

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

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CONFIDENTIAL

TEX.SB/1985\*

26 February 1993

Textiles Surveillance Body

### ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

#### Notification under Article 4:4

#### Extension and amendment of the bilateral agreement between the EEC and the People's Republic of China

#### Note by the Chairman

Attached is a notification received from the EEC of an extension with amendments of its agreement, initialled with China for the period 1 January 1993 to 31 December 1994, with the possibility for a further twelve-month extension. The agreement had been concluded under Article 4 of the MFA and the EEC/China Trade and Economic Co-operation Agreement.<sup>1</sup>

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<sup>1</sup>The bilateral agreement, and previous amendments are contained in COM.TEX/SB/1473, 1559 and 1651.

\* English only/Anglais seulement/Inglés solamente



COMMISSION  
OF THE EUROPEAN  
COMMUNITIES

DIRECTORATE-GENERAL  
EXTERNAL RELATIONS

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Brussels, 12.02.93  
DP/jm

1235  
002352.

I/D/1

Dear Ambassador,

In accordance with Article 4.4 of the Arrangement, I am pleased to enclose a copy of the Agreement in the form of an exchange of letters amending the agreement between the European Economic Community and the People's Republic of China on trade in textiles products.

This Agreement extends the duration of the Agreement applied since 1 January 1987 for a further period of two years until 31 December 1994 with a possibility of tacit renewal for a further year if necessary. The Agreement will be terminated automatically if the Uruguay Round textiles agreement is concluded and implemented at an earlier date.

The terms of the bilateral Agreement are unchanged except for the following:

- as a result of the completion of the internal market of the EEC on 1 January 1993, there are no longer any quantitative limits at a regional level and there will be no breakdown of community limits into regional shares; in order to ensure a smooth implementation of these changes in management, certain provisions have been introduced to deal with problems which may arise in certain regions of the Community;
- the list of product categories covered by the Agreement (Annex I) has been updated to take into account changes in nomenclature<sup>1)</sup>.

TEX 85/1985

Yours sincerely,

*x Dorian F. Prince*

Dorian F. Prince

*TSB  
19*

Ambassador M. Raffaelli  
Chairman  
Textiles Surveillance Body  
GATT  
Centre William Rappard  
rue de Lausanne, 154  
CH - 1211 GENEVA 21

1) This Annex which is standard for all countries, was forwarded with the EEC-Argentina Agreement.

AGREEMENT

IN THE FORM OF EXCHANGE OF LETTERS AMENDING THE AGREEMENT

BETWEEN THE EUROPEAN ECONOMIC COMMUNITY AND THE PEOPLE'S

REPUBLIC OF **CHINA** ON TRADE IN TEXTILE PRODUCTS

Initialled at Brussels, 8 December 1992

*[Signature]*  
1992.12.8

*[Signature]*  
8<sup>th</sup> December 1992

AGREEMENT

in the form of Exchange of Letters amending the Agreement between the European Economic Community and the People's Republic of China on trade in textile products

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Letter Number One

Sir,

1. I have the honour to refer to the consultations held from the 2nd to the 5th of December 1992 between our respective delegations for the purpose of amending the agreement on trade in textile products between the European Economic Community and the People's Republic of China applied since 1 January 1989, (hereinafter "the Agreement").
2. As a result of these consultations, both Parties agreed to amend the following provisions of the Agreement :
  - 2.1. Annex I, Annex III and the Annex to Protocol "E" which set out the products concerned by the Agreement, the quantitative restrictions for exports and the OPT operations respectively, from the People's Republic of China to the European Economic Community, are replaced for the period 1 January 1993 to 31 December 1994 by Appendix 1, Appendix 2 and Appendix 3 to this letter, respectively.
  - 2.2 In Article 5 paragraph 1, the figure of 5% is replaced by 2%, with a possibility to reach 5% after consultations in conformity with Article 16, paragraph 2.  
In Article 5 paragraph 2 the figure of 7% is replaced by 5%, with a possibility to reach 7% after consultations in conformity with Article 16 paragraph 2.

