

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(76) 32 final.

Brussels, 9 February 1976.

## RECOMMENDATION FOR A REGULATION OF THE COUNCIL

concluding an Agreement between the European Economic Community  
and Macao on trade in textiles.

(submitted to the Council by the Commission)

COM(76) 32 final.



## EXPLANATORY MEMORANDUM

1. By a decision of 16 June 1975, the Council authorized the Commission to open negotiations with Macao for the conclusion of an Agreement on trade in textiles under Article 4 of the Arrangement regarding International Trade in Textiles.

2. In accordance with the above Council Decision and in consultation with the Article 113 Committee, the Commission conducted negotiations with Macao on 24 and 25 September 1975.

Following these negotiations a draft agreement was drawn up.

The draft makes provision for :

- voluntary restraint, at agreed levels, on exports to the Community of certain categories of textile products and articles of clothing intended for consumption within the Community ;
- the adoption of a surveillance and consultation procedure applicable to certain categories of products and permitting, inter alia, the establishment on agreed terms of voluntary restraint measures for the products in question ;
- the corresponding undertaking by the Community not to invoke the safeguard provisions of the Multifibre Arrangement for the categories of products covered by the agreement so long as the agreed ceilings are observed.

The heads of the delegations found the draft Agreement to be in accordance with the results of the negotiations and initialled the text on 27 September 1975.

3. The Commission considers that this draft agreement constitutes a result that is acceptable to the Community. It proposes that the Council conclude this Agreement by adopting the draft Regulation annexed hereto.

4. In order to ensure the achievement of the objectives of the Agreement and to prevent, in particular, the risk of extraordinary exports before its entry into force, the Community and Macao have, during the negotiations, declared their intention to apply the provisions of the Agreement autonomously from 1 October 1975 in anticipation of its entry into force.

For this reason the measure necessary for the Community's implementation of the provisions of the Agreement are included in a separate draft Regulation.

RECOMMENDATION FOR A REGULATION OF THE COUNCIL

concluding an Agreement between  
the European Economic Community and Macao  
on trade in textiles

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 Textiles negotiated between the European  
Economic Community and Macao should be concluded;

Whereas the import arrangements for certain textile products originating  
in Macao set up by Council Regulation (EEC) No  
permit the application of the provisions of this Agreement,

HAS ADOPTED THIS REGULATION :

Article 1

The Agreement between the European Economic Community and Macao  
on Trade in Textiles, the text of which is given in the Annex, is hereby  
concluded on behalf of the Community.

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.

