The Textiles Surveillance Body has received a notification of a bilateral agreement under Article 4 of the Arrangement between the EEC and Japan 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.

1See COM.TEX/SB/35, Annex B.
AGREEMENT

between the European Economic Community and the Government of Japan on trade in textiles

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part,

THE GOVERNMENT OF JAPAN,

of the other part,

DESIRING to ensure, in accordance with the provisions of the Arrangement regarding international trade in textiles done in Geneva on 20 December 1973 (hereinafter referred to as 'the Geneva Arrangement'), the orderly and equitable development of trade in textiles between the European Economic Community (hereinafter referred to as 'the Community') and Japan,

DESIRING to solve any problem regarding their trade in textiles through consultations and in a spirit of mutual cooperation,

HAVE AGREED AS FOLLOWS:

**Article 1**

This Agreement shall apply to the trade between the parties in those categories of textiles originating in and dispatched from either party which are referred to in Article 12 (1) of the Geneva Arrangement.

**Article 2**

1. The provisions of this Agreement shall not affect the respective rights and obligations of the parties under the Geneva Arrangement or under the General Agreement on tariffs and trade.

2. The parties recognize and confirm that this Agreement shall not affect the respective rights and obligations of the parties under Article 3 of the Geneva Arrangement, except as may be agreed otherwise between them under the provisions of this Agreement.

**Article 3**

All existing unilateral quantitative restrictions, bilateral agreements and any other quantitative measures in force having a restrictive effect, which have been notified by either party to the Textiles Surveillance Body under Article 2 (1) of the Geneva Arrangement, shall, unless justified under the provisions of the General Agreement on tariffs and trade, be terminated as soon as possible after the conclusion of this Agreement and in any case by 31 March 1977.

**Article 4**

1. The parties shall enter promptly into consultations with each other at the request of either party on any problem concerning their trade in textiles and in particular on any problem arising from the application of this Agreement. Such consultations shall be held in conformity with the provisions of the Geneva Arrangement in a spirit of mutual confidence and cooperation and with a view to the conciliation of differences existing between them.

2. (i) In view of the desire of the parties to avoid, on the one hand, real risks of market disruption (as defined in Annex A to the Geneva Arrangement) in the Community and in Japan and, on the other hand, disruption to their export trade in textiles, specific procedures for consultations are set out below.
(ii) Consultations shall be held at the request of either party in any case in which, in the opinion of that party, conditions prevailing in its market (in the case of the Community, in the markets in any or all of its regions) are such as to demonstrate the existence of real risks of market disruption. Any request for such consultations shall be accompanied by a statement of the market conditions which shall include data designed to demonstrate the existence of real risks of market disruption.

(iii) In such consultations, the parties shall examine the case on the basis of relevant data with a view to clarifying the situation and to arriving at mutually acceptable solutions which realise the objectives set out in subparagraph (i) above.

(iv) Until such time as a mutually satisfactory conclusion is reached in such consultations, each party shall accord sympathetic consideration to any proposal for short-term interim measures considered by the other party requesting consultations as urgently necessary to avoid a deterioration of the situation pending the conclusion of consultations.

(v) The consultations referred to in this paragraph shall be held as soon as possible and normally within 60 days of the request for such consultations. In the event that the parties are unable to reach agreement during such consultations either party may bring the matter before the Textiles Surveillance Body in accordance with Article 11 (4) of the Geneva Arrangement. The party choosing to adopt such course of action shall immediately notify the other party of its intention.

3. If, having regard to the provisions of the Geneva Arrangement, either party considers that, as a result of the application of the provisions of this Agreement, it is being placed in an inequitable position as compared with a third country, that party may request consultations with the other party under the conditions set out in paragraph 1 above.

Article 5

1. The parties will exchange all useful information concerning their trade in textiles for the successful implementation of this Agreement.

2. Representatives of the parties will meet at the request of either party and at least once a year for a general overall review of this Agreement, its implementation and developments in their trade in textiles, with a view to ensuring progressive liberalization and orderly expansion of such trade.

Article 6

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 (*). It shall remain in force until 31 December 1977.

2. This Agreement shall enter into force in the manner defined in paragraph 1 of this Article with effect from 1 January 1975.

3. (i) Either party may at any time propose modifications to this Agreement.

(ii) Either party may, by giving at least 120 days' notice to the other party, terminate the Agreement at the end of any calendar year.

4. This Agreement shall apply, in the case of the Community, to the territories to which the Treaty establishing the European Economic Community applies on the conditions established in the said Treaty.

Done at Brussels, on 9 July 1976 in duplicate, in the Danish, Dutch, English, French, German, Italian and Japanese languages, each of these texts being equally authentic.

