ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Bilateral Agreement between the European Economic Community and the Republic of China

Attached is the text of the bilateral agreement concluded between the European Economic Community and the Republic of China concerning trade in cotton textiles. The term of this agreement is from 1 October 1970 to 30 September 1973.

The text of this agreement has been transmitted to the Director-General by the Council of the European Communities for notification to the Cotton Textiles Committee.
AGREEMENT BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE REPUBLIC OF CHINA ON TRADE IN COTTON TEXTILES

THE COUNCIL OF THE EUROPEAN COMMUNITIES, on the one hand, and

THE GOVERNMENT OF THE REPUBLIC OF CHINA, on the other hand,

ARE AWARE of the importance of world trade in cotton textiles and the need to develop it in an orderly fashion in accordance with the provisions contained in the Long-term Arrangement regarding International Trade in Cotton Textiles (hereinafter referred to as the "Geneva Arrangement"), and in particular Article 4 thereof;

HAVE DECIDED, in a spirit of mutual co-operation, to conclude this Agreement and to this end have designated as Plenipotentiaries:

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

THE GOVERNMENT OF THE REPUBLIC OF CHINA:

WHO HAVE AGREED UPON THE FOLLOWING PROVISIONS:

Article 1

This Agreement shall apply to the cotton textiles originating in and dispatched from the Republic of China and listed in the annex to the Agreement.

Article 2

For the duration of the Agreement and by virtue of the provisions contained therein or annexed thereto, the European Economic Community, hereinafter referred to as the Community, undertakes not to introduce new quantitative restrictions and to suspend the application of any at present in force and agrees not to invoke the provisions of Article 3 of the Geneva Arrangement as long as imports into the Community of cotton textiles originating in and dispatched from the Republic of China do not exceed the quantities agreed upon.

The Government of the Republic of China undertakes to take the appropriate measures to ensure that the ceilings agreed upon are respected, and to co-operate with the Community in implementing the measures recognized as necessary for this purpose.
Article 3

(a) Global ceiling

The total quantity per year agreed upon for the period of validity of the Agreement shall be 11,445 metric tons.

(b) Ceilings by groups of categories

The said total quantity shall be apportioned as follows between two groups of categories of products:

<table>
<thead>
<tr>
<th>Group</th>
<th>Description</th>
<th>Metric tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group I</td>
<td>Cotton fabrics, unbleached or bleached, whether or not mercerized</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Domestic market</td>
<td>3,230</td>
</tr>
<tr>
<td></td>
<td>For re-export</td>
<td>6,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>9,230</td>
</tr>
<tr>
<td>Group II</td>
<td>Other cotton fabrics, made-up articles and miscellaneous articles of cotton</td>
<td>2,215</td>
</tr>
</tbody>
</table>

(c) Specific ceilings

Within the ceilings by groups of categories established under (b) above, specific ceilings may be agreed upon in order to prevent excessive concentration of trade on certain products; these ceilings will be fixed on the basis of the list annexed to the Agreement.

If, in the course of one of the twelve-month periods, the Community notes a rapid and substantial growth in imports of certain sub-categories of products which are not covered by specific ceilings, it may request that a specific ceiling be fixed. Where such a request is made, consultations shall be held forthwith between the two parties to agree upon the level of a specific ceiling for the product in question.

Article 4

1. Up to 10 per cent of the quantities fixed for Group II may be transferred to Group I.

Unused portions of the specific ceilings may be transferred to another specific ceiling provided the quantity thus transferred does not exceed 10 per cent of the specific ceiling to which the transfer is made.
Unused portions of specific ceilings for sub-categories may be transferred within the category to other sub-categories not subject to specific ceilings.

2. Portions of one of the ceilings for the two groups of categories not used during any twelve-month period may be carried over and added to the ceiling for the same group in the following twelve-month period up to a maximum of 10 per cent of the ceiling in question, provided no such transfer has been effected or carry-over been made to another head.

3. Within a limit of 10 per cent of each of the ceilings agreed upon, advance deliveries shall be authorized from the ceiling established for the following twelve-month period, if the Government of the Republic of China so requests in writing in good time; the Government of the Republic of China shall, however, endeavour to ensure that exports of cotton textiles of all categories are spaced out as regularly as possible over each of the twelve-month periods, due account being taken, in particular, of seasonal factors. Amounts delivered in advance shall be deducted from the ceilings for the following twelve-month period.

Article 5

The two parties agree that the ceilings shown in the Agreement shall be managed under a system of double checking.

