ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 4 Notification

Agreement between the EEC and Macao

The Textiles Surveillance Body has received from the EEC a notification regarding a bilateral agreement which has been formally concluded under Article 4 of the Arrangement between the EEC and Macao concerning trade in textiles.

The TSB, pursuant to its procedure regarding bilateral agreements notified under Article 41, 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.
COUNCIL REGULATION (EEC) No 300/77
of 8 February 1977

concluding the Agreement between the European Economic Community and Macao
on trade in textile products

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 textile products negotiated between the European Economic Community and Macao should be concluded;

Whereas the import arrangements for certain textile products originating in Macao laid down by Regulation (EEC) No 116/77 (*) permit the application of the provisions of this Agreement,

HAS ADOPTED THIS REGULATION:

Article 1

The Agreement between the European Economic Community and Macao on trade in textile products is hereby concluded on behalf of the Community.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 8 February 1977.

For the Council
The President
Anthony CROSLAND

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

The text of the Agreement is annexed to this Regulation.

Article 2

The President of the Council shall notify the other Contracting Party of the completion 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.

AGREEMENT

between the European Economic Community and Macao on trade in textile products

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and

THE GOVERNMENT OF MACAO,

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 Macao,

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 MACAO:

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 textile products 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 Macao which are listed in Annexes I and II and to those referred to in Article 4 below.

3. Macao agrees to establish quantitative limits on exports to the Community in accordance with the schedule set out in Annex I.

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 and to refrain from invoking Article 3 of the Geneva Arrangement provided that exports to the Community of these textile products originating in and coming from Macao do not exceed the quantitative limits established under this Agreement.

2. The Macao 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 quantitative limits referred to being exceeded in the event of additional demand on the Community market, on the understanding that the additional quantities shall be fixed by common agreement between the two parties.

Article 3

1. Imports into the Community of textile products covered by this Agreement 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 the products imported and referred to in paragraph 1 have been retained for use within the Community, the latter will notify the Government of Macao quarterly of the amounts involved. Macao 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 year or for the following year.

3. In any case where the competent 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 subsequently been re-exported outside the Community, the competent authorities concerned shall inform the Macao authorities of the quantities involved and authorize imports of equivalent quantities, which shall not be set off against the quantitative limits established by 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 the application of this Agreement. Such consultations 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 Macao in accordance with the procedure laid down in paragraph 5 below for the products listed in Annex II.

3. If, in the opinion of the Community, imports into the Community of textile products in direct competition with those covered by this Agreement cause a real risk of market disruption, the Community may request consultations with Macao under identical conditions to those specified in paragraph 5 of this Article.

4. If an excessive concentration of trade in any specific products within a category listed in Annex II causes a real risk of market disruption in respect of those products, the Community may request consultations with Macao under identical conditions to those specified in paragraph 5 of this Article.

5. In the cases defined in paragraphs 2, 3, and 4 of this Article, Macao will, in accordance with the Community's request, limit its exports of the products or categories of products in question to the Community market or to the Community market in one or more of its Member States, pending a mutually satisfactory conclusion to the said consultations, to a level indicated by the Community which, as an annual rate, may not be lower than 107% of the imports recorded for the products or categories of products in question 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 Macao in order to review the need for the maintenance or modification of any quantitative restrictions established under this Article, whenever the market conditions which led to the establishment of such restrictions no longer prevail.

Article 5

1. Portions of any quantitative limit established under this Agreement which are not used during any given period may be carried over and added to the corresponding quantitative limits for the following period, within a limit of 10% of the latter ceiling.

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

3. During each period of application of this Agreement, unused portions of quantitative ceilings established under this Agreement for one of the
regions of the Community market may be transferred under the conditions set out below to another quantitative ceiling established for the same region of the Community market.

5. The flexibility provisions contained in this Article may be applied by Macao only after written notification to the Community by the Macao authorities.

Article 6

1. The following textile products shall be imported into the Community from Macao without quantitative restrictions, on condition that they fall within one of the definitions set out below:

(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) handmade goods made up by the cottage industry from such cotton handloom fabrics;

(iii) jerseys and pullovers knitted by hand from wool yarns without use of a machine;

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

2. The admission of these products into the Community without quantitative restrictions shall be subject to the proper functioning of the agreed arrangements concerning certification.

Article 7

Macao will 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 period of the Agreement, due account being taken, in particular, of seasonal factors.

Article 8

The two Parties agree to exchange all relevant information concerning their trade in textiles in order to ensure the smooth functioning of this Agreement.
Article 9

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 VI to this Agreement.

