

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 377 final.

Brussels, 18 July 1975

Proposal for a

COUNCIL REGULATION

concluding an Agreement between the European
Economic Community and the Republic of India
on trade in textile products and laying down
provisions for its application

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(submitted to the Council by the Commission)

COM(75) 377 final.

EXPLANATORY MEMORANDUM

1. By a Decision of 15 October 1974 the Council authorized the Commission to open negotiations with India on behalf of the Community for the conclusion of an agreement on trade in textile products. This agreement negotiated under Article 4 of the Arrangement Regarding International Trade in Textiles will take over from the Agreement concluded in 1970 on the basis of the earlier long-term Arrangement Regarding International Trade in Cotton Textiles. The provisions of the 1970 Agreement have been maintained in force de facto by mutual agreement.

2. In accordance with the Decision referred to above and in consultation with the Article 113 Committee, the Commission held negotiations with India during November 1974 and January and April 1975.

These negotiations resulted in a draft agreement being drawn up. It provides in particular for:

- (i) voluntary restraint to keep exports to the Community of certain cotton products intended for domestic consumption at agreed levels;
- (ii) in return, the suspension by the Community of the quantitative restrictions in force in the Member States on the relevant products and its agreement not to invoke the safeguard provisions of the Multifibres Arrangement provided that the agreed ceilings are adhered to;
- (iii) the adoption of a "consultation clause" enabling the Community, where there is a real risk of disturbance of the market in certain of the products in question, to enter into consultations with India on agreed conditions with a view to arriving at mutually acceptable solutions.

The Heads of Delegation, satisfied that this draft agreement reflected the outcome of the negotiations, initialled the text on 5 June.

3. In view of the fact that the draft agreement fixes Community voluntary restraint ceilings for 1975, 1976 and 1977, it is necessary to establish the criteria to be applied in allocating these Community ceilings. This allocation will be established in accordance with the procedure laid down in Article 11 of Regulation No 1023/70 since the ceilings are administered on the basis of a system of double checking, the instrument in question being a voluntary restraint agreement. The exporting country is notified of the allocation and issues export licences certifying that the quantities involved have been set off against the ceilings, and the Community automatically accepts the imports on presentation of these export licences. The allocation criteria referred to above are those that were followed in the preparatory work carried out in the Council for the adoption of the decisions on the opening of bilateral negotiations under the Arrangement Regarding International Trade in Textiles. The allocation¹ will therefore be based on these criteria and in particular on the results of the work already done.

In addition, this agreement also establishes ceilings in respect of certain Member States.

4. The Commission considers that the draft agreement constitutes an acceptable result for the Community. It proposes to the Council the conclusion of this agreement and the adoption of the provisions for its application by the adoption of the Regulation, the draft of which is annexed.

¹This allocation will be the subject of a separate regulation to be adopted by the Commission, likewise on the basis of Regulation No 1023/70.

PROPOSAL FOR A COUNCIL REGULATION

concluding an Agreement between the European Economic Community and the Republic of India on trade in textile products and laying down provisions for its application

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 Council Regulation (EEC) No 1023/70¹ of 25 May 1970 establishing a common procedure for administering quantitative quotas, and in particular Article 2 thereof;

Having regard to the proposal from the Commission;

Whereas the Agreement on trade in textile products negotiated between the European Economic Community and the Republic of India should be concluded and provisions for its application laid down;

Whereas the Community is obliged under the Agreement to permit the importation of certain textile products within quantitative limits which India undertakes to adhere to by applying voluntary restraint in respect of its exports to the Community;

Whereas it is therefore necessary to introduce Community quantitative quotas, to fix the volume thereof for 1975, 1976 and 1977 and to establish the criteria for their allocation, with account being taken of the system of double checking provided for in the Agreement;

¹OJ No L 124, 8.6.1970.

