

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

Textiles Surveillance Body

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 3 Notifications

Agreement between EEC and Brazil

The Textiles Surveillance Body has received a notification by the EEC of measures taken following consultations held with Brazil under Article 3, paragraph 3.

Having regard to the interim nature of these measures which were taken prefatory to the negotiation of an agreement under Article 4 of the Arrangement, the TSB did not examine the question of the existence of market disruption. The TSB, however, agreed that the notification should be circulated to the Textiles Committee for information under Article 3, paragraph 6.

MEMORANDUM OF UNDERSTANDING

1. During consultations based on Article III of the MFA held in Brasilia on 7, 8 and 9 May, the Brazilian delegation took note of the Community's view that a situation of market disruption existed in Germany caused by imports of grey and bleached cotton cloth from Brazil at prices substantially below those prevailing for the same product on the German market. The Community delegation took note of the Brazilian view that such a situation did not exist. Nevertheless, in a spirit of compromise and mutual understanding the delegations of the EEC and Brazil reached the following understanding:

(i) The Community, in conformity with the provisions of the MFA, may suspend import licenses for imports of grey and bleached cotton cloth (see Annex) into its market in Germany for the period of one year starting from the date when the restraint comes into force or until the entry into force of a bilateral agreement under Article IV of the MFA whichever is the sooner. Should such an agreement not enter into force by the end of 1975 both parties agree to enter into consultation at the request of either with a view to arriving at a mutually satisfactory solution.

(ii) In order to avoid disrupting normal trade flows, the competent Community authorities in Germany shall seek not to prevent imports of grey and bleached cotton cloth into Germany provided that such imports are covered by a valid import license issued by the German authorities before the restraint measure comes into force.

2. The two parties agree to hold consultations whenever necessary to ensure the proper operation of the present understanding.

Done in Brasilia, on 9 May 1975

ANNEX

Products covered by the present Memorandum of Understanding:

55.09.02
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