

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 214 final.

Brussels, 21 May 1975

Proposal for a

## REGULATION (EEC) OF THE COUNCIL

on the opening, allocation and administration  
of a Community tariff quota for processing  
work in relation to certain textile products  
under the outward processing traffic arrangements  
of the Community

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(submitted to the Council by the Commission)

COM(75) 214 final.



## EXPLANATORY MEMORANDUM

- I. In an Arrangement<sup>I</sup> concluded with the Swiss Federation on 1 August 1969, the European Economic Community undertook to open an annual duty free Community tariff quota of 1,870,000 units of account of added value on the various kinds of processing work for certain textile products included in the outward processing traffic of the Community to Switzerland.
2. Under the terms of the memorandum agreed at the time the Arrangement was made, this annual tariff quota is divided into three categories of processing, based on the quantities recorded under the former bilateral agreements (concluded with Switzerland by France, Germany and Italy), but taking into account the possibilities of extending it to the Benelux countries.

On the basis of that division the total quota amount of 1,870,000 units of account is appropriated as follows:

- a) 1,650,000 units of account for processing work on woven fabrics falling within Chapters 50 to 57 of the Common Customs Tariff;
- b) 143,000 units of account for twisting or throwing, re-twisting cabling, texturizing (whether or not combined with other processing work) of yarns falling within Chapters 50 to 57 of the Common Customs Tariff;
- c) 77,000 units of account for processing work on articles falling within headings 58.04, 58.05, 58.07, 58.08, 58.09 and 60.01 of the Common Customs Tariff.

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(I) EJ No L 240, 24.9.1969.

3. At the request of the Swiss authorities and so that the division of the whole quota into the three categories of processing referred to above should be better related to the actual movement of trade during the reference year which served as the basis for calculating the total amount of the quota and trade movements during recent quota periods or foreseeable movements, it was decided to make certain transfers between the three quota amounts of which the final one was 150,000 u.a., transferring from the figure allocated for processing work on articles (category C) to that set aside for processing work on woven fabrics falling within Chapters 50 to 57. Similarly and in order to allow access to the tariff quota, it was decided that the Community reserves should be amalgamated and that in this way the new reserve could cover all types of processing work regardless of the category they come under.

The total quota amount of 1,870,000 u.a. would be allocated among the three categories as follows:

- 1,520,000 u.a. for processing operations on woven fabrics falling within Chapters 50 to 57 of the Common Customs Tariff;
- 123,000 u.a. for processing operations on woven fabrics falling within Chapters 50 to 57 of the CCT;
- 227,000 u.a. for processing work on articles falling within headings 58.04 to 60.01 of the CCT, subject to the setting up of a Community reserve of 230,000 u.a. to be drawn from the above amounts, that is 160,000 u.a., 13,000 u.a. and 57,000 u.a. respectively.

4. The only objective of the proposal Regulation annexed hereto is, therefore, to open the tariff quota provided for in the Arrangement concerned for the period from 1 September 1975 to 31 August 1976, and to divide it between the Member States according to the factors shown in the Memorandum to the Arrangement referred to above, taking into account the amendments which have been made meanwhile and the need to provide for the participation of the new Member States in the allocation of the tariff quota.

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It should however be noted in this connection that according to information obtained during the meeting of the joint EEC - Swiss Commission, confirmed by the State of exhaustion of the quota concerned during previous quota periods, the new Member States are not using outward processing for their textileproducts. Until such time as the said Arrangement is repealed or thoroughly amended by reason of the expiry of the period of transition of the Association Agreement concluded with Switzerland, it should be possible in order to cover any needs which could arise in the new Member States for these States to draw a sufficient share, where necessary, from the Community reserve.

5. The proposal for a Regulation annexed hereto provides for the administration of the quota by the system of prior allocation and that the maximum amount returned to the reserve shall be 20% of the initial share.



