ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral Agreement between Austria and Korea

Note by the Chairman

Attached is a notification received from Austria of a bilateral agreement concluded with Korea for the period 1 January 1987 to 31 December 1991.\(^1\)

\(^1\)The previous bilateral agreement between the parties is contained in COM.TEX/SB/812.

*English only/Anglais seulement/Inglés solamente

87-0317
Sir,

With reference to Article 4 of the ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (hereinafter referred to as the ARRANGEMENT) as extended, I have the honour to transmit herewith copies of notes dated 5 December 1986 by which the bilateral agreement between Austria and Korea of 10 May 1982 has been prolonged. The agreement became effective on 1 January 1987.

In the recent past the economic conditions of the Austrian textiles industry have continued to deteriorate. Although production in 1985 increased modestly by 2.4%, the production level is still below that of 1971. The production figures for the first half of 1986 indicate already that 1986 as a whole will again show a negative development. The number of factories in 1985 declined by 2.4% compared with the previous period. From 1980 to 1985 about 14% of the textiles factories had to close down and 19% of the jobs were lost.

At the same time the textiles industry is confronted with a steadily rising import penetration (1985 imports reached already a share of more than 85% of the Austrian production) and with increasing expenditures (for example 5.3% increase in labour costs). As a consequence profits are substantially curtailed.

The situation in the Austrian garment industry is particular severe in certain sectors such as blouses, shirts, woven outer garments, coats and jackets. Factories producing such goods are situated mostly in depressed

Mr. Marcelo R A F F A E L L I
Chairman
Textiles Surveillance Body
G A T T
Geneva
regions having virtually no other industries and where they are the main source of industrial employment. Such textiles, as well as other textiles are extremely sensitive to disruptive market forces. Experience has shown, that imports of low price textiles exert an enormous downward pull on prices, forcing domestic producers to operate at the break even point or even at a loss.

Notwithstanding the problems in the Austrian garment industry Austria agreed to lift the quota for knitted outer garment of synthetic fibres of the agreement between Austria and Korea of 10 May 1982 and to maintain only a quota for the highly sensitive products namely woven blouses, woven shirts, woven outer garments, coats and jackets.

Production of woven blouses of synthetic fibres or of cotton declined by 11,7 % as compared with the previous year.

The ratio of imports from Korea to domestic production was 16,2 % in 1985 and the ratio of imports from Korea to imports from all sources almost 10 %.

The average price of woven blouses of cotton from Korea was 79,44 A.S. and of synthetic fibres 73,62 A.S. whereas the average price of total imports was 173,67 A.S. for blouses of cotton and 171,61 A.S. for blouses of synthetic fibres.

Production of woven shirts of cotton or of synthetic fibres declined by 3,7 % in 1985 compared with 1984.

Imports from Korea increased in the same time by 14,27 %. The ratio of imports from Korea of shirts of synthetic fibres or of cotton to do-
mestic production in 1985 was 20.7%, the ratio of imports from Korea to total imports 14.4%.

The average import price of woven shirts of synthetic fibres from Korea was 63.47 A.S., that of cotton 108.31 A.S. whereas the average import price from all sources was 66.66 A.S. resp. 114.15 A.S.

Production of woven outer garments of synthetic fibres decreased by 3.2% in 1985 compared with 1984. Imports from Korea increased by 1.9% in the same period. The ratio of imports from Korea to domestic production was 117.7% in 1985 the ratio of imports from Korea to total imports 51.5%.

The average import price of woven outer garments of synthetic fibres from Korea was 207.09 A.S. whereas the average import price from all sources was 286.26 A.S.

The average price for such products made in Austria is 719.5 A.S.

Production of woven coats or jackets of cotton or of man made fibres women's, girls' and infants wear decreased by 10% between 1983 and 1985. Imports from Korea increased by 20.8% in the same period.

The ratio of imports from Korea to domestic production was 21.3% in 1985, the ratio of imports from Korea to total imports was 7.7%.

