Attached is a copy of an agreement concluded under Article 3:4 between Finland and Macao covering textiles garments.

Also attached are copies of the restraint requests which were previously addressed to me under Article 3:3.

On trouvera ci-joint copie d'un accord conclu au titre du paragraphe 4 de l'article 3 entre la Finlande et Macao et portant sur les vêtements en matières textiles.

On trouvera également ci-joint copie des demandes de limitation qui m'avaient été adressées auparavant conformément au paragraphe 3 de l'article 3.
Dear Mr. Wurth,

With reference to Article 3:4 of the Arrangement Regarding International Trade in Textiles I have the honour to enclose herewith a notification of an agreement signed on May 20, 1977, between the Governments of Finland and Macau.

The information referred to in Article 3:3 of the Arrangement was transmitted to you on April 28, 1977.

Yours sincerely,

Paavo Kaarlehto
Ambassador
Permanent Representative of Finland

Encl.

Ambassador P. Wurth,
Chairman
Textiles Surveillance Body
Villa le Bocage
Geneva
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 Macau regarding Macau's exports of certain garments to Finland.

II. Export Restraint Arrangements
2. These arrangements are made under Article 3 of the Arrangement Regarding International Trade in Textiles.

Coverage
3. These arrangements shall apply to Macau's export to Finland of the garments set out in the Annex to this Memorandum.

Restraint Period
4. These arrangements shall apply for the period 1 June 1977 to 31 July 1978.

Restraint Limit
5. The Government of Macau shall restrict exports of these garments to the limits set out in the Annex to this Memorandum, 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 Macau origin set out in the Annex only where such imports are covered by an export licence issued by Repartição dos Serviços de Economia de Macau, 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 the Annex by 6 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 the Annex shall apply.
Carryover and Carryforward

8. The Government of Macau may, after consultation between the Government of Macau and the Government of Finland, approve the export of amounts in excess of the agreed limits in the Annex by 5 per cent (carryforward). Where the agreed limits are increased by carryforward, corresponding deduction 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 1977 to 31 July 1978 are less than the agreed limits in the Annex, the Government of Macau may, after consultation between the Government of Macau 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 10% 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 Macau when imports into Finland of garments that have been debited to the agreed limits are subsequently re-exported from Finland. The Government of Macau may then credit the quantities involved to the appropriate limits.

Exchange of Statistics

11. The Government of Macau will provide the Government of Finland with monthly statistics of the garments listed in the Annex licensed for exports to Finland and debited to the quantities set out in the Annex.

12. The Government of Finland will provide the Government of Macau with quarterly statistics of total imports and of imports from Macau and other significant suppliers of each of the garments set out in the Annex.
Consultations

13. The Government of Finland and the Government of Macau agree to consult together, at the request of either party, on any matter arising from the implementations of these arrangements.

14. If the Government of Macau considers that, as a result of the restraint imposed by these arrangements, Macau is being placed in an inequitable position vis-a-vis a third country, the Government of Macau may request the Government of Finland to consult with a view to appropriate remedial action such as a reasonable modification of these arrangements.

III. General

15. The Annex to this Memorandum shall be considered an integral part of it.

For the Government of Finland: [Signature]

For the Government of Macau: [Signature]

<table>
<thead>
<tr>
<th>Category No</th>
<th>Finnish Statistical Classification No</th>
<th>Portuguese Statistical Classification No</th>
<th>Description</th>
<th>Restraint Limit (in pieces)</th>
<th>Conversion Factor (square yards equivalent per dozen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>ex 60.04.812</td>
<td>60.04.05.01</td>
<td>Briefs, drawers, panties, undershorts, and the like, knitted or crocheted, not elastic or rubberised, 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>225,167 (notional annual level 193,000)</td>
<td>9 sq.yd./doz.</td>
</tr>
<tr>
<td></td>
<td>ex 60.04.813</td>
<td>60.04.05.09</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ex 60.04.815</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ex 60.04.816</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>ex 60.04.817</td>
<td></td>
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</tr>
<tr>
<td>2.</td>
<td>ex 60.05.314</td>
<td>60.05.04</td>
<td>Jumpers, sweaters, cardigans and pullovers, and the like, knitted or crocheted, wholly or mainly by weight of wool, women's and girls', men's and boys', excluding infants', i.e. garments of size 26 (European) or under.</td>
<td>151,667 (notional annual level 130,000)</td>
<td>36 sq.yd./doz.</td>
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<tr>
<td></td>
<td>ex 60.05.354</td>
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</tr>
</tbody>
</table>
Dear Mr. Wurth,