Whereas in view of the considerable disparities in the conditions to which imports of the products in question into the Member States are currently subject, and given the particularly sensitive nature of the textile industry in the Community, the standardization of these import conditions can be achieved only progressively; whereas the main criterion for the allocation of these Community quantitative quotas should be that the volumes admitted under the present import conditions should be progressively adapted to market supply requirements;

Whereas the Agreement provides in respect of certain other textile products for the suspension by the Community of the quantitative restrictions on imports, together with a special consultation procedure enabling safeguard measures to be adopted where there is a risk of market disruption; whereas, in accordance with this procedure, India has undertaken to apply voluntary restraint in respect of its exports to certain Member States; whereas the voluntary restraint in question will be administered in accordance with the system of double checking provided for in the Agreement;

Whereas it is therefore necessary to provide for the provisional retention of quantitative restrictions on imports of these products into the Member States concerned, the suspension of quantitative restrictions in the other Member States and the subsequent replacement of these various measures by uniform liberalization measures applicable throughout the Community;

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Whereas products brought into the customs territory of the Community under the inward processing traffic system or temporary entry arrangements and re-exported from that territory without further processing or after undergoing working should not be set off against the Community quantitative quotas or the voluntary restraint measures adopted in respect of exports to certain Member States;

HAS ADOPTED THIS REGULATION :

Article 1

The Agreement between the European Economic Community and the Republic of India on trade in textile products, the text of which is set out in Annex I to this Regulation, is hereby concluded on behalf of the Community.

Article 2

The President of the Council is hereby authorized to designate the person empowered to sign the Agreement and to confer on him the powers he requires to enter into an undertaking on behalf of the Community.

Article 3

1. Imports into the Community of the textile products on the list in Annex II originating in and coming from India shall be subject to Community quantitative quotas.

2. The volumes of the quotas for 1975, 1976 and 1977 are fixed in the list referred to in paragraph 1.

However, the volumes of the quotas fixed for 1975 are reduced by the amount of imports effected in that year before the entry into force of the Agreement.

3. The quotas shall be allocated, in accordance with the procedure laid down in Article 11 of Regulation (EEC) No. 1023/70, in such a way as to ensure the expansion and orderly development of trade in textiles and to permit carryover and carryforward from year to year.

The allocation shall be made, however, on the basis of the import volumes admitted on the conditions currently applied in the Member States and shall provide for annual rates of increase that are appreciably higher for the Member States whose import volumes are relatively the lowest so as to adapt them progressively to market supply requirements.

4. Import authorizations shall be granted in accordance with the system of double checking defined in the Agreement.

5. Products brought into the customs territory of the Community under the inward processing traffic system or temporary entry arrangements and re-exported from that territory without further processing or after undergoing working shall not be set off against the quotas provided for in paragraph 1.

Article 4

1. Without prejudice to the provisions of Article 5, imports into the Community of the textile products in Annex III originating in and coming from India shall not be subject to quantitative restrictions.

Article 5

1. For the years 1975, 1976 and 1977, imports into the Member States indicated in the list in Annex III of the textile products referred to in Article 4 shall be limited to the volumes indicated in the said list.

However, the volumes of quantitative restrictions fixed for the year 1975 shall be reduced by the amount of imports effected in that year before the entry into force of the Agreement.

2. Import authorisations shall be issued by the competent authorities of the Member States concerned in accordance with the system of double checking defined in the Agreement.

3. Products introduced into the customs territory of the Community under inward processing rules or temporary admission rules and reexported outside that territory in the same state or after further processing shall not be counted against the quantitative restrictions provided for in paragraph 1.

4. The volumes of quantitative restrictions provided for under paragraph 1 may be adapted in accordance with the procedure provided for in Article 11 of Regulation (EEC) No. 1023/70.

Article 6

Imports into the Community of the textile products referred to below, originating in and coming from India and accompanied by a certificate issued and endorsed by the relevant Indian authorities in accordance with the provisions of the Agreement, shall not be subject to quantitative restrictions:

- (i) cotton handloom fabrics of the cottage industry containing not more than 5% by weight of manmade fibres; being fabrics which are both traditionally of the kind woven on handlooms and actually woven on a loom for which the motive power is provided entirely by the operators (that is where the three primary movements of weaving namely shedding, picking and beating, are induced by hand or foot and no other source of power is used);
- (ii) goods made up by the cottage industry from such cotton handloom fabrics;
- (iii) traditional Indian folklore handicraft textile products cut, sewn or otherwise fabricated by hand in cottages which are units of the cottage industry.

Article 7

1. This Regulation shall enter into force on the third day following its publication in the Official Journal of the European Communities.
2. Articles 3 to 6 inclusive shall apply from the date of entry into force of the Agreement.

