ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral Agreement between the EEC and Brazil

Note by the Chairman

Attached is a notification received from the EEC of a bilateral agreement concluded with Brazil for the period 1 January 1987 to 31 December 1991.¹

¹The previous bilateral agreement, a modification and an additional protocol to it are contained in COM.TEX/SB/917, 1195 and 1202.

*English only/Anglais seulement/Inglés solamente

87-0831
Mr Ambassador,

Pursuant to Article 4:4 of the Arrangement as extended by the Protocol of 31 July 1986, I am notifying a new Agreement negotiated between the Federative Republic of Brazil and the European Community.

The Agreement was initially negotiated for five years and came into de facto application on 1 January 1987. While maintaining the same structure as its predecessor, the present Agreement contains a number of elements providing for improved access to the Community's market.

It covers the same products, now defined in 93 product-categories, as compared to 114 in the previous one. The present categorisation simplifies the classification system which applied under previous Agreements and is so defined as to allow a smooth transition to the Community Nomenclature based on the Harmonized System.

Re-exports are not subject to restraint, nor are handloom and cottage industry products, provided that such products meet the certification procedures and other conditions set out in Protocol B. If problems arise concerning unrestricted categories, the Community may (but is not obliged to) request consultations with a view to establishing a limit when certain trade levels have been exceeded: these levels have been doubled in percentage terms as compared to the previous agreement.

In the present agreement, 8 Community-wide restraint limits and 5 regional restraint limits concerning 2 categories have been agreed between the parties. 3 Community-wide and 2 regional restraints which existed previously have been removed. The limits are based on the restraint levels of the last year of the previous agreement plus growth. Growth rates have been improved for all categories under restraint and now vary between 1% and 6%.

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Telex COMEU B 21877 - Telegraphic address COMEUR Brussels
There is additional access for children's clothing in the case of 1 category (Cat. 6).

Additional quantities have been agreed for one category whose coverage has been extended in the context of the classification changes referred to above.

There are provisions for breaking down Community-wide limits into Member States' shares, with new possibilities for automatic reallocation by the exporting country of portions of such shares between Member States, up to certain percentages. The flexibility provisions have also been improved, notably concerning carry-over, inter-category transfers and total cumulative flexibility.

The anti-circumvention clause negotiated previously has been maintained unaltered. As in the past, there is provision for the exchange of statistics, the management of problems which could arise in case of divergent opinions on classification and for the spacing out of exports. The administration of the Agreement is governed by Protocol A which is essentially modelled on its predecessor in the earlier Agreement.

As a major change, the Anti-Surge provision which under the previous agreement was applicable to Group I products has been replaced by a consultation clause.

In spite of the large scale of restructuring undertaken, and despite the temporarily improved competitiveness of EEC textiles and clothing industries resulting from the abnormal levels of some foreign exchange rates, the serious situation in European markets which existed during previous agreements has further deteriorated over recent years. There has been a further rise in market penetration which increased from 42% in 1983 to 45% in 1985; this was essentially attributable to the continued increase in extra-EC imports of MFA products (16% in 1986), together with stagnating production and consumption. Overall employment in the textile industries has further declined by 7% over the 4 years between 1982/1985.

Nevertheless, the EC has been able to increase access to the EC market for textile products originating from Brazil by improving on several features of the Agreement as mentioned above.

Copies of the Agreement and related documents are attached.

Please accept, Mr Ambassador, the assurance of my highest consideration.

Sincerely yours,

[Signature]

P. MAZZOCCHI
AGREEMENT
BETWEEN THE EUROPEAN ECONOMIC COMMUNITY
AND
THE FEDERATIVE REPUBLIC OF BRAZIL
ON TRADE IN TEXTILE PRODUCTS
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BETWEEN THE EUROPEAN ECONOMIC COMMUNITY
AND
THE FEDERATIVE REPUBLIC OF BRAZIL
ON TRADE IN TEXTILE PRODUCTS

[Signature]

[Date] 12 September 198[ ]
THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and

THE GOVERNMENT OF THE FEDERATIVE REPUBLIC OF BRAZIL

of the other part,

DESIRING to promote, with a view to permanent co-operation and in conditions providing every security for trade, the orderly and equitable development of trade in textile products between the European Economic Community (hereinafter referred to as "the Community") and the Federative Republic of Brazil (hereinafter "Brazil").

RESOLVED to take the fullest possible account of the serious economic and social problems at present affecting the textile industry in both importing and exporting countries, and in particular, to eliminate real risks of market disruption on the market of the Community and real risks of disruption to the textile trade of Brazil.

HAVING REGARD to the Arrangement regarding International Trade in Textiles (hereinafter referred to as "the Geneva Arrangement"), and in particular Article 4 thereof; and to the conditions set out in the Protocol extending the Arrangement.

HAVE DECIDED to conclude this Agreement and to this end have designated as their plenipotentiaries:

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

THE GOVERNMENT OF THE FEDERATIVE REPUBLIC OF BRAZIL:

WHO HAVE AGREED AS FOLLOWS:
SECTION I: TRADE ARRANGEMENTS

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. In respect of the products covered by this Agreement, the Community undertakes not to introduce quantitative restrictions under Article XIX of the General Agreement on Tariffs and Trade or Article 3 of the Geneva Arrangement.