I have the honour to inform you that the Ministry for Foreign Affairs of Finland have addressed the enclosed verbal note, dated April 25, 1977, to the Embassy of Portugal in Helsinki, requesting negotiations under the Arrangement Regarding International Trade in Textiles concerning the importation of certain textile products from Macao to Finland.

Statistical data annexed to the note are also enclosed.

Yours sincerely,

[Signature]

Paavo Kaarlehto
Ambassador
Permanent Representative
of Finland

Ambassador P. Wurth
Chairman
Textiles Surveillance Body
Villa le Bocage
Geneva
The Ministry for Foreign Affairs present their compliments to the Embassy of Portugal and submit to the Embassy the following request for negotiations under the Arrangement Regarding International Trade in Textiles concerning the importation of textile products mentioned below from Macao into Finland.

Imports into Finland of certain knitted textile products have risen sharply and substantially during the past two years. The prices of these imports have been substantially below those prevailing in the Finnish market thus causing serious damage to the domestic market of those products. As a result of this development the employment situation and the production in some sectors of the knitwear industry have been continuously deteriorating.

The influence of low-priced disruptive imports has been most evident in the Finnish industry manufacturing knitted undergarments and knitted sweaters, cardigans, pullovers etc. During 1976 there was a sharp downturn in the production and employment of this sector of the industry simultaneously with increasing low-priced imports of similar products.

To
the Embassy of Portugal
Helsinki
In order to avoid further deterioration of the situation the Finnish authorities entered into negotiations with the main suppliers of knitted undergarments and knitted sweaters, jumpers, cardigans etc. to the Finnish market. Bilateral agreements were concluded under the Arrangement Regarding International Trade in Textiles.

During 1976 imports from Macao to Finland of women's and girls' knitted undergarments, i.e. briefs, drawers, panties and the like, amounted to 54,000 pieces. During January-February 1977 the imports of these products rose already to 173,000 pieces. The imports from Macao to Finland of knitted sweaters, cardigans etc. made of wool rose from 60,000 units in 1975 to 121,000 units in 1976. The prices per unit of the imports mentioned above have been far below average import prices as well as the prices of comparable Finnish products.

In the view of the Finnish Government the sharp and substantial increase of imports of the above mentioned textile products from Macao to Finland have caused market disruption in the Finnish market and thus caused serious damage to domestic producers of those goods. A further rise in these imports would threaten the existence of a domestic production of these products.

Statistical breakdown of imports, exports, production and estimated consumption of products covered by this request for negotiations
are attached to this note. The levels at which the exports of the products now in question should be restrained are indicated in these attachments.

The Finnish Government's request for negotiations with the Government of Portugal has been made on the basis of the market disruption situation caused by the imports described above with a view to removing the disruption in accordance with the provisions of the Arrangement Regarding International Trade in Textiles.

The Government of Finland would like to enter into these negotiations as soon as possible during the month of May and ask the Government of Portugal to indicate their preference for dates and venue for the negotiations.

The Ministry for Foreign Affairs avail themselves of this opportunity to renew to the Embassy of Portugal the assurance of their highest consideration.