Article 6

The two parties agree to exchange all information on exports of cotton textiles from the Republic of China to the Community and on the corresponding imports of the Community. Each party shall, for the purposes of the Agreement, apply whatever classification it has available and shall co-operate with the other party in facilitating comparison of the information supplied.

Article 7

Should the Community inform the Government of the Republic of China that the application of the Agreement has given rise to difficulties which jeopardize the maintenance of existing commercial relations between importers in the Community and their suppliers in the Republic of China, the two parties shall take all the necessary measures to ensure that these commercial relations are maintained.

Article 8

The two parties undertake to consult each other, at the request of either, on all problems arising from the implementation of the Agreement.
Article 9

This Agreement shall be concluded for a period of three years from 1 October 1970.

Either party may propose the revision of the Agreement or denounce it provided that notice is given at least 120 days before the expiry of any twelve-month period; in the latter event, the Agreement will come to an end on the expiry of the said twelve-month period.

The annexes to this Agreement shall form an integral part thereof.

Article 10

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

LIST OF COTTON TEXTILE PRODUCTS
REFERRED TO IN ARTICLE 1 OF THE AGREEMENT

<table>
<thead>
<tr>
<th>Group of categories</th>
<th>Categories</th>
<th>Sub-categories</th>
<th>Description of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>GROUP I</td>
<td>B</td>
<td></td>
<td>COTTON FABRICS, UNBLEACHED OR BLEACHED, MERCERIZED OR NOT</td>
</tr>
<tr>
<td></td>
<td>B 1</td>
<td></td>
<td>COTTON FABRICS, UNBLEACHED</td>
</tr>
<tr>
<td></td>
<td>B 2</td>
<td></td>
<td>Terry towelling and similar terry fabrics</td>
</tr>
<tr>
<td></td>
<td>B 3</td>
<td></td>
<td>Woven fabrics other than gauze or terry towelling and similar terry fabrics, containing at least 85 per cent by weight of cotton, plain weave, weighing more than 70 but not more than 130 grs. per square metre, of a width of more than 115 cm. but not more than 165 cm., only with a yarn numbered less than 55,000 m/kg. (English number 32)</td>
</tr>
<tr>
<td></td>
<td>B 4</td>
<td></td>
<td>Woven fabrics other than gauze or terry towelling and similar terry fabrics, containing at least 85 per cent by weight of cotton, plain weave, weighing not more than 130 grs. per square metre, other than those under B 3</td>
</tr>
<tr>
<td></td>
<td>B 5</td>
<td></td>
<td>Woven fabrics other than gauze or terry towelling and similar terry fabrics, containing at least 85 per cent by weight of cotton, plain weave, weighing more than</td>
</tr>
<tr>
<td>Group of categories</td>
<td>Categories</td>
<td>Subcategories</td>
<td>Description of products</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------</td>
<td>---------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>GROUP I (cont'd)</td>
<td></td>
<td></td>
<td>130 but not more than 200 grs. per square metre, of a width of at least 85 cm. but not more than 115 cm.</td>
</tr>
<tr>
<td></td>
<td>B 6</td>
<td></td>
<td>Woven fabrics other than gauze or terry towelling and similar terry fabrics, containing at least 85 per cent by weight of cotton, plain weave, weighing per square metre more than 130 grs. but not more than 200 grs., of a width of more than 115 cm.</td>
</tr>
<tr>
<td></td>
<td>B 7</td>
<td></td>
<td>Woven fabrics other than gauze or terry towelling and similar terry fabrics, containing at least 85 per cent by weight of cotton, of a width of at least 85 cm., other than plain weave</td>
</tr>
<tr>
<td></td>
<td>B 8</td>
<td></td>
<td>Other woven fabrics</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td></td>
<td>COTTON FABRICS, OTHER THAN UNBLEACHED</td>
</tr>
<tr>
<td></td>
<td>C 1</td>
<td></td>
<td>Bleached, mercerized or not</td>
</tr>
<tr>
<td>GROUP II</td>
<td></td>
<td></td>
<td>OTHER COTTON FABRICS, MADE-UP ARTICLES AND MISCELLANEOUS ARTICLES OF COTTON</td>