3. Measures having equivalent effect to quantitative restrictions on the importation into the Community of the products covered by this Agreement shall be prohibited.
Article 2

1. This Agreement shall apply to trade in textile products of cotton, wool and man-made fibres originating in Brazil which are listed in Annex I.

2. The classification of the products covered by this Agreement is based on the Nomenclature of the Common Customs Tariff and on the Nomenclature of Goods for the External Trade Statistics of the Community and the Statistics of Trade between Member States (NIMEXE). From the entry into force of the International Convention on the Harmonised Commodity Description and Coding System (HS) this classification will be based on the Harmonized System and on the community nomenclatures derived from that system.

3. The origin of the products covered by this Agreement shall be determined in accordance with the rules in force in the Community. Any amendment to these rules of origin shall be communicated to Brazil and shall not have the effect of reducing any quantitative limit established in Annex II.

The procedures for control of the origin of the products referred to above are laid down in Protocol A.
Article 3

Brazil agrees for each Agreement year to restrain its exports to the Community of the products described in Annex II to the limits set out therein.

Exports of textile products set out in Annex II shall be subject to a double-checking system specified in Protocol A.
Article 4

Brazil and the Community recognize the special and differential character of re-imports of textile products into the Community after processing in Brazil.

Such re-imports may be agreed outside the quantitative limits established under this Agreement provided that they are effected in accordance with the regulations on economic outward processing in force in the Community.
Article 5

1. Imports into the Community of textile products covered by this Agreement shall not be subject to the quantitative limits established in Annex II, provided that they are declared to be for re-export outside the Community in the same state or after processing, within the framework of the administrative system of control which exists within the Community.

However, the release for home use of products imported under the conditions referred to above shall be subject to the production of an export licence issued by the Brazilian authorities, and to proof of origin in accordance with the provisions of Protocol A.

2. Where the Community authorities have evidence that imports of textile products have been set off against a quantitative limit established under this Agreement, but that the products have subsequently been re-exported outside the Community, the authorities concerned shall inform the Brazilian authorities within four weeks of the quantities involved and authorize imports of identical quantities of the same products, which shall not be set off against the quantitative limit established under this Agreement for the current or the following year.
Article 6

1. In any Agreement year advance use of a portion of the quantitative limit established for the following Agreement year is authorised for each category of products up to 5% of the quantitative limit for the current Agreement year.

   Amounts delivered in advance shall be deducted from the corresponding quantitative limits established for the following Agreement year.

2. Carryover to the corresponding quantitative limit for the following Agreement year of the amounts not used during any Agreement year is authorised for each category of products up to 7% of the quantitative limit for the current Agreement year.

3. Transfers in respect of categories in Group I shall not be made from any category except as follows:

   - transfers between Categories 2 and 3 and from Category 1 to Categories 2 and 3 may be made up to 7% and transfers into Category 1 from Categories 2 and 3 may be made up to 2% of the quantitative limits for the category to which the transfer is made.

   - transfers between Categories 4, 5, 6, 7, and 8 may be made up to 7% of the quantitative limit for the category to which the transfer is made.

   Transfers into any category in Groups II and III may be made from any category or categories in Groups I, II and III up to 7% of the quantitative limit for the category to which the transfer is made.

4. The table of equivalence applicable to the transfers referred to above is given in Annex I to this Agreement.

5. The increase in any category of products resulting from the cumulative application of the provisions in paragraphs 1, 2 and 3 above during an Agreement year shall not exceed 17%.

   Prior notification shall be given by the authorities of Brazil in the event of recourse to the provisions of paragraphs 1, 2 and 3 above.
Article 7

1. Exports of textile products not listed in Annex II to this Agreement may be made subject to quantitative limits by Brazil on the conditions laid down in the following paragraphs.

2. Where the Community finds, under the system of administrative control set up, that the level of imports of products in a given category not listed in Annex II originating in Brazil exceeds, in relation to the preceding year's total imports into the Community from all sources of products in that category, the following rates:
   - 1% for categories of products in Group I
   - 5% for categories of products in Group II
   - 10% for categories of products in Group III.

It may request the opening of consultations in accordance with the procedure described in Article 15 of this Agreement, with a view to reaching agreement on an appropriate restraint level for the products in such category.

The Community shall authorise the importation of products of the said category shipped from Brazil before the date on which the request for consultations was submitted.

3. Pending a mutually satisfactory solution, Brazil undertakes to limit exports of the products in the category concerned to the Community or to the regions of the Community market specified by the Community for a provisional period of 3 months from the date on which the request for consultations is made. Such provisional limit shall be established at 25% of the level of imports reached during the calendar year preceding that in which imports exceeded the level resulting from the application of the formula set out in paragraph 2, and gave rise to the request for consultation or 25% of the level resulting from the application of the formula set out in paragraph 2, whichever is the higher.
4. Should the Parties be unable in the course of consultations to reach a satisfactory solution within the period specified in Article 15 of the Agreement, the Community shall have the right to introduce a definitive quantitative limit at an annual level not lower than the level resulting from the application of the formula set out in paragraph 2, or 106% of the level of imports reached during the calendar year preceding that in which imports exceeded the level resulting from the application of the formula set out in paragraph 2 and gave rise to the request for consultations whichever is the higher.

