

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/309

30 March 1978

Special Distribution

---

Textiles Surveillance Body

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 2:4

Bilateral Agreement Between the EEC and Egypt

The Textiles Surveillance Body has received a communication from the European Communities informing it that the bilateral agreement negotiated between the EEC and Egypt, which had previously been notified to the TSB under Article 2:4<sup>1/</sup>, though applied on a de facto basis, had never been formally concluded and had subsequently expired on 31 December 1977.

In its consideration the TSB noted that the agreement had been applied de facto as the formal ratification procedures had not been accomplished and that the agreement had since expired. In the light of these considerations the TSB decided to transmit the text of the agreement to the Textiles Committee under Article 2:4 for information.

---

<sup>1/</sup> For TSB's decision to defer its definitive examination see COM.TEX/SB/170, paragraph 6.

DRAFT FOR INITIALLING AGREEMENT BETWEEN  
THE ARAB REPUBLIC OF EGYPT AND THE  
EUROPEAN ECONOMIC COMMUNITY ON TRADE IN TEXTILES

The Council of the European Communities

of the one part,

The Government of the Arab Republic of Egypt

of the other part,

Desiring to ensure the orderly and equitable development of trade in textiles between the European Economic Community, hereinafter called "the Community" and the Arab Republic of Egypt, hereinafter called "Egypt",

Having regard to the provisions of the Arrangement regarding International Trade in Textiles (hereinafter referred to as the Geneva Arrangement) and especially its Article 4,

Have decided, in a spirit of mutual co-operation and in conformity with the said Geneva Arrangement, to conclude this Agreement and to this end have designated as their Plenipotentiaries:

THE COUNCIL OF THE EUROPEAN COMMUNITIES:

THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT:

Who have agreed as follows:

Article 1.

1. 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, and under their Agreement dated 18 December 1972, the conduct of their mutual trade in textiles shall be governed by the provisions of the Geneva Arrangement.

2. This Agreement shall apply to trade in those categories of textiles products, originating in and despatched from Egypt to which the Geneva Arrangement applies.

Article 2

The Community undertakes, in respect of the categories of textiles products to which this Agreement applies, and subject to the satisfactory operation of this Agreement, and in particular Article 4 hereof, to suspend forthwith all quantitative restrictions at present in force within the Community, not to introduce new quantitative restrictions, and to refrain from invoking the provisions of Article 3 of the Geneva Arrangement.

Article 3

The Parties shall enter promptly into consultations with each other, at the request of either and in conformity with the provisions of the Geneva Arrangement, on any matter concerning their trade in textiles and in particular on any problems arising from the application of this Agreement. Consultations held under the provisions of this Article shall be approached by the Parties in a spirit of compromise and with a view to the conciliation of differences existing between them.

Article 4

1. In view of the desire of the Community and Egypt to avoid, on one hand, real risks of market disruption and, on the other hand, disruption to the textile trade of Egypt, and having full regard to the need for equitable treatment of participating countries in the Geneva Arrangement, the following specific consultation procedure shall apply to the products to which this Agreement applies.
2. The Community may request consultations with a view to reaching agreement on an appropriate level of restraint for any product to which this Agreement applies whenever in the view of the Community, conditions in any of its markets are such that a limitation on further trade in any such product may be necessary to eliminate real risks of market disruption (as defined in Annex A of the Geneva Arrangement). The consultation procedure referred to in this paragraph will only be resorted to sparingly and will be implemented in a manner consistent with the principles and objectives of the Geneva Arrangement.
3. The request for such a consultation shall be accompanied within a reasonable period of time, by a statement of the market conditions in the Community which, in the opinion of the Community, make necessary the request for consultations.

4. Until such time as a mutually satisfactory solution has been reached, Egypt undertakes, if so requested by the Community, to limit issue of export licences for the products in question to the Community, or to the region or regions of the Community market as indicated by the Community. For the purpose of establishing any level of restraint for such limitation of export licences by Egypt, the Community shall not treat Egypt's historical trade performance as being necessarily determinant; the Community shall have full regard both to the equitable treatment of Egypt as compared with other suppliers of like textile products with which the Community has negotiated bilateral agreements under the Geneva Arrangement, and also, as the case may be, to Egypt's position as a potential new entrant in respect of certain textile products.

5. The Parties shall consult as soon as possible within sixty days following the communication of the statement referred to in paragraph 4 above and will make their best efforts to complete such consultations within sixty days of their commencement.

6. In the event that the Parties are unable to reach, with a reasonable period of time, a satisfactory solution during the consultation provided for in this Article, either of the Parties may refer the matter to the Textiles Surveillance Body in accordance with Article 11, paragraph 4, of the Geneva Arrangement. Either Party choosing to adopt such a course of action, shall notify the other in advance of its intention.

