ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Bilateral Agreement Between the European Economic Community and Japan

Attached is the text of the bilateral agreement concluded between the European Economic Community and Japan concerning trade in cotton textiles. This agreement was signed on 12 February 1972 for a period of three years beginning 1 October 1970.

The text of this agreement has been transmitted by the European Economic Community for notification to the Cotton Textiles Committee.
AGREEMENT

between the European Economic Community and the Government of Japan
concerning Trade in Cotton Textiles

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

THE GOVERNMENT OF JAPAN,
on the other hand,

DESIRING to ensure the orderly development of trade in cotton textiles between
Japan and the European Economic Community, hereinafter referred to as the
"Community", in accordance with the provisions of the Long-term Arrangement
regarding International Trade in Cotton Textiles, hereinafter referred to as the
"Geneva Arrangement" and in particular article 4 thereof,

HAVE AGREED, in a spirit of mutual co-operation, AS FOLLOWS:

Article 1

This Agreement shall apply to the cotton textiles originating in and
dispatched from Japan 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 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 Japan do not exceed the quantities agreed upon.

The Government of Japan 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 12,745 metric tons.
(b) **Ceilings by groups of categories**

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

<table>
<thead>
<tr>
<th>Metric tons</th>
<th>Group I</th>
<th>Group II</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cotton fabrics, unbleached or bleached, whether or not mercerized</td>
<td>Other cotton fabrics, made-up articles and miscellaneous articles of cotton</td>
</tr>
<tr>
<td></td>
<td>5,910</td>
<td>6,835</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 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 that the quantity thus transferred does not exceed 10 per cent of the specific ceiling to which the transfer is made.

   Unused portions of the specific ceilings may be used within the category for other projects 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 that no such transfer has been effected or carry-over been made to another head.
Unused portions of the specific ceilings may be carried over and added to the same specific ceilings in the following twelve-month period up to a maximum of 10 per cent of the ceiling in question, provided that 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 Japan so requests in writing in due time; the Government of Japan 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 Japan 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 Japan that in applying the Agreement difficulties have arisen in regard to the maintenance of existing commercial relations between the importers of the Community and their suppliers in Japan, the two parties shall hold consultations to decide on all the measures necessary to ensure the maintenance of these commercial relations.

**Article 8**

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

This Agreement shall enter into force on the date of its signature and be applicable for a period of three years from 1 October 1970.

Each party may denounce the Agreement by giving notice of its intention to terminate it at least 120 days before the expiry of any twelve-month period. In that event, the agreement shall be terminated at the end of the said twelve-month period.

The Annex forms an integral part of this Agreement.

Article 10

This Agreement has been drawn up in two copies in the German, French, Italian, Dutch and Japanese languages, each of these texts being equally authentic.
## Annex