The annual level so fixed shall be revised upwards after consultations in accordance with the procedure referred to in Article 15, with a view to fulfilling the conditions set out in paragraph 2, should the trend of total imports into the Community of the product in question make this necessary.

5. The limits introduced under paragraph 2 or paragraph 4 may in no case be lower than the level of imports of products in that category originating in Brazil in 1985.

6. Quantitative limits may also be established by the Community on a regional basis in accordance with the provisions of Protocol B.

7. The annual growth rate for the quantitative limits introduced under this Article shall be determined in accordance with the provisions of Protocol C.

8. The provisions of this Article shall not apply where the percentages specified in paragraph 2 have been reached as a result of fall in total imports into the Community, and not as a result of an increase in exports or products originating in Brazil.

9. In the event of the provisions of paragraph 2, 3 or 4 being applied, Brazil undertakes to issue export licences for products covered by contracts concluded before the introduction of the quantitative limit, up to the volume of the quantitative limit fixed.
10. Up to the date of communication of the statistics referred to in Article 8 paragraph 6, the provisions of paragraph 2 of this Article shall apply on the basis of the annual statistics previously communicated by the Community.

11. The provisions of this Agreement which concern exports of products subject to the quantitative limits established in Annex II shall also apply to products for which quantitative limits are introduced under this Article.
Article 8

1. Brazil undertakes to supply the Community with precise statistical information on all export licences issued by the Brazilian authorities for all categories of textile products subject to the quantitative limits established under this Agreement.

The Community shall likewise transmit to the Brazilian authorities precise statistical information on import authorizations or documents issued by the Community authorities in respect of export licences and certificates issued by Brazil.

2. The information referred to in paragraph 1 shall, for all categories of products, be forwarded before the end of the second month following the quarter to which the statistics relate.

3. The Community shall forward to the Brazilian authorities import statistics for all products covered by the system of administrative control referred to in Article 7, Paragraph 2 and for products covered by Article 5 Paragraph 1.

4. The information referred to in paragraph 3 shall, for all categories of products, be transmitted before the end of the third month following the quarter to which the statistics relate.

5. Should it be found on analysis of the information exchanged that there are significant discrepancies between the returns for exports and those for imports, consultations may be initiated in accordance with the procedure specified in Article 15.

6. For the purpose of applying the provisions of Article 7, the Community undertakes to provide the Brazilian authorities before 15 April of each year with the preceding year's statistics on imports of all textile products covered by this Agreement, broken down by supplying country and Community Member State.
7. Brazil and the Community will exchange to the extent possible available statistical information on trade in textile products.
Article 9

1. Should there be divergent opinions between Brazil and the competent Community authorities at the point of entry into the Community on the classification of products covered by the present Agreement, classification shall provisionally be based on indications provided by the Community, pending consultations in accordance with Article 15 with a view to reaching agreement on definitive classification of the product concerned.

2. If the above provisional classification results in provisional debit against a quantitative limit for a category of products other than the category indicated on the export documents issued by the competent Brazilian authorities, the Community shall inform Brazil of such provisional debit within 30 days.

3. The authorities of Brazil shall be informed of any amendment to the tariff and statistical nomenclatures in force in the Community or any decision made in accordance with the procedures in force in the Community, relating to the classification of products covered by this Agreement.

Any amendment to the tariff and statistical nomenclatures in force in the Community or any decision which results in a modification of the classification of products covered by this Agreement shall not have the effect of reducing any quantitative limit established in Annex II.

The procedures for the application of this paragraph are set out in Protocol A.
Article 10

1. Brazil and the Community agree to cooperate fully in preventing the circumvention of the present Agreement by transhipment, rerouting or whatever other means.

2. Where information available to the Community as a result of the investigations carried out in accordance with the procedures set out in Protocol A constitutes evidence that products of Brazilian origin subject to quantitative limits established under this Agreement have been transhipped, rerouted or otherwise imported into the Community in circumvention of this Agreement, the Community may request the opening of consultations in accordance with the procedures described in Article 15 of this Agreement, with a view to reaching agreement on an equivalent adjustment of the corresponding quantitative limits established under the Agreement.

3. Pending the result of the consultations referred to in paragraph 2, Brazil shall as a precautionary measure, if so requested by the Community, make the necessary arrangements to ensure that adjustments of quantitative limits liable to be agreed following the consultations referred to in paragraph 2, may be carried out for the quota year in which the request to open consultations in accordance with paragraph 2 was made, or for the following year if the quota for the current year is exhausted, where clear evidence of circumvention is provided.

4. Should the parties be unable in the course of consultations to reach a satisfactory solution within the period specified in Article 15 of the Agreement, the Community shall have the right, where clear evidence of circumvention has been provided, to deduct from the quantitative limits established under this Agreement amounts equivalent to the products of Brazilian origin.
Article 11

1. Brazil shall endeavour to ensure that exports of textile products subject to quantitative limits are spaced out as evenly as possible over an Agreement year, due account being taken, in particular, of seasonal factors.

2. Should there be an excessive concentration of imports on any product within a category subject to quantitative limits under this Agreement, the Community may request consultations in accordance with the procedure specified in Article 15 of this Agreement with a view to remedying this situation.
Article 12

Should recourse be had to the denunciation provisions of Article 17 paragraph 4, the quantitative limits established in Annex II shall be adapted on a pro rata basis.
Article 13

1. For the purpose of the administration of this Agreement, the limits referred to in Article 3 are broken down by the Community into shares for each of its Member States.