The average import price of woven coats and jackets of cotton or of synthetic fibres, women's, girls' and infants wear from Korea was 245.59 A.S., whereas the average price of total imports was 434.22 A.S.

The average price of such products made in Austria amounted in 1985 to 812.1 A.S.
Production of coats of synthetic fibres, men's and boys' wear declined by 14.5% in 1985 compared with 1983. Imports from Korea increased by 3% during the same period.

The ratio of imports from Korea to domestic production was 44.4% in 1985, the ratio of imports from Korea to total imports 39.8%.

The average import price of coats of synthetic fibres, men's and boys' wear from Korea was 293.31 A.S. (1985) whereas the average price of total imports was 436.31 A.S.

The average price for such products made in Austria was 933.7 A.S.

The agreed export levels in kg for the twelve months period beginning 1 January 1987 are: (see next page)
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<tbody>
<tr>
<td></td>
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</tr>
<tr>
<td>(1)</td>
<td>Woven blouses and shirt blouses, women's, girls' and infants' wear, of cotton or of synthetic fibres, CCCN No.ex 61.02</td>
<td>kg 94,285</td>
<td>kg 96,171</td>
<td>kg 98,094</td>
<td>kg 100,056</td>
<td>kg 102,057</td>
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<td>(2)</td>
<td>Woven shirts of cotton or of synthetic fibres, CCCN No.ex 61.03</td>
<td>kg 232,861</td>
<td>kg 235,656</td>
<td>kg 238,483</td>
<td>kg 241,345</td>
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<td>(3)</td>
<td>Woven outer garments of synthetic fibres, men's and boys' wear, excluding coats, suits, trousers and sportswear(including skiwear and swimwear), CCCN No.ex 61.01</td>
<td>kg 473,062</td>
<td>kg 480,158</td>
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<td>kg 494,671</td>
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<td>(4)</td>
<td>Coats and jackets of cotton or of man made fibres, women's, girls' and infants' wear, CCCN No.ex 61.02</td>
<td>kg 187,218</td>
<td>kg 191,898</td>
<td>kg 196,696</td>
<td>kg 201,613</td>
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<td>(5)</td>
<td>Coats of synthetic fibres, men's and boys' wear, CCCN No.ex 61.01</td>
<td>kg 69,680</td>
<td>kg 72,467</td>
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In view of the existing exceptional circumstances in terms of Annex B of the Arrangement in these highly sensitive products a lower than 6% growth has been agreed upon between both parties. The 5% has been fixed in accordance with the provisions of § 5 of Annex B. In determining growth and flexibility special considerations had been taken into account such as the elimination of the restriction for knitted outer garment and the liberalization of several categories of the authorization system in the previous agreement between Austria and Korea of 10 May 1982.

I should be grateful if you would make this information available to the Textile Surveillance Body.

Accept, Sir, the assurances of my highest consideration.

R. Hochörtler
Deputy Permanent
Representative
Vienna 5 December 1986

I have the honour to refer to the ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (hereinafter referred to as the ARRANGEMENT), done at Geneva on 20 December 1973, and to the PROTOCOL EXTENDING THE ARRANGEMENT, done at Geneva on 31 July, 1986.

I further wish to refer to the agreements between Austria and the Republic of Korea under Article 4 of the ARRANGEMENT on trade in textiles effected by exchange of notes of 29 May and 6 June 1979, of 15 December 1980 and 23 January 1981 and 10 May 1982.

Since the terms of the aforementioned agreements expire on 31 December 1986, the following agreement under Article 4 of the ARRANGEMENT on trade in the products set out below has been reached as a result of negotiations which took place between representatives of Austria and of the Republic of Korea from 4 to 5 December 1986 in Vienna.

(1) The periods of export limits are as follows:
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(2) The export limits as indicated in paragraph (1) may after notification be exceeded in either year of any two subsequent years by a carry forward and/or carryover of 10 per cent of which carry forward shall not represent more than 5 per cent.