  
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- 2.3. Article 6, paragraph 6 and Protocol C of the Agreement are deleted.
- 2.4. Paragraphs 1 and 2 of Article 8 are replaced by the following text :
- "1. The quantitative limits established under this Agreement on imports into the Community of textile products of Chinese origin will not be broken down by the Community into regional shares.
  2. The Parties shall cooperate in order to prevent sudden and prejudicial changes in traditional trade flows resulting in regional concentration of direct imports into the Community.
  3. China shall monitor its exports of products under restraint or surveillance into the Community. Should a sudden and prejudicial change in traditional trade flows arise, the Community will be entitled to request consultations in order to find a satisfactory solution to those problems. Such consultations must be held within fifteen working days of their being requested by the Community.
  4. China shall endeavour to ensure that exports of textile products subject to quantitative limits into the Community are spaced out as evenly as possible over the year due account being taken in particular of seasonal factors."
- 2.5. Article 10 and all references to this Article in the Agreement are deleted.
- 2.6. Paragraph 3 of Article 15 is replaced by the following text :
- " The information referred to in paragraphs 1 and 2 above shall, for all categories of products, be forwarded before the end of the month following the month to which the statistics relate."
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2.7. The following phrase is added at the beginning of paragraph 2 of Article 16.

- " 1. Save where it is otherwise provided for in this Agreement, ..."

2.8. The second sentence of Article 20, paragraph 1, is replaced by the following text :

- " It shall be applicable until 31 December 1994. Thereafter, the application of all the provisions of this Agreement shall be **extended automatically for a period of one more year up to 31 December 1995**, unless either Party notifies the other at least six months before 31 December 1994 that it does not agree with this extension. However, if the Agreement on trade in textiles and clothing products resulting from the Uruguay Round GATT trade negotiations is concluded and enters into force at an earlier date, this Agreement shall be automatically terminated as of the date agreed for the implementation of the results of the Uruguay Round GATT trade negotiations."

2.9 . The first sentence of paragraph 1 of Article 7 of Protocol A is replaced by the following text :

- " 1. The export licence shall conform to the model annexed to this Protocol and it shall be valid for exports throughout the customs territory to which the Treaty establishing the European Economic Community is applied. However, where the Community has made recourse to the provisions of Article 6 in accordance with the provisions of the Agreed Minute N° 1, or to the Agreed Minute N° 2, the textile products covered by the export licences can only be put into free circulation in the region(s) of the Community indicated in those licences."



2.10. The second indent of Article 12, paragraph 1, of Protocol A to the Agreement is replaced by the following text :

- " The import authorisations shall be valid for six months from the date of their issue for imports throughout the customs territory to which the Treaty establishing the European Economic Community is applied. However, where the Community has recourse to the provisions of Article 6 in accordance with the provisions of the Agreed Minute N° 1, or to the Agreed Minute N° 2, the products covered by the import licences can only be put into free circulation in the region(s) of the Community indicated in those licences "

2.11. The second and fifth indents of Article 14, paragraph 2, of Protocol A are replaced by the following text :

- " - two letters identifying the intended Member State of customs clearance as follows :

BL = Benelux  
 DE = Germany  
 DK = Denmark  
 EL = Greece  
 ES = Spain  
 FR = France  
 GB = United Kingdom  
 IE = Ireland  
 IT = Italy  
 PT = Portugal"

- " - a five-digit number running consecutively from 00001 to 99999 allocated to the intended Member State of customs clearance."

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- 2.12. Paragraph 3 (b) of Protocol E to the Agreement is deleted.
- 2.13. The Agreed Minute to the Agreement of 1989 concerning special flexibilities provisions for Berlin fair for Germany is deleted and replaced by the Joint declaration set out in Appendix 8 to this letter.
- 2.14. The Agreed Minute to the Agreement of 1989 concerning Article 10, paragraph 2 of the Agreement is replaced by Agreed Minute n°3 set out in Appendix 6 to this letter.
- 2.15 **All the Agreed Minutes and Joint Declarations annexed to this Exchange of Letters shall form an integral part of the Agreement.**
3. The Parties agreed that this Agreement in the form of Exchange of Letters shall enter into force on the first day of the month following the day on which the Parties have notified each other that the legal procedures necessary to this end have been completed.

The Parties also agreed that this Agreement in the form of Exchange of Letters and the amendments hereby to the Agreement of 1989, as extended, shall be applied provisionally from 1 January 1993.

4. I should be obliged if you kindly confirm the acceptance of your Government of the foregoing.

Please accept, Sir, the assurance of my highest consideration.