2. Portions of the quantitative limits established in Annex II not used in one Member State of the Community may be reallocated to another Member State in accordance with the procedures in force in the Community.

   The Community undertakes to examine with care and reply within four weeks to any request made for reallocation by Brazil. In the event of agreement on such reallocation, the flexibility provisions set out in Article 6 shall continue to be applicable to the levels of the original allocation.

   If, in the course of the application of this Agreement, Brazil finds that the break-down of a limit established in Annex II causes particular difficulties, it may request the opening of consultations in accordance with Article 15 with a view to reaching a mutually satisfactory solution.

3. After the first of June of each year of application of the Agreement, Brazil may transfer, subject to prior notification to the Community, the unused quantities of the regional quota-shares of a Community quantitative limit, set out in Annex II, to the quota-shares of the same limit of other regions of the Community provided that the regional quota-share from which the transfer is made is utilised by less than 80%, and up to the amount of the following percentages of the quota-share to which the transfer is made:

   - 2% in the first year of the application of the Agreement
   - 4% in the second year of the application of the Agreement
   - 8% in the third year of the application of the Agreement
   - 12% in the fourth year of the application of the Agreement

   The percentage in the fifth year of the application of the agreement shall be determined following consultation between the parties.
Should it appear in any given region of the Community that additional supplies are required, the Community may, where measures taken pursuant to paragraph 1 are inadequate to cover those requirements, authorize the importation of amounts greater than those stipulated in Annex II.
Article 14

1. Brazil and the Community undertake to refrain from discrimination in the allocation of export licences and import authorizations or documents referred to in Protocols A.

2. In implementing this Agreement, the Contracting Parties shall take care to maintain the traditional commercial practices and trade flows between the Community and Brazil.

3. Should either Party find that the application of this Agreement is disturbing existing commercial relations between importers in the Community and suppliers in Brazil, consultations shall be started promptly, in accordance with the procedure specified in Article 15, with a view to remedying this situation.
Article 15

1. The special consultation procedures referred to in this Agreement shall be governed by the following rules:

- any request for consultations shall be notified in writing to the other party;

- the request for consultations shall be followed within a reasonable period (and in any case not later than fifteen days following the notification) by a statement setting out the reasons and circumstances which, in the opinion of the requesting Party, justify the submission of such a request;

- the Parties shall enter into consultations within one month at the latest of notification of the request, with a view to reaching agreement or a mutually acceptable conclusion within one further month at the latest.

2. The Community may request consultations in accordance with paragraph 1 when it ascertains that during a particular year of application of the Agreement difficulties arise in the Community or one of its regions from a sharp and substantial increase, by comparison to the preceding year, in imports of a given category of Group I subject to the quantitative limits set out in Annex II.

3. If necessary, at the request of either of the Parties and in conformity with the provisions of the Geneva Arrangement, consultations shall be held on any problems arising from the application of this Agreement. Any consultations held under this Article shall be approached by both Parties in a spirit of co-operation and with a desire to reconcile the difference between them.
This Agreement shall apply, on the one hand, to the territories within which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty and, on the other hand, to the territory of Brazil.
Article 17

1. This Agreement shall enter into force on the first day of the month following the date of its signature. It shall be applicable until 31 December 1991.

2. This Agreement shall apply with effect from 1 January 1987.

3. Either Party may at any time propose modifications to the Agreement.

4. Either Party may at any time denounce this Agreement provided that at least sixty days' notice is given. In that event, the Agreement shall come to an end on the expiry of the period of notice.

5. The Annexes, Protocols, Agreed Minutes and Joint Declarations to this Agreement shall form an integral part thereof.
Article 18

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

For practical reasons the product descriptions used in Annex I are given in the present Annex in abbreviated form.

### Community limits

<table>
<thead>
<tr>
<th>Cat.</th>
<th>Description</th>
<th>Units</th>
<th>Years</th>
<th>Quantitative Limits - EEC</th>
</tr>
</thead>
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<td>34.409</td>
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<td>2</td>
<td>Woven fabrics of cotton</td>
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</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1988</td>
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<td></td>
<td></td>
<td>1991</td>
<td>18.701</td>
</tr>
<tr>
<td>2a</td>
<td>of which other than unbleached or bleached</td>
<td>tonnes</td>
<td>1987</td>
<td>3.650</td>
</tr>
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<td>3.712</td>
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<td>1991</td>
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</tr>
<tr>
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<td>6(1)</td>
<td>Woven trousers</td>
<td>1000 pieces</td>
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<td></td>
<td></td>
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<td>3.568</td>
</tr>
</tbody>
</table>

(1) For the purpose of setting off exports against the agreed limits a conversion rate of 5 garments (other than babies' garments) of a maximum commercial size of 130 cm, for 3 garments whose commercial size exceeds 130 cm may be applied for up to 5% of the quantitative limits.
For practical reasons the product descriptions used in Annex I are given in the present Annex in abbreviated form.

**Community limits**

<table>
<thead>
<tr>
<th>Cat.</th>
<th>Description</th>
<th>Units</th>
<th>Years</th>
<th>Quantitative Limits - EEC</th>
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<tbody>
<tr>
<td>39</td>
<td>Table and kitchen linen</td>
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For practical reasons the product descriptions used in Annex I are given in the present Annex in abbreviated form.

