ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Extension of the Bilateral Agreement
between Austria and Egypt

Note by the Chairman

Attached is a notification received from Austria of an extension of its bilateral agreement with Egypt for the two-year period 1 January 1987 to 31 December 1988.¹

¹The bilateral agreement between the parties was concluded under Article 3:4 and is contained in COM.TEX/SB/1068.

*English only/Anglais seulement/Inglés solamente
Sir,

With reference to Article 4 of the ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (hereinafter referred to as the ARRANGEMENT) I have the honour to transmit copies of notes concerning a prolongation of the bilateral agreement between Austria and Egypt concluded on September 1984.

The present agreement covers the same product as the previous agreement and entered into force on 1 January 1987.

In the recent past, the economic conditions of the Austrian textiles industry have continued to deteriorate. Although production increased modestly by 2.4% in 1985 the production level is still below that of 1971. The production development of 1986 indicates already that 1986 as a whole will again show a negative development.

The number of factories in 1985 declined by 2.4% compared with the previous period. From 1980 to 1985 about 14% of the textiles factories had to close down and 19% of the jobs were lost.

At the same time the textiles industry is confronted with a steadily rising import penetration. (1985 imports reached already 85% of the Austrian production) and with increasing expenditures (for example 5.3% increase in labour costs). As a consequence profits were substantially curtailed.

Mr. Marcelo RAFFAELLI
Chairman
Textiles Surveillance Body
GATT
Geneva
The Austrian cotton industry especially manufacturing cotton yarn is confronted with particular problems. Factories are situated mostly in depressed regions having virtually no other industries and where they are the main source of industrial employment.

Such textile products as well as other textiles are extremely sensitive to disruptive market forces. Experience has shown, that imports of low price cotton yarn exert enormous downward pull on prices forcing domestic producers to operate at the break even point or even at a loss.

In 1985 the production of the cotton yarn decreased by 1,6 % compared with the previous period. In the first half of 1986 production of cotton yarn decreased by 8,7 %.

From 1980 to 1985 the number of factories in the cotton industry decreased from 69 to 48. In the same time 1.765 jobs i.e. 16,3 % were lost.

In the meantime imports of cotton yarn from Egypt developed as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1983</td>
<td>3.167</td>
</tr>
<tr>
<td>1984</td>
<td>5.369</td>
</tr>
<tr>
<td>1985</td>
<td>4.051</td>
</tr>
</tbody>
</table>

This means that imports from Egypt to Austria rose from 1983 to 1985 by about 30%. Between 1980 and 1985 imports increased by 246 %.

During 1983 and 1985 domestic production declined by 9,5 %.

The ratio of imports from Egypt to domestic production increased from 18,7 % in 1983 to 26,5 % in 1985.

The ratio of imports from Egypt to total imports rose from 16,9 % in 1983 to 20,3 % in 1985.
The average price of cotton yarm imported from Egypt was 56,03 A.S. whereas the average import price was 67,99 A.S.

As a result of the consultations held between both countries the following export levels for the twelve-month periods, beginning 1 January 1987 have been agreed upon:

1987 : 3050
1988 : 3157

In view of the existing exceptional circumstances in terms of Annex B of the ARRANGEMENT in this highly sensitive product a lower than 6 % growth has been agreed upon between both parties. In determining growth and flexibility special considerations had been taken into account such as an increase of 28,7 % of the quota for 1987 compared with the quota level for 1986.

I should be grateful if you would make this information available to the Textiles Surveillance Body.

Accept, Sir, the assurances of my highest consideration.

Richard HOCHÖRTLER
Deputy Permanent Representative
Sir,

I have the honour to refer to the ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (hereinafter referred to as the ARRANGEMENT) done in Geneva on 20 December 1973 in particular to Article 4 and to the Protocol Extending the ARRANGEMENT in Geneva on 31 July 1986.

I also refer to the consultations which took place in Vienna on 6 and 7 November 1986 between representatives of Austria and a delegation of the Arab Republic of Egypt. As a result of these consultations the following agreement concerning exports of cotton yarn from the Arab Republic of Egypt to Austria has been reached.

1. Export levels in metric tons for twelve-month periods beginning on 1 January 1987:

<table>
<thead>
<tr>
<th>Period</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January 1987 to 31 December 1987</td>
<td>3.050</td>
</tr>
<tr>
<td>1 January 1988 to 31 December 1988</td>
<td>3.157</td>
</tr>
</tbody>
</table>

Cotton yarn as indicated in CCCN. No. 55.05

2. Starting from 1 January 1987 exports of cotton yarn originating in the Arab Republic of Egypt for home consumption in Austria will be accompanied by export licences (a specimen of which is attached as Annex I)
issued by the competent authority of the Arab Republic of Egypt within the agreed export limit and endorsed to the effect that the shipments have been debited against the agreed export limits. Upon presentation of such export licences the competent Austrian authority will issue the corresponding import licences without undue delay.

3. Exports of cotton yarns to Austria from the Arab Republic of Egypt for non-local consumption will not be included in the above mentioned quota and will not be subject to quantitative restrictions. Such exports will be accompanied by an export form bearing the word "reexport" in Box No. 9 of the specimen of the export licence attached herewith as Annex I.

4. The Arab Republic of Egypt will provide Austria with statistics of cotton yarn export licences issued within and debited against the limits set out in para 1 on a two-month basis. For statistical reasons data concerning exports according to para 3 will also be provided.

