



## **EU – China Textile Agreement – 10 June 2005**

The EU Commission requested consultations with China on May 27 2005 on two product categories (category 4 – T-shirts, and category 115 – Flax yarn) pursuant to the Protocol of Accession of China to the WTO.

2. Following intensive consultations, the two sides announced that they had reached agreement covering all textiles and clothing products. The salient features of the agreement are as follows:

- (i) Under the ATC, in 2004, China's exports to the EU in 35 product categories were under quota restriction. The agreement reached on 10 June 2005, reintroduces quotas on 10 of these product categories.
- (ii) The EU has undertaken to exercise restraint in the invocation of new restrictions on the remaining product categories. In other words, just as the "peace clause" under the Agriculture Agreement, it will not invoke this provision on these product categories.
- (iii) Furthermore, under China's Accession Protocol, the textile-specific safeguard could be applied until the 31 December 2008, i.e., for four years after the ATC. The agreement however places the ten product categories under quota only up to 31 December 2007. In other words, the EU has also agreed to exercise restraint with respect to placing these ten categories under restriction in 2008.
- (iv) As for the quota levels, the agreement provides for the following limits for 2005, 2006 and 2007 for the ten categories. For facility of comparison, China's quota levels in the last year of the ATC (2004) are also indicated in the table below:

<b>Cat.</b>	<b>Product</b>	<b>Unit</b>	<b>2004 Quota*</b>	<b>2005 Quota</b>	<b>Growth Rate</b>	<b>2006 Quota</b>	<b>2007 Quota</b>
2	Cotton fabric	ton	30,556	55,065	12.50%	61,948	69,692
4	T-shirts	1000	126,808	491,095	10.00%	540,204	594,225
5	Pullovers	1000	39,422	181,549	10.00%	199,704	219,674
6	Men's trousers**	1000	40,913	316,429	10.00%	348,072	382,880
7	Blouses	1000	17,093	73,176	10.00%	80,493	88,543
20	Bedlinen	ton	5,681	14,040	12.50%	15,795	17,770
26	Dresses	1000	6,645	24,547	10.00%	27,001	29,701
31	Brassieres	1000	96,488	205,174	10.00%	225,692	248,261
39	Table linen	ton	5,681	10,977	12.50%	12,349	13,892
115	Flax yarn	ton	1,413	4,309	10.00%	4,740	5,214

\* Quota levels under the ATC.

\*\* Category 6 actually covers both men's and women's trousers.

Note: For categories 2, 5, 6, 7 and 8, China was provided with some additional quota quantities.