</tr>
<tr>
<td></td>
<td>C 2</td>
<td></td>
<td>Gauze other than unbleached or bleached</td>
</tr>
<tr>
<td></td>
<td>C 3</td>
<td></td>
<td>Terry towelling and similar terry fabrics, other than unbleached or bleached</td>
</tr>
<tr>
<td></td>
<td>C 4</td>
<td></td>
<td>Woven pile fabrics and chenille fabrics (other than terry towelling or similar terry fabrics of cotton falling within heading No. 55.08 and fabrics falling within heading No. 58.05)</td>
</tr>
<tr>
<td>Group of categories</td>
<td>Categories</td>
<td>Sub-categories</td>
<td>Description of products</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------</td>
<td>----------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>GROUP II (cont'd)</td>
<td>C 5</td>
<td></td>
<td>Woven fabrics other than gauze or terry towelling and similar terry fabrics, dyed</td>
</tr>
<tr>
<td></td>
<td>C 6</td>
<td></td>
<td>Woven fabrics other than gauze or terry towelling and similar terry fabrics, printed</td>
</tr>
<tr>
<td></td>
<td>C 7</td>
<td></td>
<td>Woven fabrics other than gauze or terry towelling and similar terry fabrics, made with yarns of various colours</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td></td>
<td>HOUSEHOLD MADE-UP ARTICLES OF COTTON</td>
</tr>
<tr>
<td></td>
<td>D 1</td>
<td></td>
<td>Bed linen</td>
</tr>
<tr>
<td></td>
<td>D 2</td>
<td></td>
<td>Table linen</td>
</tr>
<tr>
<td></td>
<td>D 3</td>
<td></td>
<td>Terry toilet linen and terry kitchen linen</td>
</tr>
<tr>
<td></td>
<td>D 4</td>
<td></td>
<td>Other household articles</td>
</tr>
<tr>
<td>E</td>
<td></td>
<td></td>
<td>COTTON CLOTHING</td>
</tr>
<tr>
<td></td>
<td>E 1</td>
<td></td>
<td>Gloves, mittens and mitts, knitted or crocheted, not elastic or rubberized</td>
</tr>
<tr>
<td></td>
<td>E 2</td>
<td></td>
<td>Undergarments, knitted or crocheted, not elastic or rubberized</td>
</tr>
<tr>
<td></td>
<td>E 3</td>
<td></td>
<td>Outergarments and other articles, knitted or crocheted, not elastic or rubberized. Articles other than knitted or crocheted fabrics and articles thereof, elastic or rubberized</td>
</tr>
<tr>
<td></td>
<td>E 4</td>
<td></td>
<td>Woven trousers and breeches, for men and boys</td>
</tr>
<tr>
<td>Group of categories</td>
<td>Categories</td>
<td>Subcategories</td>
<td>Description of products</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------</td>
<td>--------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>GROUP II (cont'd)</td>
<td>E 5</td>
<td>Other woven outer garments for men and boys</td>
<td></td>
</tr>
<tr>
<td></td>
<td>E 6</td>
<td>Woven outer garments for women, girls and infants</td>
<td></td>
</tr>
<tr>
<td></td>
<td>E 7</td>
<td>Shirts and bodices for men and boys</td>
<td></td>
</tr>
<tr>
<td></td>
<td>E 8</td>
<td>Other woven undergarments for men and boys</td>
<td></td>
</tr>
<tr>
<td></td>
<td>E 9</td>
<td>Woven undergarments for women, girls and infants</td>
<td></td>
</tr>
<tr>
<td></td>
<td>E 10</td>
<td>Handkerchiefs</td>
<td></td>
</tr>
<tr>
<td></td>
<td>E 11</td>
<td>Other articles of apparel and clothing accessories</td>
<td></td>
</tr>
<tr>
<td></td>
<td>F 1</td>
<td>Travelling rugs and blankets</td>
<td></td>
</tr>
<tr>
<td></td>
<td>F 2</td>
<td>Floor-cloths, dish-cloths, dusters, and the like</td>
<td></td>
</tr>
<tr>
<td></td>
<td>F 3</td>
<td>Pneumatic mattresses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>F 4</td>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

**MISSCELLANEOUS COTTON FABRICS AND MADE-UP ARTICLES**

F 1 | Travelling rugs and blankets
F 2 | Floor-cloths, dish-cloths, dusters, and the like
F 3 | Pneumatic mattresses
F 4 | Other
Annex II

Letter Nos. 1 and 2 - Double checking
Letter Nos. 3 and 4 - Re-exports
Letter Nos. 5 and 6 - Transit and free trade
Letter Nos. 7 and 8 - Territory
Letter No. 1

Excellency,

At the conclusion of the negotiations between the Government of the Republic of China and the Community which led to the signature of the Agreement dated the two parties agreed on the following:

The administration of cotton textiles imports from the Republic of China will be based on a system of double checking.