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

Done At Brussels,

For the Council
The President

AGREEMENT BETWEEN
THE EUROPEAN ECONOMIC COMMUNITY
AND THE REPUBLIC OF INDIA
ON TRADE OF TEXTILE PRODUCTS
(REFERRED TO IN ARTICLE 1 OF THE REGULATION)

The Council of the European Communities
of the one part,

The Government of the Republic of India 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 India,

Having regard to the provisions of the Arrangement regarding International
Trade in Textiles (hereinafter referred to as the Geneva Arrangement)
and especially its Article 4,

Have decided, in a spirit of mutual co-operation 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 THE REPUBLIC OF INDIA

Who have agreed as follows :

Article 1

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.

2. This Agreement shall apply to trade in those categories of textiles products, originating in and despatched from India, which are listed in Annexes I and II hereto and to those referred to in Article 5 hereof.

3. India agrees to establish quantitative limits on exports to the Community in accordance with the schedule set out in Annex I hereto. 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 within the limits decided by the Community 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 India 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.

Article 2

1. The Community undertakes, in respect of the categories of textiles products to which this Agreement applies, and subject to the satisfactory operation of this Agreement, not to introduce new quantitative restrictions, to suspend the application of any at present in force and to 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 India do not exceed the quantitative limits established under the provisions of this Agreement.

2. The Indian Government undertakes to take the appropriate measures to ensure that the quantitative limits established under this Agreement 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. Both Parties undertake to cooperate in implementing the measures necessary for the purpose of this Article.

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Article 3

1. Imports into the Community of those textile products to which this Agreement applies 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 Community authorities ascertain that imports described in paragraph 1 above have been retained for consumption within the Community, the latter will notify the Government of India on a quarterly basis of the amounts involved. India 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 Agreement year or for the next following Agreement year.

3. In any case where the competent authorities within the Community ascertain under an administrative system of control in force that imports of textile products to which this Agreement applies have been charged against quantitative limits established under this Agreement but subsequently re-exported outside the Community, the competent authority concerned will inform the Indian authorities of the quantities involved and authorise imports of the same quantities which shall not be charged to the quantitative limits under the Agreement.

Article 4

1. The following Indian textiles products shall, subject to the conditions indicated hereafter, be admitted into the Community without quantitative limit :

- (i) cotton handloom fabrics of cottage industry, containing not more than 5 % by weight of man-made fibres, being fabrics which are both traditionally of the kind woven on handlooms and actually woven on a loom for which the motive power is provided entirely by the operators (that is where the three primary movements of weaving, namely shedding, picking and beating, are induced by hand or foot and no other source of power is used) ;
- (ii) goods made up by the cottage industry from such cotton handloom fabrics ;
- (iii) traditional Indian folklore handicraft textiles products cut, sewn or otherwise fabricated by hand in cottages which are units of the cottage industry.

2. Admission into the Community of these products without quantitative limit shall be subject to the satisfactory operation of agreed arrangements for certification.

Article 5

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 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 Community may, in particular, whenever conditions in its market give rise to real risks of market disruption, request consultations with India in accordance with the procedures set out in paragraph 5 below with regard to the products referred to below and to those listed in Annex II hereto.

3. If, in the opinion of the Community, imports into the Community of textile products of fibres other than cotton in direct competition with those listed in Annex I and II hereto cause real risks of market disruption, the Community may request consultations with India under identical conditions to those specified in paragraph 5 of this Article.

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Article 5 cont'd

4. If an excessive concentration of trade in any specific product within the categories listed in Annex I hereto causes a real risk of market disruption in respect of that product, the Community may request consultations with India under identical conditions to those specified in paragraph 5 of this Article.

5. In those cases defined in paragraphs 2, 3 and 4 of this Article, India shall limit, in accordance with the Community's request, exports of the products or categories of products in question, destined for the Community market or for its market in one or more of its Member States, pending a mutually satisfactory conclusion to the said consultations, at a level indicated by the Community which, at an annual rate, shall not be lower than 107 % of the imports recorded for the said product or category thereof during the 12 months ending 3 months before that in which the request for consultation was made.

