ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between the EEC and Guatemala

Note by the Chairman

Attached is a notification received from the Commission of the European Communities concerning a new bilateral consultation agreement initialled with Guatemala, negotiated under Article 4 of the Arrangement and in de facto application with effect from 1 January 1983 to 31 December 1986.

The previous agreement and one subsequent modification are contained in COM_TEX/448 and 651.

*English only/Anglais seulement
Dear Ambassador,

Pursuant to Article 4:4 of the Arrangement as extended by the 1981 Protocol, I am notifying a new Agreement negotiated with the Republic of Guatemala.

The Agreement came into de facto application on 1 January 1983 with a duration of four years and resembles closely the agreement which it succeeds. It is applicable in respect of all MFA products, classified in 3 groups covering 114 product categories. At present, Guatemala does not export textiles and clothing to the Community to any significant extent. For this reason, and as in its predecessor, no quantitative limits were established in the present Agreement. As in the past, the Agreement provides for the possibility for the Community to introduce restraint levels, subject to consultations, if this should become necessary. The details are set out in Protocol C of the Agreement.

Copies of the Agreement and related documents are attached.

Yours sincerely,

J. KECK

Ambassador M. RAFFAELLI
Chairman
Textiles Surveillance Body, GATT
Centre William Rappard
Rue de Lausanne 154
CH-1211 GENEVA 21
The Directorate-General for External Relations of the Commission of the European Communities presents its compliments to the Mission of the Republic of Guatemala to the European Communities and has the honour to refer to the Agreement on Trade in Textiles Products between Guatemala and the Community initialled on 27 July 1982.

In response to the Mission's recent oral request the Directorate-General further has the honour to confirm that the Community can agree to replace the words '15 days' in Title I, para 4 of Protocol A by '30 days'; this change to be incorporated in the final version of the Agreement to be signed.

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 Republic of Guatemala to the European Communities the assurance of its highest consideration.

Brussels, 12. IV. 1983

To the Mission of the Republic of Guatemala to the European Communities
Boulevard St. Michel 3
1040 BRUSSELS
AGREEMENT FACT SHEET

Country: GUATEMALA

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No. of restraints:
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COMMUNITY LIMITS

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(1) Référence Tableau équivalence
AGREEMENT

BETWEEN THE EUROPEAN ECONOMIC COMMUNITY

AND

THE REPUBLIC OF GUATEMALA

ON TRADE IN TEXTILE PRODUCTS

with effect from 27/IV/82

[Signatures]

[Handwritten notes]

[Date: 27/IV/82]
THE COUNCIL OF THE EUROPEAN COMMUNITIES,

of the one part, and

THE GOVERNMENT OF THE REPUBLIC OF GUATEMALA

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

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

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 together with the Conclusions adopted on 22 December 1981 by the Textiles Committee,

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 REPUBLIC OF GUATEMALA

WE HAVE AGREED AS FOLLOWS:

...
ARTICLE 1

2. 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 Genova Agreement.

3. 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 1 of the Genova Agreement.

4. 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 or man-made fibres originating in Guatemala which are listed in the Annex.

This Agreement shall apply to imports of cottage industry products under the conditions laid down in Protocol B.

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). The procedures concerning classification decisions are set out in Protocol A, title I.

3. The origin of the products covered by this Agreement shall be determined in accordance with the rules in force in the Community.

The procedures for control of the origin of the products referred to above are laid down in Protocol A, title II.

4. The procedures for administrative cooperation in implementing this agreement are set out in Protocol A title V.
Article 3

Imports of textile products covered by this Agreement shall be subject to a system of administrative control by the Community in accordance with the provisions in force in the Community.
1. Guatemala undertakes to supply the Community with available statistical information on all textile exports by country of destination.

The Community shall transmit to the Guatemalan authorities import statistics for all products covered by the system of administrative control referred to in Article 3.