Helsinki, April 25, 1977
Finnish statistical Classification
60.05.31h
60.05.35h

Product description
Knitted jerseys, pull-overs, slipovers, twinsets, cardigans, bedjackets and jumpers; men's and boys', women's and girls'; of wool

PRODUCTION, IMPORTS, EXPORTS AND ESTIMATED SUPPLY (1000 pieces)

<table>
<thead>
<tr>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>PRODUCTION</td>
<td>476</td>
<td>502</td>
<td>474</td>
<td>420x</td>
</tr>
<tr>
<td>IMPORTS</td>
<td>387</td>
<td>516</td>
<td>1052</td>
<td>1062</td>
</tr>
<tr>
<td>EXPORTS</td>
<td>59</td>
<td>52</td>
<td>33</td>
<td>37</td>
</tr>
<tr>
<td>SUPPLY</td>
<td>804</td>
<td>966</td>
<td>1493</td>
<td>1445x</td>
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BREAKDOWN OF IMPORTS (1000 pieces)

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<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>TOTAL IMPORTS</td>
<td>516</td>
<td>1052</td>
<td>1062</td>
<td>18.68</td>
<td>19.77</td>
<td>70.5</td>
<td>73.5</td>
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<tr>
<td>- HONGKONG</td>
<td>247</td>
<td>784</td>
<td>722</td>
<td>15.64</td>
<td>17.03</td>
<td>52.5</td>
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<tr>
<td>- GREAT BRITAIN</td>
<td>175</td>
<td>102</td>
<td>100</td>
<td>29.03</td>
<td>29.73</td>
<td>6.8</td>
<td>6.9</td>
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<tr>
<td>- MACAO</td>
<td>11</td>
<td>60</td>
<td>121</td>
<td>11.80</td>
<td>13.49</td>
<td>4.0</td>
<td>8.4</td>
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</table>

Imports from Macao during the period 1.2.1976 - 31.1.1977
125 366 pieces.

x) provisional figures
### Finnish statistical Classification

60.04.312, 813, 815, 816, 817

#### Product description

Women's and girls' knitted underwear other than shirts, night attire or pants; hose (i.e. briefs, drawers, panties, undershorts and the like, of cotton or of man-made fibres)

### PRODUCTION, IMPORTS, EXPORTS AND ESTIMATED SUPPLY (1000 pieces)

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<thead>
<tr>
<th></th>
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<tr>
<td>PRODUCTION</td>
<td>9 592</td>
<td>8 406</td>
<td>6 314</td>
<td>5 181</td>
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<tr>
<td>IMPORTS</td>
<td>4 926</td>
<td>4 442</td>
<td>4 456</td>
<td>5 750</td>
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<td>EXPORTS</td>
<td>1 425</td>
<td>1 905</td>
<td>1 481</td>
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<td>SUPPLY</td>
<td>13 093</td>
<td>10 942</td>
<td>9 289</td>
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### BREAKDOWN OF IMPORTS (1000 pieces)

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<tr>
<td>TOTAL IMPORTS</td>
<td>4 442</td>
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<td>5 750</td>
<td>2.13</td>
<td>2.10</td>
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<td>- MACAO</td>
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<td>1.57</td>
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<tr>
<td>- HONGKONG</td>
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<td>454</td>
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<tr>
<td>- DENMARK</td>
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<td>972</td>
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<td>2.59</td>
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<tr>
<td>- AUSTRIA</td>
<td>195</td>
<td>378</td>
<td>303</td>
<td>3.90</td>
<td>6.13</td>
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<tr>
<td>- PORTUGAL</td>
<td>571</td>
<td>341</td>
<td>141</td>
<td>1.28</td>
<td>1.84</td>
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<table>
<thead>
<tr>
<th></th>
<th>1975</th>
<th>1976</th>
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<tbody>
<tr>
<td>AVERAGE PRICE CIF FINLAND</td>
<td>2.13</td>
<td>2.10</td>
</tr>
<tr>
<td>SHARE OF MARKET (PROVISIONAL FIGURE)</td>
<td>48.0</td>
<td>58.0</td>
</tr>
</tbody>
</table>

*provisional figures*

Imports from Macao during the period 1.2.1976-31.1.1977 = 11 7 844 pie