ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 4 Notification

Bilateral Agreement between the EEC and Pakistan

The Textiles Surveillance Body has received from the European Economic Community a notification of a bilateral agreement under Article 4 of the Arrangement between the EEC and Pakistan concerning trade in textiles.

The TSB, pursuant to its procedure regarding bilateral agreements notified under Article 4, has examined the relevant documentation and is circulating the text of this agreement to participating countries for their information.  

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1 See COM.TEX/SB/35, annex B.
2 See COM.TEX/SB/155 for observations by the TSB.
AGREEMENT

between the European Economic Community and the Islamic Republic of Pakistan on trade in textile products

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part,

THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN,

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 the Islamic Republic of Pakistan (hereinafter referred to as Pakistan);

HAVING REGARD to the provisions of the Arrangement regarding International Trade in Textiles (hereinafter referred to as the Geneva Arrangement) and especially Article 4 thereof;

HAVE DECIDED, in a spirit of mutual cooperation and in accordance with the said 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 ISLAMIC REPUBLIC OF PAKISTAN:

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 duties 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.

<table>
<thead>
<tr>
<th>CCT heading No</th>
<th>Nimex No</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>55.09</td>
<td>All Nos</td>
<td>Other woven fabrics of cotton</td>
</tr>
<tr>
<td>ex 62.02</td>
<td>11, 71 and 73</td>
<td>Bed linen, toilet linen and kitchen linen of cotton</td>
</tr>
</tbody>
</table>

2. This Agreement shall apply to trade in those categories of textile products, originating in and dispatched from Pakistan, which are listed below and to those referred to in Article 3 (4).

3. Pakistan agrees to establish quantitative limits on exports to the Community in accordance with Annex I. 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 Pakistan for such reallocation. It is understood that any reallocation so effected would not need to be confined within any limits set in flexibility provisions established elsewhere in this Agreement.

**Article 2**

1. Pakistan undertakes to ensure that its exports to the Community of textile products to which this Agreement applies do not exceed the quantitative limits established under the provisions thereof and shall cooperate with the Community in implementing the measures recognized in this Agreement as necessary for this purpose.

2. 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 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 dispatched from Pakistan do not exceed the quantitative limits established under the provisions of this Agreement.

**Article 3**

1. Imports into the Community of those 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 quantitative limits established under this Agreement, provided they are entered as such under an administrative system of control in force that imports of textile products to which this Agreement applies have been charged against quantitative limits established under this Agreement but subsequently re-exported outside the Community, the competent authority concerned will inform the Pakistani authorities of the quantities involved and authorize imports of the same quantities which shall not be charged to the quantitative limits under the Agreement.

**Article 4**

1. The following Pakistani textile products shall, subject to the conditions indicated hereafter, be admitted into the Community without quantitative limit:

   (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 cotton handloom fabrics;

   (iii) traditional Pakistani folklore handicraft textile products cut, sewn or otherwise fabricated by hand in cottages which are units of the cottage industry.

2. Admission into the Community of these products without quantitative limit shall be subject to the satisfactory operation of agreed arrangements for certification.

**Article 5**

1. Both Parties agree to enter promptly into consultations with each other, at the request of either and in accordance with the provisions of the Geneva Arrangement, on any matter concerning their mutual trade in textiles and in particular on any problems arising from the application of this Agreement. Consultations held under the provisions of 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. Any request for consultations under this Agreement shall be accompanied by a factual statement of the reasons and justifications for such a request.

3. The two Parties, unless agreed otherwise, will consult as soon as possible within 30 days of the request for such consultations, and will make their best efforts to complete such consultations within 30 days of their commencement.

4. Notwithstanding the generality of the provisions of paragraphs 1, 2, 3 and 7, the Community may at any time request consultations with Pakistan:

   (a) whenever conditions in its market are such that a limitation of further trade in cotton table linen (CCT heading No ex 62.02, Nimexe Nos 41, 43 and 47) may be necessary to eliminate real risks of market disruption;

   (b) whenever imports into the Community of textile products of fibres other than cotton in direct competition with those which are within the categories listed in Article 1 (2) and paragraph 4 (a) of this Article cause or threaten to cause a real risk of market disruption such that the quantitative limits established under this Agreement could be evaded;

   (c) whenever an excessive concentration of trade in any specific products within the categories listed in Article 1 (2) and paragraph 4 (a) of this Article causes or threatens to cause a real risk of market disruption in respect of that product.

5. Pending a mutually satisfactory solution to the consultations described in paragraph 4, Pakistan shall limit exports of the product(s) in question to the Community to the greater of:

   (i) 107% of the exports of such product(s) to the Community during the most recent 12-month period preceding the month in which the request for consultations was made for which statistics are available to the two Parties; or

   (ii) the average annual exports of such product(s) from Pakistan to the Community for the most recent three-year period preceding the month in which the request for consultations was made, for which statistics are available to the two Parties.

