend all quantitative restrictions existing in the Community and refrain from invoking the provisions of Article 3 of the M.F.A. So far as quantitative restrictions on products other than those covered by the Agreement are concerned, the Agreement provides that, unless justified under the provisions of the GATT or included in agreements negotiated or measures adopted pursuant to Article 3 of the Geneva Arrangement, these shall be suspended at the latest by 31 March 1977.
5. With the exception of cotton grey cloth, imports of the textile products covered by the Agreement into the Community for immediate re-export or for re-export after processing, are not subject to the quantitative limits established under the Agreement.

6. A general consultation procedure, which may be invoked by either party, is set out in Article 4 of the Agreement. It may be used to seek solutions to any problems arising between the parties as to the application of the Agreement.

7. Possibilities for carry-over, carry-forward and inter-category flexibility are provided in the Agreement, in accordance with the requirements of the Geneva Arrangement.

8. The Agreement is to enter into force, upon conclusion, with effect from 1 January 1976. It will remain in force until 31 December 1977.

9. In the Commission's opinion, the Agreement negotiated is fully in conformity with the guidelines laid down by the Council of Ministers and the Commission therefore proposes that the Council adopt the draft Regulation annexed hereto, concluding the Agreement on behalf of the Community.

COUNCIL REGULATION (EEC) No.

concluding the Agreement between the European Economic Community and
the Federal Republic of Brazil 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 recommendation from the Commission,

Whereas the Agreement on trade in textile products negotiated between the
European Economic Community and the Federal Republic of Brazil should be
concluded,

HAS ADOPTED THIS REGULATION :

Article 1

The Agreement between the European Economic Community and the Federal
Republic of Brazil on trade in textile products is hereby concluded on
behalf of the Community.

The text of the Agreement is annexed to this Regulation.

Article 2

The President of the Council shall notify the other Contracting Party of the
completion by the Community of the procedures required for the entry into
force of the Agreement (1).

(1) The date of entry into force of the Agreement will be published in the
Official Journal of the European Communities.

Article 3

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

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at

For the Council
The President

Draft

The Council of the European Communities
of the one part,

The Government of the Federal Republic of BRAZIL
of the other part,

Desiring to ensure the orderly and equitable development of trade
in textiles between the European Economic Community (hereinafter re-
ferred to as "the Community") and B r a z i l,

Having regard to the provisions of the Arrangement regarding Inter-
national Trade in Textiles (hereinafter referred to as "the Geneva
Arrangement") and in particular Article 4 thereof,

Have decided, in a spirit of mutual co-operation and in conformity
with the Geneva Arrangement, to conclude this Agreement and to this end
have designated as their Plenipotentiaries :

THE COUNCIL OF THE EUROPEAN COMMUNITIES

THE GOVERNMENT OF THE FEDERAL REPUBLIC OF BRAZIL

WE HAVE AGREED AS FOLLOWS :

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Article 1

The Parties recognise and confirm that, subject to the provisions of this Agreement and without prejudice to their rights and obligations under the General Agreement on Tariffs and Trade, the conduct of their mutual trade in textiles shall be governed by the provisions of the Geneva Arrangement.

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Article 2

1. In respect of those categories of textiles products which are set out in Annex I, being textiles products originating in and despatched from Brazil, and subject to the satisfactory operation of this Agreement, the Community shall not introduce new quantitative restrictions, shall suspend the operation of any previously in force, and shall refrain from invoking the provisions of Article 3 of the Geneva Arrangement, provided that exports to the Community of such textiles products originating in and despatched from Brazil do not exceed the agreed quantitative limits.
2. The Government of Brazil shall establish quantitative limits on exports to the Community in accordance with Annex I, and undertakes to take the appropriate measures to ensure that the quantitative limits shown therein are not exceeded.
3. The Community shall not object to the aforementioned quantitative limits being exceeded in the event of additional demand developing on the market of the Community, on the understanding that the additional quantities shall be fixed by common agreement between both Parties.
4. Quantities of the quota shares set out in Annex I not taken up by a Member State of the Community may be re-allocated to another Member State in accordance with the procedures in force in the Community. The Community undertakes to respond within 4 weeks of its receipt to any request made by the Brazilian Government for such re-allocation. It is understood that any re-allocation so effected would not need to be confined within any limits set in flexibility provisions established elsewhere in this Agreement.
5. All other quantitative restrictions which have been notified by the Community to the Textiles Surveillance Body under Article 2 (1) of the Geneva Arrangement, shall, unless justified under the provisions of GATT or included in agreements negotiated or measures adopted pursuant to the provisions of Article 3 of the Geneva Arrangement, be suspended as soon as possible after the conclusion of the Agreement and in any case by 31 March 1977.
6. The Parties shall co-operate in implementing the measures necessary for the purpose of this Article.