For the Council  
of the European Communities





## Appendix 2

## ANNEX III

(The full product descriptions of the categories listed in this Annex are to be found in Annex I of the Agreement)

## COMMUNITY QUANTITATIVE LIMITS

| CATEGORY     | UNIT        | 1993      | 1994      | 1995      |
|--------------|-------------|-----------|-----------|-----------|
| 1            | tonnes      | 3399      | 3457      | 3536      |
| 2 (*)        | tonnes      | (1) 25720 | (1) 26234 | (1) 26759 |
| of which 2A  | tonnes      | 3335      | 3402      | 3470      |
| 3            | tonnes      | 5189      | 5345      | 5505      |
| of which 3A  | tonnes      | 631       | 650       | 669       |
| 4 (2)        | 1000 pieces | 43223     | 45384     | 47653     |
| 5 (4)        | 1000 pieces | (3) 11470 | (3) 11929 | (3) 12406 |
| 6            | 1000 pieces | (5) 16122 | (5) 16767 | (5) 17438 |
| 7            | 1000 pieces | (6) 7966  | (6) 8285  | (6) 8616  |
| 8            | 1000 pieces | (7) 10654 | (7) 10974 | (7) 11303 |
| 9            | tonnes      | 4600      | 4876      | 5169      |
| 10           | 1000 pairs  | 52695     | 54803     | 56995     |
| 12           | 1000 pairs  | 17604     | 18484     | 19408     |
| 13           | 1000 pieces | 414892    | 419041    | 423232    |
| 15           | 1000 pieces | (8) 11500 | (8) 11960 | (8) 12438 |
| 16           | 1000 pieces | 13000     | 13488     | 13993     |
| 18           | tonnes      | 4298      | 4513      | 4739      |
| 19           | 1000 pieces | 83530     | 86871     | 90346     |
| 20/39        | tonnes      | 7180      | 7539      | 7916      |
| 21 (10)      | 1000 pieces | (9) 11111 | (9) 11667 | (9) 12250 |
| 22           | tonnes      | 13111     | 13898     | 14732     |
| 23           | tonnes      | 9195      | 9655      | 10137     |
| 24 (11)      | 1000 pieces | 29362     | 30390     | 31453     |
| 26           | 1000 pieces | (12) 4099 | (12) 4304 | (12) 4519 |
| 31           | 1000 pieces | 51000     | 52530     | 54106     |
| 32           | tonnes      | 3407      | 3543      | 3685      |
| 33 (**)      | tonnes      | 17500     | 18288     | 19110     |
| 37           | tonnes      | 10519     | 11150     | 11819     |
| of which 37A | tonnes      | 3111      | 3298      | 3496      |
| 73 (13)      | 1000 pieces | 3295      | 3460      | 3633      |
| 76           | tonnes      | (14) 4501 | (14) 4726 | (14) 4962 |
| 78           | tonnes      | 21000     | 21630     | 22279     |
| 83           | tonnes      | 6300      | 6489      | 6684      |

(\*): Possibility of transfer to and from category 3 of up to 40% of the category to which the transfer is made.

(\*\*): Quantitative limits apply also to products declared for re-export outside the Community

1) The following additional quantities may be exported to the EEC by China:

|  |        |      |      |
|--|--------|------|------|
| Fabrics of category 2 below<br>115 cm in width                                     | tonnes | 1993 | 1331 |
|  |        | 1994 | 1358 |
|  |        | 1995 | 1385 |
| Fabrics of category 2 for<br>medical gauze (CN codes<br>5208 11-10 and 5208 21-10) | tonnes | 1993 | 1840 |
|  |        | 1994 | 1877 |
|  |        | 1995 | 1914 |

2) For the purpose of setting off exports against the agreed quantitative 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.

3) These figures include the following quantities reserved for European industry for a period of 180 days each year:

1993 562000 pieces  
1994 584000 pieces  
1995 608000 pieces

4) For products of category 5 (other than anoraks, windcheaters, waister jackets and the like) of fine animal hair, the following sublimits apply within the quantitative limits established for category 5:

1993 140000 pieces  
1994 144000 pieces  
1995 148000 pieces

5) These figures include the following quantities reserved for European industry for a period of 180 days each year:

1993: 1000000 pieces  
1994: 1040000 pieces  
1995: 1082000 pieces

The following additional quantities of shorts (CN codes 6203 41-90, 6203 42-90, 6203 43-90 and 6203 49-50) may be exported to the EEC by China:

1993: 994000 pieces  
1994: 1034000 pieces  
1995: 1075000 pieces

6) These figures include the following quantities reserved for the European industry for a period of 180 days each year:

1993: 607000 pieces  
1994: 631000 pieces  
1995: 657000 pieces

*Dr.*

7) These figures include the following quantities reserved for European industry for a period of 180 days each year:

|       |         |        |
|-------|---------|--------|
| 1993: | 1000000 | pieces |
| 1994: | 1030000 | pieces |
| 1995: | 1061000 | pieces |

8) These figures include the following quantities reserved for European industry for a period of 180 days each year:

|       |        |        |
|-------|--------|--------|
| 1993: | 260000 | pieces |
| 1994: | 270000 | pieces |
| 1995: | 281000 | pieces |

9) These figures include the following quantities reserved for European industry for a period of 180 days each year:

|       |        |        |
|-------|--------|--------|
| 1993: | 839000 | pieces |
| 1994: | 881000 | pieces |
| 1995: | 925000 | pieces |

10) For the purpose of setting off exports against the agreed quantitative 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.