### Regional limits

<table>
<thead>
<tr>
<th>Cat.</th>
<th>Description</th>
<th>Units</th>
<th>Member State</th>
<th>Years</th>
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<td>F</td>
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<td>61</td>
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</table>
Article 1

1. The competent authorities of the Community undertake to inform Brazil of any changes in the tariff and statistical nomenclatures before the date of their entry into effect in the Community.

2. The competent authorities of the Community undertake to inform Brazil of any decisions relating to the classification of products subject to the Agreement within one month of their adoption at the latest. Such communication shall include:
   a) a description of the products concerned;
   b) the relevant category and the related tariff and statistical references;
   c) the reasons which have led to the decision.

3. Where a decision on classification results in a change of classification practice or a change of category of any product subject to the Agreement, the competent authorities of the Community shall provide 30 days' notice, from the date of the Community's communication, before the decision is put into effect. Products shipped before the date of application of the decision shall remain subject to the earlier classification practice, provided that the goods in question are presented for importation into the Community within 60 days of that date.

4. Where a Community decision on classification resulting in a change of classification practice or a change of categorization of any product subject to the Agreement affects a category subject to restraint, the two parties agree to enter into consultations in accordance with the procedures described in Article 15(1) of the Agreement with a view to honouring the obligation under the second subparagraph of Article 9(3) of the Agreement.
TITLE II

ORIGIN

Article 2

1. Products originating in Brazil for export to the Community in accordance with the arrangements established by this Agreement shall be accompanied by a certificate of Brazilian origin conforming to the model annexed to this Protocol.

2. The certificate of origin shall be issued by the competent governmental authorities of Brazil if the products in question can be considered products originating in that country within the meaning of the relevant rules in force in the Community.

3. However, the products in Group III may be imported into the Community in accordance with the arrangements established by this Agreement on production of a declaration by the exporter on the invoice or other commercial document relating to the products to the effect that the products in question originate in Brazil within the meaning of the relevant rules in force in the Community.

4. The certificate of origin referred to in paragraph 1 shall not be required for import of goods covered by a certificate of origin Form A or Form APR completed in accordance with the relevant Community rules in order to qualify for generalized tariff preferences.
Article 3

Where different criteria for determining origin are laid down for products falling within the same category, certificates or declarations of origin shall contain a sufficiently detailed description of the goods to enable the criterion to be determined on the basis of which the certificate was issued or the declaration drawn up.
Article 4

The discovery of slight discrepancies between the statements made in the certificate of origin and those made in the documents produced to the customs office for the purpose of carrying out the formalities for importing the product shall not ipso facto cast doubt upon the statements in the certificate.
TITLE III

DOUBLE CHECKING SYSTEM
FOR CATEGORIES OF PRODUCTS
WITH QUANTITATIVE LIMITS

Section I

Exportation

Article 5

The competent authorities of Brazil shall issue an export licence in respect of all consignments from Brazil of textile products referred to in Annex II, up to the relevant quantitative limits as may be modified by Articles 6, 12 and 13 of the Agreement and of textile products subject to any definitive or provisional quantitative limits established as a result of the application of Article 7 of the Agreement.
Article 6

1. The export licence shall conform to the model annexed to this Protocol. It must certify inter alia that the quantity of the product in question has been set off against the quantitative limit prescribed for the category of the product in question.

2. Each export licence shall only cover one of the categories of products listed in Annex II of this Agreement. It may be used for one or more consignments of the products in question.

3. Where the conversion rate provided for in Annex II is applied the following note must be inserted in box 9 of the export licence: "conversion rate for garments of a commercial size not exceeding 130 cm is to be applied".
Article 7

The competent Community authorities must be notified forthwith of the withdrawal or alteration of any export licence already issued.
Article 8

1. Exports shall be set off against the quantitative limits established for the year in which shipment of the goods has been effected, even if the export certificate is issued after such shipment.

2. For the purpose of applying paragraph 1, shipment of the goods is considered to have taken place on the date of their loading on to the exporting aircraft, vehicle or vessel.
Article 9

The presentation of an export licence, in application of Article 11, shall be effected not later than 31 March of the year following that in which the goods covered by the licence have been shipped.
Section II

Importation

Article 10

Importation into the Community of textile products subject to quantitative limits shall be subject to the presentation of an import authorization or document.
Article 11

1. The competent Community authorities shall issue such import authorization or document automatically within five working days of the presentation by the importer of the original of the corresponding export licence.

The import authorization or document shall be valid for six months.

2. The competent Community authorities shall cancel the already issued import authorization or document if the corresponding export licence has been withdrawn.

However, if the competent Community authorities have not been notified about the withdrawal or cancellation of the export licence until after the products have been imported into the Community, the quantities involved shall be set off against the quantitative limit for the category and the quota year in question.
Article 12

1. If the competent Community authorities find that the total quantities covered by export certificates issued by Brazil for a particular category in any Agreement year exceed the quantitative limit established in Annex II for that category, as may be modified by Articles 6, 12 and 13 of the Agreement, or any definitive or provisional limit established under Article 7 of the Agreement, the said authorities may suspend the further issue of import authorizations or documents. In this event, the competent Community authorities shall immediately inform the authorities of Brazil and the special consultation procedure set out in Article 15 of the Agreement shall be initiated forthwith.