Proposal for a  
REGULATION (EEC) No...../73 OF THE COUNCIL

from.....

on the opening, allocation and administration  
of a Community tariff quota for processing work  
in relation to certain textile products under  
the outward processing traffic arrangements of  
the Community

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,  
and in particular Article II3 thereof;

Having regard to the proposal from the Commission;

Whereas on 1 August 1969 the Community concluded an Arrangement with Switzerland on the processing traffic in textiles; whereas under that Arrangement the Community undertook to open an annual Community duty-free tariff quota on 1 September every year amounting to a total of 1,870,000 units of account of added value for processed goods, divided as follows:

- a) 1,650,000 units of account for processing work on woven fabrics falling within Chapters 50 to 57 of the Common Customs Tariff;
- b) 143,000 units of account for the twisting or throwing, cabling, texturizing (whether or not combined with other processing works) of yarns falling within Chapters 50 to 57 of the Common Customs Tariff;
- c) 77,000 units of account for processing work on articles falling within heading Nos 58.04, 58.05, 58.07, 58.08, 58.09 and 60.01 of the Common Customs Tariff;

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Whereas, in order that the division of the whole quota into the three categories referred to above shall correspond more exactly with the actual movement of trade during the reference year or during previous quota periods as well as with the foreseeable movement of trade during future quota periods, it has been decided to adjust the said allocation between the three categories by giving them 1,520,000, 123,000 and 227,000 units of account respectively; whereas the Community tariff quota in question should be opened for the period 1 September 1975 to 31 August 1976 according to the provisions laid down in the Arrangement specified above, and in amendments to it;

Whereas equal and continuous access to the quota should be ensured for all interested parties and the rate of duty for the tariff quota should be applied consistently until the quota is exhausted to all products which have undergone one of the processes mentioned above and have been reimported into the Member States; whereas in the light of these principles, arrangements for the utilization of the Community tariff quota based on an allocation among Member States would seem to be consistent with the Community nature of the quota; whereas, therefore, it seems appropriate to make the allocation taking into account the quantities recorded under the previous bilateral agreements, without prejudicing the opportunities of Member States, including the new Member States, which were not involved previously in this traffic; whereas to safeguard the Community nature of the quota in questions, provision should be made to meet requirements which may arise in these Member States in the future by allowing them to draw sufficient quantities from the Community reserve;

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Whereas to take account of future trends in the traffic in question in the various Member States, the total quota volume of 1,870,000 units of account should be divided into two tranches, the first being allocated among certain Member States and the second part held as a reserve to cover subsequently the requirements of Member States which have exhausted their initial share of the quota, and requirements which may arise in the other Member States' processing work for which an initial share of the quota was not allocated; whereas to give the parties concerned in the other Member States some degree of certainty it would be appropriate to fix the first tranche of the Community tariff quota at a relatively high level, that is at 1,640,000 units of account; whereas the total Community reserve of 230,000 units of account shall consist of amounts drawn from the allocations in respect of each category, that is 160,000, 13,000 and 57,000 u.a. respectively;

Whereas Member States may exhaust their initial shares at different rates; whereas to avoid disruption of supplies on this account it should be provided that any Member State which has almost used up one of its initial shares should draw an additional share from the reserve; whereas each time its additional share is almost exhausted a Member State should draw a further share, and so on as many times as the reserve allows; whereas the initial and additional shares should be valid until the end of the quota period; Whereas this form of administration requires close collaboration between the Member States and the Commission, and the Commission must be in a position to keep account of the extent to which the quota has been used up and to inform the Member States accordingly;

Whereas if at a given date in the quota period a considerable quantity of a Member State's initial share remains unused it is essential, to prevent a part of the quota from remaining unused in one Member State while it could be used in others, that such State should return a significant proportion thereof to the reserve;

Whereas, since the Kingdom of Belgium, the Kingdom of the Netherlands and the Grand Duchy of Luxembourg are united within and jointly represented

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by the Benelux Economic Union, any transaction in respect of the administration of the shares allocated to that Economic Union may be carried out by any one of its members;