2. Macao therefore undertakes to furnish the Community quarterly with statistical information on all export licences issued by the Macao authorities for all categories of textile exports to the Community and covered by this Agreement.

3. The Community shall likewise forward quarterly to the Macao authorities statistical information on imports of the products in question into the Community.

Article 10

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

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 Macao, the Parties agree to consult together in accordance with the procedures in Article 4 (1) above.

Article 11

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

CCT heading No
55.05 Cotton yarn, not put up for retail sale
55.06 Cotton yarn, put up for retail sale
55.07 Cotton gauze.

Article 12

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 Macao.

Article 13

1. This Agreement shall enter into force on the first day of the month following the date on which the Contracting Parties have notified each other of the completion of the procedures necessary for this purpose. It shall remain applicable until 31 December 1977.

2. This Agreement shall enter into force, in the manner defined in paragraph 1 of this Article, with retroactive effect from 1 October 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 14

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

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

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

<table>
<thead>
<tr>
<th>CCT heading No</th>
<th>Nimex code</th>
<th>Description</th>
<th>Community region</th>
<th>Quantitative limits (1 000 units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ex 61.01</td>
<td>ex 61 to 69</td>
<td>Men’s, boys’, women’s, girls' and infants’ trousers, shorts and jeans</td>
<td>D</td>
<td>6 770 (1 000 units)</td>
</tr>
<tr>
<td>ex 61.02</td>
<td>ex 91 to 99</td>
<td></td>
<td>F</td>
<td>3 206 (1 000 units)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>I</td>
<td>1 778 (1 000 units)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>BNL</td>
<td>1 507 (1 000 units)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>UK</td>
<td>256 (1 000 units)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>IRL</td>
<td>11 (1 000 units)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>DK</td>
<td>33 (1 000 units)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>EEC</td>
<td>13 561 (1 000 units)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CCT heading No</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ex 60.05</td>
<td>Jerseys, pullovers, slipovers, twinsets, cardigans, jackets and blouses, knitted or crocheted</td>
</tr>
<tr>
<td>ex 61.01</td>
<td>Men’s, boys’, women’s, girls’ and infants’ outer garments, other than trousers, shorts and jeans</td>
</tr>
<tr>
<td>ex 61.02</td>
<td></td>
</tr>
<tr>
<td>61.03</td>
<td>Men’s and boys’ under garments, including collars, shirt fronts and cuffs:</td>
</tr>
<tr>
<td></td>
<td>— Shirts</td>
</tr>
<tr>
<td></td>
<td>— Other</td>
</tr>
<tr>
<td>61.05.30</td>
<td>Cotton handkerchiefs</td>
</tr>
<tr>
<td>62.02 B</td>
<td>Bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles except net curtains</td>
</tr>
</tbody>
</table>
ANNEX III

PROTOCOL

to the Agreement between the European Economic Community and Macao on trade in textile products

1. In accordance with Article 4 of the Agreement on trade in textile products concluded between the Community and Macao, consultations have taken place between the Parties regarding imports from Macao into the Community of the textile products shown below.

2. As agreed at the abovementioned consultations Macao will limit its exports of the products below to the regions of the Community market to the levels indicated.

<table>
<thead>
<tr>
<th>CCT heading No</th>
<th>Description</th>
<th>Region of the Community market where the quantitative limit applies</th>
<th>Unit</th>
<th>Quantitative limits</th>
<th>Periods</th>
</tr>
</thead>
<tbody>
<tr>
<td>ex 60.05 01 and 21 to 39</td>
<td>Jerseys, pullovers, slipovers, twinsets, cardigans, jackets and blouses, knitted or crocheted</td>
<td>BNL</td>
<td>items</td>
<td>600 000</td>
<td>1. 10. 1975 to 31.12.1976</td>
</tr>
<tr>
<td>60.02 81 to 89</td>
<td>Women's shirts and blouses</td>
<td>F</td>
<td>items</td>
<td>2 220 000</td>
<td>1. 10. 1975 to 31.12.1976</td>
</tr>
<tr>
<td>ex 61.03 11 to 19</td>
<td>Men's and boys' shirts</td>
<td>BNL</td>
<td>items</td>
<td>400 000</td>
<td>1. 1. 1976 to 31.12.1976</td>
</tr>
<tr>
<td>ex 61.03</td>
<td>Pyjamas</td>
<td>F</td>
<td>items</td>
<td>2 014 000</td>
<td>1. 10. 1975 to 31.12.1976</td>
</tr>
<tr>
<td>61.05.30</td>
<td>Cotton handkerchiefs</td>
<td>BNL</td>
<td>tonnes</td>
<td>90</td>
<td>1. 10. 1975 to 31.12.1976</td>
</tr>
<tr>
<td></td>
<td></td>
<td>F</td>
<td>tonnes</td>
<td>83-3</td>
<td>1. 1. 1976 to 31.12.1976</td>
</tr>
<tr>
<td></td>
<td></td>
<td>I</td>
<td>tonnes</td>
<td>273-3</td>
<td>1. 10. 1975 to 31.12.1976</td>
</tr>
<tr>
<td>ex 62.02</td>
<td>Bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles of cotton, except net curtains</td>
<td>I</td>
<td>tonnes</td>
<td>320</td>
<td>1. 10. 1975 to 31.12.1976</td>
</tr>
</tbody>
</table>

