The Textiles Surveillance Body received a notification from Finland of a bilateral agreement concluded with Hong Kong for the period 1 January 1992 to 31 December 1993.¹

The TSB, pursuant to its procedures regarding bilateral agreements concluded under Article 4,² has examined the relevant documentation and is forwarding the text of the notification to participating countries for their information.

¹The previous bilateral agreement and amendments are contained in COM.TEX/SB/1246, 1378 and 1432.
²See COM.TEX/SB/35, Annex B.
³For the TSB's observation on this notification see COM.TEX/SB/1647.
⁴English only/Anglais seulement/Inglés solamente
MEMORANDUM OF UNDERSTANDING BETWEEN
THE GOVERNMENT OF FINLAND
AND
THE GOVERNMENT OF HONG KONG
RELATING TO THE EXPORT FROM HONG KONG OF
CERTAIN TEXTILE PRODUCTS FOR IMPORT INTO FINLAND

I. INTRODUCTION

This Memorandum of Understanding sets out the arrangements that have been agreed between the Government of Finland and the Government of Hong Kong regarding Hong Kong's exports of certain textile products to Finland.

2. These arrangements have been made having regard to the Arrangement Regarding International Trade in Textiles as extended by the Protocol dated 31 July 1986, and in particular to Articles 1 and 4 of the Arrangement.

Coverage

3. These arrangements shall apply to Hong Kong's exports to Finland of the textile products set out in Annexes I and II to this Memorandum.

Duration


5. Either party may at any time terminate these arrangements provided that at least one hundred and twenty days notice is given in which event the arrangements shall come to an end at the expiry of the one hundred and twenty day period.

II. EXPORT RESTRAINT ARRANGEMENTS

Restraint limits

6. The Government of Hong Kong shall restrict exports of the textile products set out in Annex I to the limits or sub-limits set out in columns (e) - (f) for the periods stated therein, save as provided for in paragraphs 8, 9, 10, 11 and 12 below.

7. The Government of Finland shall for the purpose of these restraint arrangements admit imports of the textile products of Hong Kong origin set out in Annex I only where such imports are covered by an export licence issued by the Trade Department, Hong Kong, and endorsed to the effect that the consignments concerned have been debited to the agreed limits or sub-limits.
Swing

8. For any textile product set out in Annex I, exports may exceed the limit or sub-limit in columns (e) - (f) of Annex I by 5 per cent, provided that a corresponding reduction is applied in any one or more of the other limits or sub-limits in columns (e) - (f) during the period.

9. For the purpose of calculating such corresponding reductions, the conversion factors listed in column (g) of Annex I to this Memorandum of Understanding shall apply.

Carryover and Carry forward

10. The Government of Hong Kong may, after consultations with the Government of Finland, approve exports of textile products in excess of the limits or sub-limits set out in columns (e) - (f) of Annex I by an amount equal to that quantity by which shipments in the preceding period fall short of the limits applicable to that preceding period, as adjusted by the provisions in paragraphs 10 and 11 of the Memorandum of Understanding signed by the Government of Finland and the Government of Hong Kong on 10 September 1986 and 6 October 1986, or by the provisions in this paragraph, or 11 per cent of the limits or sub-limits set out in columns (e) - (f) of Annex I, whichever is the less (carryover), provided that such exports are in the same categories where the shortfalls occur.

11. The Government of Hong Kong may, after consultation with the Government of Finland, approve the export of amounts in excess of the limits or sub-limits set out in columns (e) - (f) up to 6 per cent of these limits or sub-limits (carry forward). Where the limits or sub-limits are increased by carry forward, corresponding deduction shall be made from the limits or sub-limits in respect of the same categories in the immediately following period.

12. The carryover and carry forward taken together shall not exceed 11 per cent of the agreed limits or sub-limits set out in columns (e) - (f) of Annex I.

13. If exports of the textile products listed in Annex I to this Memorandum in the period 1 January to 31 December 1993 are less than the agreed limits or sub-limits in column (f) of Annex I as adjusted by the carryover provision in paragraph 10 above, the Government of Hong Kong may, after consultations with the Government of Finland, approve the export of amounts in excess of any limits or sub-limits which may be agreed in respect of the same categories in the immediately following restraint period, equal to the actual shortfalls or 11 per cent of the agreed limits or sub-limits for the immediately following restraint period, whichever is the less.

Re-export

14. The Government of Finland will inform the Government of Hong Kong when imports into Finland of the textile products that have been debited to the agreed limits are subsequently re-exported from Finland. The Government of Hong Kong may then credit the quantities involved to the appropriate limits or sub-limits.
Exchange of statistics

15. The Government of Hong Kong will provide the Government of Finland with monthly statistics of the textile products listed in Annex I licensed for the export to Finland and debited to the limits or sub-limits set out in columns (e) - (f) of Annex I.