5. Austria will provide the Arab Republic of Egypt with two-month statistics of import licences issued on the basis of export licences of the Arab Republic of Egypt.
6. Upon notification to the competent Austrian authority, that imports of cotton yarn imported from the Arab Republic of Egypt have been re-shipped to countries outside Austria, the competent Austrian authority shall notify the competent authority of the Arab Republic of Egypt of the fact of such re-shipment and the quantities involved shall correspondingly be credited to the agreed export limit.

7. If, as a result of the statistics provided by Austria under para 5 of the Agreement, it has been determined that quantities covered by an export licence have not been applied for in an import licence, such quantities may be reissued in another export licence within the current quota year.

8. Austria and the Arab Republic of Egypt agree to consult at the request of either party on any matter arising from the implementation of this Agreement. Any consultations held under this paragraph shall be approached by both parties in a spirit of cooperation and with the object of reconciling any differences between them.

9. Export licences as set out in para 2 above shall cease to be valid four months after the date of issue for purpose of presentation to the competent Austrian authority.

I should be grateful if you would kindly confirm that this letter sets out correctly the understanding reached between the delegations of the two countries.
Accept, Sir, the assurances of my highest consideration.

Enclosure:
Annex I

Dr. Helmut Krehlik
Counsellor
Head of the Austrian Delegation

Dr. El Said Dahmoush
Chairman of Textile Industries Corporation

Embassy of the Arab Republic of Egypt

Vienna
<table>
<thead>
<tr>
<th>Original</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Date of year</td>
<td>4 Category number</td>
</tr>
<tr>
<td>Année renouvellement</td>
<td>Numéro de catégorie</td>
</tr>
<tr>
<td>5 Consignee name and address country</td>
<td>6 Place and date of shipment - Means of transport</td>
</tr>
<tr>
<td>Destinataire (nom adresse complète pays)</td>
<td>Lieu et date d'embarquement - Moyen de transport</td>
</tr>
<tr>
<td>7 Country of destination</td>
<td>8 Supplementary details</td>
</tr>
<tr>
<td>Pays de destination</td>
<td>Données supplémentaires</td>
</tr>
<tr>
<td>9 Marks and numbers - Number and kind of packages - DESCRIPTION OF GOODS</td>
<td>10 Marks and numbers - Number and kind of packages - DESCRIPTION OF GOODS</td>
</tr>
<tr>
<td>Marques et numéros - Nombre et nature des colis - DESIGNATION DES MARCHANDISES</td>
<td>Marques et numéros - Nombre et nature des colis - DESIGNATION DES MARCHANDISES</td>
</tr>
<tr>
<td>11 Quantity (1)</td>
<td>12 FOB Value (2)</td>
</tr>
</tbody>
</table>

**EXPORT LICENCE**  
(Textile products)

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**LICENCE D'EXPORTATION**  
(Produits textiles)

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**CERTIFICATION BY THE COMPETENT AUTHORITY - VISA DE L'AUTORITÉ COMPETENTE**

I, the undersigned, certify that the goods described above have been charged against the quantitative limit established for the year shown in box No 3 in respect of the category shown in box No 4 by the provisions regulating trade in textile products with Austria.

Je soussigné certifie que les marchandises désignées ci-dessus ont été imputées sur la limite quantitative fixée pour l'année indiquée dans la case No 3 pour la catégorie désignée dans la case No 4 dans le cadre des dispositions régissant les échanges de produits textiles avec l'Autriche.

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**COMPETENT AUTHORITY NAME AND ADDRESS COUNTRY**

Autorité compétente (nom adresse complète pays)

---

**SIGNATURE**

(Stamp - Certifier)
I would like to refer to your letter dated 7 November 1986 reading as follows:

"Sir,

I have the honour to refer to the ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (hereinafter referred to as the ARRANGEMENT) done in Geneva on 20 December 1973 in particular to Article 4 and to the Protocol Extending the ARRANGEMENT in Geneva on 31 July 1986.

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I should be grateful if you would kindly confirm that this letter sets out correctly the understanding reached between the delegations of the two countries."

I have the honour to confirm that the above sets out correctly the understanding reached between the delegations of the two countries.

Accept, Sir, the assurances of my highest consideration.

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Dr. El Said Dahmoush
Chairman of Textile Industries Corporation
Head of the Egyptian Delegation

Dr. Helmut Krehlik
Counsellor
Ministry of Commerce, Trade and Industry
Stubenring 1
1011 Wi en
<table>
<thead>
<tr>
<th>Original</th>
<th>No</th>
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</thead>
</table>
| 3 Quota year
   Année contingente | 4 Category number
   Numéro de catégorie |

**Export Licence**

<table>
<thead>
<tr>
<th>Licence d'exportation</th>
</tr>
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<tbody>
<tr>
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<thead>
<tr>
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| 6 Country of origin
   Pays d'origine | 7 Country of destination
   Pays de destination |

8 Place and date of shipment - Means of transport
Lieu et date d'embarquement - Moyen de transport

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   Données supplémentaires

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**Certification by the Competent Authority**

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   Je souscris certifie que les marchandises désignées ci-dessus ont été imputées sur la limite quantitative fixée pour l'année indiquée dans la case No. 3 pour la catégorie désignée dans la case No. 4 dans le cadre des dispositions régissant les échanges de produits textiles avec l'Autriche.

   Signature: ____________________________
   Name: [Signature]

(Translation and presentation of the data from the original document as a table.)