The attached notification received from the Commission of the European Communities concerns an amendment to the existing Article 4 agreement with Malaysia. The amendment relates to new limits on exports from Malaysia with respect to categories 19 and 89 to France.

1/ For details of the existing agreement and previous amendments see COM.TEX/SB/420, 476 and 603.

*English only/Anglais seulement.*
Dear Mr. Ambassador,

In connection with the European Economic Community’s Agreement on trade in textile products with Malaysia negotiated under Article 4 of the Arrangement and initialled on 21 December 1977, I have to inform you of the following:

During the course of 1980 imports of handkerchiefs (Category 89) from Malaysia into the French region of the Community exceeded 229,000 pieces, being the level at which the Community can ask for consultations with a view to establishing a limit in respect of the region of the Community concerned under the provisions of Article 6 of the Agreement. The Community having deemed that there was real risk of market disruption in this case, the two sides consulted on 1st October and 24th November 1980 in pursuance of Article 14 of the Agreement. As a result of these consultations, and in conformity with the provisions of the Agreement, Malaysia agreed to limit exports to France as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>Member State</th>
<th>1980</th>
<th>1981</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>89</td>
<td>000p</td>
<td>F</td>
<td>2,700</td>
<td>2,850</td>
<td>2,975</td>
</tr>
<tr>
<td>of which 19</td>
<td></td>
<td></td>
<td>1,300</td>
<td>1,350</td>
<td>1,400</td>
</tr>
</tbody>
</table>

These new limits contained in the Agreed Minute annexed to this letter are herewith communicated under Article 4, Paragraph 4 of the Arrangement, as a modification to the Community’s Agreement with Malaysia.

Yours sincerely,

[Signature]

J.R. BECK

Ambassador P. WURTH,
Chairman,
Textiles Surveillance Body, GATT
Centre William Rappard,
rue de Lausanne, 154
CH - 1211 GENEVA 21
1. Representatives of the Federation of Malaysia and the European Economic Community met on 29 September 1980 in Brussels for consultations in accordance with Article 14 of the Agreement on trade in textiles between the Community and Malaysia initialled on 21 December 1977.

2. Following the agreed Minute dated 1 October 1980 and as a result of further consultations, Malaysia agreed to limit its exports of handkerchiefs (Category 19, Nmexex positions 61.05-30 ; 99 and Category 89, Nmexex positions 61.05-20) to France to the following levels (cat. 19 and 89 together):

   - 1980: 2,700,000 pieces, of which 1,300,000 pieces in cat. 19 only; exceptionally, a transfer of 300,000 pieces of cat. 19 from Germany to France has been agreed for 1980; furthermore, a supplementary quantity of 250,000 pieces of cat. 89 has been agreed for 1980, of which 100,000 pieces can exceptionally be carried over to 1981.
   - 1981: 2,850,000 pieces, of which 1,350,000 pieces in cat. 19 only;
   - 1982: 2,975,000 pieces, of which 1,400,000 pieces in cat. 19 only;

3. It remains the understanding of both parties that the provisions of the Agreement which concern exports of products subject to quantitative limits established in Annex II, in particular the licence procedures set out in Protocol A, shall continue to apply to exports of handkerchiefs falling within categories 19 and 89 from Malaysia to France.

4. It is the understanding of both parties that the flexibility provisions set out in Article 5 of the Agreement are applicable to the limit for exports of handkerchiefs (categories 19 and 89) from Malaysia to France.

Brussels, 24 November 1980

Head of Delegation
Federation of Malaysia

Head of Delegation
European Economic Community
Category : 89 in conjunction with 19

Countries : Malaysia/France

a) Date when new limit was agreed
   - 24 November 1980

b) Basket Exit level (4% of previous (Cat. 89)
   year's total imports in category
   under consideration)
   - 229,000 pieces

  c) Level agreed 89 + 19
     - 2,700,000 of which 1,300,000 for Cat. 19 (1).

d) First year of application of new limit
   - 1980

e) Annual growth
   - 6% (4% for Cat. 19)

f) Date when consultation was requested
   - 5 September 1980

g) Recorded imports at date of request for consultation
   - In Cat. 89 = 728,000

h) Period covered by g)
   - 1.1.80 - 30.6.80

i) Imports during calendar year preceding year during which
   consultation was requested
   - 1979 in Cat. 89 = 636,000

(1) The previous limit for Category 19 for France was 1,083,000 pieces.
Original agreement and previous amendments: COM.TEX/SB/420, 476 and 603
Period of agreement: 1 January 1978 - 31 December 1982
Product coverage: cotton, wool, m.m.f.

Present notification

Introduction of limits on imports of category 89 (cotton handkerchiefs of value more than 15 EUA/kg) and modification to limits on category 19 (cotton handkerchiefs of value not more than 15 EUA/kg) into France.

Category 19 was put under restraint at the Community level in the original agreement: the 1980 level fixed for France was 1,083,000 pcs. (Official Journal L 149, 18 June 1979, and also see table attached with notification). Under the amendment category 19 has been combined with category 89 with respect to imports into France.

Level for category 89 + 19 has been established on the basis of imports of category 89 together with the quota level for category 19.

<table>
<thead>
<tr>
<th>Level cat. 19</th>
<th>Basket exit 1979 imports</th>
<th>6-month 1980</th>
<th>Level 1980</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1980)</td>
<td>(cat. 89)</td>
<td>(cat. 89)</td>
<td>Cat. 89+19= 2,7m pcs</td>
</tr>
<tr>
<td>1,083m pcs</td>
<td>0,229m pcs</td>
<td>0,636m pcs</td>
<td>0,728m pcs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cat. 19 = 1,3m pcs</td>
<td></td>
</tr>
</tbody>
</table>

Additional quantities allowed into France:

a) transfer of 300,000 pcs (cat. 19) from German quota to France for 1980
b) Supplementary quantity of 250,000 pcs (cat. 89) for 1980 of which carryover possible for 100,000 pcs.

Growth:

Category 89 + 19 = 5.5% (1981), 4.4% (1982)
Category 89 - 19 = 7.1% (1981), 5% (1982)
Category 19 = 3.8% (1981), 3.7% (1982)

Growth for category 19 in original agreement was 4% with the 1980 level at 1,083,000 pcs, which is lower than the new limit of 1,300,000 pcs, and the 1982 level was originally 1,170,000 pcs, while under the amendment is 1,400,000 pcs.

Flexibility provisions as set out in the original agreement.

Clarification needed: What is the modified position regarding the Community restraint on Category 19?