**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>Description of products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group I</td>
<td>B</td>
<td>COTTON FABRICS, UNBLEACHED OR BLEACHED MERCERIZED OR NOT</td>
</tr>
<tr>
<td></td>
<td>B 1</td>
<td>COTTON FABRICS, UNBLEACHED</td>
</tr>
<tr>
<td></td>
<td>B 2</td>
<td>Terry towelling and similar terry fabrics</td>
</tr>
<tr>
<td></td>
<td>B 3</td>
<td>Woven fabrics other than gauze or terry towelling and similar terry fabrics, containing less than 85 per cent by weight of cotton</td>
</tr>
<tr>
<td></td>
<td>B 4</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 5</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 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>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>Group of categories</td>
<td>Categories</td>
<td>Description of products</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td></td>
<td>B 7</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 65 cm., other than plain weave</td>
</tr>
<tr>
<td></td>
<td>B 8</td>
<td>Other woven fabrics</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>COTTON FABRICS OTHER THAN UNBLEACHED</td>
</tr>
<tr>
<td></td>
<td>C 1</td>
<td>Bleached, mercerized or not</td>
</tr>
<tr>
<td>Group II</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>Gauze other than unbleached or bleached</td>
</tr>
<tr>
<td></td>
<td>C 3</td>
<td>Terry towelling and similar terry fabrics, other than unbleached or bleached</td>
</tr>
<tr>
<td></td>
<td>C 4</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></td>
<td>C 5</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>Woven fabrics other than gauze or terry towelling and similar terry fabrics, printed</td>
</tr>
<tr>
<td></td>
<td>C 7</td>
<td>Woven fabrics other than gauze or terry towelling and similar terry fabrics, made with yarns of various colours</td>
</tr>
<tr>
<td></td>
<td>D</td>
<td>HOUSEHOLD MADE-UP ARTICLES OF COTTON</td>
</tr>
<tr>
<td></td>
<td>D 1</td>
<td>Bed linen</td>
</tr>
<tr>
<td></td>
<td>D 2</td>
<td>Table linen</td>
</tr>
<tr>
<td></td>
<td>D 3</td>
<td>Terry toilet linen and terry kitchen linen</td>
</tr>
<tr>
<td></td>
<td>D 4</td>
<td>Other household articles</td>
</tr>
<tr>
<td>Group of categories</td>
<td>Categories</td>
<td>Description of products</td>
</tr>
<tr>
<td>---------------------</td>
<td>------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>E</td>
<td>COTTON CLOTHING</td>
<td></td>
</tr>
<tr>
<td>E 1</td>
<td>Gloves, mittens and mitts, knitted or crocheted, not elastic or rubberized</td>
<td></td>
</tr>
<tr>
<td>E 2</td>
<td>Undergarments, knitted or crocheted, not elastic or rubberized</td>
<td></td>
</tr>
<tr>
<td>E 3</td>
<td>Undergarments and other articles, knitted or crocheted, not elastic or rubberized. Articles other than knitted or crocheted fabrics and articles thereof, elastic or rubberized</td>
<td></td>
</tr>
<tr>
<td>E 4</td>
<td>Woven trousers and breeches, for men and boys</td>
<td></td>
</tr>
<tr>
<td>E 5</td>
<td>Other woven outergarments for men and boys</td>
<td></td>
</tr>
<tr>
<td>E 6</td>
<td>Woven outergarments for women, girls and infants</td>
<td></td>
</tr>
<tr>
<td>E 7</td>
<td>Shirts and bodices for men and boys</td>
<td></td>
</tr>
<tr>
<td>E 8</td>
<td>Other woven undergarments for men and boys</td>
<td></td>
</tr>
<tr>
<td>E 9</td>
<td>Woven undergarments for women, girls and infants</td>
<td></td>
</tr>
<tr>
<td>E 10</td>
<td>Handkerchiefs</td>
<td></td>
</tr>
<tr>
<td>E 11</td>
<td>Other articles of apparel and clothing accessories</td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>MISCELLANEOUS COTTON FABRICS AND MADE-UP ARTICLES</td>
<td></td>
</tr>
<tr>
<td>F 1</td>
<td>Travelling rugs and blankets</td>
<td></td>
</tr>
<tr>
<td>F 2</td>
<td>Floor-cloths, dish-cloths, dusters, and the like</td>
<td></td>
</tr>
<tr>
<td>F 3</td>
<td>Pneumatic mattresses</td>
<td></td>
</tr>
<tr>
<td>F 4</td>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>
Letters Nos. 1 and 2: 1. Reference in paragraph 1 to LTA (without prejudice)
2. State of liberalization and 105 per cent clause

Letters Nos. 3 and 4: Territory of application

Letters Nos. 5 and 6: 1. Re-exports
2. Transit (free trading)

Letters Nos. 7 and 8: Table of concordance
Letter No. 1

Brussels,

Sir,

At the conclusion of the negotiations between the Government of Japan and the European Economic Community which led to the signing of the Agreement concerning trade in cotton textiles on , I have the honour to confirm that the two parties have agreed as follows:

1. The Community notes that this Agreement is concluded within the framework of the Geneva Arrangement. Consequently, its particular provisions are intended to solve specific problems relating to cotton textiles and are entirely without prejudice to the solutions which may be adopted for problems that may arise in other fields.

