

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(76) 526 final.

Brussels, 12 October 1976.

## PROPOSAL FOR A COUNCIL REGULATION

concerning import arrangements for certain textile products  
originating in Malaysia

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(submitted to the Council by the Commission)

COM(76) 526 final.



## EXPLANATORY MEMORANDUM

1. By a Decision of 16 June 1975, the Council authorized the Commission to open negotiations with Malaysia for the conclusion of an agreement on trade in textile products.

2. In accordance with this Council Decision and in consultation with the Article 113 Committee, the Commission held negotiations with Malaysia from 16 to 20 October 1976.

Following these negotiations, a draft Agreement was drawn up and initialled by the Heads of Delegation on 23 October 1975. The Commission has submitted to the Council a recommendation for a regulation concluding this Agreement (1).

3. The draft Agreement provides in particular for voluntary restraint to be applied by the Malaysian authorities, within agreed quantitative limits, to exports of certain textile products to the Community, and supervision by the Community to ensure that these limits are observed.

In order to enable this supervision to be carried out, this proposal for a regulation envisages the adoption of arrangements making the importation into the Community of the products in question subject to quantitative limits.

4. The initialled Agreement naturally concerns only products originating in and coming from Malaysia. The Malaysian authorities therefore apply voluntary restraint only in respect of direct exports to the Community. Thus products falling within the categories covered by the Agreement and originating in Malaysia may be freely exported to the Community via other third countries. The Community can oppose indirect exports of this kind, since the Agreement only requires it to admit products originating in and coming from Malaysia which are accompanied by export licences complying with the provisions of the Agreement. Since indirect imports of this kind run counter to the objective of the agreement, the import arrangements adopted by the Community must be applied to products originating in Malaysia irrespective of where they come from.

5. It is proposed that the Community's quantitative limits be administered according to the procedure for administering Community quantitative quotas established by Regulation (EEC) No 1023/70, in particular Article 11 thereof. Under this procedure, the Council must fix the criteria according to which the quantitative limits will be allocated.

These allocation criteria are those which have guided the preliminary work carried out within the Council with a view to the adoption of the decisions relating to the opening of bilateral negotiations under the Arrangement regarding International Trade in Textiles. Allocation will therefore be based on these criteria and in particular on the results of the work already undertaken.

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

<sup>2</sup>Document S/304/1/76 (COMER 139, Rev. 1)

6. The Agreement negotiated provides for the automatic and immediate acceptance by the Community authorities of imports subject to a ceiling on production by the importer of an export licence issued by the Malaysian authorities, certifying that the quantities in question have been charged against the agreed ceiling. As regards administration by the Community, this stipulation means that the Member States' authorities are obliged to grant import licences, automatically and immediately, on production of a request accompanied by an export licence, provided that the agreed limits are observed.

7. In order to enable the objectives of the Agreement to be fulfilled as soon as possible, the Commission proposes that the Council adopt the regulation the draft of which is annexed at the earliest possible date.

PROPOSAL FOR A COUNCIL REGULATION

concerning import arrangements for certain textile products  
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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, in the context of the Arrangement regarding International Trade in  
Textiles, the European Economic Community and Malaysia  
negotiated an Agreement on trade in textile products; whereas the Commission  
has submitted to the Council a recommendation for a Regulation concluding that  
Agreement;

Whereas, for the purpose of applying the Agreement which has been negotiated,  
import arrangements for the products in question should be adopted;

Whereas the Agreement requires the Community to admit imports of certain textile  
products within quantitative limits, the observance of which will be  
guaranteed by an agreed system of bilateral checking;

Whereas, appropriate provisions applicable in the Community should therefore be  
adopted for the duration of the Agreement, including the criteria for the  
allocation of the quantitative limits agreed with Malaysia .

Whereas, because of the considerable disparities between the conditions  
currently governing imports of the products concerned into the Member States  
and because of the particular sensitivity of the Community's textile industry,  
standardization of these import conditions can only be achieved progressively;  
whereas the criterion to be adopted for the allocation of the Community  
quantitative limits should therefore be the gradual adjustment of the quantities  
admitted under current import conditions to market supply requirements;

Whereas steps should be taken to ensure that there is no evasion of the  
objectives of the Agreement by indirect imports of products originating in  
Malaysia.

Whereas the quantitative limits laid down in the Agreement apply to exports  
from Malaysia and whereas the goods imported therefore should be charged  
against the quantitative limit fixed for the period in which these goods were  
exported from Malaysia.

