

December 22, 1994

**MISSION OF THE REPUBLIC OF THE PHILIPPINES TO THE  
EUROPEAN ECONOMIC COMMUNITY**

BRUSSELS

Despatch No. AAP-890/94

The Honorable  
The Secretary for Foreign Affairs  
Manila

Attention: OEA

SUBJECT: RP - EU Textile Agreement.

Sir:

I am pleased to transmit herewith the Philippine original of the amended RP-EU Textile Agreement which was signed today, 22 December 1994 as authorized by the Department under telefax message no. BR-227-94.

Another three (3) copies have been prepared for transmittal to pertinent offices. As may be gleaned from the covering memo of Commercial Attaché Espos, the Philippines was the first ASEAN country to sign such an agreement with the EU. Among the benefits accruing to the Philippine side would be the lowered tariffs on Philippine textile and garments exports to Austria, Sweden and Finland in view of their 1 accession to the European Union. The Union imposes lower tariffs for said products.

It might be worth mentioning here what the undersigned has gathered from EU . [officials during the signing ceremony that the European Union is not likely to approve ca reported request by Thailand for a 30% increase in its quota of textile and garments exports to the Union. The Mission is monitoring developments.

Very truly yours,

**(Sgd.) ALBERTO A.  
PEDROSA**  
Ambassador

Enclosure:  
As stated.

NOTE FOR AMBASSADOR ALBERTO A. PEDROSA

SUBJECT: Amended Bilateral Textile Agreement

1. Attached is a copy of the final version to be signed (all pages are to be initialled too) . The pages/substance are in order. Para 2.9 of the Letter from the Council could be invoked by the Philippines next year ( no later than February) should we still wish for a reconciliation of the trade figures for Category 73. The Commission is

already aware that we might do just that and promised maximum cooperation. GTEB is now compiling the necessary trade data and advise us of their final position (whether to proceed or not with reconciliation) early January.

2. Signing is at:

10:30 A.M. tomorrow ( Dec. 22)  
Room No. 8, 4th Floor  
28 Rue Belliard

3. The signatory for the EU is:

MR. PETER Mogens CARL  
Acting Director , DG-I, Directorate D (viz.  
Mr. Jon Keck who was posted to Japan)  
concurrent Head of Unit, Services;  
High Technology, Intellectual Property and  
Investments

Also attending for the Commission is Mr. Gerard Bison, O1C, ASEAN for textiles.

4. RP would be the 1st to sign among the ASEAN countries. Malaysia and Singapore have no problem with the substance and are simply waiting for authorizations from their capital Indonesia -is still considering whether to accept the Commission use of a different formula which would effectively reduce the adjustments to below the levels that would be achieved if the standard formula ( i.e. the one used for the rest of ASEAN ) was applied. Thailand is still holding out for "the moon" which the Commission refuses to discuss.

Since we would be the first to sign, I have examined all the possible down-sides to an agreement other than the level of the quota itself ( which DTI finds acceptable). This merely pertains to the new tariff levels that the three EFTA countries would have to apply for their imports of textiles. A comparison of the tariff levels show that in general, Austria, Sweden, Finland would now have to apply lower import tariffs than they used to since the EU tariffs for garments and textiles are lower than & their's. This is in effect, beneficia.1 for third countries.

Agreement in the form of Exchange of Letters between the European Community and the Republic of the Philippines amending the Agreement between the European Economic Community and the Republic of the Philippines on trade in textile products to take into account the expected accession of the Republic of Austria, the Republic of Finland, and the Kingdom of Sweden to the European Union.

**LETTER FROM THE COUNCIL OF THE EUROPEAN UNION**

1. I have the honour to refer to the Agreement between the European Economic Community and the Republic of the Philippines on trade in textile products initialled on 28 June 1986, as last amended and extended by Exchange of Letters initialled on 27 November 1992.