7. Consultations will take place at the request of Egypt in order to review the need for the maintenance or modification of any level of restraint established under this Article whenever market conditions which led to the establishment of such level of restraint no longer prevail.

#### Article 5

The Parties shall exchange all useful information concerning their mutual trade in textiles in order to ensure the successful implementation of this Agreement.

#### Article 6

Any levels of restraint that may be established under Article 4 hereof shall be managed under a system of double control, details of which are set out in the Annex hereto.

Article 7

The Parties shall take all possible measures to ensure that traditional channels and methods of trade between the Community and Egypt are maintained.

Article 8

This Agreement shall apply to the territories where the Treaty establishing the European Economic Community applies, on the conditions established in the said Treaty, and to Egypt.

Article 9

1. This Agreement shall enter into force on the first day of the month following the date on which the contracting parties have notified each other of the completion of the procedures necessary for the purpose. It shall remain in force until 31 December 1977.
2. This Agreement shall have effect from 1 January 1976.
3. Either Party may at any time propose modifications to this Agreement or denounce it provided that notice is given at least 120 days before the expiry of any twelve-month period; in the latter event the Agreement will come to an end at the expiry of the said twelve-month period.

Article 10

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

ANNEX

As agreed between the Parties in Article 6 of the Agreement, the administration of any restraint established under Article 4 shall be based on a system of double control. The details of this system have been agreed between the Parties and are set out below.

The competent authorities within the Community will, automatically and without delay, accept imports of textile products on submission of the importer's application together with a certified copy of the export licence. The competent authorities within the Community shall be entitled to require the presentation of an export licence in respect of goods originating in Egypt of the categories where the provisions of Article 4 have been invoked.

These export licences will be issued by the Egyptian authorities up to the total amount of the levels of restraint.

The export licence must specify:

1. Destination (relevant member State);
2. Serial number;
3. Importer's name and address;
4. Exporter's name and address;
5. Net weight (in kilogrammes or metric tons) or other units as may be agreed upon;
6. Description of product (including BTN number);
7. Certification by the Egyptian authorities that the quantity has been debited against the level of restraint for exports to the Community (relevant member State), or, where appropriate, is for immediate re-export or for inward processing and subsequent re-export outside the Community.

The competent authorities within the Community will not raise difficulties in the event of a discrepancy between the weight indicated in the export licence and the shipment or import weight provided it is within reasonable limits, while the Egyptian authorities, for their part, will endeavour to keep any discrepancies to a minimum.

In the event of total or partial withdrawal of an export licence, the Egyptian authorities will notify the competent authorities within the Community of such total or partial withdrawal. The competent authorities within the Community will take the appropriate measures in accordance with prevailing administrative arrangements.

The Egyptian authorities will forward to the competent authorities within the Community, via the representations of the member States of the Community and directly to the Commission, quarterly returns showing the total quantity covered by the export licences issued against any levels of restraint established for exports to the Community.

The Community will forward to the authorities of Egypt, on a quarterly basis, precise statistical information of imports of such products into the Community.

COMMISSION OF THE EUROPEAN COMMUNITIES

Directorate-General for External Relations

NOTE VERBALE

The Directorate-General for External Relations presents its compliments to the Mission of the Arab Republic of Egypt to the European Communities and has the honour to refer to the text for a bilateral Agreement on trade in textiles between the Arab Republic of Egypt and the European Communities initialled on 13 May 1976.

In response to the Mission's request for clarification with regard to the Community's intention in the event of the invocation of Article 6 of the initialled Agreement, respecting the treatment of temporary imports, the Directorate-General would confirm the following:

1. Imports into the Community of those textile products to which this Agreement applies which are for immediate re-export or for inward processing and subsequent re-export outside the Community shall not be imputed to any levels of restraint, provided they are entered as such under an administrative system of control in force for this purpose within the Community.
2. In any case where Community authorities ascertain that imports described in paragraph 1 above have been retained for consumption within the Community, the latter would notify the Government of Egypt on a quarterly basis of the amount involved. Egypt would in such cases and at the request of the Community, be expected to charge such amounts against the level or levels of restraint in question for the current Agreement year for for the next following Agreement year.
3. In any case where the competent authorities within the Community ascertain under an administrative system of control in force that imports of textiles products in respect of any level of which restraint may be established have been charged against such level of restraint but subsequently re-exported outside the Community, the competent authority concerned will inform the Egyptian authorities of the quantities involved and authorize imports of the same quantities which shall not be charged to that level of restraint for the purpose of the double control system.

The Directorate-General for External Relations takes this opportunity to renew to the Mission of the Arab Republic of Egypt to the European Communities the assurance of its highest consideration.

Brussels, 17 May 1976

The Mission of the Arab Republic of Egypt  
to the European Communities,  
Av. Victoria 2,  
1050 BRUXELLES.