2. Exports of Brazilian origin not covered by Brazilian export licences issued in accordance with the provisions of this Protocol may be refused the issue of import authorizations or documents by the competent Community authorities.

However, if the import of such products is allowed into the Community by the competent Community authorities, the quantities involved shall not be set off against the appropriate quantitative limits set out in Annex II or established as a result of the application of Article 7 of the Agreement, without the express agreement of Brazil save as provided for in Article 10 of the Agreement.
FORM AND PRODUCTION OF EXPORT CERTIFICATES AND CERTIFICATES OF ORIGIN, AND
COMMON PROVISIONS

Article 13

1. The export licence and the certificate of origin may comprise additional copies duly indicated as such. They shall be made out in English or French. If they are completed by hand, entries must be ink and in block capitals.

These documents shall measure 210 x 297 mm. The paper used must be white writing paper, sized, not containing mechanical pulp and weighing not less than 25 g/m². Each part shall have a printed guilloche-pattern background making any falsification by mechanical or chemical means apparent to the eye.

If the documents have several copies only the top copy which is the original shall be printed with the guilloche-pattern background. This copy shall be clearly marked as "original" and the other copies as "copy". Only the original shall be accepted by the competent authorities in the Community as being valid for the purposes of export to the Community in accordance with the arrangements established by this Agreement.

2. Each document shall bear a standardized serial number, whether or not printed, by which it can be identified.

This number shall be composed of the following elements:

- two letters identifying Brazil as follows: BR,

- two letters identifying country of destination as follows:
a one-digit number identifying quota year, corresponding to the last figure in year, e.g. 7 for 1987,

- a two-digit number running consecutively from 01 to 99 identifying issuing office,

- a five-digit number running consecutively from 00001 to 99999 allocated to the country of destination.
Article 14

The export licence and certificate of origin may be issued after the shipment of the products to which they relate. In such cases they shall bear either the endorsement "délivré a posteriori" or the endorsement "Issued retrospectively".
Article 15

1. In the event of theft, loss or destruction of an export licence or a certificate of origin, the exporter may apply to the competent governmental authority which issued the document for a duplicate to be made out on the basis of the export documents in his possession. The duplicate of any such certificate or licence so issued shall bear the endorsement "duplicata".

2. The duplicate must bear the date of the original export licence or certificate of origin.
The Community and Brazil shall cooperate closely to implement the provisions of this Agreement. To this end, contacts and exchanges of views (including on technical matters) shall be facilitated by both parties.
Article 17

In order to ensure the proper application of this Agreement, the Community and Brazil shall assist each other in checking the authenticity and accuracy of export licences and certificates of origin issued or declarations made under this Protocol.
Article 18

Brazil shall send the Commission of the European Communities the names and addresses of the governmental authorities competent for the issue and verification of export licences and certificates of origin together with specimens of the stamps used by these authorities. Brazil shall also notify the Commission of any change in this information.
Article 19

1. Subsequent verification of documentation required under the Agreement shall be carried out at random, or whenever the competent authorities of either party have reasonable doubt as to the authenticity or accuracy of such documentation.

2. In such cases the competent authorities shall make available relevant documentation or a copy thereof to the competent governmental authority in Brazil giving, where appropriate, the reasons of form or substance for an enquiry. If the invoice has been submitted, such invoice or a copy thereof shall be attached to the relevant documentation or its copy. The authorities shall also forward any information that has been obtained suggesting that the particulars given on the said certificate or licence are inaccurate.

3. The results of the subsequent verifications carried out in accordance with paragraphs 1 and 2 above shall be communicated to the competent authorities of the other party within three months at the latest, together with any other pertinent information.

Should such verifications reveal systematic irregularities in the use of declarations of origin, the Community may subject imports of the products in question to the provisions of Article 2 paragraph 1 of this Protocol.
5. For the purpose of subsequent verification of certificates of origin, copies of the certificates as well as any export documents referring to them shall be kept for a period of at least three years by the competent governmental authority in Brazil.

6. Recourse to the random verification procedure specified in this Article must not constitute an obstacle to the release for home use of the products in question.
Article 20

1. Where the verification procedure referred to in Article 19 or where information available to the Community or to Brazil indicates or appears to indicate that the provisions of this Agreement are being contravened, both parties shall cooperate closely and with appropriate urgency to prevent such contravention.

2. To this end appropriate enquiries shall be carried out concerning operations which are or which appear to be in contravention of the Agreement. The results of these enquiries shall be communicated together with any other pertinent information enabling the true origin of the goods to be determined.

3. Subject to agreement between the Community and Brazil, officials designated by the respective competent authorities may cooperate jointly in such enquiries.

4. Pursuant to the cooperation referred to in paragraph 1, Brazil and the Community shall exchange any information considered by either party to be of use in preventing the contravention of the provisions of this Agreement. These exchanges may include information on textile production in Brazil and on trade in textile products of a kind covered by this Agreement between Brazil and other countries, particularly where the Community has reasonable grounds to consider that the products in question may be in transit across the territory of Brazil prior to their importation into the Community. This information shall include at the request of the Community copies of all relevant documentation.

