ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 4 Notification

Bilateral Agreement between the EEC and India

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 India 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.²

¹ See COM.TEX/SB/35, Annex B.
² See COM.TEX/SB/173 for observations by the TSB.
AGREEMENT
between the European Economic Community and the Republic of India on trade in textile products

THE COUNCIL OF THE EUROPEAN COMMUNITIES,
of the one part,

THE GOVERNMENT OF THE REPUBLIC OF INDIA,
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 India;

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 Geneva Arrangement, to conclude this Agreement and to this end have designated as Plenipotentiaries:

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

THE GOVERNMENT OF THE REPUBLIC OF INDIA:

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 dispatched from India, which are listed in Annexes I and II hereto and to those referred to in Article 5.

3. India agrees to establish quantitative limits on exports to the Community in accordance with the schedule set out in Annex I. Quantities of the quota shares set out in Annex I not taken up by a Member State of the Community may be re-allocated 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 India 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. The Community undertakes, in respect of the categories of textile products to which this...
Article 4

1. The following Indian 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 Indian folklore handicraft textile products cut, sewn or otherwise fabricated by hand in cottages which are units of the cottage industry.

2. The Indian Government undertakes to take the appropriate measures to ensure that the quantitative limits established under this Agreement are not exceeded.

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

4. Both Parties undertake to cooperate in implementing the measures necessary for the purpose of this Article.

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 for this purpose within the Community.

2. In any case where Community authorities ascertain that imports described in paragraph 1 have been retained for consumption within the Community, the latter will notify the Government of India on a quarterly basis of the amounts involved. India shall in such cases and at the request of the Community, charge such amounts against the quantitative limit or limits in question for the current Agreement year or for the next following Agreement year.

3. In any case where the competent authorities within the Community ascertain 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 Indian 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 5

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 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. The Community may, in particular, whenever conditions in its market give rise to real risks of market disruption, request consultations with India in accordance with the procedures set out in paragraph 5 with regard to the products referred to below and to those listed in Annex II.

3. If, in the opinion of the Community, imports into the Community of textile products of fibres other than cotton in direct competition with those

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 India do not exceed the quantitative limits established under the provisions of this Agreement.
listed in Annex I and II cause real risks of market disruption, the Community may request consultations with India under identical conditions to those specified in paragraph 5.

4. If an excessive concentration of trade in any specific product within the categories listed in Annex I causes a real risk of market disruption in respect of that product, the Community may request consultations with India under identical conditions to those specified in paragraph 5.

5. In those cases defined in paragraphs 2, 3 and 4, India shall limit, in accordance with the Community’s request, exports of the products or categories of products in question, destined for the Community market or for its market in one or more of its Member States, pending a mutually satisfactory conclusion to the said consultations, at a level indicated by the Community, which, at an annual rate, shall not be lower than 107% of the imports recorded for the said product or category thereof during the 12 months ending three months before that in which the request for consultation was made.

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

Article 6

If, having regard to the provisions of the Geneva Arrangement, India considers that as a result of the quantitative limits established under this Agreement, it is being placed in an inequitable position as compared with a third country, India may request consultations with the Community with a view to taking appropriate action consistent with both Parties’ international rights and obligations.

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 and bleached) from any other category shown in Annex I, provided such transfers do not exceed 10% of the quantitative limit for the category or subcategory into which they are made;

(ii) between the categories:

   - ex 61.02 (Nimexe No 87) (women’s shirts and blouses, of cotton)
   - ex 62.02 (Nimexe Nos 11, 41, 43, 47, 71 and 73) (cotton household linens),

   provided such transfers do not exceed 10% of the quantitative limit for the category into which they are made;

(iii) from category 55.09 (other woven fabrics of cotton) into

   (aa) — subcategory ex 55.09 (cotton fabrics, other than grey and bleached)
   - category ex 62.02 (Nimexe Nos 11, 41, 43, 47, 71 and 73) (cotton household linens),

   provided such transfers do not exceed 7% of the quantitative limit for the category or subcategory into which they are made;

   (bb) category ex 61.02 (Nimexe No 87) (women’s shirts and blouses of cotton) provided that such transfers do not exceed 5% of the quantitative limit for the category 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 a quantitative limit for any category being exceeded by more than the following percentage of the quantitative limit for that category for that Agreement year:

- 55.09 (other woven fabrics of cotton) 20%
- ex 55.09 (cotton fabrics, other than grey or bleached) 20%
- ex 61.02 (Nimex No 87) (women's shirts and blouses of cotton) 15%
- ex 62.02 (Nimex Nos 11, 41, 43, 47, 71, 73) (cotton household linens) 20%

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

**Article 8**

India shall 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 of the Agreement years, due account being taken, in particular, of seasonal factors.

