ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Report under Article 2:4 on Status of Bilateral Negotiations

The attached report by the European Economic Community on the status of its bilateral negotiations with supplying countries as at 25 June 1976 is circulated for the information of participating countries.
EUROPEAN ECONOMIC COMMUNITY

Report to TSB on Progress in Bilateral Negotiations pursued
by the Community under Articles 2:4 and 4 of the MFA

1. India and Pakistan: bilateral agreements have been concluded and
programmes communicated to the TSB.

2. Hong Kong: a bilateral agreement has been concluded and has formally
entered into force. The Community's programme for the elimination of existing
residual restrictions, other than those contained in the bilateral agreement,
was communicated to the TSB on 30.3.76.

3. Korea, Malaysia, Singapore, Macao and Brazil: bilateral agreements
negotiated with the above countries and related programmes were communicated
to the TSB on 30.3.76. These agreements have not yet been formally concluded.
This notification was made, therefore, on the basis of Article 2:4 of the MFA
rather than under its Article 4:4. The contents and legal application of each
programme are therefore conditional upon the formal conclusion of the agreement
in question. Should formal conclusion not take place, the whole question of
the elimination of restrictions for the country in question will be re-examined
in its entirety.

4. Japan: a bilateral agreement has been negotiated between the EEC and
Japan and a programme for the elimination of residual existing restrictions
has been drawn up by the EEC. The Agreement has not yet been formally signed
and concluded and is still subject to legal and drafting scrutiny. A definitive
text will be communicated to the TSB as soon as such has been established
by the two parties. So far as the Community's programme for the elimination
of residual restrictions is concerned, consultations have been held between
Japan and the EEC concerning the contents of the programme. As soon as the
final results of these consultations are known, the definitive programme will
be communicated to the TSB. In this case, the considerations set out under 3.
above will apply.

5. Colombia: an agreement has been negotiated but is not yet formally
in force. A programme for the elimination of residual restrictions has been
drawn up by the Community, accepted by Colombia and transmitted to the TSB.

6. Mexico: negotiations under Article 4 are still in progress. The
Community wishes to take this opportunity to stress the importance it attaches
to finding mutually satisfactory solutions to its problems in trade in textiles
with Mexico by means of an agreement under Article 4 of the MFA. Despite the
absence, as yet, of an agreement under Article 4, the Community has, neverthe­
less, in conformity with its obligations under Article 2:2 of the MFA notified
a provisional programme for the elimination of all existing restrictions
vis-à-vis Mexico. In this regard, the Community would draw the attention of
members of the TSB to the provisions of Article 2:4 of the MFA which provides
that "for the purposes of paragraphs 2 and 3 above the participating countries
should afford full opportunity for bilateral consultation and negotiation aimed
at arriving at mutually acceptable solutions in accordance with Articles 3 and
4 of this Arrangement ...". Thus, as is stated in the cover note to the programme
for Mexico and Thailand, should no mutually satisfactory solution result from
negotiations, the Community reserves the right, taking into account in particular
Article 2:4 of the MFA, to review its notification in its entirety.
Yugoslavia: a first negotiating session was held in Brussels on 26.3.76. The following text was adopted jointly by the two delegations:

"Les délégations yugoslaves et communautaires se félicitent de l'ouverture le 26.3.1976 des négociations en vue de conclure un accord bilatéral sur le commerce des produits textiles conformément aux dispositions de l'article 4 de l'AMP. Les deux délégations ont pu constater l'opportunité de poursuivre les négociations en vue d'arriver à des solutions mutuellement satisfaisantes des problèmes qui se présentent. Afin de pouvoir mener celles-ci à bonne fin, les deux parties sont tombées d'accord pour considérer qu'un délai supplémentaire à celui prévu à l'art. 2:2 de l'AMP s'impose et ont convenu de faire une communication à l'OST dans ce sens." Negotiations are at present in progress in Brussels.

Thailand: the position regarding negotiations with Thailand is explained in the Thai note verbale of 22.3.76 in the following terms: "The Mission of Thailand to the European Communities presents its compliments to the Directorate-General for External Relations and has the honour to refer to the Directorate-General's note No. 0976, dated 26 February 1976, proposing that negotiations on textiles between Thailand and the European Communities be held in Brussels during the first half of March 1976.

"In this connection, the Mission of Thailand has the honour to inform the Directorate-General that owing to the fact that Thailand is now under a caretaker government, the authorities concerned are obliged, therefore, to submit the matter of negotiations on textiles with the Communities, which, by its nature is very much in need of a policy guideline, to the next Government which will be formed after the general elections, scheduled to take place on 4 April 1976."

Egypt: a bilateral agreement has been negotiated but has not yet entered into force. The text has been communicated to the TSB. Following the negotiation of this agreement, no further need exists for a programme.

Romania: negotiations have been held in Brussels on 31 March and 1 April 1976. A further round will be held on 28.6.76. A programme will be drawn up once the results of negotiations are known. The reasons for this different approach for state-trading countries is two-fold. Legally, until the satisfactory conclusion of Article 4 agreements, the legal basis for the maintenance of the status quo is the relevant Protocol of accession to GATT and Article 2:2 of the MFA. The practical reason is that these negotiations are too complex and cover too many products to make it feasible to submit "provisional" programmes.

Poland and Hungary: these countries are not having accepted the EEC's offer of negotiations, will be sent a letter stating that the status quo will be maintained pending the conclusion of a mutually satisfactory agreement. Justification for this approach is to be found in Article 2:1 of the MFA.