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 authorities of the Republic of China up to the total amount of the agreed ceilings.

The export licence issued by the authorities of the Republic of China shall be applicable to the products referred to in Article 1 of 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 kilograms or metric tons) and value
6. category and description of product
7. certificate issued by the authorities of the Republic of China showing that the quantity has been debited against the agreed ceiling for exports to the Community.

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 authorities of the Republic of China, for their part, will endeavour to keep any discrepancies to a minimum.

His Excellency
Mr.
Head of the Delegation
of the Republic of China
In the event of total or partial withdrawal of an export licence, the authorities of the Republic of China 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 the existing administrative provisions.

The authorities of the Republic of China 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 each category specified in the Agreement. The categories falling within Group I will be taken as a whole.

We should be grateful if you would be good enough to confirm that your Government is in agreement with the foregoing.

I avail myself, Sir, of this opportunity to renew the assurance of my highest consideration.

On behalf of the Council of the European Communities
Letter No. 2

Brussels,

Sir,

I have the honour to acknowledge receipt of your letter of reading as follows:

(See letter No. 1)

On behalf of the Government of the Republic of China I have the honour to confirm the above-mentioned understandings.

I avail myself, Sir, of this opportunity to renew the assurance of my highest consideration.

Head of the Delegation of the Republic of China
Excellency,

At the conclusion of the negotiations between the Government of the Republic of China and the Community which led to the signature of the Agreement dated the two parties agreed on the following:

All exports to the Community shall be counted against the agreed ceilings. In the event of additional demand developing for re-exportation to third countries after processing, the authorities in the Member States may grant special import licences leading to the issue of permits to export without deduction from the agreed ceilings.

The Commission will inform the Government of the Republic of China of any such development.

We should be grateful if you would be good enough to confirm that your Government is in agreement with the foregoing.

I avail myself, Sir, of this opportunity to renew the assurance of my highest consideration.

On behalf of the Council of the European Communities

His Excellency
Mr.
Head of the Delegation
of the Republic of China
Letter No. 4

Brussels,

Sir,

I have the honour to acknowledge receipt of your letter of reading as follows:

(See letter No. 3)

On behalf of the Government of the Republic of China I have the honour to confirm the above-mentioned understandings.

I avail myself, Sir, of this opportunity to renew the assurance of my highest consideration.

Head of the Delegation of the Republic of China
Brussels,

Excellency,

At the conclusion of the negotiations between the Government of the Republic of China and the Community which led to the signature of the Agreement dated the two parties agreed on the following:

The present Agreement shall in no way hinder merchants in Community countries from freely engaging, as they have done in the past, in trade with third countries.

This principle shall apply both to operations carried out under transit arrangements and to operations involving goods that do not enter the Community’s customs territory.

We should be grateful if you would be good enough to confirm that your Government is in agreement with the foregoing.

I avail myself, Sir, of this opportunity to renew the assurance of my highest consideration.

On behalf of the Council of the European Communities

His Excellency
Mr.
Head of the Delegation of the Republic of China
Letter No. 6

Brussels,

Sir,

I have the honour to acknowledge receipt of your letter of reading as follows:

(See letter No. 5)

On behalf of the Government of the Republic of China I have the honour to confirm the above-mentioned understandings.

I avail myself, Sir, of this opportunity to renew the assurance of my highest consideration.

Head of the Delegation of the Republic of China
Brussels,

Excellency,

At the conclusion of the negotiations between the Government of the Republic of China and the Community which led to the signature of the Agreement dated the two parties agreed on the following:

As far as the Kingdom of the Netherlands is concerned, the present Agreement shall apply solely to the Kingdom's territory in Europe.

We should be grateful if you would be good enough to confirm that your Government is in agreement with the foregoing.

I avail myself, Sir, of this opportunity to renew the assurance of my highest consideration.

On behalf of the Council of the European Communities

His Excellency
Mr.
Head of the Delegation
of the Republic of China
Brussels,

Sir,

I have the honour to acknowledge receipt of your letter of reading as follows:

(See letter No. 7)

On behalf of the Government of the Republic of China I have the honour to confirm the above-mentioned understanding.

I avail myself, Sir, of this opportunity to renew the assurance of my highest consideration.

Head of the Delegation of the Republic of China