Article 3

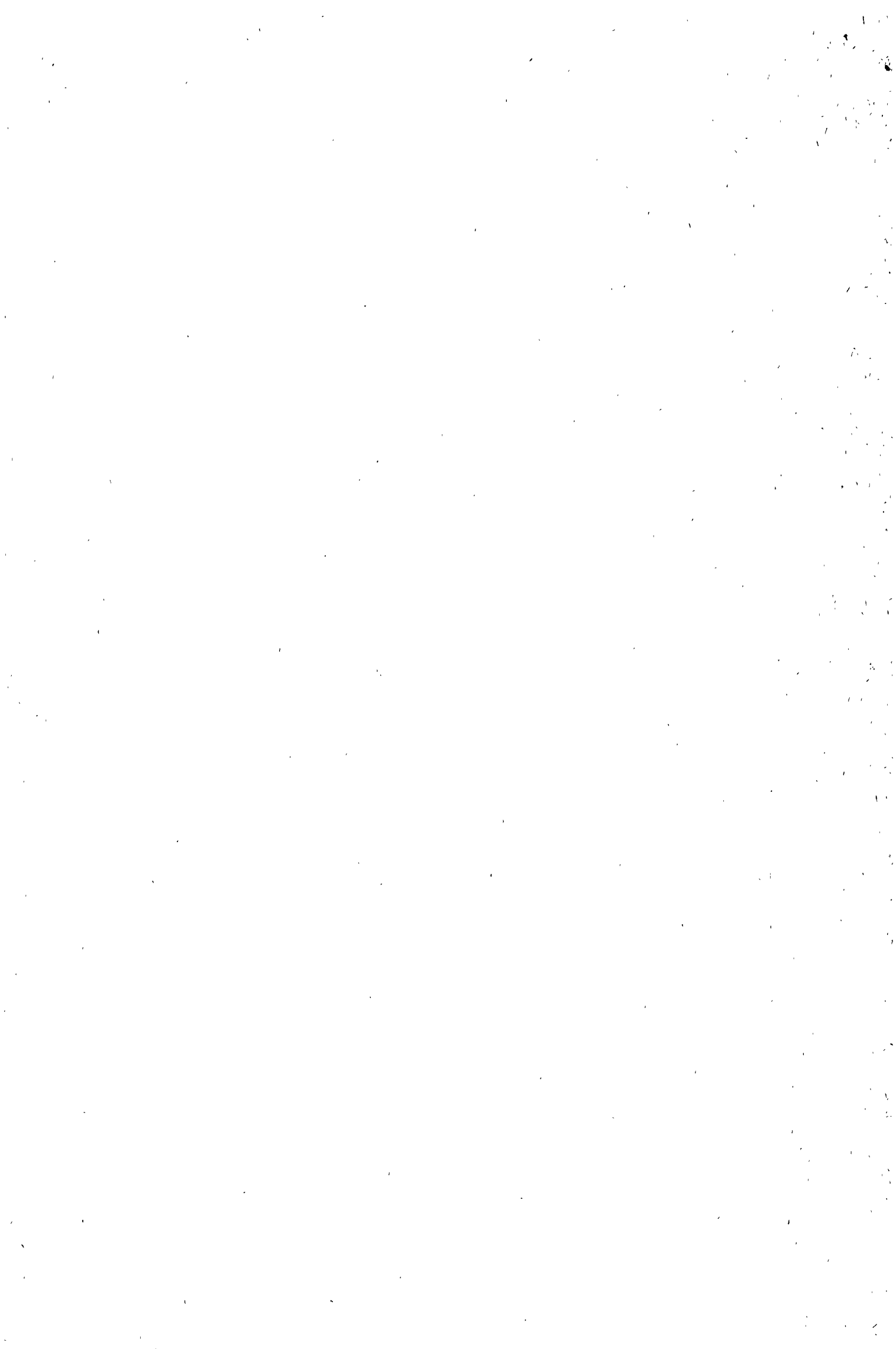
This Regulation shall enter into force on the third day following its publication on the Official Journal of the European Communities.

Done at Brussels,

For the Council

The President

AGREEMENT  
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY  
AND  
MACAO  
ON TRADE IN TEXTILES





The Council of the European Communities  
of the one part, and

The Government of Macao  
of the other part,

Desiring to ensure the orderly and equitable development of trade in  
textiles between the European Economic Community, hereinafter called  
"the Community" and Macao;

Having regard to the provisions of the Arrangement regarding International  
Trade in Textiles (hereinafter referred to as the "Geneva Arrangement")  
and in particular Article 4 thereof;

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

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

THE GOVERNMENT OF MACAO:

Who have agreed as follows:

Article 1

1. The Parties recognize 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.

2. This Agreement shall apply to trade in those categories of textile products originating in and coming from Macao which are listed in Annexes I and II and to those referred to in Article 4 below.

3. Macao agrees to establish quantitative limits on exports to the Community in accordance with the schedule set out in Annex I.

Article 2

1. The Community undertakes, in respect of the categories of textile products to which this Agreement applies, and subject to the satisfactory operation of this Agreement, not to introduce new quantitative restrictions and to refrain from invoking Article 3 of the Geneva Arrangement provided that exports to the Community of such textile products originating in and coming from Macao do not exceed the quantitative limits established under this Agreement.

2. The Macao authorities undertake to take all appropriate measures to ensure that the agreed quantitative limits are not exceeded.