(3) The limits set out in paragraph (1) may after notification be increased during the relevant restraint period stated therein by up to 5 per cent provided that a corresponding reduction is applied to the limits for other products during the same restraint period.
For the purposes of calculating such corresponding reductions, the conversion factors listed in the Annex shall apply.

(4) If nothing is heard from Austria within 8 weeks from the date of such notification the proposed flexibility (carryover, carry forward and swing) will apply automatically.

(5) Upon presentation of export recommendations issued by the Korean authorities within the agreed export limits for direct and/or indirect exports from the Republic of Korea to Austria and endorsed to the effect that the consignments concerned have been debited to the agreed export limits, the competent Austrian authority will issue the corresponding import licences within a period of three weeks.

(6) Austria will, as far as possible, inform the Republic of Korea when imports into Austria of the products that have been debited to the agreed export limits are subsequently reexported from Austria. The Republic of Korea may then credit the quantities involved to the export limits set out in paragraph (1) above.

(7) An undue concentration of exports of the textile products set out in paragraph (1) above from the Republic of Korea to Austria as regards a special products and/or time shall be avoided. According to the Korean authorities will use their influence to achieve this aim.
(8) The Republic of Korea will provide Austria with information in respect of exports of the textile products set out in paragraph (1) above to Austria, showing the names of the exporters, the number and dates of export recommendations issued and the quantities covered by these export recommendations, on a quarterly basis.

(9) Austria will provide the Republic of Korea with information concerning import licences issued within the agreed export limits upon presentation of export recommendations as indicated in paragraph (5) above, on a quarterly and cumulative basis.

(10) Consultations regarding the conduct of exports of the textile products set out in paragraph (1) above from the Republic of Korea to Austria will be held if so desired by either party.

(11) In respect of the following products, the competent Austrian authority will upon presentation of export recommendations issued by the Korean authorities automatically issue import licences:

(a) Cotton fabrics, CCCN Nos. 55.08 and 55.09;
(b) Stockings, under stockings, socks, ankle socks, sockettes, knitted or crocheted, not elastic nor rubberised, of cotton, CCCN No. ex 60.03;
(c) Socks of synthetic fibres, CCN No. ex 60.03;
(d) Under garments, knitted or crocheted, not elastic nor rubberised, of cotton; shirts, knitted or crocheted, of synthetic fibres, CCCN No. ex 60.04;
(e) Outer garments and other articles, knitted or crocheted, not elastic nor rubberised, of cotton or of synthetic fibres, CCCN No. ex 60.05;
(f) Men's and boys' woven outer garments, of cotton, CCCN No. ex 61.01;
(g) Sportswear (including skiwear and swimwear) of synthetic fibres, CCCN No. ex 61.01;
(h) Women's, girls' and infants woven outer garments other than blouses, coats and jackets, of cotton, CCCN No. ex 61.02;

(i) Sportswear (including skiwear and swimwear) and other outer garments of synthetic fibres, for women, girls and infants, CCCN No. ex 61.02;

(j) Bed linen, table linen, toilet linen, kitchen linen and curtains of cotton, CCCN No. ex 62.02

Should exports of these products from the Republic of Korea to Austria develop in a manner which, in the view of Austria, causes real risks of market disruption, Austria may request consultations with a view to reaching an agreement on mutually acceptable terms. The request for such consultations shall be accompanied by a statement containing relevant data of the market conditions, as provided for in the relevant articles of the ARRANGEMENT.

The Republic of Korea agrees to consult within thirty days from the date on which the request for consultations has been received, and to make its best efforts to complete such consultations within fifteen days of their commencement. If no agreement is reached, the Republic of Korea will limit exports of any of the aforementioned products at an annual level not lower than the respective imports into Austria during the twelve-month period ending one month preceding the month in which the request for consultations is made.