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

3. For the purpose of applying the provisions of Protocol C the Community undertakes to provide the Guatemalan 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.
Article 5

Exports from Guatemala to the Community of products covered by this Agreement shall, at the time of entry into force of this Agreement, be free from quantitative limits. However, quantitative limits may subsequently be introduced under conditions specified in Protocol C.
ARTICLE 6

Should quantitative limits be introduced under Article 5, the provisions of Protocol A, titles III, IV and VI will apply.
Article 7

The consultation procedures referred to in this Agreement shall be governed by the following provisions:

— any request for consultations shall be notified in writing to the other Party,

— where appropriate, the request for consultations shall be followed within a reasonable period (and in any case not later than 15 days following the notification) by a report setting out the circumstances which, in the opinion of the requesting Party, justify the submission of such 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 month at the latest.
Article 8

At the request of either of the Parties and in conformity with the provisions of the Geneva Arrangement, consultations shall be held on any matter concerning their trade in textile products and in particular on any problem arising from the application of this Agreement. Any consultations held under this Article shall be approached by both Parties in a spirit of compromise and with a desire to reconcile the differences between them.
Article 9

Guatemala and the Community agree to cooperate fully in preventing the circumvention of the present Agreement by transshipment, rerouting or whatever other means.
Guatemala and the Community recognise the special and differential character of re-exports of textile products into the Community after processing in Guatemala.

Such re-exports may be agreed outside any 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 11

This Agreement shall apply to the territories within which the Treaty establishing the European Economic Community is applied and under the conditions laid down in that Treaty on the one hand, and to the territory of Guatemala on the other hand.
ARTICLE 12

1. This Agreement shall enter into force on the first day of the month following the date on which the Contracting Parties notify each other of the completion of the procedures necessary for this purpose. It shall be applicable until 31 December 1985.

2. This Agreement shall apply with effect from 1 January 1983.

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 Annex and Protocols to this Agreement shall form an integral part thereof.
ARTICLE 13

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

(List of Categories)
Title I

Classification

3. In case of divergent opinions between Guatemala 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 7 of this Agreement with a view to reaching agreement on definitive classification of the products concerned.

2. The competent authorities of the Community undertake to inform Guatemala of any changes in the Common Customs Tariff or HTCE before the date of their entry into effect in the Community.

3. The competent authorities of the Community undertake to inform Guatemala of any decisions relating to the classification of products subject to the present 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, tariff position or sub-position and the Nino-8 code
   c) the reasons which have led to the decision.

4. Where a decision on classification results in a change of classification practice or a change of category of any product subject to the present Agreement, the competent authorities of the Community shall provide 15 days' notice, from the date of the Community's communication, before the decision enters into effect. Products shipped before the date of entry into effect 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.

5. Any amendment to the Common Customs Tariff or HTCE 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 under this Agreement.
Title II

ORIGIN

Article 2

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

The certificate of origin shall be issued by the competent governmental authorities of Guatemala 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.

2. 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 Guatemala within the meaning of the relevant rules in force in the Community.

3. 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

The certificate of origin shall be issued only on application having been made in writing by the exporter or, under the exporter's responsibility, by his authorized representative. The competent governmental authorities of Guatemala shall ensure that the certificate of origin is properly completed and for this purpose they shall call for any necessary documentary evidence or carry out any check which they consider appropriate.
Article 4

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 5

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.
Section 1

Exportation

Article 6

The competent authorities of Guatemala shall issue an export licence in respect of all consignments from Guatemala of textile products subject to any definitive or provisional quantitative limits established under this Agreement, up to the relevant quantitative limits.

Article 7

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 subject to quantitative limit under this Agreement. It may be used for one or more consignments of the products in question.

Article 8

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

Article 9

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.

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2. For the purposes 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 10

The presentation of an export licence, in application of Article 12 below, 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 11

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

Article 12

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 product 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 13

1. If the competent Community authorities find that the total quantities covered by export certificates issued by Guatemala for a
particular category in any Agreement year exceed any quantitative limit established under the Agreement for that category, 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 Guatemala and the special consultation procedure set out in Article 7 of the Agreement shall be initiated forthwith.

2. Exports of Guatemalan origin not covered by Guatemalan 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 established under this Agreement, without the express Agreement of Guatemala save as provided for in Protocol A, title VI of the Agreement.

3. Guatemala undertakes to supply the Community with precise statistical information on all export licences issued by the Guatemalan authorities for all categories of textile products subject to the quantitative limits established under this Agreement as well as on all certificates issued by Guatemalan authorities for all products referred to in Article 2 and subject to the provisions of Protocol B.

The Community shall likewise transmit to the Guatemalan authorities precise statistical information on import authorizations or documents issued by the Community authorities in respect of export licences and certificates issued by Guatemala.
TITLE IV
FORM AND PRODUCTION OF EXPORT CERTIFICATES AND CERTIFICATES OF ORIGIN, AND COMMON PROVISIONS

Article 14

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 in ink and in printscript.

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 "copies". 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.