3. The Community shall not object to the above quantitative limits being exceeded in the event of additional demand on the Community market, on the understanding that the additional quantities shall be fixed by common accord of both Parties.

Article 3

1. Imports into the Community of textile products covered by this Agreement which are for immediate re-export or for inward processing and subsequent re-export outside the Community shall not be subject to the 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. Where Community authorities ascertain that imports referred to in paragraph 1 above have been retained for use within the Community, the latter will notify the Government of Macao on a quarterly basis of the amounts involved. Macao shall in such cases and at the request of the Community set off such amounts against the quantitative limit or limits in question for the current year or for the following year.

3. In any case where the authorities in the Community ascertain under an administrative system of control in force that imports of textile products covered by this Agreement have been set off against quantitative limits established under this Agreement but have been subsequently re-exported outside the Community, the authorities concerned will inform the Macao authorities of the quantities involved and authorize imports of equivalent quantities, which shall not be set off against the quantitative limits under the Agreement.

Article 4

1. Both Parties agree to enter promptly into consultations with each other, at the request of either and in conformity with the provisions of the Geneva Arrangement, on any matter concerning their trade in textiles and in particular on any problems arising from the application of this Agreement. Consultations held under 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 Community may, in particular whenever conditions in its market give rise to real risks of market disruption, request consultations with Macao in accordance with the procedure laid down in paragraph 5 below with regard to the products listed in Annex II.
3. If, in the opinion of the Community, imports into the Community of textile products in direct competition with those covered by this Agreement cause a real risk of market disruption, the Community may request consultations with Macao under identical conditions to those specified in paragraph 5 of this Article.
4. If an excessive concentration of trade in any specific products within a category listed in Annex II causes a real risk of market disruption in respect of those products, the Community may request consultations with Macao under identical conditions to those specified in paragraph 5 of this Article.
5. In the cases defined in paragraphs 2, 3 and 4 of this Article, Macao shall limit, in accordance with the Community's request, its exports of the products or categories of products in question to the Community market or to the Community market in one or more of its Member States, pending a mutually satisfactory conclusion to the said consultations, to a level indicated by the Community which, as an annual rate, may not be lower than 10% of the imports recorded for the said products or categories of products during the twelve months ending three months before that in which the request for consultation was made.

(Article 4 contd.)

6. Consultations shall be held at the request of Macao in order to review the need for the maintenance or modification of any quantitative restrictions established under this Article, whenever the market conditions which led to the establishment of such restrictions no longer prevail.

Article 5

1. Portions of any quantitative limit established under this Agreement which are not used during any given period may be carried over and added to the corresponding quantitative limits for the following period, within a limit of 10% of the latter ceiling.
2. Within a limit of 10% of each ceiling established under this Agreement, advance deliveries shall be authorized from the corresponding ceiling in force for the following period. Amounts dispatched in advance shall be deducted from the ceiling for the products in question for the following period.
3. During each period of application of this Agreement, unused portions of quantitative ceilings established under this Agreement for one of the regions of the Community market may be transferred under the conditions set out below to another quantitative ceiling established for the same region of the Community market.

Transfers may be effected under this Agreement:

(i) to categories:

- |                 |  |
|-----------------|--|
| ex 60.05        | (Jerseys, pullovers, slipovers, twinsets,  |
| 01 and 21 to 39 | cardigans, jackets and blouses, knitted or crocheted)  |
| ex 61.01        | (Men's, boys', women's, girls' and infants'  |
| 61 and 69       | trousers, shorts and jeans)  |
| ex 61.02        |  |
| ex 91 to ex 99  |  |
| ex 61.03        | (Men's shirts)   |
| 11 to 19        |  |
| ex 61.03        | (Pyjamas)  |
| ex 62.02        | (Bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles except net curtains) |

provided such transfers do not exceed 7% of the quantitative limit for the category to which they are made;

(ii) to categories

- |                |                              |
|----------------|------------------------------|
| 61.02.81 to 89 | (women's shirts and blouses) |
| 61.05.30       | (cotton handkerchiefs)       |

provided that such transfers do not exceed 5% of the quantitative limit for the category to which they are made;

Article 5 (cont'd)

- (iii) *insoweit* as the quantities which are transferred to a quantitative limit are debited from another quantitative limit on the basis of the table of equivalences given in Annex IV;
- (iv) *insoweit* as a transfer is made to a quantitative limit only once during each period of application of the Agreement.

