

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 356 final.

Brussels, July 12, 1977

PROPOSAL FOR A COUNCIL REGULATION

maintaining the arrangements for the authorization of imports into the Community or into a number of Member States of cotton yarn and of garments originating in certain third countries

(submitted to the Council by the Commission)

COM(77) 356 final.

EXPLANATORY MEMORANDUM

1. As a result of a sharp increase in the early months of this year in imports into France of certain textile products (cotton yarn, men's shirts, T-shirts and the like, women's shirts and blouses) that Member State gave notice on 17-18 June of its intention to take safeguard measures in respect of these products where they come from low-wage economies.

2. On 21, 23 and 29 June the Member States and the Commission held consultations on this matter on the basis of the relevant provisions of the various Community implementing regulations, inter alia Article 3 of the Council Decision of 19 December 1972¹ and Articles 4 and 12 of Council Regulation No 1439/74². At the first of these consultations, on 21 June, one Member State and the Commission objected to the use by France of national measures and to a recourse to Article XIX of the GATT. These objections were subsequently supported by a second Member State. It was also confirmed during these consultations that other Member States suffered from similar problems.

3. In particular a substantial increase in imports of the products in question from all third countries was noted. In 1976 these imports already accounted for a considerable share of the market. Since that time this share has increased further, either on the Community market as a whole or on the market of certain Member States, although the increase has varied from Member State to Member State. As regards these products with a high rate of market penetration special objectives have been set in the negotiating directives for the renewal of the MFA.

¹OJ No L 299, 31.12.1972.

²OJ No L 159, 15.6.1974.

4. A considerable part of imports into the Community of the products in question is already subject to quantitative limits negotiated with certain major supplying countries. However, examination of the state of affairs revealed that the trend of imports from other sources was such as to justify the establishment of limits on the products in question for the Community as a whole or for certain regions of the Community. This examination also served to identify the low-salary supplying countries contributing to disruption of the market.

5. On 6 July the Commission decided in principle on emergency measures to be brought in for the second half of this year and, with regard to the supplying countries, which Community regions should be protected and which procedures applied. On the question of import stabilization, the following approach was adopted:

(i) maintenance of the amounts and procedures fixed pursuant to the bilateral agreements on voluntary restraint, unless these are renegotiated;

in this context the Commission is prepared to begin consultations - at France's request - with Singapore and Macao, with a view to reducing the share of men's shirts allocated to France, offsetting an increase in the French share for other products;

(ii) application in appropriate cases of the compulsory consultation clauses (CCC) in the bilateral agreements.

- (iii) in certain special cases, the extension to one or another Member State of import arrangements already in force in one region of the Community vis-à-vis a supplying country;
- (iv) in all other cases where strict import limits are necessary, the application of a formula limiting imports in the second half of 1977 in such a way as to avoid any exacerbation of the market disturbance caused by imports of the products in question, bearing in mind the Community's international obligations; for countries with which the Community has concluded bilateral agreements establishing special trade arrangements, the introduction of measures based on the safeguard clauses in those agreements;
- (v) in the case of Greece, in respect of which country there is no safeguard clause, and in cases where there is no wish to impose strict limits upon the imports of certain textile products (Cyprus - Israel - Malta - Morocco - Tunisia - Turkey), diplomatic action aimed at stabilizing imports.

(vi) in certain other cases, renewed vigilance with regard to imports of the products in question, with a view to applying appropriation measures should it become necessary.

6. Consultations have taken place with the following countries, with which the Community has concluded bilateral agreements establishing special arrangements for trade, to discuss the proposed measures based on certain provisions of those Agreements:

Morocco: 7 July 1977
Tunisia: 8 July 1977
Turkey: 7 July 1977
Spain: 8 July 1977

Egypt was asked for consultations within the Joint Committee of the Agreement with the Community but was unable to take part. A note verbale has been sent to notify Egypt of import restraint measures concerning it.

Requests for consultations have been sent to those MFA member countries in respect of which it is planned to take import restraint measures either under the MFA or under the bilateral Agreements on textiles negotiated or concluded with the Community within the framework of the MFA (Colombia - Malaysia - Pakistan - India - Romania).

7. In the case of Romania the question of import restraint on cotton yarn has been dealt with by a Commission Decision of 12 July 1977, in accordance with Decision 75/210/EEC applicable to state-trading countries (See Doc.

) and with the EEC-Romania Agreement initialled on 10 November 1976.

8. In view of the urgent nature of the problem the Commission has decided to take appropriate steps to remedy the disruption of the market for the products in question. As regards restraint measures, since the immediate introduction by a number of the third countries concerned of arrangements for voluntary export restraint for the products in question appears out of the question, it has been necessary to envisage a system of import licences.

In the course of consultations a number of the countries affected by these measures requested that the safeguard measures concerning them should be applied in the form of voluntary restraint. The Commission is continuing consultations with these countries, and with any others who might so request, with a view to working out details for the application of such voluntary restraint arrangements backed up by a double control system.

9. On the basis of paragraph 6 of Article 12 (laying down an emergency intervention procedure) of Council Regulation (EEC) No 1439/74, the Commission has established for the products and the countries of origin in question import restraint arrangements for the Community as a whole or for certain regions of the Community (see Regulation (EEC) No /77 of 12 July 1977).

Commission regulations adopted by virtue of Article 12 of Regulation (EEC) No 1439/74 expire six weeks following their entry into force unless they are confirmed by the Council.

Consequently the Commission proposes that the Council adopt the Regulation proposed hereunder, the purpose of which is to confirm the measures adopted by the Commission regulation regarding products originating in Colombia, Egypt, India, Malaysia, Pakistan, Morocco or Tunisia.

10. The Commission considers that this proposal, together with the other measures and initiatives taken, is adequate both to remedy the problems complained of by France and other Member States during the consultations referred to in paragraph 2 above, and to meet the objections raised against the intentions of France as notified by that country on 17-18 June 1977.

Proposal for a Council Regulation

of the arrangements for the authorization of imports into the Community, or into a number of Member States of cotton yarn and of garments originating in certain third countries

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,

Having regard to Council Regulation (EEC) No 1439/74 of 4 June 1974 on common rules for imports¹, and in particular Article 13 thereof,

After consultation within the Advisory Committee established by Article 5 of the above Regulation,

Having regard to the proposal from the Commission,

Whereas by Regulation (EEC) No /77 of July 1977² the Commission made inter alia the importation into certain Member States of cotton yarn and garments originating in Colombia, Egypt, India, Malaysia, Morocco, Pakistan or Tunisia subject to authorization;

Whereas the grounds justifying the introduction of the measures have persisted and whereas it is accordingly necessary for the measures to remain in force until 31 December 1977,

HAS ADOPTED THIS REGULATION:

Article 1

The arrangements for the authorization of imports into certain Member States of cotton yarn and of garments originating in Colombia, Egypt, India, Malaysia, Morocco, Pakistan or Tunisia, adopted by Regulation (EEC) No /77, shall remain applicable until 31 December 1977.

Article 2

This Regulation shall enter into force on the day following the day of 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 Commission
The President