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Article 3

1. With the exception of Category No. 2 (cotton cloth, unbleached or bleached), imports into the Community of the textile products shown in Annex I which are for immediate re-export or for inward processing and subsequent re-export outside the Community shall not be subject to quantitative limits established under this Agreement, provided they are entered as such under an administrative system of control in force for this purpose within the Community.

2. In any case where the competent authorities within the Community ascertain that imports described in paragraph 1 above have been retained for consumption within the Community, the latter will notify the Government of Brazil on a quarterly basis of the amounts involved. Brazil shall in such cases and at the request of the Community, charge such amounts against the quantitative limit or limits in question for the current calendar year or for the next following year.

3. In any case where the competent authorities within the Community ascertain under an administrative system of control in force that imports of textiles products shown in Annex I have been charged against quantitative limits established therein but subsequently re-exported outside the Community, the competent authority concerned will inform the Brazilian authorities on a quarterly basis of the quantities which shall not be charged to the quantitative limits.

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Article 4

1. The Parties shall enter promptly into consultations with each other, at the request of either and in conformity with the provisions of the Geneva Arrangement, on any problems arising from the application of this Agreement. Consultations held under the provisions of this Article shall be approached by both Parties in a spirit of compromise and with a view to the conciliation of differences existing between them.

2. The Parties shall consult as soon as possible within 30 days following the request and will make their best efforts to complete such consultations within 30 days of their commencement.

3. In the event that the Parties are unable, within a reasonable period of time, to reach a satisfactory solution during the consultations provided for in this article, either of the Parties may refer the matter to the Textiles Surveillance Body in accordance with Article 11 (4) of the Geneva Arrangement. The Party choosing to adopt such a course of action shall notify the other of its intention.

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Article 5

If, having regard to the provisions of the Geneva Arrangement, either Party considers that it is being placed in an inequitable position in respect of trade in textiles as compared with a third country, that Party may seek consultations with the other with a view to taking appropriate remedial action.

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Article 6

1. Portions of any quantitative limit shown in Annex I which are not used during any calendar year may be carried over and added to the corresponding quantitative limit in the following year, within a limit of 10% of the latter.
2. Within a limit of 10% of each of the quantitative limits shown in Annex I, advance deliveries shall be authorised from the corresponding quantitative limit established for the following year. Amounts delivered in advance shall be deducted from the quantitative limits for the products in question for the following year.
3. Within any one calendar year, unused portions of quantitative limits shown in Annex I in respect of any region of the Community market may be transferred to another quantitative limit established for that same region of the Community market within a ceiling of 7% of the recipient quantitative limit.
4. The preceding flexibility provisions shall not, in any given 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.
5. The flexibility provisions contained in this Article may only be applied by Brazil following written notification to the Community by the Brazilian authorities.

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Article 7

Brazil shall endeavour to ensure that exports of all textiles products for which quantitative limits are shown in Annex I are spaced out as evenly as possible over each calendar year, due account being taken, in particular, of seasonal factors.

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Article 8

The Parties shall exchange all useful information concerning their mutual trade in textiles in order to ensure the successful implementation of this Agreement.

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Article 9

The quantitative limits shown in Annex I shall be administered under a system of double control, the details of which are set out in Annex II to this Agreement.

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Article 10

1. The Parties shall take all possible measures to ensure that traditional channels and methods of trade between them are maintained.