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

Article 6

If, having regard to the provisions of the Geneva Arrangement, India considers that as a result of the quantitative limits established under this Agreement, it is being placed in an inequitable position as compared with a third country, India may request consultations with the Community with a view to taking appropriate action consistent with both Parties' international rights and obligations.

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Article 7

1. (a) Within any one Agreement year, unused portions of quantitative limits established under this Agreement may be transferred to another quantitative limit so established, under the conditions set out below.
 - (b) Transfers may only be effected under this Agreement as follows :
 - (i) into category 55.09 (cotton fabrics) and, therein, into the sub-category ex 55.09 (cotton fabrics other than grey and bleached) from any other category shown in Annex I hereto, provided such transfers do not exceed 10 % of the quantitative limit into which they are made;
 - (ii) between the categories :
 - 61.02.87 (women's shirts and blouses of cotton)
 - ex-62.02 (household linens)provided such transfers do not exceed 10% of the quantitative limit for the category into which they are made.
 - (iii) from category 55.09 (cotton fabrics) into :
 - (a)-sub-category ex-55.09 (cotton fabrics, other than grey and bleached)
 - category ex-62.02 (household linens)provided such transfers do not exceed 7 % of the quantitative limit for the category or sub-category into which they are made;
 - (b)category 61.02.87 (women's shirts and blouses of cotton) provided that such transfers do not exceed 5 % of the quantitative limit for the category into which they are made.
2. Portions of any quantitative limit established under this Agreement which are not used during any Agreement year may be carried over and added to the corresponding quantitative limit in the following Agreement year, within a limit of 10 % of the latter.
3. Within a limit of 10 % of each of the quantitative limits established under this Agreement, advance deliveries shall be authorised from the corresponding quantitative limit established for the following Agreement year. Amounts delivered in advance shall be deducted from the quantitative limits for the products in question for the following Agreement year.

Article 7 cont'd

4. The preceding flexibility provisions shall not, in any given Agreement year, result in a quantitative limit for any category being exceeded by more than the following percentage of the quantitative limit for that category for that Agreement year :
- 55.09 (cotton fabrics): * 20 %
 - ex-55.09 (cotton fabrics, other than grey or bleached): * 20 %
 - 61.02.87 (women's shirts and blouses of cotton): * 15 %
 - ex-62.02 (household linens): * 20%
5. The flexibility provisions contained in this Article may only be applied by India following written notification to the Community by the Indian authorities.

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Article 8

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

Article 9

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

Article 10

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. India therefore agrees to furnish the Community with precise statistical information, on a quarterly basis, of all export authorisations issued by the Indian authorities for all categories of textile exports to the Community to which this Agreement applies.

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

Article 11

1. Both parties shall take all possible measures to ensure that traditional channels and methods of trade between the Community and India are maintained.

2. Should the Community inform India 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 India, the Parties agree to consult together in accordance with the procedures set out in Article 5 above.

Article 12

Without prejudice to the other provisions of this Agreement, India agrees that quantitative restrictions with regard to imports into Ireland of the following textile products from India may be maintained until 30.6.77 at the latest.

<u>CCT Heading No.</u>	<u>Product description</u>
55.05	Cotton yarn, not put by for retail sale
55.06	Cotton yarn, put by for retail sale
55.07	Cotton gauze.

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Article 13

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 territories to which the Constitution of the Republic of India applies.

Article 14

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 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. 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 15

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

John

KWB

ANNEX I

Products for which India will exercise restraint towards
the whole Community from the entry into force of this Agreement

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

Products category or sub-category	Member State	quantitative limits (metric tons)		
		1975	1976	1977
55.09 cotton fabrics	FRG	4.590	5.512	6.412
	F	3.836	4.480	5.221
	I	1.000	1.300	1.690
	BNL	1.687	2.025	2.355
	UK	22.825	22.939	23.054
	Irl	136	163	195
	DK	866	971	1.073
	EEC	34.940	37.390	40.000
of which				
ex 55.09 cotton fabrics other than grey or bleached	FRG	343	419	498
	F	366	432	502
	I	219	267	318
	BNL	273	322	360
	UK	1.810	1.819	1.828
	Irl	70	70	71
	DK	419	421	423
	EEC	3.500	3.750	4.000
61.02.87 women's shirts and blouses of cotton	FRG	250	250	268
	F	115	115	128
	I	130	130	139
	BNL	148	148	150
	UK	122	122	140
	Irl	5	5	5
	DK	184	184	184
	EEC	954	954	1.014
ex 62.02 (62.02.11,41,43,47, 71,73)	FRG	2.291	2.556	2.789
	F	138	207	310
	I	197	256	333
	BNL	292	315	400
	UK	4.008	4.008	4.028
	Irl	9	13	21
	DK	657	660	663
	EEC	7.592	8.015	8.544