**Article 9**

The two Parties agree to exchange all useful information concerning their mutual trade in textiles in order to ensure the successful implementation of this Agreement.

**Article 10**

1. The Parties agree that the quantitative limits established under this Agreement shall be managed under a system of double checking, the details of which are set out in Annex V.

2. India therefore agrees to furnish the Community with precise statistical information, on a quarterly basis, of all export authorizations issued by the Indian authorities for all categories of textile exports to the Community to which this Agreement applies.

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

**Article 11**

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

2. Should the Community inform India 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 India, 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, India agrees that quantitative restrictions with regard to imports into Ireland of the following textile products from India may be maintained until 30 June 1977 at the latest:

<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**

This Agreement shall apply to the territories where the Treaty establishing the European Economic Community applies, on the conditions established in the said Treaty, and to the territories where the Constitution of the Republic of India applies.

**Article 14**

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.

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 at the expiry of the said 12-month period.

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

**Article 15**

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.

(¹) The date of entry into force will be published in the *Official Journal of the European Communities.*
ANNEX I

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

The Community hereby notifies India 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>4 590</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>3 836</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>1 000</td>
</tr>
<tr>
<td></td>
<td>Benelux</td>
<td>1 687</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td>22 825</td>
</tr>
<tr>
<td></td>
<td>Ireland</td>
<td>136</td>
</tr>
<tr>
<td></td>
<td>Denmark</td>
<td>866</td>
</tr>
<tr>
<td></td>
<td>EEC</td>
<td>34 940</td>
</tr>
<tr>
<td>of which ex 55.09 Cotton fabrics other than grey or bleached</td>
<td>Germany</td>
<td>343</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>366</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>219</td>
</tr>
<tr>
<td></td>
<td>Benelux</td>
<td>273</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td>1 810</td>
</tr>
<tr>
<td></td>
<td>Ireland</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>Denmark</td>
<td>419</td>
</tr>
<tr>
<td></td>
<td>EEC</td>
<td>3 500</td>
</tr>
<tr>
<td>ex 61.02 (Nimex Nos 87) Women's shirts and blouses of cotton</td>
<td>Germany</td>
<td>250</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>115</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>130</td>
</tr>
<tr>
<td></td>
<td>Benelux</td>
<td>148</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td>122</td>
</tr>
<tr>
<td></td>
<td>Ireland</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Denmark</td>
<td>184</td>
</tr>
<tr>
<td></td>
<td>EEC</td>
<td>954</td>
</tr>
<tr>
<td>ex 62.02 (Nimex Nos 11, 41, 43, 47, 71 and 73) Cotton household linens</td>
<td>Germany</td>
<td>2 291</td>
</tr>
<tr>
<td></td>
<td>France</td>
<td>138</td>
</tr>
<tr>
<td></td>
<td>Italy</td>
<td>197</td>
</tr>
<tr>
<td></td>
<td>Benelux</td>
<td>292</td>
</tr>
<tr>
<td></td>
<td>United Kingdom</td>
<td>4 008</td>
</tr>
<tr>
<td></td>
<td>Ireland</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td>Denmark</td>
<td>657</td>
</tr>
<tr>
<td></td>
<td>EEC</td>
<td>7 592</td>
</tr>
</tbody>
</table>
ANNEX II

Products subject to special consultation procedures under Article 5 of the Agreement

<table>
<thead>
<tr>
<th>CCT heading No</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>55.08</td>
<td>Terry towelling and similar terry fabrics, of cotton</td>
</tr>
<tr>
<td>ex 60.04</td>
<td>T-shirts</td>
</tr>
<tr>
<td>ex 61.03 (Nimexe No 15)</td>
<td>Men's shirts of cotton</td>
</tr>
<tr>
<td>ex 61.05 (Nimexe No 30)</td>
<td>Cotton handkerchiefs</td>
</tr>
</tbody>
</table>

ANNEX III

1. In accordance with Article 5 of the Agreement, consultations have been held between the Parties regarding imports from India into the Community of the textile products listed below.