2. Should either Party inform the other that the application of this Agreement has given rise to difficulties regarding the maintenance of existing commercial relations between importers in the Community and their suppliers in Brazil, the Parties will consult together in accordance with the procedures set out in Article 4 above.

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Article 11

This Agreement shall apply to the territories where the Treaty establishing the European Economic Community applies, on the conditions established in the said Treaty, and to the territory of the Federal Republic of Brazil.



Article 12

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 have effect from 1 January 1976.
3. Either Party may at any time propose modifications to this Agreement or denounce it provided that notice is given at least 120 days before the expiry of any twelve-month period; in the latter event the Agreement will come to an end at the expiry of the said twelve-month period.
4. The Annexes to this Agreement shall form an integral part thereof.

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Article 13

This Agreement shall be drawn up in two copies in the Danish, Dutch, English, French, German, Italian and Portuguese languages, each of these texts being equally authentic.

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Products for which B r a z i l will exercise restraint towards the whole Community from the entry into force of this Agreement.

The Community hereby notifies Brazil that the quantitative limits for the textile products listed below will be allocated between the Member States as follows:

Category Number	Product category or sub-category	Member State	Quantitative limits (metric tons)	
			1 9 7 6	1 9 7 7
1	55.05 Cotton yarn	FRG	11.175	11.552
		F	2.830	3.370
		I	3.839	4.162
		BNL	6.732	6.736
		UK	452	678
		Irl	1.113	1.119
		DK	359	443
		EEC	26.500	28.030
2	ex 55.09 Woven fabrics of cotton, unbleached and bleached	FRG	6.700	6.726
		F	1.396	1.518
		I	3.337	3.381
		BNL	2.396	2.428
		UK	830	977
		Irl	200	203
		DK	141	157
		EEC	15.000	15.450
3	ex 55.09 Woven fabrics of cotton, other than unbleached and bleached	FRG	618	632
		F	225	260
		I	510	523
		BNL	553	556
		UK	364	411
		Irl	500	503
		DK	80	86
		EEC	2.850	3.021
4	ex 62.02 Bed linen, table linen, toilet linen and kitchen linen of cotton	FRG	3.900	3.920
		F	360	432
		I	340	406
		BNL	400	464
		UK	740	860
		Irl	110	111
		DK	150	167
		EEC	6.000	6.360

ANNEX II

As agreed between the Parties in Article 9 of the Agreement, the administration of textiles imports from BRAZIL will be based on a system of double checking. The details of this system have been agreed between the Parties and are set out below.

The competent authorities within the Community ^{will} automatically and without delay, accept imports of textile products on submission of the importer's application together with the original export certificate. The competent authorities within the Community shall be entitled to require the presentation of an export certificate in respect of goods originating in BRAZIL of the categories shown in Annex I.

These export certificates will be validated by the Brazilian authorities up to the total amount of the agreed ceilings.

The export certificates issued by the Brazilian authorities shall be applicable to the products shown in Annex I.

The export certificate must specify or contain:

1. destination within the Community;
2. serial number;
3. importer's name and address;
4. exporter's name and address;
5. net weight (in kilograms or metric tons) and value;
6. category and description of product;
7. certification by the Brazilian authorities that the quantity has been debited against the agreed ceiling for exports to the Community or, where appropriate, is for immediate re-export or for inward-processing and subsequent re-export outside the Community.

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The competent authorities within the Community will not raise difficulties in the event of a discrepancy between the weight indicated in the export certificate and the shipment or import weight provided it is within reasonable limits, while the Brazilian authorities, for their part, will endeavour to keep any discrepancies to a minimum.

In the event of total or partial withdrawal of an export certificate the Brazilian authorities will notify the competent authorities within the Community of such total or partial withdrawal. The authorities of the Member States of the Community will take the appropriate measures in accordance with their existing administrative provisions.

The Brazilian authorities will forward to the competent authorities within the Community, via the Representations of the Member States of the Community and directly to the Commission, quarterly returns showing the total net weight in metric tons covered by the export certificates issued against the quantitative limits for exports to the Member States of the Community, for all categories of textiles exports to the Community to which this Agreement applies.

The Community will forward to the authorities of Brazil, on a quarterly basis, precise statistical information of imports of such products into the Community.

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