

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 21 final

Brussels, 11 February 1977

RECOMMENDATION FOR A COUNCIL REGULATION

concluding an Agreement between the European Economic
Community and Socialist Federal Republic of Yugoslavia
on Trade in Textiles

(submitted to the Council by the Commission)

COM(77) 21 final

EXPLANATORY MEMORANDUM

1. By a decision of 18 December 1975, the Council authorized the Commission to open negotiations with Yugoslavia for the conclusion of an Agreement on trade in textile products based on the provisions of Article 4 of the Arrangement on International Trade in Textiles.

2. In accordance with the above Council Decision and in consultation with the Article 113 Committee, the Commission conducted negotiations with the Socialist Federal Republic of Yugoslavia during the months of March and June 1976.

Following these negotiations a draft agreement was drawn up. The Agreement which covers the period from 1.1.76 to 31.12.77 makes provision for ;

- voluntary restraint, at agreed levels, on exports to the Community of certain categories of textile products intended for consumption within the Community ;
- the adoption of a surveillance and consultation procedure applicable to certain categories of products and permitting, inter alia, the establishment on agreed terms of voluntary restraint measures for the products in question ;
- the corresponding undertaking by the Community to suspend the quantitative limitations at present in force and not to invoke the safeguard provisions of the Multifibre Arrangement for the categories of products covered by the agreement so long as the agreed ceilings are observed. Moreover, the Agreement does not apply to reimported into the Community of articles processed or transformed in Yugoslavia, of products temporarily exported from the Community.

The heads of the delegations found the draft Agreement to be in accordance with the results of the negotiations and initialled the text on 25 June 1976.

3. In order to assure the achievement of the objectives of the Agreement, the two parties have agreed that while awaiting the completion of the procedures necessary for the conclusion of the Agreement, its

provisions be applied de facto, by both sides, as from July 1. 1976.

4. The Commission considers that this draft agreement constitutes a result that is acceptable to the Community. It proposes that the Council conclude this Agreement by adopting the draft regulation annexed hereto,

The measures necessary for the application by the Community of the provisions of the Agreement are the subject of a separate Commission proposal to the Council for a Regulation.

RECOMMENDATION FOR A REGULATION OF THE COUNCIL
concluding an Agreement between the European Economic
Community and Socialist Federal Republic of Yugoslavia
on Trade in Textiles

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 recommendation from the Commission,

Whereas the Agreement on Trade in Textiles negotiated between the
European Economic Community and the Socialist Federal Republic of
Yugoslavia should be concluded,

HAS ADOPTED THIS REGULATION :

Article 1

The Agreement between the European Economic Community and the
Socialist Federal Republic of Yugoslavia on Trade in Textiles, the
text of which is given in the Annex, is hereby concluded on behalf
of the Community.

Article 2

The President of the Council shall notify the other Contracting
Party of the accomplishment by the Community of the procedures
required for the entry into force of the Agreement.

Article 3

This Regulation shall enter into force on the third day following
its publication in the Official Journal of the European Communities.

Done at Brussels,

For the Council,
The President

AGREEMENT
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY
AND
THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA
ON TRADE IN TEXTILES

(Text initialled on 25 June 1976)

The Council of the European Communities,
of the one part, and

the Government of the Socialist Federal Republic of Yugoslavia,
of the other part,

Desiring to ensure the orderly and equitable development of trade in
textiles between the European Economic Community, hereinafter
referred to as the "Community", and Yugoslavia, and having regard
to their respective levels of development;

Having regard to the provisions of the Arrangement regarding International
Trade in Textiles (hereinafter referred to as the "Geneva Arrangement")
and in particular Article 4 thereof;

Have decided, in a spirit of mutual cooperation and in conformity
with the 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 SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA:

Who have agreed as follows:

Article 1

1. The Parties recognize 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 textile products, originating in and coming from Yugoslavia, which are listed in Annexes I and II to this Agreement.
3. Yugoslavia shall establish quantitative limits on exports to the Community in accordance with the schedule set out in Annex I.
4. Quantities of the quota shares set out in Annex I not taken up by a Member State of the Community may be reallocated 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 four weeks of its receipt to any request made by Yugoslavia for such reallocation. It is understood that any reallocation so effected would not need to be confined within any limits set in provisions flexibility established elsewhere in this Agreement.

Article 2

1. The Community undertakes, in respect of the categories of textile products to which this Agreement applies, and subject to the satisfactory operation of this Agreement, not to introduce new quantitative restrictions, to suspend immediately 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 textile products originating in and coming from Yugoslavia do not exceed the quantitative limits established under the provisions of this Agreement.

2. The Yugoslav authorities undertake to take all appropriate measures to ensure that the agreed quantitative limits are not exceeded.

3. The Community shall not object to the above quantitative limits being exceeded in the event of additional demand on the Community market, on the understanding that the additional quantities shall be fixed by common accord of both Parties.