6. The procedure referred to in paragraph 5 will only be resorted to sparingly and will be implemented in a manner consistent with the principles and objectives of the Geneva Arrangement.

7. In the event that the Parties are unable to reach agreement during the consultations provided for in this Article, either of the Parties 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 to adopt such a course of action, shall immediately notify the other of its intention.

Article 6

If, having regard to the provisions of the Geneva Arrangement, either Party considers that it is being placed in an inequitable position in respect of trade in textiles as compared with a third country, that Party may request consultations with the other with a view to seeking equitable solutions. Such consultations will be held and concluded promptly. The Parties will take such appropriate remedial measures as may be mutually acceptable and consistent with their international rights and obligations, including the making of any necessary reasonable modification to this Agreement.

Article 7

1. (a) Within any one Agreement year, unused portions of quantitative limits established under this Agreement may be transferred to another quantitative limit so established, under the conditions set out below.

   (b) Transfers may only be effected under this Agreement as follows:

   (i) into category 55.09 (other woven fabrics of cotton) and, therein, into subcategory ex 55.09 (cotton fabrics, other than grey or bleached) from category ex 62.02 (Nimexe Nos 11, 71 and 73) (bed linen, toilet linen and kitchen linen, of cotton), provided that such transfers do not exceed 10% of the quantitative limit for the category or subcategory into which they are made;

   (ii) into category ex 62.02 (Nimexe Nos 11, 71 and 73) (bed linen, toilet linen and kitchen linen, of cotton) from category 55.09 (other woven fabrics of cotton),
provided that such transfers do not exceed 7% of the quantitative limit of the category into which they are made;

(iii) within category 55.09 (other woven fabrics of cotton), into subcategory ex 55.09 (cotton fabrics, other than grey or bleached), provided that such transfers do not exceed 7% of the quantitative limit for the subcategory into which they are made.

2. 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 limit in the following Agreement year, within a limit of 10% of the latter.

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

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

**Article 8**

Pakistan shall ensure that exports of all textile products restrained under this Agreement are spaced out evenly over each of the Agreement years, due account being taken, in particular, of seasonal factors.

**Article 9**

The Parties recognize that the successful implementation of this Agreement depends in large part upon mutual cooperation on statistical matters. Pakistan therefore agrees to furnish to the Community precise statistical information, on a quarterly basis, on all export authorizations issued by the Pakistani authorities for all categories of textile exports to the Community to which this Agreement applies.

**Article 10**

Subject to the satisfactory operation of this Agreement and the communication of the relevant statistical data indicated in Article 9, the Parties agree that the quantitative limits established under this Agreement shall be managed under a system of double checking, consisting of export licences and automatic counterpart import licences.

**Article 11**

1. Both Parties shall take all possible measures to ensure that traditional channels and methods of trade between the Community and Pakistan are maintained.

2. Should the Community inform Pakistan that the application of this Agreement has given rise to difficulties regarding the maintenance of existing commercial relations between importers in the Community and their suppliers in Pakistan the Parties agree to consult together in accordance with the procedures set out in Article 5.

**Article 12**

Without prejudice to the other provisions of this Agreement, Pakistan agrees that quantitative restrictions with regard to imports into Ireland of the following textile products from Pakistan may be maintained until 30 June 1977 at the latest in accordance with the rights enjoyed by Ireland under the Treaty by which that country acceded to the European Communities.

<table>
<thead>
<tr>
<th>CCT heading No</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>55.05</td>
<td>Cotton yarn, not put up for retail sale</td>
</tr>
<tr>
<td>55.06</td>
<td>Cotton yarn, put up for retail sale</td>
</tr>
<tr>
<td>55.07</td>
<td>Cotton gauze</td>
</tr>
</tbody>
</table>

**Article 13**

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 the purpose \( ^1 \). It shall remain in force until 31 December 1977.

\( ^1 \) The date of entry into force will be published in the *Official Journal of the European Communities.*
2. This Agreement shall apply with effect from 1 January 1975.

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 12-month period; in the latter event the Agreement will come to an end on the expiry of the said 12-month period.

4. The Annexes to this Agreement shall form an integral part thereof.

Article 14

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

Products for which Pakistan will exercise restraint towards the whole Community from the entry into force of the Agreement

