Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 4 Notification

Agreement between Finland and Hong Kong

The Textiles Surveillance Body has received from Finland a notification of a bilateral agreement under Article 4 of the Arrangement between Finland and Hong Kong concerning trade in textiles.

The TSB, pursuant to its procedure regarding bilateral agreements notified under Article 4, has examined the relevant documentation and is circulating the text of this agreement to participating countries for their information.

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See COM.TEX/SB/35, Annex B.
MEMORANDUM OF UNDERSTANDING

I. Introduction

1. 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 garments to Finland.

II. Export restraint arrangements

2. These arrangements are made under Article 4 of the Arrangement Regarding International Trade in Textiles.

Coverage

3. These arrangements shall apply to Hong Kong's exports to Finland of the garments set out in Annex I to this Memorandum.

Restraint period

4. These arrangements shall apply for the period 1 June 1976 to 31 May 1977.

Restraint limit

5. The Government of Hong Kong shall restrict exports of the garments set out in Annex I to the limits set out in column (e) of Annex I, save as provided for in paragraphs 7, 8 and 9.

6. The Government of Finland shall for the purpose of these arrangements admit imports of the garments of Hong Kong origin set out in Annex I only where such imports are covered by an export licence issued by the Commerce and Industry Department, Hong Kong, and endorsed to the effect that the consignments concerned have been debited to the agreed limits.

Swing

7. Exports may exceed either of the two limits in column (e) of Annex I by 7 per cent, provided that a corresponding reduction is applied in the other limit. For the purpose of calculating such a corresponding reduction, the conversion factors listed in column (f) of Annex I shall apply.
Carryover and carryforward

8. The Government of Hong Kong may, after consultation between the Government of Hong Kong and the Government of Finland, approve the export of amounts in excess of the agreed limits in column (e) of Annex I by 6 per cent (carryforward). Where the agreed limits are increased by carryforward, corresponding deductions shall be made from any limits which may be agreed in respect of the same categories in the immediately following restraint period.

9. If exports in the period 1 June 1976 to 31 May 1977 are less than the agreed limits in column (e) of Annex I, the Government of Hong Kong may, after consultation between the Government of Hong Kong and the Government of Finland, approve the export of amounts in excess of any limits which may be agreed in respect of the same categories in the immediately following restraint period, equal to the actual shortfall or 11 per cent of any limit which may be agreed for the immediately following restraint period, whichever is the less.

Re-export

10. The Government of Finland will inform the Government of Hong Kong when imports into Finland of garments 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.

Exchange of statistics

11. The Government of Hong Kong will provide the Government of Finland with monthly statistics of the garments listed in Annex I licensed for export to Finland and debited to the quantities set out in column (e) of Annex I.

12. 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 garments set out in Annex I.

Consultations

13. 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 arrangements.

14. If the Government of Hong Kong considers that, as a result of the restraint imposed by these arrangements, Hong Kong is being placed in an inequitable position vis-à-vis a third country, 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 arrangements.

III. Export authorization arrangements

15. These arrangements shall apply for the period 19 May 1976 to 31 May 1977.

16. The Government of Hong Kong shall require all exports to Finland of the products listed in Annex II to be covered by export authorizations (Attachment A) issued by the Hong Kong Commerce and Industry Department. 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 three months from the date of issue.

17. Export licences (Attachment B) 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 twenty-eight days from the date of issue. The Government of Hong Kong shall not issue export licences in respect of exports to Finland of products listed in Annex II which are not covered by a valid export authorization.

18. The Government of Hong Kong shall provide the Government of Finland with half-monthly statistical returns showing the quantities covered by export authorizations 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 a particular product. 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 import of the products in question into Finland.

19. 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 Hong Kong Commerce and Industry Department.

20. The Government of Finland may request the Government of Hong Kong to suspend the issue of export authorizations if, in the opinion of the Government of Finland, a limitation on further trade in any product listed in Annex II may be necessary to eliminate real risk of market disruption. Such a request shall be accompanied by a request for consultations under the provisions of the Arrangement Regarding International Trade in Textiles and by a detailed factual statement within a
reasonable period of time, including data designed to demonstrate the existence of a real risk of market disruption (as defined in Annex A of the Arrangement Regarding International Trade in Textiles).

21. Upon receipt of such a request for suspension and for consultations, the Government of Hong Kong shall suspend immediately the issue of export authorizations in respect of the relevant product. The Government of Hong Kong may, however, continue to issue export licences against valid export authorizations issued before such a suspension.

22. Where the issue of export authorizations is suspended, the Government of Finland shall consider giving its consent to the extension of validity of an existing export authorization for a period not exceeding ninety days, if it is satisfied that the failure to apply for an export licence within the validity period of the export authorization has been caused by circumstances beyond the control of the person to whom the export authorization was issued.

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

IV. General

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

For the Government of Finland

For the Government of Hong Kong
### ANNEX I

<table>
<thead>
<tr>
<th>Category No.</th>
<th>Finnish statistical classification No.</th>
<th>Hong Kong statistical classification No.</th>
<th>Description</th>
<th>Restraint limit</th>
<th>Conversion factor (square yards equivalent per dozen)</th>
</tr>
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<tbody>
<tr>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(d)</td>
<td>(e)</td>
<td>(f)</td>
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<tr>
<td>1</td>
<td>ex 60.04.812 ex 60.04.815 ex 60.04.813 ex 60.04.816 ex 60.04.817</td>
<td>ex 841 442 ex 841 444</td>
<td>Briefs, drawers, panties, under-shorts, and the like, knitted or crocheted, not elastic or rubberized, wholly or mainly by weight of cotton or of man-made fibres, women's and girls', excluding infants', i.e. garments of size 26 (European) or under</td>
<td>1,990,000 pieces</td>
<td>9 sq.yds./doz.</td>
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<tr>
<td>2</td>
<td>ex 60.05.314 ex 60.05.354</td>
<td>ex 841 462 ex 841 465</td>
<td>Jumpers, sweaters, cardigans and pull-overs, and the like, knitted or crocheted, wholly or mainly by weight of wool, women's and girl's, men's and boys', excluding infants', i.e. garments of size 26 (European) or under</td>
<td>785,000 pieces</td>
<td>36 sq.yds./doz.</td>
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<td>Category No.</td>
<td>Finnish statistical classification No.</td>
<td>Hong Kong statistical classification No.</td>
<td>Description</td>
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<td>(a)</td>
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<td>E1</td>
<td>61.03.105</td>
<td>841 161</td>
<td>Men's and boys' woven shirts wholly or mainly by weight of cotton</td>
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<td>841 163</td>
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<tr>
<td>E2</td>
<td>61.03.106</td>
<td>ex 841 762</td>
<td>Men's and boys' woven shirts wholly or mainly by weight of discontinuous synthetic fibres</td>
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<td>ex 841 764</td>
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