Each document shall bear a standardised serial number, whether or not printed by which it can be identified.
Article 15

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 "délivrée a posteriori" or the endorsement "issued retrospectively".

Article 16

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.
ADMINISTRATIVE COOPERATION

Article 17

The Community and Guatemala 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 18

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

Article 19

Guatemala shall send the Commission of the European Communities the name 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. Guatemala shall also notify the Commission of any change in this information.

Article 20

1. Subsequent verification of certificates of origin or export licences shall be carried out at random, or whenever the competent Community authorities have reasonable doubt as to the authenticity of the certificate or licence or as to the accuracy of the information regarding the products in question.

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

The provisions of paragraph 1 above shall be applicable to subsequent verifications of the declarations of origin referred to in Article 2 of this Protocol.

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 Community within three months at the latest. The information communicated shall indicate whether the disputed certificate or licence or declaration applies to the goods actually exported and whether these goods are eligible for export in accordance with the arrangements established by this Agreement. The information shall also include, at the request of the Community, copies of all documentation necessary to determine the facts fully and in particular the true origin of the goods.

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.

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 at least period of three years by the competent governmental authority in Guatemala.

In the event that random verification procedure specified in this Article does not constitute an obstacle to the release for home use of the products in question.

Article 29

1. Where the verification procedure referred to in Article 20 or where information available to the Community or to Guatemala indicates or appears to indicate that the provisions of this Agreement are being contravened, both parties shall cooperate closely and with the appropriate urgency to prevent such contravention.

2. To this end, Guatemala shall, on its own initiative or at the request of the Community, carry out appropriate enquiries or arrange for such enquiries to be carried out concerning operations which are or appear to the Community to be in contravention of this Agreement. Guatemala shall communicate the results of these enquiries to the Community together with any other pertinent information enabling the true origin of the goods to be determined.
4a. By agreement between the Community and Guatemala, officials designated by
the Community may be present at the enquiries referred to in paragraph 3.

4b. In pursuance of the cooperation referred to in paragraph 1, Guatemala and
the Community shall exchange any information considered by either partner
to be of use in preventing the contravention of the provisions of this
Agreement. Such information may include information on trade in products
subject to this Agreement between Guatemala and other countries and informa-
tion on production of such products in Guatemala.

5. Where it is established that the provisions of this Agreement have been
contravened, Guatemala and the Community may agree to take such measures
as are necessary to prevent a recurrence of such contravention.
Article 22

1. Where information available to the Community as a result of the investigations carried out in accordance with the procedures set out in Title V constitutes evidence that products of Guatemalan origin subject to quantitative limits established under this Agreement have been transshipped, 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 7 of this Agreement, with a view to reaching agreement on an equivalent adjustment of the corresponding quantitative limits established under this Agreement.

2. Pending the result of the consultations referred to in paragraph 1, Guatemala 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 1, may be carried out for the quota year in which the request to open consultations in accordance with paragraph 1 was made, or for the following year if the quota for the current year is exhausted, where clear evidence of circumvention is provided.

3. Should the parties be unable in the course of consultations to reach a satisfactory solution within the period specified in Article 7 of this 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 Guatemalan origin.
### Certificate of Origin

**Certificat d'Origine**

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**Description of Goods**

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**Signature by the Competent Authority**

Signature: [Signature]

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**Certification by the Competent Authority - Visa de l'autorité compétente**

I 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 within the European Economic Community. I declare that the items designated above have been charged against the quantitative limit established in the category shown in box No. 4 in accordance with the regulations governing the exchanges of textile products within the European Economic Community.

**Signature**

[Signature]

**Stamp - E.C.**
PROTOCOL B

Cottage industry products

The provisions of the second subparagraph of Article 1(1) of the Agreement in respect of cottage industry products shall apply only to the following products:

(i) textile fabrics woven on looms operated solely by hand or foot, being fabrics of a kind traditionally made in the cottage industry of Guatemala;

(ii) garments or other textile articles of a kind traditionally made in the cottage industry of Guatemala and produced solely by hand without the aid of any machine from the fabrics described above;

(iii) folklore textile products forming part of the particular cultural tradition of Guatemala made in the cottage industry of Guatemala solely by hand without the aid of any machine, as defined in a list of such products to be agreed between the two Parties;

(iv) traditional handicraft batik (1) fabrics and textile articles made by hand from such batik fabrics without the aid of any machine.