5. Where it is established that the provisions of this Agreement have been contravened, Brazil and the Community may agree to take such measures as are necessary to prevent a recurrence of such contravention.
### Annex to Protocol A, Art. 2(1)

<table>
<thead>
<tr>
<th><strong>1</strong> Exporter (name &amp; full address &amp; country)</th>
<th><strong>5</strong> Consignee (name &amp; full address &amp; country)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2</strong> Quota year</td>
<td><strong>6</strong> Country of origin</td>
</tr>
<tr>
<td><strong>3</strong> Category number</td>
<td><strong>7</strong> Country of destination</td>
</tr>
<tr>
<td><strong>4</strong> Country of origin</td>
<td><strong>10</strong> Marks and numbers - Number and kind of packages - DESCRIPTION OF GOODS</td>
</tr>
<tr>
<td><strong>8</strong> Place and date of shipment - Means of transport</td>
<td><strong>11</strong> Quantity (°) - <strong>12</strong> FOB value (°)</td>
</tr>
<tr>
<td><strong>9</strong> Supplementary details</td>
<td><strong>13</strong> Certification by the competent authority - Visa de l'autorité compétente</td>
</tr>
</tbody>
</table>

#### CERTIFICATE OF ORIGIN

*(Textile products)*

#### CERTIFICAT D'ORIGINE

*(Produits textiles)*

#### Documentation:

- **13** Certification by the Competent Authority - Visa de l'Autorité Compétente
  - The undersigned certify that the goods described above originated in the country shown in box 6, in accordance with the provisions in force in the European Economic Community.
  - Je soussigné certifie que les marchandises désignées ci-dessus sont originaires du pays figurant dans la case 6, conformément aux dispositions en vigueur dans la Communauté économique européenne.

#### Signature and Stamp:

- **14** Competent authority (name & full address & country)
  - Autorité compétente (nom & adresse complète & pays)
- **15** Signature
- **16** Stamp - cachet

---

1°: Show not weight (kg) and gross quantity in the unit prescribed for category where other than net weight, - Indiquer le poids net et le volume pour la catégorie où l'unité est autre que le poids net.

11°: (Signature) - (Stamp - cachet)
Annex to Protocol A, Art. 6(1)

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<td>4 Category number</td>
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<td>Année congéntaire</td>
<td>Numéro de catégorie</td>
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**EXPORT LICENCE**

(Textile products)

**LICENCE D'EXPORTATION**

(Produits textiles)

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<th>5 Consignee (name, full address, country)</th>
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<td>Pays d'origine</td>
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<th>7 Country of destination</th>
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<tbody>
<tr>
<td>Pays de destination</td>
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</table>

<table>
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<tr>
<th>8 Place and date of shipment - Means of transport</th>
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</thead>
<tbody>
<tr>
<td>Lieu et date d'embarquement - Moyen de transport</td>
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<tr>
<th>9 Supplementary details</th>
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<tr>
<td>Données supplémentaires</td>
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<th>10 Marks and numbers - Number and kind of packages - DESCRIPTION OF GOODS</th>
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</thead>
<tbody>
<tr>
<td>Marques et numéros - Nombre et nature des colis - DÉSIGNATION DES MARCHANDISES</td>
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</tbody>
</table>

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<tr>
<th>11 Quantity (')</th>
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<tbody>
<tr>
<td>Quantité (')</td>
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</table>

<table>
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<tr>
<th>12 FOB value (')</th>
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<tr>
<td>Valeur fob (')</td>
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**13 CERTIFICATION BY THE COMPETENT AUTHORITY - VISA DE L'AUTORITÉ COMPÉTENTE**

I, the undersigned, certify that the goods described above have been charged against the quantitative limit established for the year shown in box 3 in respect of the category shown in box 4 by the provisions regulating trade in textile products with the European Economic Community.

Je soussigné certifie que les marchandises désignées ci-dessus ont été imputées sur la limite quantitative fixée pour l'année indiquée dans la case 3 pour la catégorie désignée dans la case 4 dans le cadre des dispositions régissant les échanges de produits textiles avec la Communauté économique européenne.

<table>
<thead>
<tr>
<th>14 Competent authority (name, full address, country)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autorité compétente (nom, adresse complète, pays)</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>(Signature)</th>
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<tr>
<th>(Stamp - Cochet)</th>
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</table>
Under Article 7(6) of the Agreement, a quantitative limit may be fixed on a regional basis where imports of a given product into any region of the Community in relation to the amounts determined in accordance with paragraph 2 of the said Article 7 exceed the following regional percentage:

- Germany: 25.5%
- Benelux: 9.5%
- France: 16.5%
- Italy: 13.5%
- Denmark: 2.7%
- Ireland: 0.8%
- United Kingdom: 21.0%
- Greece: 1.5%
- Spain: 7.5%
- Portugal: 1.5%
The annual growth rate for the quantitative limits introduced under Article 7 of the Agreement shall be determined as follows:

for products in categories falling within Group I, II, III, the growth rate shall be fixed by Agreement between the Parties in accordance with the consultation procedure established in Article 16 of the Agreement. Such growth rate may in no case be lower than the highest rate applied to corresponding products under bilateral agreements concluded under the Geneva Arrangement between the Community and other third countries having a level of trade equal to or comparable with that of Brazil.
The Directorate-General for External Relations of the Commission of the European Communities presents its compliments to the Mission of the Federative Republic of Brazil and has the honour to refer to the Note No. 103 dated 10 December 1986 regarding the Agreement in textile products between Brazil and the Community initialled on 12 September 1986.

