

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL
TEX.SB/457
17 October 1979

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Amendment to the Bilateral Agreement between
the EEC and Brazil

Note by the Chairman

The attached notification received from the Commission of the European Communities concerns an amendment to the initialled Article 4 agreement with Brazil.¹ The amendment relates to new limits on exports from Brazil with respect to category 46 to the regional markets of the Community.

¹For details of the existing agreement see COM.TEX/SB/404.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément à l'article 4, paragraphe 4

Modification de l'accord bilatéral entre la CEE
et le Brésil

Note du Président

La Commission des Communautés européennes a fait parvenir au secrétariat la notification ci-jointe relative à une modification de l'accord¹ paraphé qui a été négocié avec le Brésil au titre de l'article 4. Cette modification porte fixation de nouvelles limites aux exportations brésiliennes de produits de la catégorie 46 à destination des marchés régionaux de la Communauté.

¹Pour le détail de l'accord existant, voir le document COM.TEX/SB/404.

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COMMISSION OF THE EUROPEAN COMMUNITIES

Directorate-General for External Relations

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ANSWERED	DOC. ISSUED	FOLIO
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11 OCT 1979		
For:	Action	Comment
TRADE POLICY DT:		
Gen. Div.		
Agri. Div.		
Special Proj:		
TRADE DEVELOP. DT.:		
Sp. Asst. Tr. Negs		
Dev. Div.		
Intel. Div.		
CHAIR. TS		
OFFICE OF		
Consultant (ADC)		
Conf. Div.		
Dir. Ext. Reis/Info.		
Ext. Reis. Sec.		
Info/Lib. Serv.		
Training Prog.		

Brussels 5 October 1979

JRB/cltm

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

Dear Ambassador,

In connection with the European Economic Community's Agreement on trade in textile products with Brazil negotiated under Article 4 of the Arrangement and initialled on 19 December 1977, I have to inform you of the following :

During the course of 1978 imports of wool tops (category 46) from Brazil into the Community exceeded 1,600 tons, being the level at which the Community can ask for a restraint measure 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 held consultations between November 1978 and June 1979 in pursuance of Article 12 of the Agreement. As a result of these consultations, and in conformity with the provisions of the Agreement, Brazil agreed to limit exports to the Community as follows :

Category	Unit	Member State	1979	1980	1981	1982
46	Tonnes	EEC	7,250	7,613	7,993	8,393
"	"	Germany	1,590	1,720	1,884	2,040
"	"	France	1,200	1,278	1,364	1,450
"	"	Italy	3,000	3,015	3,030	3,045
"	"	Benelux	1,150	1,157	1,170	1,190
"	"	United Kingdom	250	375	462	568
"	"	Ireland	20	22	25	28
"	"	Denmark	40	47	58	72

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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 Brazil.

Yours sincerely,



J.R. BECK

AGREED MINUTE

Following requests from the European Economic Community made in Notes Verbales dated 28.7.78 and 6.10.78, consultations were held during the period November 1978 to June 1979, and particularly on 29-30.11.78 and 13-14.6.79, between Brazil and the Community to discuss trade in combed and carded wool Category 46 ('wool tops'). (A list of participants is attached).

1. During consultation Community delegations drew attention to the increase of total imports of wool tops originating in Brazil from 4,428 tons in 1976 to 6,482 tons in 1978. 'Net' imports had risen from 4,157 to 4,874 tons between 1977 and 1978. In the view of the Community, such increase had contributed to uncertainty, damage and the threat of further damage for Community producers. The level of imports was now far in excess of the limits specified in Article 6 of the Bilateral Agreement initialled in December 1977.

2. Brazilian delegations had emphasised that in their view exports from Brazil had not produced the results alleged, that such exports were not only far in excess of the import figures quoted by the EEC but did not show the same rate of growth, that it was impossible for Brazil to verify the 'net' import figures quoted by the EEC, that wool tops are raw material and as such should not be subject to restriction, and finally that the limits specified in Article 6 had already been exceeded at the time of negotiation in 1977 when the EEC had sought no quota.

3. Nevertheless, in a spirit of cooperation to ensure security for both importers and exporters in the coming years, Brazil agreed to limit exports of combed and carded wool (Category 46) to the Community as follows :-

	<u>EEC</u>	<u>D</u>	<u>F</u>	<u>I</u>	<u>BNL</u>	<u>UK</u>	<u>IRL</u>	<u>DK</u>
(01.08.79 to 31.12.79)	3021	663	500	1250	479	104	8	17
1980	7613	1720	1278	3015	1157	375	22	47
1981	7993	1884	1364	3030	1170	462	25	58
1982	8393	2040	1450	3045	1190	568	28	72

- (a) Such exports would be subject to the double-checking procedures specified in the Bilateral Agreement and to such other of its provisions as were relevant to the application of the new quota.
- (b) The two parties noted that, in view of the high level of the 1979 quota in relation to net imports in previous years, the level of annual growth would be lower than that provided in Protocol C of the Bilateral Agreement.

4. The two sides noted that in particular Article 4 of the Bilateral Agreement would apply in full effect to trade in wool tops and thus (inter-alia) imports of the product declared to be for re-export outside the Community in the same state or after processing would not be subject to the above limits.

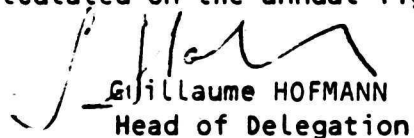
5. The parties acknowledged that the quota though applying only to the period 1 August to 31 December 1979 was calculated as a proportion of annual figures of 7,250 tons (D : 1,590; F : 1,200; I : 3,000; BNL : 1,150; UK : 250; IRL : 20; DK : 40). It was therefore agreed that :

- (a) if it was ascertained that Brazilian exports for the period 1.1.79 to 31.12.79 (always excluding those corresponding to the imports referred to in 4 above) differed from the balance of the annual figure, after deduction of the quota referred to in 3 above, then such quota would be adjusted to reflect the annual figure. For this purpose the parties agreed to exchange statistics on trade for the seven months in question as soon as these were available;

- (b) the flexibility provisions of Article 5 of the Bilateral Agreement would be calculated on the annual figures.


Souto MAIOR

Ambassador
Head of Delegation


Guillaume HOFMANN
Head of Delegation

European Economic
Community

Brussels, 11 July 1979