4. The preceding flexibility provisions must not, in any given period of the Agreement, lead to the ceiling for any category being exceeded by more than 15% of the ceiling for the category and period in question.

5. The flexibility provisions contained in this Article may be applied by Macao only following written notification to the Community by the Macao authorities.



Article 6

Macao shall make every endeavour to ensure that exports of all textile products for which quantitative limits may be established under this Agreement are spaced out as evenly as possible over each period of the Agreement, due account being taken, in particular, of seasonal factors.

Article 7

The two Parties agree to exchange all relevant information concerning their trade in textiles in order to ensure the smooth functioning of this Agreement.

Article 8

1. The Parties agree that the quantitative limits established under this Agreement shall be managed under a system of double control, the details of which are set out in Annex V to this Agreement.
2. Macao therefore undertakes to furnish the Community with statistical information, on a quarterly basis, on all certificates of origin issued by the Macao authorities for all categories of textile exports to the Community covered by this Agreement.
3. The Community shall likewise forward to the Macao authorities on a quarterly basis statistical information on imports of such products into the Community.

Article 9

1. Both Parties shall take all appropriate measures to ensure that the traditional trade flows and commercial practices are maintained between the Community and Macao.

2. Should either Party inform the other that the functioning of this Agreement has given rise to difficulties regarding the maintenance of existing commercial relations between importers in the Community and their suppliers in Macao, the Parties agree to consult together in accordance with the procedures set out in Article 4(1) above.

Article 10

Without prejudice to the other provisions of this Agreement, Macao agrees that the quantitative restrictions on imports into Ireland of the following textile products may be maintained until 30 June 1977 at the latest.

BIN 55.05	Cotton yarn, not put up for retail sale
55.06	Cotton yarn, put up for retail sale
55.07	Cotton gauze.

Article 11

This Agreement shall apply to the territories where the Treaty establishing the European Economic Community applies, on the conditions laid down in that Treaty, and to the territory of Macao.

Article 12

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

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

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 and Protocols to this Agreement shall form an integral part thereof.

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.



ANNEX I

Products

in respect of which Macao will exercise voluntary restraint vis-à-vis the Community as a whole from the entry into force of the Agreement

The Commission has decided to apply the following quantitative limits to the importation of the following products from Macao into the Community:

Common Customs Tariff No	Hinx Code	Description	Member State	Quantitative limits ('000 units)	
				1 Oct 1975 to 31 Dec 1976	1977
ex 61.01	61 to 69	Men's, boys', women's, girls' and infants' trousers, shorts and jeans	FRG	6 770	5 691
ex 61.02	ex 91 to ex 99		I	3 266	2 766
			I	1 778	1 694
			DEU	1 507	1 351
			UK	256	408
			Irl	11	17
			DK	33	53
		EEC	13 561	11 900	

ANNEX II

Products subject to the special consultation procedure provided for in  
Article 4

Common Customs Tariff No	DESCRIPTION
ex 60.05	Jerseys, pullovers, slipovers, twinsets, cardigans, jackets and blouses, knitted or crocheted
ex 61.01 ex 61.02	Men's, boys', women's, girls' and infants' outer garments, other than trousers, shorts and jeans
61.03	Men's and boys' under garments, including collars, shirt fronts and cuffs: Shirts Other
61.05.30	Cotton handkerchiefs
62.02 B	Bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles except net curtains

to the Agreement between the European Economic Community and Macao on trade in textiles

1. In accordance with Article 4 of the Agreement on trade in textiles concluded between the Community and Macao consultations have taken place between the Parties regarding imports from Macao into the Community of the textile products shown below.
2. As agreed at the above consultations Macao will limit its exports of the products below to the regions of the Community Market to the indicated levels.