Article 3

1. Imports into the Community of 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 the 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. Where Community authorities ascertain that imports referred to in paragraph 1 above have been retained for use within the Community, the latter will notify the Government of Yugoslavia on a quarterly basis of the amounts involved. Yugoslavia shall in such cases and at the request of the Community set off such amounts against the quantitative limit or limits in question for the current Agreement year or for the following year.

3. Where the authorities in the Community ascertain under an administrative system of control in force that imports of textile products covered by this Agreement have been set off against quantitative limits established under this Agreement but have been subsequently re-exported outside the Community, the authorities concerned will inform the Yugoslav authorities of the quantities involved and authorize imports of equivalent quantities, which shall not be set off against the quantitative limits under the Agreement.

4. Re-imports into the Community of textile products to which this Agreement applies and which have been temporarily exported by the Community in accordance with the procedures in force in the Community and undergone working or processing in Yugoslavia shall not be subject to the quantitative limits established under the Agreement.

Article 4

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 this Agreement. Consultations held under 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, whenever imports of products originating in and coming from Yugoslavia and listed in Annex II cause real risks of market disruption (within the meaning of Annex A to the Geneva Arrangement), request consultations with Yugoslavia with regard to these products in accordance with the procedure laid down in paragraph 5.

3. If it is ascertained that there is an excessive concentration of trade in a product within a category for which quantitative limits have been established by the Community under the terms of this Agreement or which is otherwise subject to the provisions of this Article and if, in the opinion of the Community, there is a risk of such concentration causing real market disruption in respect of this product, the Community may request consultations with Yugoslavia under identical conditions to those specified in paragraph 5 below.

4. The requests for consultations referred to in paragraphs 2 and 3 above shall be followed within a reasonable period (at the latest within 21 days) by a report on the conditions on the Community market which, in the opinion of the Community, justify such a request. This report shall contain information demonstrating the existence of real risks of disruption to this market (within the meaning of Annex A to the Geneva Arrangement). The consultation procedures referred to in this paragraph shall be used in moderation and only in the event of substantial changes in the level of exports of Yugoslav products to the Community and shall be applied with due regard for the principles and aims of the Geneva Arrangement.

(Article 4 continued)

5. Pending a mutually satisfactory conclusion of the consultations provided for in paragraph 2, Yugoslavia shall limit its exports of the product or products in question to the Community to the higher of the following two levels:

- (i) one hundred and seven percent (107%) of the exports of the product or products to the Community during the most recent twelve-month period preceding the month in which the request for consultations was made for which statistics are available for the two Parties; or
- (ii) the average annual exports of the product or products from Yugoslavia to the Community for any three-year period within the six years preceding the month in which the request for consultations was made for which statistics are available for the two Parties.

6. The Community shall authorize the importation of goods dispatched from Yugoslavia before the date on which the request for consultations was made. Moreover, the Community shall examine attentively and give its favourable consideration to arrangements for goods for which export licences have been issued on the basis of bona fide contracts and letters of credit. If the Yugoslav authorities consider that the application of these provisions gives rise to problems which damage the trade interests in question, Yugoslavia may request consultations with the Community in accordance with paragraph 2 above.

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

8. In the event of the Parties being unable to reach agreement in the consultations provided for in this Article, either of them may, as a signatory to the Geneva Arrangement, refer the matter to the Textiles Surveillance Body in accordance with Article 11 of the Geneva Arrangement. Either Party choosing such a course of action shall immediately notify the other of its intention.

Article 5

1. 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 limits for the following year, within a limit of 10% of the latter.

2. Within a limit of 10% of each quantitative limit established under this Agreement, advance deliveries shall be authorized from the corresponding quantitative limit in force for the following Agreement year. Amounts dispatched in advance shall be deducted from the quantitative limits for the products in question for the following year.

3. Within any one Agreement year, unused portions of quantitative limits established under this Agreement may be transferred to another quantitative limit under the conditions set out below:

- (i) to category 55.09 (other woven fabrics of cotton) and, therein, to subcategory ex 55.09 (cotton fabrics, other than unbleached or bleached) from category ex 62.02 (bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles of cotton except net curtains), provided that such transfers do not exceed 10% of the quantitative limit to which they are made;
- (ii) to category ex 62.02 (bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles of cotton except net curtains) from category 55.09 (other woven fabrics of cotton), provided that such transfers do not exceed 7% of the quantitative limit to which they are made;
- (iii) within category 55.09 (other woven fabrics of cotton), to subcategory ex 55.09 (cotton fabrics, other than unbleached or bleached), provided that such transfers do not exceed 7% of the quantitative limit for the subcategory to which they are made.

(Article 5 continued)

4. The flexibility provisions set out in paragraphs 1, 2 and 3 must not, in any given Agreement year, result in the quantitative limit for any category being exceeded by more than 15% of the quantitative limit for that category for that Agreement year.

5. The flexibility provisions set out in paragraphs 1, 2 and 3 may be applied by Yugoslavia only following written notification to the Community by the Yugoslav authorities.

Article 6

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

Article 7

The two Parties agree to exchange all relevant information concerning their mutual trade in textiles in order to ensure the smooth functioning of this Agreement.