ANNEX II

Products subject to special consultation procedures under
the provisions of Article 5

<u>CCT Heading No.</u>	<u>Product description</u>
55.08	Terry towelling of cotton
ex 60.04	"T"shirts
61.03.15	Men's shirts of cotton
61.05.B.30	Cotton handkerchiefs

ANNEX III

1. In conformity with Article 5 of the Agreement on trade in textile products concluded between the Community and India, consultations have been held between the Parties regarding imports from India into the Community of the textile products listed below.

2. As agreed in the consultations mentioned above, India shall limit exports of the products listed below to the regions of the Community market and to the quantitative limits indicated.

CCT Heading No.	Products covered	Community region to which restriction is applied	Annual Quantity (with effect from 1.1.1975)
55.08	Terry towelling of cotton	UK	450 tons
ex 60.04	W ^m shirts	France	2.250.000 units
61.03.15	Mens' shirts of cotton	UK	663.960 units
61.05.30	Cotton handkerchiefs	UK	4.344.933 doz.

3. Should the quantitative limits referred to above remain in force for a further period, or periods, of 12 months, the level for that period shall not be lower than the level specified for the preceding 12 month period, increased by not less than 7%.

SM

ANNEX IV

Handloom and textile handicraft articles

1. In accordance with Article 12, paragraph 3 of the Geneva Arrangement regarding International Trade in Textiles, the Community and India have agreed, in Article 4 of this Agreement on trade in textiles that, subject to certain conditions, Indian exports of certain handloom and textile handicraft products would be admitted into the Community without quantitative limit. The conditions set out in Article 4, paragraph 2 of the above-mentioned Agreement specifies that admission of such products into the Community without quantitative limit shall be subject to the satisfactory operation of agreed arrangements for certification.
2. The Community and India hereby agree that in carrying out the provisions of Article 4 of this Agreement the following form of certificate shall be used.

"Certificate in regard to cotton handloom fabrics and products thereof

Name and address of manufacturer
Name and address of exporter
Name and address of EEC importer
Description of goods
Quantity (metric tons)
Name of ship or flight number
Port or airport of destination

This is to certify that the above shipment is :

- (i) cotton handloom fabrics of the cottage industry, containing not more than 5 % by weight of man-made fibres, being fabrics which are both traditionally of the kind woven on handlooms and actually woven on a loom for which the motive power is provided entirely by the operators (that is where the three primary movements of weaving, namely shedding, picking and beating, are induced by hand or foot and no other source of power is used);
- (ii) Goods made up by the cottage industry from such cotton handloom fabrics;
- (iii) traditional Indian folklore handicraft textiles products out, sewn or otherwise fabricated by hand in cottages which are units of the cottage industry.

Signed

3. The bodies which shall be authorized to issue the above certificates are the Textile Commissioner in Bombay, or one of his branch offices in Ahmedabad, Amritsar, Calcutta, Coimbatore, Kanpur and Madras.
4. In addition such descriptive certificate shall be endorsed by a Government agency to the effect that the consignment is approved for export, without any quantitative ceilings, as provided for in the Agreement on trade in textiles concluded between the Community and India and in the Geneva Arrangement regarding International Trade in Textiles.

Annex V

As agreed between the Parties in Article 10 of the Agreement, the administration of textiles imports from India 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 licence. The competent authorities within the Community shall be entitled to require the presentation of an export licence in respect of goods originating in India of the categories shown in Annex I and (in any case where the provisions of Article 5 have been invoked) of Annex II. These export licences will be issued by the Indian authorities up to the total amount of the agreed ceilings.

The export licences issued by the Indian authorities shall be applicable to the products subject to restraint under the Agreement.