Common Customs Tariff No	Description	Region of the Community market where the quantitative limit applies	Unit	Quantitative limits	Periods
ex 60.05 01 and 21 to 39	Jerseys, pullovers, slipovers, twinsets, cardigans, jackets and blouses, knitted or crocheted	BNL F	items "	600 000 2 220 000	1 Oct 75 to 31 Dec 1975 "
61.02 81 & 89	Women's shirts and blouses	F	"	1 600 000	"
ex 61.03 11 to 19	Men's and boys' shirts	BNL F	" "	400 000 2 459 200	" 1 Jan 76 to 31 Dec 1975
ex 61.03 61.05.30	Pyjamas Cotton handkerchiefs	F BNL F I	" metric tons " "	2 014 000 90 83.3 273.3	" 1 Oct 75 to 31 Dec 1975 1 Jan 76 to 31 Dec 1975 1 Oct 75 to 31 Dec 1975
ex 62.02	Bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles, of cotton, except net curtains	I	"	320	1 Oct 75 to 31 Dec 1975

3. If the above limits remain in force for one or more additional periods of twelve months, the level for that period shall not be lower than that in force during the preceding twelve-month period, with an increase of at least 7% and of cotton handkerchiefs.

ANNEX IV

**Table of equivalences  
for the application of Article 5**

<b>DTN heading</b>	<b>Description</b>	<b>Equivalences</b>
ex 60.05	Jerseys, pull-overs, slipovers, twinsets, cardigans, jackets and blouses, knitted or crocheted	5.18 items/kg
ex 61.01 ex 61.02	Men's, women's, boys', girls' and infants' sweaters, shorts and jeans	2.47 items/kg
ex 61.02	Women's sweaters and blouses	5.55 items/kg
ex 61.05	Men's and boys' shirts	4.60 items/kg
ex 61.03	Pyjamas	3.22 items/kg

## ANNEX V

As agreed between the Parties in Article 8 of the Agreement, the administration of textile imports from Macao will be based on a system of double control. The details of this system have been agreed between the Parties and are set out below.

The authorities in the Community will, automatically and without delay, accept imports of textile products on submission of the importer's application together with the original certificate of origin issued by the Macao Government authorities<sup>1</sup>. The authorities in the Community shall be authorized to request the presentation of the certificate of origin in respect of goods originating in Macao of the categories shown in Annex I and, where Article 4 has been invoked, in Annex III. These certificates of origin will be issued by the Macao Government authorities up to the total amount of the agreed quantitative limits.

The certificates of origin issued by the Macao authorities shall be applicable to the products subject to restraint under the Agreement.

The certificate of origin must specify:

1. destination
2. serial number
3. importer's name and address
4. exporter's name and address
5. net quantity (in metric tons or number of items as indicated in the Agreement) and value
6. category and classification of product
7. certificate issued by the Macao authorities showing 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.

The authorities in the Community will not raise difficulties in the case of a certificate of origin if the quantities indicated on the certificate of origin and the shipment or import quantities provided it is within reasonable limits, while the Macao authorities, for their part, will endeavour to keep any certificate of origin up to a minimum.

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<sup>1</sup>For the Macao provincial de servicios de economia de Macao.

(Annex V cont'd)

In the event of total or partial withdrawal of certificate of origin, the Macao authorities will notify the relevant authorities in the Community of such total or partial withdrawal. The authorities in the Community will take the administrative measures available to them.

The Macao authorities will forward to the authorities in the Community, via the Embassies of the Member States of the Community and directly to the Commission, quarterly returns showing the quantities covered by the certificates of origin issued against the ceilings for exports to the Community, as well as the allocation of those certificates of origin among the Member States of the Community for each category or ceiling in respect of textile exports to the Community subject to quantitative limits under this Agreement.