Article 8

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 III.

2. Yugoslavia therefore undertakes to furnish the Community with precise statistical information, on a quarterly basis, on all export licences issued by the Yugoslav authorities for all categories of textile exports to the Community covered by this Agreement.

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

Article 9

1. Both Parties shall take all appropriate measures to ensure that the traditional trade flows and commercial practices are maintained between the Community and Yugoslavia.

2. Should either Party inform the other that the functioning of this Agreement has given rise to difficulties regarding the maintenance of existing commercial relations between importers in the Community and their suppliers in Yugoslavia, the Parties agree to consult together in accordance with the procedures set out in Article 4(1) above.

Article 10

Without prejudice to the other provisions of this Agreement, Yugoslavia agrees that the quantitative restrictions on imports into Ireland of the following textile products from Yugoslavia may be maintained until 30 June 1977 at the latest.

BTN 55.05	Cotton yarn, not put up for retail sale
55.06	Cotton yarn, put up for retail sale
55.07	Cotton gauze.

Article 11

This Agreement shall apply to the territories where the Treaty establishing the European Economic Community applies, on the conditions laid down in that Treaty, and to the territory of Yugoslavia.

Article 12

1. This Agreement shall enter into force on the first day of the month following the date on which the Parties have notified each other of the completion of the procedures necessary for that purpose. It shall remain applicable until 31 December 1977.
2. This Agreement shall enter into force on 1 January 1976.
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 and Protocols to this Agreement shall form an integral part thereof.

Article 13

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

Products

in respect of which Yugoslavia will exercise voluntary restraint vis-à-vis the Community as a whole from the entry into force of the Agreement

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

Common Customs Tariff No	Nimex Code	Description	Member State	Quantitative limits (metric tons)	
				1976	1977
55.09 of which ex 55.09	01 to 98	Other woven fabrics of cotton	FRG	2 774	3 097
			F	863	1 012
			I	6 443	6 475
			BNL	1 264	1 367
			UK	525	675
			IRL	10	15
			DK	900	905
			EEC	12 779	13 546
		Cotton fabrics, other than unbleached or bleached	FRG	459	497
			F	94	116
			I	372	374
			BNL	238	244
			UK	21	31
			IRL	4	5
DK	237	238			
EEC	1 425	1 505			
ex 62.02 B	11, 41, 43, 47, 71, 73, 81	Bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles of cotton except net curtains	FRG	276	299
			F	175	189
			I	186	193
			BNL	190	191
			UK	21	31
			IRL	5	6
			DK	99	100
			EEC	952	1 009

Products subject to the special consultation procedure provided for in Article 4

Common Customs Tariff No	Description
55.05	Cotton yarn, not put up for retail sale
56.07	Woven fabrics of man-made fibres (discontinuous or waste)
ex 60.03	Men's socks
60.04	Under garments, knitted or crocheted, not elastic nor rubberized
60.05 A	Knitted or crocheted outer garments
61.01	Men's and boys' outer garments
61.02	Women's, girls' and infants' outer garments
61.03	Men's and boys' under garments, including collars, shirt fronts and cuffs
ex 62.02	Bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles (other than the products listed under subheading ex 62.02 B in Annex I)

As agreed between the Parties in Article 8 of the Agreement, the administration of textile imports from Yugoslavia will be based on a system of double control. The details of this system have been agreed between the Parties and are set out below.

The authorities in 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 issued by the Yugoslav authorities. The authorities in the Community will be entitled to request the presentation of an export licence in respect of goods originating in Yugoslavia of the categories shown in Annex I and, where Article 4 has been invoked, in Annex II. These export licences will be issued by the Yugoslav Government authorities up to the total amount of the agreed quantitative limits.

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 metric tons) and value
6. category and classification of product
7. certificate issued by the Yugoslav 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 processing and subsequent re-export outside the Community.

The authorities in the Community will not raise difficulties in the event of a discrepancy between the weight indicated on the export licence and the shipment or import weight provided it is within reasonable limits, while the Yugoslav 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 Yugoslav authorities will notify the relevant authorities in the Community of such total or partial withdrawal. The authorities in the Community will take the appropriate measures in accordance with their existing administrative provisions.

The Yugoslav authorities will forward to the authorities in 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 ceilings for exports to the Community, as well as the allocation of these licences among the Member States of the Community for each category of textile exports to the Community subject to a quantitative limit under this Agreement.

Sir,

In concluding the negotiations held between the Community and the Government of Yugoslavia which have led this day to the signing of an Agreement regarding trade in textile products, the Community has the honour to inform you of the following:

As stated in Article 3(4), the Agreement does not apply to re-imports from Yugoslavia of textile articles produced by the working or processing of products temporarily exported from the Community.

The Community recognizes the economic importance of such working and processing operations for Yugoslavia. While reserving, therefore, the right to adopt unilateral measures to regulate this trade, by subjecting it to authorization, the Community will endeavour to maintain such trade channels as exist under the current arrangements.

I should be grateful for your confirmation of your Government's agreement with the above.

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