

GENERAL AGREEMENT  
ON TARIFFS AND  
TRADE

ACCORD GENERAL SUR  
LES TARIFS DOUANIERS  
ET LE COMMERCE

CONFIDENTIAL

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4 December 1978

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Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Transmission by the EEC of a bilateral agreement  
with Korea: additional information

Note by the Chairman

Attached is a copy of an explanatory note received from the European Economic Community regarding the text of the bilateral agreement negotiated under Article 4 between the EEC and Korea.

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ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Communication par la CEE d'un accord bilatéral  
avec la Corée: complément d'information

Note du Président

On trouvera ci-joint copie d'une note explicative de la Communauté économique européenne relative au texte de l'accord bilatéral négocié au titre de l'article 4 entre la CEE et la Corée.

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5. In the case of Group I products from Korea - one of the Community's three dominant suppliers - in order to achieve a more equitable balance of supplies, the Community was obliged to ask the Korean authorities to accept a reduction in the 1978 access level compared with 1976 performance.

The need for such a reduction was clearly stated by the Community's representative at the Textiles Committee meeting of 5 July 1977. In practice, 1976 was generally a better year than 1977 for Korean exports of Group I products, and, for Categories 3, 4, 5, 6 and 7 of Group I, the 1978 restraint levels constitute substantial improvements on 1977 performance.

6. The annual growth rates agreed between the two sides reflect the extremely precarious market situation in the Community for the most sensitive product categories (Group I) where rates of between 0.25 % and 4% have been agreed. The rates for restrained categories in Groups II, III, IV and V vary from 2 % to 8 %. The agreement provides for unrestrained growth in other product categories ~~up to cer-~~tain thresholds where the Community may, but need not, request consultations with a view to agreeing a restraint level. These provisions should enable Korea to continue to develop and diversify its textile exports to the Community at a rate of at least 6 % annually.
7. The flexibility provisions of the agreement similarly reflect the risk of severe market disruption in the Community as regards the most sensitive product categories (Group I). Thus, whilst advance use, carry over and transfer between categories are generally provided for at a rate of 5 % (with a cumulative increase limit of 12.5 % for all flexibility provisions), the transfer possibilities between categories of Group I are limited to 3.5 % (with a cumulative increase limit of 11 % for all flexibility provisions).

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8. The agreement provides for 100 % interchangeability of natural, artificial and synthetic fibres within any category. It is subject to a double checking system. Further, it excludes products intended for re-export and provides for upward adjustments in the restraint levels to meet particular market requirements.