3. If the abovementioned limits remain in force for one or more additional periods of 12 months, the level for that period will not be lower than that in force during the preceding 12-month period, with an increase of at least 7% and, for cotton handkerchiefs, of at least 2%.
### ANNEX IV

Table of equivalences for the application of Article 5

<table>
<thead>
<tr>
<th>CCT heading No</th>
<th>Description</th>
<th>Equivalences</th>
</tr>
</thead>
<tbody>
<tr>
<td>ex 60.05</td>
<td>Jerseys, pullovers, slipovers, cardigans, jackets and blouses, knitted or crocheted</td>
<td>5-18 items/kg</td>
</tr>
<tr>
<td>ex 61.01</td>
<td>Men’s, boys’, women’s, girls’ and infants’ trousers, shorts and jeans</td>
<td>2-47 items/kg</td>
</tr>
<tr>
<td>ex 61.02</td>
<td>Women’s shirts and blouses</td>
<td>5-55 items/kg</td>
</tr>
<tr>
<td>ex 61.03</td>
<td>Men’s and boys’ shirts</td>
<td>4-60 items/kg</td>
</tr>
<tr>
<td>ex 61.03</td>
<td>Pyjamas</td>
<td>3-22 items/kg</td>
</tr>
</tbody>
</table>
ANNEX V

Cottage industry textile products

1. In accordance with Article 12 (3) of the Geneva Arrangement, the Community and Macao have agreed, in Article 6 of the Agreement that, subject to certain conditions, exports from Macao of certain cottage industry textile products shall be admitted to the Community free of quantitative restrictions. The conditions set out in Article 6 (2) of the Agreement provide that the admission of these products into the Community without quantitative restrictions shall be subject to the proper functioning of the agreed arrangements concerning certification.

2. The Community and Macao hereby agree that, for the implementation of Article 6 of the Agreement, the certificate given below will be used as a model:

'Certificate in respect of cottage industry textile products referred to in Article 6 of the Agreement between the European Economic Community and Macao on trade in textile products:

— name and address of manufacturer,
— name and address of exporter,
— name and address of importer within the Community,
— description of goods,
— quantity (in tonnes),
— name of vessel 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) handmade goods made up by the cottage industry from such cotton handloom fabrics;

(iii) jerseys and pullovers knitted by hand from wool yarns without use of a machine;

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

3. The issuing authority for the above certificates shall be:

Repartição Provincial de Serviços de Economia.
ANNEX VI

As agreed between the Parties in Article 9 of the Agreement, the administration of textile imports from Macao 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 in the Community will, automatically and without delay, accept imports of textile products on submission of the importer's application together with the export licence issued by the competent Macao Government authorities (*). The competent authorities in the Community will be authorized to request the presentation of the export licence in respect of goods originating in Macao 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 Macao Government authorities up to the total amount of the agreed quantitative limits.

The export licences issued by the Macao 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 quantity (in tonnes or number of items as indicated in the Agreement) and value,
6. category and classification of product,
7. certification by the Macao authorities showing that the quantity has been debited against the agreed ceiling for exports to the Community or is for immediate re-export or for inward processing and subsequent re-export outside the Community.

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

In the event of total or partial withdrawal of an export licence, the Macao authorities will notify the competent authorities in the Community of such total or partial withdrawal. The competent authorities in the Community will take the administrative measures available to them.

The Macao authorities will forward to the competent authorities in the Community, via the Embassies of the Member States of the Community and directly to the Commission, quarterly returns showing the quantities covered by the export licences issued against the ceilings for exports to the Community, as well as the allocation of these export licences among the Member States of the Community for each category or ceiling in respect of textile exports to the Community subject to quantitative limits under this Agreement.

(*) Repartição Provincial de Serviços de Economia.