Whereas for certain textile products, the Agreement provides for a consultation procedure enabling safeguard measures to be adopted where there is a real risk of market disruption; whereas, in accordance with this procedure, Malaysia has undertaken to apply voluntary restraint in respect of its exports of certain textile products to certain Member States; whereas the observance of these quantitative limits will be guaranteed by an agreed system of bilateral checking;

Whereas, to this end, quantitative limits should be fixed for imports of those products into the Member States in question, and detailed rules should be laid down for their administration by the Member States;

Whereas the Agreement provides that those products which enter the Community's customs territory under inward processing or other temporary importation arrangements and are re-exported therefrom in their original state or after processing should not be charged against the agreed quantitative limits;

Whereas, account being taken of the provisions of Article 12 of the Arrangement regarding International Trade in Textiles, on which the abovementioned Agreement between the European Economic Community and Malaysia is based, this Agreement does not apply to textile products of silk or of flax or ramie,

Has ADOPTED THIS REGULATION

Article 1

1. Imports into the Community of the textile products listed in Annex A, originating in Malaysia and exported between 1 November 1975 and 31 December 1977, shall be subject to the quantitative restrictions agreed between the Community and Malaysia and set out in that Annex.
2. These quantitative limits shall be allocated among the Member States in accordance with the procedure laid down in Council Regulation (EEC) No 1023/70 of 25 May 1970 establishing a common procedure for administering quantitative quotas<sup>1</sup>, and in particular in Article 11 thereof, in such a way as to ensure the expansion and orderly development of trade in textiles and to permit amounts to be carried over or brought forward from one year to another.  
  
However, the allocation shall be made on the basis of the import volumes admitted under the conditions currently applied in the Member States and shall provide for annual rates of increase that are appreciably higher for those Member States whose import volumes are relatively the lowest, in order to align them gradually with market supply requirements.
3. The competent authorities of the Member States concerned shall, within the quantitative limits prescribed, automatically authorize the import of the products referred to in paragraph 1 immediately upon production by the importer of the original of the export licence issued by the relevant Malaysian authorities and containing the details set out in Annex C.

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<sup>1</sup>OJ No L 124, 8.6.1970, p.1.

4. Authorized imports shall be charged against the quantitative limits valid for the period during which the products were taken aboard in Malaysia for export to the Community.

5. Products which enter the Community's customs territory under inward processing or other temporary importation arrangements and are re-exported therefrom in their original state or after processing shall not be charged against the quantitative limits referred to in paragraph 1.

#### Article 2

1. Notwithstanding paragraphs 2, 3 and 4, imports into the Community of the textile products listed in Annex B originating in Malaysia shall not be subject to quantitative restrictions.

2. In the Member States specified in Annex B, imports of the textile products referred to in paragraph 1 and exported from Malaysia between 1 November 1975 to 31 December 1977 shall be subject to the quantitative limits stated in that Annex.

3. The quantitative limits referred to in Paragraph 2 may be modified according to the procedure laid down by Regulation (EEC) No 1023/70, and in particular Article 11 thereof.

4. Paragraphs 3, 4 and 5 of Article 1 shall apply to the quantitative restrictions referred to in this Article.

#### Article 3

Imports into the Community of the textile products referred to below, originating in Malaysia and accompanied by a certificate issued and endorsed by the relevant Malaysian authorities<sup>(1)</sup> and containing the details set out in Annex D, shall not be subject to quantitative restrictions:

- (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 handloom fabrics;

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(1) Ministry of Trade and Industry, Malaysia

- iii) traditional Malaysian folklore handicraft textiles products, including handicraft batik products (1), cut, sewn or otherwise fabricated by hand in cottages which are units of the cottage industry.

Article 4

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 Brussels,

For the Council  
The President

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(1) Handicraft batik is produced by a traditional batik process by which colours and shades are introduced to a bleached or white fabric. The process is carried out manually in three stages namely :

- (a) waxing (application of wax by hand to the fabric)
- (b) dyeing/painting (application of colour either by the traditional cottage method of dyeing or by hand painting)
- (c) de-waxing (boiling the fabric to remove the wax)

The three stages of the process are repeated on the fabric for each of the colours or shades in the resulting design.