2. In order to take into account of the likely accession of the Republic of Austria, the Republic of Finland and the Kingdom of Sweden to the European Union on 1 January 1995, the European Community considers that the following amendments should be made to the Agreement between the European Economic Community and the Republic of the Philippines on trade in textile products:

2.1 Should the Uruguay Round Agreement on Textiles and Clothing become applicable in our relationships, as a consequence of the accession of the Republic of the Philippines and the European Community to the WTO, Appendix I sets out the notional quantitative restrictions for the enlarged Community to be considered, for the purposes of the notification to the Textiles Monitoring Body, as those maintained by the enlarged Community and in force before the day of entry into force of the Uruguay Round Agreement on Textiles and Clothing, within the meaning of Article 2 of the Uruguay Round Agreement on Textiles and Clothing.

Should the Uruguay Round Agreement on Textiles and Clothing not become applicable in our relationships Annex II of the Agreement which sets out the quantitative restrictions for exports from the Republic of the Philippines to the European Union is replaced for the period 1 January 1995 to 31 December 1995 by Appendix II to this letter.

2.2. Article 14 paragraph 2, sub-paragraph 2, second indent of Protocol A, Title HI, Section II should be amended as follows:

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

AT = Austria  
BL = Benelux  
DE = Federal Republic of Germany  
DK = Denmark  
EL = Greece  
ES = Spain  
FI = Finland  
FR = France  
GB = United Kingdom  
IE = Ireland  
IT = Italy  
PT = Portugal  
SE = Sweden"

2.3. The Annex of Protocol A, setting out the model of the Certificate of Origin is replaced by Appendix III to this letter.

2.4 . The Annex to Protocol A setting out the model of the Export Licence is replaced by Appendix IV to this letter.

2.5 . The Annex to Protocol B setting out the model of the Certificate applicable to certain cottage industry and folklore products is replaced by Appendix V to this letter.

2.6. Should the Uruguay Round Agreement on Textiles and Clothing become applicable in our relationships, as a consequence of the accession of the Republic of the Philippines and the European Community to the WTO, Appendix VI sets out the notional quantitative restrictions for economic outward processing operations for the enlarged Community to be considered, for the purposes of notification to the Textiles Monitoring Body, as those maintained by the enlarged Community and in force before the day of entry into force of the Uruguay Round Agreement on

Textiles and Clothing, within the meaning of Article 2 of the Uruguay Round Agreement on Textiles and Clothing.

2.7. Should one or more acceding countries not join the European Union the adjustments calculated for this or these countries shall be deducted from the 'Adjusted Limits' set out in the Appendices to this Letter and the respective amendments mentioned under Point 2.2 above shall not enter into force.

2.8 Notwithstanding the modifications referred to under points 2.3, 2.4 and 2.5, during a transitional period that will end on 30 June 1995, the competent authorities of the Republic of the Philippines shall be authorized to continue issuing the forms that were in use in 1994.

2.9 Should inaccuracies appear in the trade figures used to establish the adjustments contained in appendices I, II, VI and VII, technical revisions of these adjustments will be made following consultations and provided that the request for consultations is made not later than 28 February 1995.

3. I should be obliged if you could kindly confirm the acceptance of your Government of the foregoing. Should this be the case, this Agreement in the form of an 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. In the meantime, it shall be applied provisionally from 1 January 1995 on the conditions to be specified in an Exchange of Notes (see Appendix VIII).

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

For the Council  
of the European Union

# **APPENDIX I** **NOTIONAL COMMUNITY QUANTITATIVE LIMITS 1994 DIKECT QUOTAS**

GRP	CAT	UNIT	EXISTING LIMIT 1994	Adjustment			NOTIONAL LIMIT	GROWTH RATE
				Sweden	Finland	Austria		

IB	4	1000	16,611	255	115	220	17,201	4.50 %
IB	5	pcs	7,863	102	46	132	8,142	5.00 %
IB	6	1000	6,755	113	51	94	7,012	5.50 %
IB	7	pcs	4,426	78	35	65	4,605	4.00 %
IB	8	1000	5,351	108	48	89	5,597	3.50 %
IIB	13	pcs	15,554	1,152	516	954	18,176	6.00 %
IIB	15	1000	2,038	84	38	69	2,228	6.00 %
IIB	21	pcs	5,872	159	71	132	6,234	6.00 %
IIB	26	1000	2,634	149	67	124	2,974	6.00 %
IIB	31	pcs	10,667	263	118	218	11,266	6.00 %
IIB	73	1000	10,826	53	24	100	11,003	5.00 %