2. As agreed in the consultations mentioned above, India shall limit exports of the products listed below to the regions of the Community market and to the quantitative limits indicated.

<table>
<thead>
<tr>
<th>CCT heading No</th>
<th>Description</th>
<th>Community region to which restriction is applied</th>
<th>Annual quantity (with effect from 1 January 1975)</th>
</tr>
</thead>
<tbody>
<tr>
<td>55.08</td>
<td>Terry towelling and similar terry fabrics, of cotton</td>
<td>United Kingdom</td>
<td>450 metric tons</td>
</tr>
<tr>
<td>ex 60.04</td>
<td>T-shirts</td>
<td>France</td>
<td>2 250 000 units</td>
</tr>
<tr>
<td>ex 61.03 (Nimexe No 15)</td>
<td>Men's shirts of cotton</td>
<td>United Kingdom</td>
<td>663 960 units</td>
</tr>
<tr>
<td>ex 61.05 (Nimexe No 30)</td>
<td>Cotton handkerchiefs</td>
<td>United Kingdom</td>
<td>4 344 933 dozen</td>
</tr>
</tbody>
</table>

3. Should the quantitative limits referred to above remain in force for a further period or periods of 12 months, the level for that period shall not be lower than the level specified for the preceding 12-month period, increased by not less than 7%.
ANNEX IV

Handloom and textile handicraft articles

1. In accordance with Article 12 (3) of the Geneva Arrangement, the Community and India have agreed, in Article 4 of the Agreement that, subject to certain conditions, Indian 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 specify 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 India 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 Indian folklore handicraft textile products cut, sewn or otherwise fabricated by hand in cottages which are units of the cottage industry.

Signed ....................

3. The bodies which shall be authorized to issue the above certificates are the Textile Commissioner in Bombay, or one of his branch offices in Ahmedabad, Amritsar, Calcutta, Coimbatore, Kanpur and Madras.

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 V

System of double checking

As agreed between the Parties in Article 10 of the Agreement, the administration of textile imports from India 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.

The competent authorities within 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. The competent authorities within the Community shall be entitled to require the presentation of an export licence in respect of goods originating in India of the categories shown in Annex I and (in any case where the provisions of Article 5 have been invoked) of Annex II. These export licences will be issued by the Indian authorities up to the total amount of the agreed ceilings.

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

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 Indian 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 inward-processing and subsequent re-export outside the Community.

The competent authorities within 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 Indian 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 Indian authorities will notify the competent authorities within the Community of such total or partial withdrawal. The competent authorities within the Community will take the appropriate measures in accordance with their existing administrative provisions.

The Indian authorities will forward to the competent authorities within 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 quantitative limits for exports to the Community, as well as the allocation of these export licences amongst the Member States of the Community, for all categories of textile exports to the Community subject to quantitative limits under this Agreement.
ANNEX VI

Conversion factors

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 India.

The Indian 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.

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 India 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.
ANNEX VII

Exchange of letters on cotton household linens

Sir,

In concluding the negotiations held between the Government of India and the European Economic Community which have led this day to the signing of an Agreement regarding the trade in textile products, I have the honour to confirm the following record of understanding:

In the view of the Indian delegation the quantitative limits for the products falling within category ex 62.02 (cotton household linens) for the years 1976 and 1977, as shown in Annex I, did not take fully into account the potential of Indian exports to the Community market.

A review will be held, at the request of India, in order to assess the position and to determine, on a mutually agreed basis, whether and to what extent an upward revision of the quantitative limits in question should be made.

I should be grateful for your confirmation that the above correctly represents our understanding in the matter.

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

For the Government of the Republic of India.

Sir,

I have the honour to refer to your letter of today's date in the following terms:

'In concluding the negotiations held between the Government of India and the European Economic Community which have led this day to the signing of an Agreement regarding the trade in textile products, I have the honour to confirm the following record of understanding:

In the view of the Indian delegation the quantitative limits for the products falling within category ex 62.02 (cotton household linens) for the years 1976 and 1977, as shown in Annex I, did not take fully into account the potential of Indian exports to the Community market.

A review will be held, at the request of India, in order to assess the position and to determine, on a mutually agreed basis, whether and to what extent an upward revision of the quantitative limits in question should be made.

I should be grateful for your confirmation that the above correctly represents our understanding in the matter.'

I confirm that this correctly sets out our understanding in the matter.

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

For the Council of the European Communities.