The Directorate-General wishes to confirm that whilst awaiting the completion of the necessary procedures for the conclusion and the coming into force of the Agreement, the Community is prepared to allow the provisions of the Agreement to apply de facto from 1 January 1987.

The Directorate-General for External Relations of the Commission of the European Communities avails itself of this opportunity to renew to the Mission of the Federative Republic of Brazil to the European Communities the assurance of its highest consideration.

Mission of the Federative Republic of Brazil to the European Communities
av. Louise 350
1050 BRUXELLES
The Mission of the Federative Republic of Brazil to the European Communities presents its compliments to the Directorate-General for External Relations of the Commission of the European Communities and has the honour to refer to the Agreement on textile products between Brazil and the Community initialled on 12 September 1986.

The Mission wishes to inform the Directorate-General that whilst awaiting the completion of the necessary procedures for the conclusion and the coming into force of the Agreement, the Government of the Federative Republic of Brazil is prepared to allow the provisions of the Agreement to apply de facto from 1 January 1987 if the Community is disposed to do likewise.

The Mission would be grateful if the Community would confirm its agreement to the foregoing.

The Mission avails itself of this opportunity to renew to the Directorate-General for External Relations the assurance of its highest consideration.

Brussels, December 10th, 1986
The Brazilian Mission to the European Communities presents its compliments to the Directorate-General for External Relations of the Commission of the European Communities and, with reference to the Agreement between Brazil and the Community on trade in textile products initialled on 12 September 1986, has the honour to inform the Directorate-General that Brazil is in a position to accept the percentage of 16% for the fifth year of the regional transfer provided in Article 13, paragraph 3, of the aforementioned agreement.

The Brazilian Mission to the European Communities avails itself of the opportunity to renew to the Directorate-General for External Relations of the Commission of the European Communities the assurance of its highest consideration.

Brussels, December 22nd, 1986
The Directorate-General for External Relations of the Commission of the European Communities presents its compliments to the Mission of the Federative Republic of Brazil to the European Communities and has the honour to refer to the Agreement between Brazil and the Community on trade in textile products initialled on 12 September 1986 and in particular to Article 13, para 3 thereof.

The Directorate-General has the honour to inform the Mission of the Federative Republic of Brazil that it is now in a position to propose to the authorities of the Federative Republic of Brazil that the percentage provided for in the said Article 13, para 3, should be equal to 16 per cent of the regional quota share into which the transfer is made in the fifth year.

The Directorate-General would be grateful if the authorities of the Federative Republic of Brazil would confirm their acceptance of the above adaptation of the Agreement, as agreed at the time of initialling of the said Agreement.

The Directorate-General for External Relations of the Commission of the European Communities avails itself of this opportunity to renew to the Mission of the Federative Republic of Brazil to the European Communities the assurance of its highest consideration.

Brussels, 18.XII.86

Mission of the Federative Republic of Brazil to the European Communities
av. Louise 350
1050 BRUXELLES
The European Economic Community and the Federative Republic of Brazil agree that carryover to the quantitative limits for the year 1987 of amounts not used during the year 1986 is authorised up to 7% of the corresponding quantitative limits for 1987.

Anticipation of a portion of quantitative limits for the year 1987 is authorised in the same way as provided for in article 6 of the Bilateral Agreement expiring on 31 December 1986.

Head of Delegation of the Federative Republic of Brazil

Head of Delegation of the European Economic Community
AGREE MINUTE

With reference to article 13 paragraph 3 of the Agreement on trade in textiles between the European Economic Community and the Federative Republic of Brazil, initialled on 12 September 1986, it is understood that the percentage for the fifth year of the application of the agreement will be at least equal to the percentage in the fourth year.

Head of the Delegation of the Federative Republic of Brazil

Head of the Delegation of the European Economic Communities
EXCHANGE OF NOTES

The Mission of the Federative Republic of Brazil to the European Commission presents its compliments to the Directorate-General for External Relations of the Commission of the European Communities and has the honour to refer to the Agreement on textile products between Brazil and the Community initialled on 12 September 1986.

The Mission wishes to inform the Directorate-General that whilst awaiting the completion of the necessary procedures for the conclusion and the coming into force of the Agreement, the Government of the Federative Republic of Brazil is prepared to allow the provisions of the Agreement to apply de facto from 1 January 1987 if the Community is disposed to do likewise.

The Mission would be grateful if the Community would confirm its agreement to the foregoing.

The Mission avails itself of this opportunity to renew to the Directorate-General for External Relations the assurance of its highest consideration.
EXCHANGE OF NOTES

The Directorate-General for External Relations of the Commission of the European Communities presents its compliments to the Mission of the Federative Republic of Brazil and has the honour to refer to the Note of regarding the Agreement in textile products between Brazil and the Community initialled on 12 September 1986.

The Directorate-General wishes to confirm that whilst awaiting the completion of the necessary procedures for the conclusion and the coming into force of the Agreement, the Community is prepared to allow the provisions of the Agreement to apply de facto from 1 January 1987.

The Directorate-General for External Relations avail[s] itself of this opportunity to renew to the Mission the assurance of its highest consideration.