HAS ADOPTED THIS REGULATION:

Article I

- I. There shall be opened for the period 1 September 1975 to 31 August 1976 a Community tariff quota of 1,870,000 units of account of value added in respect of goods resulting from the processing work provided for in the Arrangement with Switzerland on processing traffic in textiles. Such quota shall be divided as follows:
- a) 1,520,000 units of account for processing work on woven fabrics falling within Chapters 50 to 57 of the Common Customs Tariff;
  - b) 123,000 units of account for twisting or throwing, cabling, texturizing (whether combined with other processing work) of yarns falling within Chapters 50 to 57 of the Common Customs Tariff;
  - c) 277,000 units of account for processing work on articles falling within the following headings of the Common Customs Tariff:
    - 53.04 Woven pile fabrics and chenille fabrics (other than terry towel-ling or similar terry fabrics of cotton falling within heading No.55.08 and fabrics falling within heading No.58.05) ;
    - 58.05 Narrow woven fabrics, and narrow fabrics (boldue) consisting of warp without weft assembled by means of an adhesive, other than goods falling within heading No. 58.05;
    - 58.07 Chenille yarn (including flock chenille yarn), gimped yarn (other than metallised yarn of heading No 52.01 and gimped horsehair yarn); braids and ornamental trimmings in the piece; tassels, pom-poms and the like;
    - 58.08 Tulle and other net fabrics (but not including woven, knitted or crocheted fabrics), plain;
    - 58.09 Tulle and other net fabrics (but not including woven, knitted or crocheted fabrics), figured; hand or mechanically made lace, in the piece, in strips or in motifs;

60.01 knitted or crocheted fabric, not elastic nor rubberized.

2. For the purposes of this Regulation,

a) "processing work" means:

- for the purposes of paragraph I (a) and (c): bleaching, dyeing, printing, flocking, impregnating, dressing and other work which changes the appearance or quality of the goods, without, however, changing their nature;
- for the purposes of paragraph I (b): twisting or throwing, cabling and texturizing, whether or not combined with reeling, dyeing or other work which changes the appearance, quality or finish of the goods, without however changing their nature.

b) "added value" means: the difference between the value for customs purposes as defined by Regulation (EEG) No 803/68 (I) and the value for customs purposes as it would be if the products were imported in the same state in which they were exported.

3. Each of the amounts referred to in paragraph I shall be subdivided into two tranches; the first shall be allocated among certain Member States in accordance with Article 3; the second shall constitute a Community reserve for the three categories of processing.

4. The Common Customs Tariff duties shall be totally suspended in respect of importations under the above quota.

New Member States shall apply in respect of importations within the quota duties calculated in accordance with the relevant provisions of the Act of Accession.

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<sup>1</sup> OJ No L 148, 28.6.1968, p. I.

Article 2

I. The first tranche of each of the amounts referred to in Article I(I) shall be allocated as follows among the Member States mentioned in the Arrangement; the shares shall be valid subject to Article 6 from 1 September 1975 to 31 August 1976

a) Germany:

1,080,000 units of account, divided as follows:

- 850,000 units of account for processing work on woven fabrics falling within Chapters 50 to 57 of the Common Customs Tariff;
- 100,000 units of account for twisting or throwing, cabling, texturizing (whether combined with other processing work) of yarns falling within Chapters 50 to 57 of the Common Customs Tariff;
- 130,000 units of account for processing work on articles falling within headings 58.04, 58.05, 58.07, 58.08, 58.09 and 60.01 of the Common Customs Tariff;

b) France:

520,000 units of account, divided as follows:

- 500,000 units of account for processing work on fabrics falling within Chapters 50 to 57 of the Common Customs Tariff;
- 20,000 units of account for processing work on articles falling within headings 58.04, 58.05, 58.07, 58.08, 58.09 and 60.01 of the Common Customs Tariff;

c) Italy:

20,000 units of account, i.e. half for twisting or throwing, cabling, texturizing (whether combined with other processing work) of yarns falling within Chapters 50 to 57 of the Common Customs Tariff, and half for processing work on woven fabrics falling within Chapters 50 to 57 or on articles falling within headings 58.04, 58.05, 58.07, 58.08, 58.09 and 60.01 of the Common Customs Tariff;

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d) Benelux:

20,000 units of account for processing work on yarns and woven fabrics falling within Chapters 50 to 57 or on articles falling within headings 58.04, 58.05, 58.07, 58.08, 58.09 and 60.01 of the Common Customs Tariff.

