ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Modification to the Bilateral Agreement between
the EEC and Hungary

Note by the Chairman

The attached notification received from the Commission of the European Communities concerns a modification to the existing Article 4 agreement with Hungary.¹ The modification relates to new limits on exports from Hungary with respect to category 1 to Italy.

¹ For details of the existing agreement and a previous modification see COM.TEX/SB/467 and 593. See also TEX.SB/634.

* English only/Anglais seulement.
Dear Mr Ambassador,

In connection with the European Economic Community's Agreement on trade in textile products with Hungary negotiated under Article 4 of the Arrangement and initialled on 30 November 1978, I have to inform you of the following:

During the course of 1980 imports of cotton yarn (Cat 1) from Hungary into the Italian region of the Community exceeded 77 tonnes, 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 7 of the Agreement. The Community having deemed that there was real risk of market disruption in this case, the two sides consulted on 27 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, Hungary agreed to limit exports to Italy as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>Member State</th>
<th>1981</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>T</td>
<td>I</td>
<td>250</td>
<td>251</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 Hungary.

Yours sincerely,

J.R. Beck

Ambassador P. WURTH
Chairman
Textiles Surveillance Body, GATT
Centre William Rappard
Rue de Lausanne 154
CH - 1211 GENEVA 21
AGREED MINUTE


2. At these consultations, Hungary agreed to limit its exports of cotton yarn (Category 1) to Italy to the following annual levels:

   1981  250 tonnes
   1982  251 tonnes

   Exceptionally, an additional quantity of 30 tonnes may be exported during 1981.

3. As regards exports of cotton yarn put up for retail sale (Nimex Code 55.05-13 and 19), Hungary undertakes to take into account the proportions already established in trade flows for this category.

4. It is the understanding of both parties that the provisions of the Agreement which concern exports of products subject to quantitative limits, and in particular the licensing procedures set out in Protocol A of the Agreement, will apply to exports of products in the above-mentioned category as from 6 February 1981.

   From that date, the Hungarian authorities will issue export licences and certificates of origin for all exports to Italy of category 1 cotton yarn.

Brussels, 6 February 1981

Delegation of the European Economic Community

(signed) Benny Berg Sorensen

Delegation of the Hungarian People's Republic

(signed) G. Mikosdi
BASKET EXIT LIMITATION

Category: 1

Countries: HUNGARY/ITALY

a) Date when new limit was agreed
   - 6.2.1981

b) Basket Exit level (0.2%) of previous year's total imports in category under consideration
   - 77 t

c) Level agreed
   - 250 t

d) First year of application of new limit
   - 1981

e) Annual growth
   - 0.5 %

f) Date when consultation was requested
   - 20.10.1980

g) Recorded imports at date of request for consultation
   - 120 t

h) Period covered by g)
   - 7 months 1980

i) Imports during calendar year preceding year during which consultation was requested
   - 31 T
Original agreement and previous amendment: COM.TEX/SB/467, 593.
Period of agreement: 1 January 1978-31 December 1982
Product coverage: Cotton, wool, m.m.f.

Establishment of regional quotas for categories 1 and 11.

Category 1 - cotton yarn

<table>
<thead>
<tr>
<th></th>
<th>Benelux (TEX.SB/634)</th>
<th>Italy (TEX.SB/635)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basket exit</td>
<td>54 t.</td>
<td>77 t.</td>
</tr>
<tr>
<td>1979 imports</td>
<td>2 t.</td>
<td>31 t.</td>
</tr>
<tr>
<td>Recorded 1980 imports on date of request for consultations</td>
<td>125 t. (9 months)</td>
<td>120 t. (7 months)</td>
</tr>
<tr>
<td>1981 limit</td>
<td>235 t.</td>
<td>250 t.</td>
</tr>
</tbody>
</table>

Growth: In original agreement fixed at 0.5 per cent. Actual growth slightly lower. However, supplementary quota of 30 t. given to Italy for 1981.

Category 11 - gloves

<table>
<thead>
<tr>
<th></th>
<th>France (TEX.SB/634)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basket exit</td>
<td>225,000 prs.</td>
</tr>
<tr>
<td>1979 imports</td>
<td>183,000 prs.</td>
</tr>
<tr>
<td>10-month 1980 imports</td>
<td>462,000 prs.</td>
</tr>
<tr>
<td>1981 limit</td>
<td>462,000 prs.</td>
</tr>
</tbody>
</table>

Growth: 6 per cent

Swing: Category 1 was not mentioned in original agreement.

Probably limited to 3.5 per cent between categories 1, 2 and 3.
Category 11: 5 per cent as in original agreement.

Carryover and carry forward: 5% + 5% - as in original agreement.
Cumulative flexibility: 11 (Group I) and 12.5% (Group II) - as in original agreement, i.e. 11% - Cat.1 and 12.5% - Cat.II