Imports of these products will not be subject to quantitative limits provided that they are covered by a certificate issued by the competent authorities of Guatemala conforming to the specimen annexed to this Protocol. Such certificate shall indicate the grounds on which exemption is based and shall be accepted by the competent Community authorities provided that they are satisfied that the products concerned conform to the conditions set out in this Protocol. Should imports of any of the above products reach such proportions as to cause difficulties to the Community, the two parties shall open consultations forthwith in accordance with the procedure laid down in Article 7 of the Agreement with a view to finding a quantitative solution to the problem.

(1) Handicraft batik is produced by a traditional process by which colours and shades are added to a bleached or white fabric. The process is carried out by hand in three stages namely:

(a) waxing: application of wax by hand to the fabric;

(b) dyeing: painting: application of colour either by the traditional cottage method of dyeing or by hand painting;

(c) de-waxing: boiling the fabric to remove the wax.

The three stages of the process are repeated on the fabric for each of the colours or shades of the design.
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<td></td>
<td>No</td>
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</table>

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<thead>
<tr>
<th>9. FOB Value:</th>
<th>Original</th>
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<tbody>
<tr>
<td></td>
<td>No</td>
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</table>

**Certification by the Competent Authority**

11. The undersigned, certify that the consignment described above includes only the following textile products of the cottage industry of the country shown in box No 4:

a) Fabrics woven on looms operated solely by hand or by hand and foot (handlooms) (*)

b) Garments or other textile articles derived directly from the fabrics described under a) and sewn solely by hand without the aid of any machine (handcrafts) (*)

c) Traditional handcraft textile products made by hand as defined in the list agreed between the European Economic Community and the country shown in box No 4

d) Traditional handcraft fared fabrics and textile articles made by hand from such fabrics without the aid of any machine (*)

Je soussigné certifie que l'envoyé décrit ci-dessus contient exclusivement les produits textiles suivants relevant de la fabrication artisanale du pays figurant dans la case 4:

a) Tissus tissés sur des métierts à main ou à pied (handlooms) (*)

b) Articles de lainage ou autres articles textiles confectionnés à partir des tissus décrits sous a) et cousus uniquement à la main sans l'aide d'une machine (handcrafts) (*)

c) Produits textiles traditionnels faits à la main, comme définis dans la liste convenue entre la Communauté économique européenne et le pays figurant dans la case 4

d) Articles de lainage ou autres "bata" et autres textiles fabriqués à la main, sans l'aide d'une machine, à partir de tissus basés "bala" (*)

12. Competent authority (name, full address, country)

Authorized competent (name, address comapany, pays)
1. Pursuant to Article 5 of the Agreement, exports of the textile products listed in the Annex may be made subject to quantitative limits by the Community, 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 listed in the Annex originating in Guatemala exceeds, in relation to the preceding year's total imports into the Community from all sources of products in that category, the following rates:

- for categories of products in Group I: 0.5%
- for categories of products in Group II: 2.5%
- for categories of products in Group III: 5.0%

It may request the opening of consultations in accordance with the procedure described in Article 7 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 Guatemala before the date on which the request for consultations was submitted.

3. Pending a mutually satisfactory solution, Guatemala undertakes to limit exports of the products in the category concerned to the Community or to the region or 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 7 of this 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 art. 7 of this Agreement 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 Guatemala in 1920.

4. Quantitative limits 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 exceed the following regional percentages:

<table>
<thead>
<tr>
<th>Country</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>20.5%</td>
</tr>
<tr>
<td>Benelux</td>
<td>10.5%</td>
</tr>
<tr>
<td>France</td>
<td>10.5%</td>
</tr>
<tr>
<td>Italy</td>
<td>15%</td>
</tr>
<tr>
<td>Denmark</td>
<td>3%</td>
</tr>
<tr>
<td>Ireland</td>
<td>1%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>23.5%</td>
</tr>
<tr>
<td>Greece</td>
<td>2%</td>
</tr>
</tbody>
</table>

7. The annual growth rate for the quantitative limits introduced under this Protocol 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 art. 7 of this 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
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 of products originating in Guatemala.

9. Up to the date of communication of the statistics referred to in Article 4 paragraph 3 of the Agreement, the provisions of paragraph 2 of this Protocol shall apply on the basis of the annual statistics previously communicated by the Community.

10. Quantitative limits introduced under this agreement may be the subject of advance use, carryover and transfers as follows:

1. In any Agreement year advance use of a portion of the quantitative limit established for the following Agreement year is authorized 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 amounts not used during any Agreement year is authorized for each category of products up to 5% 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 5% 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 5% 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 5% 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 15%.

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