2. The second tranche of each of the amounts referred to in Article I(I):  
- 160,000, 13,000 and 57,000 units of account respectively - shall constitute the Community reserve, which shall thus amount to 230,000 units of account.

Article 3

If the processing work referred to in Article I(I)(b) is required in France or if any processing work is required in the new Member States, those States shall draw a sufficient share from the reserve, to the extent that the reserve so permits.

Article 4

- I. As soon as a Member State has used 90% or more of one of its initial shares as fixed in Article 2(I), or of that share minus any portion returned to the reserve pursuant to Article 6, it shall forthwith, by notifying the Commission, draw a second share, to the extent that the reserve so permits, equal to 10% of its initial share, rounded up to the nearest unit.
2. As soon as a Member State, after exhausting one or other of its initial shares, has used 90% or more of the second share drawn by it, that Member State shall forthwith, in the manner and to the extent provided in paragraph I, draw a third share equal to 5% of its initial share.

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3. As soon as a Member State, after exhausting one or other of its second shares, has used 90% or more of the third share drawn by it, that Member State shall, in the manner and to the extent provided in paragraph I, draw a fourth share equal to the third.

It shall continue in this fashion until the reserve is exhausted.

4. By way of derogation from paragraphs I, 2 and 3, a Member State may draw shares lower than those specified in those paragraphs if there are grounds for believing that those specified may not be used in full. Any Member State applying this paragraph shall inform the Commission of its grounds for so doing.

#### Article 5

Additional shares drawn pursuant to Article 4 shall be valid until 31 August 1976.

#### Article 6

A Member State which on 15 May 1976 has not exhausted one or other of its initial shares as fixed in Article 2(I) or resulting from the application of Article 3 shall not later than 10 June 1976 return to the reserve any unused portion in excess of 20% of the initial amount. It may return a greater portion if there are grounds for believing that such portion may not be used in full.

Member States shall, not later than 10 June 1976, notify the Commission of the total quantities of the product in question reimported up to and including 15 May 1976 and charged against the Community quota and of any portion of their initial shares returned to the reserve.

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Article 7

The Commission shall keep an account of the shares opened by the Member States pursuant to Articles 2, 3 and 4 and shall, as soon as the information reaches it, inform each State of the extent to which the reserve has been used up.

It shall, not later than 15 June 1976, inform the Member States of the amount still in reserve following any return of shares pursuant to Article 6.

It shall ensure that when an amount exhausting the reserve is drawn the amount so drawn does not exceed the balance available, and to this end shall notify the amount of that balance to the Member State making the last drawing.

Article 8

- I. Every Member State shall take all appropriate measures to ensure that shares drawn pursuant to Article 4 are opened in such a way that importations may be charged without interruption against its accumulated share of the Community quota.
2. Member States shall administer their shares by the system of prior allocation. They shall ensure that all persons involved in the processing traffic in their territory have free access to the quotas allocated to them.
3. The extent to which a Member State has used up its shares shall be determined on the basis of the value added admitted upon reimportation of the products concerned entered with the customs authorities for home use.

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12

Article 9

Every Member State shall notify the Commission at regular intervals of products reimported and charged against its share.

Article 10

The Member States and the Commission shall cooperate closely to ensure that this Regulation is complied with.

Article 11

This Regulation shall enter into force on 1 September 1975.

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

Done at Brussels,

For the Council

The President