11) For the purpose of setting off exports against the agreed quantitative 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.

12) These figures include the following quantities reserved for European industry for a period of 180 days each year:

|       |        |        |
|-------|--------|--------|
| 1993: | 292000 | pieces |
| 1994: | 307000 | pieces |
| 1995: | 322000 | pieces |

13) For the purpose of setting off exports against the agreed quantitative 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.

14) These figures include the following quantities reserved for European industry for a period of 180 days each year:

|       |     |        |
|-------|-----|--------|
| 1993: | 150 | tonnes |
| 1994: | 153 | tonnes |
| 1995: | 165 | tonnes |

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## ANNEX TO PROTOCOL E

(The product descriptions of the categories listed in this Annex are to be found in Annex I of the Agreement)

## OPT QUOTAS

## COMMUNITY QUANTITATIVE LIMITS

| CATEGORY | UNIT        | 1993  | 1994  | 1995  |
|----------|-------------|-------|-------|-------|
| 4        | 1000 pieces | 200   | 215   | 231   |
| 5        | 1000 pieces | 500   | 530   | 562   |
| 6        | 1000 pieces | 1,800 | 1,908 | 2,022 |
| 7        | 1000 pieces | 500   | 530   | 562   |
| 8        | 1000 pieces | 1,200 | 1,254 | 1,310 |
| 15       | 1000 pieces | 400   | 424   | 449   |
| 16       | 1000 pieces | 800   | 845   | 893   |
| 18       | tonnes      | 100   | 108   | 116   |
| 21       | 1000 pieces | 1,500 | 1,613 | 1,733 |
| 24       | 1000 pieces | 100   | 105   | 111   |
| 26       | 1000 pieces | 900   | 968   | 1,040 |
| 31       | 1000 pieces | 5,000 | 5,225 | 5,460 |
| 73       | 1000 pieces | 200   | 215   | 231   |
| 76       | tonnes      | 800   | 860   | 925   |
| 78       | tonnes      | 50    | 52    | 55    |
| 83       | tonnes      | 50    | 52    | 55    |

AGREED MINUTE N° 1

In the context of the Agreement between the European Economic Community and the People's Republic of China on trade in textile and clothing products, initialled on 8 December 1992, the Parties agreed that Article 6 of the Agreement does not preclude the Community, if the conditions are fulfilled, from applying the safeguard measures for one or more of its regions in conformity with the principles of the internal market.

In such an event China shall be informed in advance of the relevant provisions of Protocol A of the Agreement to be applied, as appropriate.

For the Government of the  
People's Republic of China

For the Council of the  
European Economic Community





AGREED MINUTE N° 2

Notwithstanding Article 8 paragraph 1 of this Agreement, for imperative technical or administrative reasons or to find a solution to economic problems resulting from regional concentration of imports, or in order to combat circumvention and fraud of the provisions of this Agreement, the Community will establish for a limited period of time a specific management system in conformity with the principles of the Internal Market.

However, if the parties are unable to reach a satisfactory solution during the consultations provided for in Article 8 paragraph 3. China undertakes, if so requested by the Community, to respect temporary export limits for one or more regions of the Community. In such a case, these limits shall not preclude the importation into the region(s) concerned of products which were shipped from China on the basis of export licences obtained before the date of formal notification to China by the Community about the introduction of the above limits.

The Community shall inform China of the technical and administrative measures, such as defined in the attached Note Verbale, that need to be introduced by both Parties in order to implement the above paragraphs in conformity with the principles of the Internal Market.

For the Government of the  
the People's Republic of China

For the Council of the  
European Economic Community



AGREED MINUTE N° 3

In the context of the agreement between the European Economic Community and the People's Republic of China on trade in textile and clothing products, initialled at Brussels on 8 December 1992, the Parties agreed that China shall endeavour not to deprive certain regions of the Community which have traditionally had relatively small shares of Community quotas of imports of products serving as inputs for their processing industry.

The Community and China further agreed to hold consultations, should the need arise, in order to avert any problems which might occur in this respect.

The Parties agreed that this Agreed Minute replaces the corresponding Agreed Minute of the Agreement on this subject.