2. None of the provisions of the Agreement are to be interpreted as affecting the present state of liberalization of cotton textile products in the relations between member States of the Community and Japan.

3. It is understood that the Community will not request the fixing of a specific ceiling under article 3, paragraph (c) of the Agreement unless rapid and substantial growth of deliveries of the products in question causes, or threatens to cause, disruption of the market.

Pending the results of the consultations provided for in this article, the Government of Japan will maintain its exports of the products in question, as from the date of the request, at a level corresponding pro rata temporis to 105 per cent of the exports effected during the most recent twelve-month period for which statistical data are available.

I should be obliged if you would confirm your Government's agreement to the contents of this letter.

Accept, Sir, the assurances of my highest consideration.

For the Council of the European Communities

His Excellency
Mr. Isao Abe
Head of the Mission of Japan to the European Communities.
Letter No. 2

Brussels,

Sir,

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

(See Letter No. 1)

I have the honour to confirm the agreement of the Government of Japan to the contents of the above letter.

Accept, Sir, the assurances of my highest consideration.

Head of the Mission of Japan to the European Communities
Letter No. 3

Brussels,

Sir,

At the conclusion of the negotiations between the Government of Japan and the European Economic Community which led to the signing of the Agreement concerning trade in cotton textiles on , I have the honour to confirm that the two parties have agreed as follows:

Benelux

As regards the Kingdom of the Netherlands, the Agreement applies only to the territory of that Kingdom situated in Europe.

I should be obliged if you would confirm your Government's agreement to the contents of this letter.

Accept, Sir, the assurances of my highest consideration.

For the Council of the European Communities

His Excellency
Mr. Isao Abe
Head of the Mission of Japan to the European Communities
Brussels,

Sir,

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

(See Letter No. 3)

I have the honour to confirm the agreement of the Government of Japan to the contents of the above letter.

Accept, Sir, the assurances of my highest consideration.

Head of the Mission of Japan to the European Communities
Brussels,

Sir,

At the conclusion of the negotiations between the Government of Japan and the European Economic Community which led to the signing of the Agreement concerning trade in cotton textiles on , I have the honour to confirm that the two parties have agreed as follows:

1. All exports to the Community are to be counted against the agreed ceilings. In the event of additional demand developing for re-exportation to third countries after processing, the authorities of member States of the Community 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 Japan of any such development quarterly.

2. The Agreement will 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 will apply both to transactions carried out under transit arrangements and to transactions involving goods that do not enter the Community's customs territory.

   I should be obliged if you would confirm your Government's agreement to the contents of this letter.

Accept, Sir, the assurances of my highest consideration.

For the Council
of the European Communities

His Excellency,
Mr. Isao Abe
Head of the Mission of Japan
to the European Communities
Letter No. 6

Brussels,

Sir,

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

(See Letter No. 5)

I have the honour to confirm the agreement of the Government of Japan to the contents of the above letter.

Accept, Sir, the assurances of my highest consideration.

Head of the Mission of Japan to the European Communities
Brussels,

Sir,

At the conclusion of the negotiations between the Government of Japan and the European Economic Community which led to the signing of the Agreement concerning trade in cotton textiles on , I have the honour to confirm that the two parties have agreed as follows:

The table of concordance between the list of cotton textile products referred to in article 1 of the Agreement and the list of the corresponding NIMEXE items will be drawn up by experts of the two parties as soon as possible.

I should be obliged if you would confirm your Government's agreement to the contents of this letter.

Accept, Sir, the assurances of my highest consideration.

For the Council of the European Communities

His Excellency
Mr. Isao Abe
Head of the Mission of Japan to the European Communities
Letter No. 8

Brussels,

Sir,

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

(See Letter No. 7)

I have the honour to confirm the agreement of the Government of Japan to the contents of the above letter.

Accept, Sir, the assurances of my highest consideration.

Head of the Mission of Japan to the European Communities