16. The Government of Finland will provide the Government of Hong Kong with quarterly statistics of total imports and of imports from Hong Kong and other significant suppliers of each of the textile products set out in Annex I.

Consultations

17. The Government of Finland and the Government of Hong Kong agree to consult together, at the request of either party, on any matter arising from the implementation of these restraint arrangements.

18. If the Government of Hong Kong considers that, as a result of these restraint arrangements, Hong Kong is being placed in an inequitable position vis-à-vis another supplier, the Government of Hong Kong may request the Government of Finland to consult with a view to appropriate remedial action such as a reasonable modification of these restraint arrangements.

III. EXPORT AUTHORIZATION ARRANGEMENTS

19. The Government of Hong Kong shall require all exports to Finland of the products listed in Annex II to be covered by export authorizations issued by the Trade Department, Hong Kong. An export authorization shall be issued only on evidence of a firm contract for the supply of the goods involved and shall be valid for 3 months from the date of issue.

20. Export licences to ship goods covered by an export authorization will be issued by the Government of Hong Kong on presentation of the relevant export authorization within the latter’s validity period. An export licence shall be valid for 28 days from the date of issue. The Government of Hong Kong shall not issue export licences in respect of exports to Finland of the products listed in Annex II which are not covered by a valid export authorization.

21. The Government of Hong Kong shall provide the Government of Finland with halfmonthly statistical returns showing the quantities covered by export authorization issued to Hong Kong exporters in respect of the products listed in Annex II. The Government of Hong Kong agrees to notify the Government of Finland immediately upon receipt of any applications for export authorizations in exceptionally large amounts or unusual concentration of applications for export authorizations in the products. In judging what constitutes exceptionally large or unusual concentrations of applications, Hong Kong will have regard to recent levels of trade and will ensure that the quantities covered by the issue of export authorizations in question would not be such as to cause a sharp and substantial increase of imports of the products in question into Finland.
23. The Government of Finland shall admit imports of the textile products of Hong Kong origin listed in Annex II where such imports satisfy all normal conditions of entry, and are accompanied by a copy of an export licence issued by the Trade Department, Hong Kong.

23. The Government of Finland may request the Government of Hong Kong to consult, if in the opinion of the Government of Finland, a limitation on further trade in the products listed in Annex II may be necessary to eliminate real risks of market disruption. Such a request shall be accompanied by a detailed factual statement of market conditions in Finland, including data similar to that contemplated in Annex A of the Arrangement Regarding International Trade in Textiles. The Government of Finland and the Government of Hong Kong shall enter into consultations as soon as possible following notification of the request, with a view to reaching agreement or a mutually acceptable conclusion within two months from the date of notification. In the case of products the exports of which to Finland has previously been under restraint, such consultations shall have full regard to the last sentence of paragraph 11 of the conclusions of the Textiles Committee attached to the aforesaid Protocol dated 31 July 1986.

24. Pending completion of consultations, the Government of Finland may request the Government of Hong Kong to limit, during the period in which the request for consultations is made, the issue of export authorizations of the product concerned, to a level not less than the highest of:

(a) the level of the export authorizations issued for the product concerned in the immediate preceding period, increased by 10 per cent;

(b) the average of the level of export authorizations issued for the product concerned in the preceding periods since 1 January 1987, increased by 10 per cent;

(c) the level of export authorizations issued since the commencement of the period in which the request for consultations is made, increased by 6 per cent;

(d) the previous restraint level, if any.

The Government of Hong Kong agrees that it will honour such a request.

25. In the event that consultations do not result in agreement, the Government of Finland shall have the right to request the Government of Hong Kong to limit exports to Finland of the products concerned during the period in which the request for consultations is made, to a level not less than that calculated in accordance with the formula set out in paragraph 24 above. The Government of Hong Kong agrees that it will honour such a request.

26. The Government of Finland and the Government of Hong Kong agree that these export authorization arrangements shall not derogate from the rights of Finland and Hong Kong under the Arrangement Regarding International Trade in Textiles.
27. The Government of Finland and the Government of Hong Kong agree to consult, at the request of either party, on any matter arising from the implementation of these export authorization arrangements.

IV. GENERAL

28. The Government of Finland and the Government of Hong Kong agree to consult at the request of either government with a view to bringing these arrangements into conformity with the international régime for trade in textile products or with any subsequent régime succeeding or replacing the Arrangement referred to in paragraph 2 above.