For the Council of the European Communities

For the Government of Japan

Benedict Mercier

Hiroshi Ohta

(*) This Agreement entered into force on 1 August 1976.
Sir,

I have the honour to confirm on behalf of the Government of Japan that as a result of consultations held under Article 4 of the Agreement between the Government of Japan and the European Economic Community on trade in textiles (hereinafter referred to as 'the Agreement'), the following provisions are agreed upon between the Government of Japan and the European Economic Community:

1. As temporary measures, the Government of Japan will:
   (a) limit its exports to the European Economic Community (hereinafter referred to as 'the Community') of the textiles listed in Part A of Annex I as provided for therein; and
   (b) undertake further consultations, in accordance with Article 4 of the Agreement, should a consultation level as shown in Part B of Annex I be exceeded or be likely to be exceeded, it being understood that, as a result of such consultations, the Government of Japan would, if so requested by the Community, limit its exports of the textiles listed in Part B of Annex I in such manner as to eliminate real risks of market disruption in the Community or its regions.

2. The quantitative limits established in paragraph 1 above shall be managed under a control system administered by the Government of Japan as set out in Annex II.

3. Imports of the textiles listed in Annex I which are for immediate re-export or for inward processing and subsequent re-export shall not be subject to quantitative limits, provided that they are entered as such under an administrative system of control in force for this purpose in the Community.

4. The Government of Japan will endeavour to ensure that exports of the textiles for which quantitative limits are established are spaced out as evenly as possible over each calendar year, due account being taken, in particular, of seasonal factors.

5. The Government of Japan and the Community shall take all possible measures to ensure that traditional channels and methods of trade between Japan and the Community are maintained.

6. In respect of the products for which quantitative limits are established as shown in Annex I, the Community shall refrain from invoking the provisions of Article 3 of the Arrangement regarding international trade in textiles done in Geneva on 20 December 1973, provided that the quantitative limits as established in Annex I in respect of the regions of the Community concerned are respected.

7. Within any calendar year, unused portions of quantitative limits established may be transferred to other quantitative limits established under the conditions set out below.
   (a) The quantitative limit for any specific category established may be increased in any calendar year by the transfer from any other quantitative limit or limits of a maximum of 7% of the quantitative limit to which the transfer is made.
   (b) Portions of any quantitative limit established which are not used during any calendar year may be carried over and added to the quantitative limit established for the same product in the following calendar year within a limit of 10%.
(c) Advance delivery may be authorized from the quantitative limit established for the same product for the following calendar year within a limit of 10%. Amounts delivered in advance shall be deducted from the quantitative limit for the product in question for the following calendar year.

(d) The preceding flexibility provisions for transfer, carry over and advance delivery shall not in any calendar year result in a quantitative limit for any category being exceeded by more than 15% of the quantitative limit for that category for that year.

(e) If the Government of Japan or the Community wishes to utilize the provisions for transfer, carry over and advance delivery set out above, it shall notify the other in writing in advance.

8. (i) It is recognized that the implementation of quantitative restraints depends in large part upon mutual cooperation on statistical questions. Accordingly, the Government of Japan and the Community shall promptly supply to each other available statistical data if so requested.

(ii) In particular the Government of Japan shall furnish the Community with precise statistical information on a quarterly basis (or other intervals as may be agreed) of all licensed shipments for export from Japan to the Community of the textiles listed in Part A of Annex 1.

(iii) The Community shall likewise forward to the Government of Japan precise statistical information on a quarterly basis for imports of such textiles into the Community.

9. The Government of Japan and the Community shall consult with each other at the request of either in order to review the need for the maintenance or modification of the quantitative limits established. They shall also consult with each other, at the request of either, in respect of any matter concerning the implementation of the quantitative restraints.

10. The preceding provisions will be implemented by the Government of Japan and the Community in accordance with their respective laws and regulations.

I should be grateful if you would confirm the foregoing on behalf of the Council of the European Communities.

I avail myself of this opportunity to extend to you, Sir, the assurance of my high consideration.
ANNEX I
PART A
Community ceilings