For the Government of the  
People's Republic of China

For the Council of the  
European Economic Community



AGREED MINUTE N° 4

In the context of the Agreement between the European Economic Community and the People's Republic of China on trade in textile and clothing products, applied since 1 January 1989, as extended by the Exchange of Letters initialled on 8 December 1992, China agreed that, from the date of request for and pending the consultations referred to in Article 8 paragraph 3, it shall cooperate by not issuing export licences that would further aggravate the problems resulting from the regional concentration of direct imports into the Community.

For the Government of the  
People's Republic of China

For the Council of the  
European Economic Community





JOINT DECLARATION ON BERLIN FAIR

In the context of the Agreement between the European Economic Community and the People's Republic of China on trade in textile and clothing products, applied since 1 January 1989, and further extended by the Exchange of letters initialled on 8 December 1992, the two parties agreed that the following Berlin Fair quantities, that were included in the German regional quotas for 1992:

|      |          |              |                    |
|------|----------|--------------|--------------------|
| Cat: | 1        | 317          | tonnes             |
|      | 2        | 1,338        | tonnes             |
|      | 2a       | 159          | tonnes             |
|      | 3        | 196          | tonnes             |
|      | 3a       | 27           | tonnes             |
|      | <b>4</b> | <b>2,061</b> | <b>1000 pieces</b> |
|      | 5        | 705          | 1000 pieces        |
|      | 6        | 1 689        | 1000 pieces        |
|      | 7        | <b>302</b>   | 1000 pieces        |
|      | 8        | 992          | 1000 pieces        |
|      | 9        | 294          | tonnes             |
|      | 10       | 2,215        | 1000 pairs         |
|      | 12       | 843          | 1000 pairs         |
|      | 13       | 3,192        | 1000 pieces        |
|      | 19       | 5,431        | 1000 pieces        |
|      | 20/39    | 372          | tonnes             |
|      | 21       | 964          | 1000 pieces        |
|      | 22       | 332          | tonnes             |
|      | 24       | 1,138        | 1000 pieces        |
|      | 32       | 184          | tonnes             |
|      | 37       | 567          | tonnes             |
|      | 37a      | 158          | tonnes             |

are made available for the years 1993, 1994, 1995 on the understanding that such quantities may be used exclusively at European fairs and that they take definitively care of China's interests regarding any future allocation of quantities for fairs that could be decided by the Community.

Flexibilities provided for in Article 5 of the Agreement, will apply to the above categories.

For the Government of the  
People's Republic of China

For the Council of the  
European Economic Community

AGREED MINUTE N°5

In the context of the settlement of the overshipment occurred in 1992 concerning the sublimit for cashmere pullovers in Cat. 5, China undertakes to ensure improved regular supplies of cashmere raw materials in terms of qualities and prices to European producers of cashmere made-up products.

The actual implementation of this undertaking as well as active action by China to combat fraude and transshipments of cashmere products will be taken into account by the European Community in defining the calendar and modalities for the resorption of quantities overshipped in 1992.

As a first step in the resorption of the 1992 overshipments, whose magnitude will be determined on the basis of Community import statistics for 1992, an annual deduction of 45000 pieces has been agreed for the years 1993, 1994 and 1995.

Consultations will be held at the request of either party to review trade developments on this subject.

For the Government of the  
People's Republic of China

For the Council of the  
European Economic Community



AGREED MINUTE N°6

In the context of the Agreement between the European Economic Community and the People's Republic of China on trade in textile and clothing products, applied since 1 January 1989, as extended by the Exchange of Letters initialled on 6 December 1992 **the parties agreed that by derogation to the provisions of Article 4 paragraph 1 of the Agreement, the quantitative limits provided for in Annex III in respect of products of Category 33 cover all imports including products declared to be for re-export outside the Community. Exports of these products will consequently be subject to the normal double-checking system.**

For the Government of the  
People's Republic of China

For the Council of the  
European Economic Community



AGREED MINUTE N°7

In the context of the Agreement between the European Economic Community and the People's Republic of China on trade in textile and clothing products, applied since 1 January 1989, as extended by the Exchange of Letters initialled on 8 December 1992, China undertakes to limit its exports to the European Community of surgical dressing (CN. 30.05 90.31) to the following quantities :

|      |            |
|------|------------|
| 1993 | 3,200 tons |
| 1994 | 3,360 tons |
| 1995 | 3,528 tons |

Exports of these products will be made subject to normal double checking system provisions of the Agreement.

For the Government of the  
People's Republic of China

For the Council of the  
European Economic Community

