



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 29.03.1995
COM(95) 109 final

95/0077 (ACC)

Proposal for a

COUNCIL DECISION

ON THE CONCLUSION OF THE AGREEMENT BETWEEN
THE EUROPEAN COMMUNITY AND THE PEOPLE'S REPUBLIC OF CHINA
ON THE MODIFICATION OF CERTAIN PROVISIONS OF THE MFA BILATERAL
AGREEMENT ON TRADE IN TEXTILE PRODUCTS BETWEEN
THE EUROPEAN COMMUNITY AND THE PEOPLE'S REPUBLIC OF CHINA

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. The Commission has negotiated a bilateral Agreement on the modification of certain provisions of the MFA bilateral Agreement on trade in textile products between the People's Republic of China and the European Community with the People's Republic of China.
2. The Commission has initialled this Agreement on 14 December 1994.
3. The Council is therefore asked to approve on behalf of the Community the attached Decision on the conclusion of the Agreement between the European Community and the People's Republic of China on the modification of certain provisions of the MFA bilateral Agreement on trade in textile products between the People's Republic of China and the European Community.

PROPOSAL FOR A COUNCIL DECISION
ON THE CONCLUSION OF THE AGREEMENT BETWEEN
THE EUROPEAN COMMUNITY AND THE PEOPLE'S REPUBLIC OF CHINA
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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community and in particular Article 113 in conjunction with Article 228, paragraph 2, first sentence, thereof,

Having regard to the proposal from the Commission,

Whereas the Commission has negotiated on behalf of the Community an Agreement with the People's Republic of China on the modification of certain provisions of the MFA bilateral Agreement on trade in textile products between the People's Republic of China and the European Community.

Whereas this bilateral Agreement should be approved,

HAS DECIDED AS FOLLOWS:

ARTICLE 1

The bilateral Agreement between the European Community and the People's Republic of China on the modification of certain provisions of the MFA bilateral Agreement on trade in textile products between the People's Republic of China and the European Community shall be approved on behalf of the European Community.

The text of this Agreement is attached to this Decision.

ARTICLE 2

The President of the Council is hereby authorized to designate the person empowered to sign the Agreement referred to in Article 1 in order to bind the European Community.

Done at Brussels,

For the Council

The President

Agreement

on the modification of certain provisions of the

MFA bilateral agreement on trade in textile products

between the People's Republic of China and the European Community

Following discussions in December 1992 on the adaptation of growth and flexibility rates laid down in the 1988 MFA bilateral agreement between China and the European Community, and the discussions in 1994 concerning the modifications of economic provisions of the agreement, as envisaged in the Exchange of Letters between Sir Leon Brittan and Minister Wu Yi in view of China's accession to GATT/WTO, the two Parties have agreed that:

- a) the growth and flexibility rates set out in the bilateral agreement between China and the European Community are modified, as of 1 January 1993, as indicated in the annex to this Agreement. This commitment reflects a compromise that takes into account the following elements:
 - 1) the fact that China has become the largest supplier of the EC in textiles and clothing;
 - 2) the perspective of China's accession to GATT/WTO;
- b) these modified rates will be the basis of all notifications to GATT/WTO, as being those in force during the 12 month period prior to the entry into force of the ATC (Uruguay Round Agreement on Textiles and Clothing);
- c) the actual application of the modified rates shall remain suspended until the date of China's accession to GATT/WTO;
- d) should China's accession to GATT/WTO not be completed during the first 9 months of 1995, consultations will be held between the two Parties to discuss the terms of a bilateral Agreement governing the trade in textile products for 1996 and subsequent years, to be based on the growth and flexibility rates not lower than those listed in the annex attached to this agreement;
- e) this Agreement shall enter into force on the first day of the month following its signature. It shall apply provisionally as of the date of its initialling.

For the Government of the
People's Republic of China

For the Council of the
European Union

**ANNEX TO THE AGREEMENT ON THE MODIFICATION
OF THE MFA BILATERAL AGREEMENT ON TRADE IN TEXTILE PRODUCTS
BETWEEN THE PEOPLE'S REPUBLIC OF CHINA
AND THE EUROPEAN COMMUNITY**

I. Growth rates for quantitative limits (%)

Categories

2	0.2
3	2.0
4	1.3
5	1.5
6	1.75
7	1.5
8	1.5
9	2.5
12	3.0
15	3.0
16	2.0
18	3.0
19	3.0
20/39	2.75
21	2.5
22	3.5
23	3.0
26	1.5
32	3.0
37	5.0
73	2.0

II. Flexibility rates (%)

a)	advance use	1 to 5
b)	carry over	3 to 7
c)	transfers	
	- between categories 2 and 3	4
	- from 1 to 2 and 3	1
	- between 4 to 8	4
	- from groups I, II and III to groups II and III	6

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