<table>
<thead>
<tr>
<th>Category No</th>
<th>CCT heading No</th>
<th>Description</th>
<th>Control unit</th>
<th>Member State</th>
<th>Quantitative limit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1975 (())</td>
</tr>
<tr>
<td>1</td>
<td>51.04</td>
<td>Woven fabrics of man-made fibres (continuous), including woven fabrics of monofil or strip of heading No 51.01 or 51.02: ex A. Of synthetic textile fibres (see footnotes)</td>
<td>1 000 kg</td>
<td>D</td>
<td>886</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F</td>
<td>254</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>I</td>
<td>212</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>BNL</td>
<td>384</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>UK</td>
<td>844</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>IRL</td>
<td>856</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>DK</td>
<td>64</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>EEC</td>
<td>3 500</td>
</tr>
<tr>
<td>2</td>
<td>55.09</td>
<td>Woven fabrics of cotton</td>
<td>1 000 kg</td>
<td>D</td>
<td>3 761</td>
</tr>
<tr>
<td></td>
<td>56.07</td>
<td>Woven fabrics of man-made fibres :</td>
<td></td>
<td>F</td>
<td>2 665</td>
</tr>
<tr>
<td></td>
<td></td>
<td>A. Of synthetic textile fibres</td>
<td></td>
<td>I</td>
<td>1 573</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>BNL</td>
<td>1 003</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>UK</td>
<td>998</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>IRL</td>
<td>759</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>DK</td>
<td>901</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>EEC</td>
<td>11 660</td>
</tr>
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</table>

Annex I (continued)

Regional ceilings

<table>
<thead>
<tr>
<th>Category No</th>
<th>CCT heading No</th>
<th>Description</th>
<th>Control unit</th>
<th>Member State</th>
<th>Quantitative limit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1975</td>
</tr>
<tr>
<td>3</td>
<td>53.07</td>
<td>Yarn of combed sheep's or lambs' wool (worsted yarn) not put up for retail sale</td>
<td>1 000 kg</td>
<td>D</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>F</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I</td>
<td>200</td>
</tr>
<tr>
<td>4</td>
<td>58.04</td>
<td>Woven pile fabrics and chenille fabrics</td>
<td>1 000 kg</td>
<td>F</td>
<td>300</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>I</td>
<td>200</td>
</tr>
<tr>
<td>5a</td>
<td>58.05</td>
<td>Narrow woven fabrics, and narrow fabrics (bolduc) consisting of warp without weft assembled by means of an adhesive, other than goods falling within heading No 58.06</td>
<td>1 000 kg</td>
<td>BNL</td>
<td>120</td>
</tr>
<tr>
<td>5b</td>
<td>58.05</td>
<td>idem</td>
<td>1 000 kg</td>
<td>UK</td>
<td>120</td>
</tr>
</tbody>
</table>

Temporary regional ceilings for Italy (termination: 31 March 1977)

<table>
<thead>
<tr>
<th>Category No</th>
<th>CCT heading No</th>
<th>Description</th>
<th>Control unit</th>
<th>Member State</th>
<th>Quantitative limit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Raincoats of the overcoat type</td>
<td>pieces</td>
<td>1</td>
<td>15-month period 1 January 1976 to 31 March 1977</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>600 000</td>
</tr>
</tbody>
</table>
ANNEX II

Details of control system

1. The Government of Japan establishes the following system of export restraints:

   (1) The Ministry of International Trade and Industry issues export licences to exporters who have firm sales contracts of the products concerned up to the quantitative limits determined on a yearly basis.

   (2) Without such export licences exporters are not permitted to export the products concerned to the Community.

2. The Government of Japan is prepared to furnish the Community with statistical information, on a quarterly basis, showing the amount of licensed shipments for export from Japan to the Community of the products concerned.

3. Furthermore, provided that no documentation other than that required for normal customs documents and health and sanitary or consumers’ protection purposes is made mandatory at the importing end, the Government of Japan will issue a ‘certificate of export’ in English which certifies that the shipment forms part of the quantitative limit for the relevant Member State of the Community and which is to accompany each consignment. This provision shall not preclude any requirement for import documentation for statistical purposes which is accorded freely and without delay, provided that the requirement is applicable erga omnes.

4. The ‘certificate of export’, an example of which is attached hereto, shall specify and contain:

   (1) destination,
   (2) serial number,
   (3) name of exporter,
   (4) name of importer,
   (5) description of products,
   (6) quantity (in terms of the relevant control unit).

5. Should the inflow of the products concerned to the Community via one or more third countries and not accompanied by a ‘certificate of export’ undermine the objectives of the export restraints, the Government of Japan is prepared to enter into consultations with the Community with a view to remedying the situation effectively and promptly.

<table>
<thead>
<tr>
<th>CCT heading No.</th>
<th>Description</th>
<th>Control unit</th>
<th>Member State</th>
<th>Quantity (calendar year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>56.05</td>
<td>Yarn of man-made fibres (discontinuous or waste), not put up for retail sale: A. Of synthetic textile fibres</td>
<td>1 000 kg</td>
<td>D</td>
<td>3 358</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>F</td>
<td>1 200</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>I</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>BNL</td>
<td>1 522</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>UK</td>
<td>360</td>
</tr>
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<td></td>
<td>DK</td>
<td>712</td>
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<td></td>
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<td>IRL</td>
<td>22</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>EEC</td>
<td>7 674</td>
</tr>
</tbody>
</table>
Attachment to Annex II

Certificate of export from Japan

Date ....