## QUANTITATIVE LIMITS REFERRED TO IN ARTICLE 1

Category Nº	CCT heading Nº	NIMEXE code (1976)	Description	Quantities (1.000 units)	
				1.11.1975 to 31.12.1976	1 9 7 7
1	ex 61.03	61.03-11;15;ex19	Men's and boys' under garments, including collars, shirts fronts and cuffs:  - Shirts, other than of silk or noil or or other waste silk or of flax or ramie	4.328	3.932

ANNEX B

QUANTITATIVE LIMITS REFERRED TO IN ARTICLE 2

Category	CCT heading No	NIMEXE Code (1976)	Description	Member State	Units	Quantities	
						1.11.75 to 31.12.76	1977
2	55.09	55.09 - all codes	Other woven fabrics of cotton	France United-Kingdom	1.000kg	466	424
	56.07	56.07-01 to 36	Woven fabrics of man-made fibres (discontinuous or waste): A. of synthetic, textile fibres of which		1.000kg	1.341 (a)	1.219 (b)
2 a	ex 55.09	55.09-03;04;05;51; 52;53;54;55;56;57; 59;61;63;64;65;66; 67;69;ex71;81;82; 83;84;86;87;92;93; 97	Other woven fabrics of cotton : - Other than unbleached and bleached	France United - Kingdom	1.000 kg	140	127
			Woven fabrics of man-made fibres (discontinuous or waste): ex A. of synthetic textile fibres: - other than unbleached and bleached		1.000 kg	263	239
	56.07	56.07-ex01;ex03; 05;07;08;13;14;16; 18;21;23;26;27;28; 33;34;36					

(a) With a maximum of 875 tons for products falling under one or other of positions 55.09 and 56.07 A

(b) With a maximum of 795 tons for products falling under one or other of positions 55.09 and 56.07 A.

QUANTITATIVE LIMITS REFERRED TO IN ARTICLE 2

Category	CCT heading No.	NIMEXE Code (1976)	Description	Member State	Units	Quantities	
						1.11.75 to 31.12.76	1977
3	60.05	60.05-01;22;23; 24;25;ex 29;31; 32;33;34;ex 39	Outer garments and other articles, knitted or crocheted, not elastic or rubberized : Ex A. Outer garments and clothing accessories : - Jerseys and pullovers, slipovers, twinsets cardigans, bed jackets and jumpers, other than of silk or noil or other waste silk or of flax or ramie	Benelux France	pieces pieces	233.333 583.333	212.000 530.000
4	ex 61.01  61.02	61.01-61;63;65; 67;ex 69  61.02-ex 91;ex 93; exx95;ex 96;ex 98; ex 99	Men's and boys outer garments : - Trousers (including jeans), breeches and the like, other than of silk or noil or other waste silk or of flax or ramie  Women's, girls' and infants' outer garments :  ex B. Other than babies' garments : - Trousers (including jeans), shorts and the like, other than of silk or noil or other waste silk or of flax or ramie	Benelux France	pairs pairs	740.833 583.333	673.100 530.000

Details referred to in Article 1(3)

The export licences issued by the . . . Ministry of Trade and Industry for the products covered by this Regulation shall specify or contain:

1. the destination, and in particular the Member State for which the goods are intended;
2. the serial number;
3. the name and address of the importer;
4. the name and address of the exporter;
5. the net weight, in kilograms or tonnes, and the value of the products covered by the licence;
6. the category against which the product has been charged by the Malaysian authorities and the description of the product;
7. a certificate to the effect that the quantity in question has been charged against the Member State of destination's share of the agreed ceiling for exports to the Community, or, where appropriate, that the quantity is intended for immediate re-export, or for re-export after processing, from the Community;
8. the year when the products were exported, that is when they were taken aboard in Malaysia for export to the Community.

Certification referred to in Article 3

The certificate issued by the relevant Malaysian authorities<sup>1</sup> for the products referred to in Article 3 of this Regulation shall contain:

The following heading:

"Certificate in respect of cotton handloom fabrics and products thereof"

Name and address of manufacturer.

Name and address of exporter.

Name and address of importer within the Community.

Description of goods.

Quantity (in tonnes or items).

Name of vessel or flight number.

Port or airport of destination.

The following certification:

"This is to certify that the above shipment consists of:

- (i) cotton handloom fabrics (as defined in Article 4.1 (i) of the Agreement<sup>2</sup>) containing not more than 5% by weight of man-made fibres, or
- (ii) goods made up by the cottage industry from cotton handloom fabrics (as defined in Article 4.1 (i) of the Agreement<sup>2</sup>), or
- (iii) traditional Malaysian folklore handicraft textile products cut, sewn or otherwise fabricated by hand in cottages which are units of the cottage industry.

Signed .....

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(1) Ministry of Trade and Industry at :

- Kuala Lumpur (principal office)
- Penang, Gohorbru, Kota Kenia, Kota Baru, Kinabalu, Kuching (subsidiaries)

<sup>2</sup>The conditions referred to are those set out in Article 3 of this Regulation.