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

<table>
<thead>
<tr>
<th>Products category or subcategory</th>
<th>Member State</th>
<th>Quantitative limits (in metric tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1975</td>
</tr>
<tr>
<td>55.09 Other woven fabrics of cotton</td>
<td>Germany</td>
<td>1650</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>1080</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>1729</td>
</tr>
<tr>
<td></td>
<td>Benelux</td>
<td>905</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td>10326</td>
</tr>
<tr>
<td></td>
<td>Ireland</td>
<td>677</td>
</tr>
<tr>
<td></td>
<td>Denmark</td>
<td>671</td>
</tr>
<tr>
<td></td>
<td>EEC</td>
<td>17038</td>
</tr>
<tr>
<td></td>
<td>Germany</td>
<td>75</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>67</td>
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<td></td>
<td>Italy</td>
<td>58</td>
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<tr>
<td></td>
<td>Benelux</td>
<td>38</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td>381</td>
</tr>
<tr>
<td></td>
<td>Ireland</td>
<td>296</td>
</tr>
<tr>
<td></td>
<td>Denmark</td>
<td>87</td>
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<tr>
<td></td>
<td>EEC</td>
<td>1002</td>
</tr>
<tr>
<td>ex 62.02 (Nimex Nos 11, 71 and 73) Bed linen, toilet linen and kitchen linen, of cotton</td>
<td>Germany</td>
<td>285</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>152</td>
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<td></td>
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<td></td>
<td>Ireland</td>
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<td></td>
<td>Denmark</td>
<td>335</td>
</tr>
<tr>
<td></td>
<td>EEC</td>
<td>1750</td>
</tr>
</tbody>
</table>
ANNEX II

Handloom and textile handicraft articles

1. In accordance with Article 12 (3) of the Geneva Arrangement, the Community and Pakistan have agreed, in Article 4 of the Agreement that, subject to certain conditions Pakistani exports of certain handloom and textile handicraft products would be admitted into the Community without quantitative limit. The conditions set out in Article 4 (2) of the Agreement specifies that admission of such products into the Community without quantitative limit shall be subject to the satisfactory operation of agreed arrangements for certification.

2. The Community and Pakistan hereby agree that in carrying out the provisions of Article 4 of the Agreement the following form of certificate shall be used.

‘Certificate in regard to 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 (metric tons),
Name of ship or flight number,
Port or airport of destination.

This is to certify that the above shipment consists of:

(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 cotton handloom fabrics;

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

Signed ………………”

3. The body which shall be authorized to issue the above certificates is the Export Promotion Bureau, Government of Pakistan.

4. In addition such descriptive certificate shall be endorsed by a Government agency to the effect that the consignment is approved for export, without any quantitative ceilings, as provided for in the Agreement and in the Geneva Arrangement.
ANNEX III

System of double checking

1. As agreed between the Parties in Article 10 of the Agreement, the administration of textile imports from Pakistan will be based on a system of double checking. The details of this system have been agreed between the Parties and are set out below.

2. The authorities of the Member States of the Community will, automatically and without delay, accept imports of cotton textile products on submission of the importer's application together with the original export licence. These export licences will be issued by the Pakistani authorities up to the total amount of the agreed ceilings.

3. The export licences issued by the Pakistani authorities shall be applicable to the products subject to restraint under the Agreement.

4. 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 kilogrammes or metric tons) and value,
   (6) category and description of product,
   (7) the issue of a certificate by the Pakistani authorities showing that the quantity has been debited against the agreed ceiling for exports to the Community or, where appropriate, if for immediate re-export or for inward processing and subsequent re-export outside the Community.

5. The authorities of the Member States of the Community will not raise difficulties in the event of a discrepancy between the weight indicated in the export licence and the shipment or import weight provided it is within reasonable limits, while the Pakistani authorities, for their part, will endeavour to keep any discrepancies to a minimum.

6. In the event of total or partial withdrawal of an export licence, the Pakistani authorities will notify the authorities of the Member States of the Community of such total or partial withdrawal. The authorities of the Member States of the Community will take the appropriate measures in accordance with their existing administrative provisions.

7. The Pakistani authorities will forward to the authorities of the Member States of 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 Member States of the Community, for all categories of textile exports to the Community to which the Agreement applies.
ANNEX IV

Conversion factors

1. In the course of negotiating the Agreement, it was noted that restrictions previously in force in one Member State had been expressed in square yards, whereas under the Agreement metric weight units are used for the Community as a whole. It was further noted that in order to arrive at base levels for quantitative limits in the new Agreement the relationship between square yards and metric tons had been directly derived from customs statistics relating to imports of the products in question from Pakistan.

2. The Pakistani delegation expressed concern lest, nevertheless, the effect of this change might prove to be restrictive in terms of the trade opportunities provided. For the avoidance of doubt, it was confirmed on behalf of the Community that the change of unit of measurement was in no way intended to have this effect.

3. It was further agreed that for a transitional period of two years (1975 and 1976) the Customs authorities of the Member State concerned (the United Kingdom) would maintain a running check on both the tonnage and square yardage of imports from Pakistan and that if during this transitional period the square yard equivalent of the quantitative limits expressed in metric tons was not reached, additional imports would be accepted to a level not exceeding the square yard equivalent derived as indicated above. In case a new ratio emerges by the end of 1976, the quantitative limit for 1977 expressed in metric tons, will be fixed on the basis of the new ratio and appropriate growth factor.