Certificate No of export to European Economic Community (Name of Member State) No

Export licence No

1. Name of exporter

2. Name of importer

3. Item No and description

4. Quantity

I hereby certify that the abovementioned cargo of Japanese origin forms part of and has been debited from the export quota to the European Economic Community (Name of Member State).

Signature:

Title:

Ref.

Name of vessel

Date of shipment
Sir,

I have the honour to acknowledge the receipt of your letter of today's date which reads as follows:

'I have the honour to confirm on behalf of the Government of Japan that as a result of consultations held under Article 4 of the Agreement between the Government of Japan and the European Economic Community on trade in textiles (hereinafter referred to as 'the Agreement'), the following provisions are agreed upon between the Government of Japan and the European Economic Community:

1. As temporary measures, the Government of Japan will

   (a) limit its exports to the European Economic Community (hereinafter referred to as "the Community") of the textiles listed in Part A of Annex I as provided for therein; and

   (b) undertake further consultations, in accordance with Article 4 of the Agreement, should a consultation level as shown in Part B of Annex I be exceeded or be likely to be exceeded, it being understood that, as a result of such consultations, the Government of Japan would, if so requested by the Community, limit its exports of the textiles listed in Part B of Annex I in such manner as to eliminate real risks of market disruption in the Community or its regions.

2. The quantitative limits established in paragraph 1 above shall be managed under a control system administered by the Government of Japan as set out in Annex II.

3. Imports of the textiles listed in Annex I which are for immediate re-export or for inward processing and subsequent re-export shall not be subject to quantitative limits, provided that they are entered as such under an administrative system of control in force for this purpose in the Community.

4. The Government of Japan will endeavour to ensure that exports of the textiles for which quantitative limits are established are spaced out as evenly as possible over each calendar year, due account being taken, in particular, of seasonal factors.

5. The Government of Japan and the Community shall take all possible measures to ensure that traditional channels and methods of trade between Japan and the Community are maintained.

6. In respect of the products for which quantitative limits are established as shown in Annex I, the Community shall refrain from invoking the provisions of Article 3 of the Arrangement regarding international trade in textiles done in Geneva on 20 December 1973, provided that the quantitative limits as established in Annex I in respect of the regions of the Community concerned are respected.

7. Within any calendar year, unused portions of quantitative limits established may be transferred to other quantitative limits established under the conditions set out below.

   (a) The quantitative limit for any specific category established may be increased in any calendar year by the transfer from any other quantitative limit or limits of a maximum of 7% of the quantitative limit to which the transfer is made.

   (b) Portions of any quantitative limit established which are not used during any calendar year may be carried over and added to the quantitative limit established for the same product in the following calendar year within a limit of 10%.
(c) Advance delivery may be authorized from the quantitative limit established for the same product for the following calendar year within a limit of 10%. Amounts delivered in advance shall be deducted from the quantitative limit for the product in question for the following calendar year.

(d) The preceding flexibility provisions for transfer, carry over and advance delivery shall not in any calendar year result in a quantitative limit for any category being exceeded by more than 15% of the quantitative limit for that category for that year.

(e) If the Government of Japan or the Community wishes to utilize the provisions for transfer, carry over and advance delivery set out above, it shall notify the other in writing in advance.

8. (i) It is recognized that the implementation of quantitative restraints depends in large part upon mutual cooperation on statistical questions. Accordingly, the Government of Japan and the Community shall promptly supply to each other available statistical data if so requested.

(ii) In particular the Government of Japan shall furnish the Community with precise statistical information on a quarterly basis (or other intervals as may be agreed) of all licensed shipments for export from Japan to the Community of the textiles listed in Part A of Annex I.

(iii) The Community shall likewise forward to the Government of Japan precise statistical information on a quarterly basis for imports of such textiles into the Community.

9. The Government of Japan and the Community shall consult with each other at the request of either in order to review the need for the maintenance or modification of the quantitative limits established. They shall also consult with each other, at the request of either, in respect of any matter concerning the implementation of the quantitative restraints.

10. The preceding provisions will be implemented by the Government of Japan and the Community in accordance with their respective laws and regulations.

I should be grateful if you would confirm the foregoing on behalf of the Council of the European Communities.

I have further the honour to confirm the foregoing on behalf of the Council of the European Communities.

I avail myself of this opportunity to extend to you, Sir, the assurance of my high consideration.

For the Council
of the European Communities