The export licence must specify :

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

In the event of total or partial withdrawal of an export licence, the Indian 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.

ANNEX V cont'd

The Indian authorities will forward to the competent authorities within the Community, via the Embassies 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 licences issued against the quantitative limits for exports the Community, as well as the allocation of these export licences amongst the member States of the Community, for all categories of textiles exports to the Community subject to quantitative limits under this Agreement.

ANNEX VI

Conversion Factors

In the course of negotiating the Agreement, it was noted that restrictions previously in force in one member State had been expressed in square yards, whereas under the Agreement metric weight units are used for the Community as a whole. It was further noted that in order to arrive at base levels for quantitative limits in the new Agreement the relationship between square yards and metric tons had been directly derived from customs statistics relating to imports of the products in question from India.

The Indian delegation expressed concern lest, nevertheless, the effect of this change might prove to be restrictive in terms of the trade opportunities provided. For the avoidance of doubt, it was confirmed on behalf of the Community that the change of unit of measurement was in no way intended to have this effect.

It was further agreed that for a transitional period of two years (1975 and 1976) the Customs authorities of the Member State concerned (the United Kingdom) would maintain a running check on both the tonnage and square yardage of imports from India and that if during this transitional period the square yard equivalent of the quantitative limits expressed in tons was not reached, additional imports would be accepted to a level not exceeding the square yard equivalent derived as indicated above. In case a new ratio emerges by the end of 1976, the quantitative limit for 1977 expressed in tons, will be fixed on the basis of new ratio and appropriate growth factor.

Bohu

Sir,

In concluding the negotiations held between the government of India and the European Economic Community which have led this day to the signing of an Agreement regarding the trade in textile products, I have the honour to confirm the following record of understanding :

In the view of the Indian delegation the quantitative limits for the products falling within category ex 62.02 (household linens) for the years 1976 and 1977, as shown in Annex I, did not take fully into account the potential of Indian's exports to the Community market.

A review will be held, at the request of India, in order to assess the position and to determine, on a mutually agreed basis, whether and to what extent an upward revision of the quantitative limits in question should be made.

I should be grateful for your confirmation that the above correctly represents our understanding in the matter.

Please accept, Sir, the assurances of my highest consideration.

Blm

Your Excellency,

I have the honour to refer to your letter of today's date in the following terms :

"In concluding the negotiations held between the Government of India and the European Economic Community which have led this day to the signing of an Agreement regarding the trade in textile products, I have the honour to confirm the following record of understanding :

In the view of the Indian delegation the quantitative limits for the products falling within category ex 62.02 (household linens) for the years 1976 and 1977, as shown in Annex I, did not take fully into account the potential of Indian's exports to the Community market.

A review will be held, at the request of India, in order to assess the position and to determine, on a mutually agreed basis, whether and to what extent an upward revision of the quantitative limits in question should be made.

I should be grateful for your confirmation that the above correctly represents our understanding in the matter."

I confirm that this correctly sets out our understanding in the matter.

Please accept, Your Excellency, the assurances of my highest consideration.

M.

ANNEX II
(referred to in
Article 3 of the Regulation)

Community ceilings

<u>CCT heading No</u>	<u>Description</u>	<u>Volumes (in tonnes)</u>		
		<u>1975</u>	<u>1976</u>	<u>1977</u>
55.09	Woven fabrics of cotton	34 940	37 390	40 000
of which				
ex 55.09	Woven fabrics of cotton, other than unbleached or bleached	3 500	3 750	4 000
ex 61.02	Women's cotton shirts and blouses	954	954	1 014
ex 62.02	Cotton household linen	7 592	8 015	8 544

ANNEX III

(referred in Article 5
of the Regulation)

CCF Heading No.	Description	Member State	Volume		
			1975	1976	1977
55.08	Terry towelling and similar terry fabrics, of cotton	United Kingdom	450 tonnes	481 tonnes	515 tonnes
ex 60.04	T-shirts	France	2 250 000 units	2 107 500 units	2 575 990 units
ex 61.03	Men's cotton shirts	United Kingdom	663 960 units	710 437 units	760 167 units
ex 61.05	Cotton handkerchiefs	United Kingdom	4 344 933 dozen	4 649 078 dozen	4 974 512 dozen