Austria will provide the Republic of Korea with information concerning import licences issued upon presentation of export recommendations for the above mentioned products on a quarterly basis.
I should be grateful if you would kindly confirm that this letter, the Annex, the attached Record of Discussions and the Agreed Minutes set out correctly the understanding reached between our two countries.

Accept, Excellency, the assurances of my highest consideration.

Helmut Krehlik m. p.
Chairman of the Delegation of the Republic of Austria

Mr.
Un Suh Park
Director-General
Chairman of the Delegation of the Republic of Korea
### CONVERSION FACTORS

<table>
<thead>
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<tbody>
<tr>
<td>(1)</td>
<td>Woven blouses and shirt blouses, women's, girls' and infants' wear, of cotton or of synthetic fibres, CCCN No. ex 61.02</td>
<td>5.55 pieces/kg 180 gr/piece</td>
</tr>
<tr>
<td>(2)</td>
<td>Woven shirts of cotton or of synthetic fibres, CCCN No. ex 61.03</td>
<td>4.61 pieces/kg 217 gr/piece</td>
</tr>
<tr>
<td>(3)</td>
<td>Woven outer garments of synthetic fibres, men's and boys' wear, excluding coats, suits, trousers and sportswear (including skiwear and swimwear), CCCN No. 61.01</td>
<td>2.30 pieces/kg 435 gr/piece</td>
</tr>
<tr>
<td>(4)</td>
<td>Coats and jackets of cotton or of man made fibres, women's, girls' and infants' wear, CCCN No. 61.02</td>
<td>0.84 pieces/kg 1.190 gr/piece</td>
</tr>
<tr>
<td>(5)</td>
<td>Coats of synthetic fibres, men's and boys' wear, CCCN No. ex 61.01</td>
<td>0.72 pieces/kg 1.389 gr/piece</td>
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</table>
Record of Discussions

For the purpose of applying for import licences to be issued upon presentation of export recommendations as indicated in paragraph (5) of the agreement, the validity of these export recommendations shall expire six months after the end of the twelve-month period during which they were issued.

Helmut Krehlik
Chairman of the Delegation of the Republic of Austria

Mr. Un Suh Park
Director General
Chairman of the Delegation of the Republic of Korea
Agreed Minutes

Should the introduction of changes relating to the Harmonized Commodity Description and Coding System in the view of either party have the effect of upsetting the balance of rights and obligations between the parties, or affect the economic content of these restraint arrangements, or effect the ability of either party to use or benefit fully from these restraint arrangements, or if it might disrupt trade, the Government of the Republic of Korea and the Government of Austria agree to consult together, at the request of either party, with a view to reaching a mutually acceptable solution regarding appropriate and equitable adjustments.

Un Suh Park
Director General
Chairman of the Delegation
of the Republic of Korea

Helmut Krehlik
Chairman of the Delegation
of the Republic of Austria
Agreed Minutes

Austria and the Republic of Korea agreed that traditional Korean folklore handicraft products shall not be subject to quantitative limits. Samples or pictures of the following traditional folklore handicraft products will be submitted to the Austrian authorities:

- Woman's Jogori
- Chima
- Durumagi
- Man's Jogori
- Bajee
- Magoja
- Joki
- Boson
- Tackwondo Suits

Un Suh Park  
Director General  
Chairman of the  
Delegation of the  
Republic of Korea

Helmut Krehilk  
Chairman of the Delegation  
of the Republic of Austria
Excellency:

I have the honour to acknowledge the receipt of your letter dated 5 December 1986 concerning the consultation between the Republic of Austria and the Republic of Korea on trade in certain textiles.

I am pleased to inform you that the content of your letter sets out correctly the understanding reached between the representatives of the two Governments.

Accept, Excellency, the assurances of my highest consideration.

Um Suh Park
Chairman of the Delegation of the Republic of Korea

His Excellency
Mr. Helmut Krehlik
Chairman of the Delegation of the Republic of Austria