29. The Annexes to this Memorandum shall be considered an integral part of it.

Done in two originals in Hong Kong
on 22 May 1991

For the Government of Finland

Erik Hagfors
Ambassador

Hong Kong, 22 May 1991

For the Government of Hong Kong

T. H. Chau
Secretary for Trade and Industry

Hong Kong, 11 July 1991
### ANNEX I

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Finnish Statistical Classification Number</th>
<th>Hong Kong Statistical Classification Number</th>
<th>Restraint Limit Periods 1 January - 31 December 1992 (pieces)</th>
<th>Restraint Limit Periods 1 January - 31 December 1993 (pieces)</th>
<th>Conversion Factor (pieces per Kilogramme)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Men's and boys' underpants and briefs, knitted or crocheted, of cotton or of man-made fibres</td>
<td>61.07.11.00</td>
<td>61.07.11.10</td>
<td>1,039,200</td>
<td>1,078,170</td>
<td>20.54</td>
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<td>2</td>
<td>Men's and boys' shirts, women's and girls' blouses and shirts and shirt-blouses, not knitted or crocheted, of cotton or of man-made fibres</td>
<td>62.05.20.00</td>
<td>62.05.20.10</td>
<td>1,028,280</td>
<td>1,064,270</td>
<td>4.12</td>
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<td>of which Women's and girls' blouses and shirts and shirt-blouses, not knitted or crocheted, of cotton or of man-made fibres</td>
<td>62.06.30.00</td>
<td>62.06.30.10</td>
<td>623,431</td>
<td>645,251</td>
<td>4.77</td>
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<td>3</td>
<td>Men's and boys', women's and girls' trousers, knitted or crocheted cotton</td>
<td>62.03.42.11</td>
<td>ex 62.03.42.10</td>
<td>1,312,236</td>
<td>1,351,604</td>
<td>1.84</td>
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<td>women's and girls' trousers, not knitted or crocheted cotton</td>
<td>62.03.42.19</td>
<td>ex 62.03.42.20</td>
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<th>Restrained Limit Periods</th>
<th>Conversion Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Men's and boys' anoraks (including ski-jackets),</td>
<td>62.01.92.00</td>
<td>62.01.92.00</td>
<td>599,442 (pieces)</td>
<td>1.36</td>
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<tr>
<td></td>
<td>wind-cheaters, similar articles, jackets and blazers, of cotton or of man-made fibres;</td>
<td>62.02.12.00</td>
<td>62.02.12.10</td>
<td>62.02.12.20</td>
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<tr>
<td></td>
<td>Women's and girls' overcoats, car-coats, capes, (including ski-jackets), wind-cheaters, wind-jackets and similar articles, and jackets of cotton or of man-made fibres;</td>
<td>62.03.32.00</td>
<td>62.03.32.10</td>
<td>62.02.13.10</td>
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<td>62.03.33.10</td>
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<th>(d) Hong Kong Statistical Number*</th>
</tr>
</thead>
<tbody>
<tr>
<td>E1</td>
<td>Jerseys, pullovers, cardigans, waistcoats, blouses, shirts, shirt-blouses, T-shirts, singlets and other vests, knitted or crocheted, of cotton</td>
<td>61.05.10.00 61.06.10.00 61.09.10.10 61.09.10.20 61.10.20.00 ex 61.11.20.00</td>
<td>61.05.10.10 61.05.10.20 61.06.10.00 61.09.10.10 61.09.10.20 61.10.20.00 ex 61.11.20.10</td>
</tr>
<tr>
<td>E2</td>
<td>Jerseys, pullovers, cardigans, waistcoats, blouses, shirts, shirt-blouses, T-shirts, singlets and other vests, knitted or crocheted, of man-made fibres (excluding T-shirts and other vests of man-made filaments)</td>
<td>61.05.20.00 61.06.20.00 61.09.90.22 61.09.90.23 61.09.90.32</td>
<td>61.05.20.10 61.05.20.20 61.05.20.30 61.05.20.40 61.05.20.50 ex 61.11.20.10 ex 61.11.20.40 ex 61.11.20.50</td>
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</tr>
</thead>
<tbody>
<tr>
<td>E3</td>
<td>Women's and girls' briefs and panties, knitted or crocheted, of cotton or of man-made fibres</td>
<td>61.08.21.00 61.08.22.00</td>
<td>61.08.21.10 61.08.21.20 61.08.22.10 61.08.22.20 61.08.22.30 61.08.22.40</td>
</tr>
<tr>
<td>E4</td>
<td>Brassieres, of cotton or of man-made fibres</td>
<td>ex 62.12.10.00</td>
<td>62.12.10.10 62.12.10.20 62.12.10.30</td>
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</tbody>
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