ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Agreement between Finland and Romania

Note by the Chairman

Attached is a notification received from Finland concerning a new bilateral agreement concluded under Article 4 of the MFA with Romania, valid for the period 1 April 1981 - 31 December 1982.

*English only/Anglais seulement.
Sir,

I have the honour to transmit hereby to the Textiles Surveillance Body a new art. 4-agreement concluded between Finland and Romania. The agreement replaces a previous licensing system, which was based on the Romanian Protocol of Accession to GATT. The negotiations on this agreement were initiated in February 1978 upon a request by Romania, the first official negotiation was held in Helsinki in July 1979, and the agreement was signed in Bucharest on 21st April, 1981. It covers the period from 1st April 1981 to 31st December 1982.

The previous licensing system was based on an ad valorem quota for all sensitive textiles and clothing items, and it has not been possible to calculate an exact base level, which would accurately reflect the terms of Annex B of the MFA. The base levels are, however, considerably higher that Annex B would require, should such a calculation be feasible. The following table shows the level of imports of the four product categories subject to restraint in 1978 and 1979, compared with the notional annual restraint levels for 1981:

H.E. Mr. Paul Wurth
Chairman
Textiles Surveillance Body
GATT
Geneva

//...
<table>
<thead>
<tr>
<th></th>
<th>1978</th>
<th>1979</th>
<th>1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>60.03 Stockings etc.</td>
<td>285,370 pairs</td>
<td>560,985 pairs</td>
<td>600,000 pairs</td>
</tr>
<tr>
<td>60.04 Under garments</td>
<td>25,120 pcs</td>
<td>6,015 pcs</td>
<td>120,000 pcs</td>
</tr>
<tr>
<td>ex 60.05 Blouses, jumpers, sweaters, cardigans etc.</td>
<td>58,161 pcs</td>
<td>74,715 pcs</td>
<td>80,000 pcs</td>
</tr>
<tr>
<td>ex. 61.03 Men's and boys' shirts</td>
<td>-</td>
<td>16,340 pcs</td>
<td>50,000 pcs</td>
</tr>
</tbody>
</table>

The agreement provides for swing at the level of 5% and for carryover/carryforward at the level of 11/6%. Growth between the two agreement years is provided for at the level of 3% in all the categories, reflecting the existence of a threat to Finland's minimum viable production in the production lines concerned.

All other previously restrained textile and clothing products are liberalized, and a consultation mechanism to cover situations of real risk of market disruption in these categories is established.

Under the consultation provision, until a mutually acceptable solution has been reached, the Romanian authorities undertake to limit shipments of such products, if so requested by the Finnish authorities, at the level of 102% of the Annex B roll-back level. Should the bilateral consultations fail, Finland has the right to introduce a quantitative limit at an annual level not lower than 102% of the roll-back level, in which case also an annual growth rate of 3% shall be accorded for subsequent restraint years.

The agreement implies a considerable liberalization of imports of textile and clothing products from Romania to Finland. It thus conforms well with the
principles and objectives of the MFA, and should be seen as a logical follow-up of Finland's policy of converting previous unilateral licensing schemes to agreements under the MFA.

Please accept, Sir, the renewed assurances of my highest consideration.

Matti Pullinen
First Secretary
MEMORANDUM OF UNDERSTANDING

During the consultations held in Helsinki on 9-13th February, 1981 between a delegation from Finland and a delegation from Romania, having regard to the Arrangement Regarding International Trade in Textiles, in particular Articles 1 and 4 and to the Protocol extending the said Arrangement, and having regard to Romania's status of a developing country agreement was reached as follows:

1. The following arrangements shall apply for the period from 1st April 1981 to 31st December 1982.

2. The Socialist Republic of Romania will authorize exports into Finland of textile products included in Annex I, originating in and consigned from Romania up to the levels mentioned in that Annex.

3. Finland will for the purpose of the present arrangement admit imports of the textile products of Romanian origin set out in Annex I to the agreed limits provided that such imports into Finland are covered by an export licence and a certificate of origin, as per specimen at Annex II, issued by the Romanian authorities listed at
Annex III. The export licence shall bear an endorsement by competent officials to the effect that the consignment concerned has been debited to the agreed levels for exports to Finland for the relevant period. The date of shipment indicated on the shipping documents shall be considered to be the date of exportation.

The Government of Finland will inform the Romanian authorities when imports into Finland of the textile products that have been debited to the agreed limits are subsequently re-exported from Finland. Romanian may then credit the quantities involved to the appropriate limits.

4. The Government of Finland undertakes to suspend, for the duration of this Agreement, the quantitative restrictions applied by Finland on imports from Romania of the textile products mentioned in Annex I.

5. If the information available to the Finnish authorities shows that the quantitative limits for the products specified in Annex I have already been reached or that the unused balances of those limits are insufficient to cover the goods specified in the export licence, the Finnish authorities may, subject to the provisions of Articles 6 and 7 not admit imports of such products for any quantity in excess of the
quantitative limits set out in Annex I. In such a case the Finnish authorities shall immediately inform the Romanian authorities of their decision.

6. Exports may exceed the limits in Annex I by 5 per cent, provided that a corresponding reduction is applied to the other limits. For the purpose of calculating such a reduction the conversion factors listed in Annex I shall apply.

7. Carry-over and carry forward taken together shall not exceed 11 per cent, of which carry forward shall not represent more than 6 (six) per cent.

8. Romania shall endeavour to ensure that exports of the textile products subject to quantitative limits are spaced out as evenly as possible over the year, due account being taken, in particular of seasonal factors.

9. All textile products not specified in Annex I to the present Arrangement are liberalized for imports from Romania into Finland on the date of the entry into force of this Arrangement.

10. For the textile products liberalized according to the above paragraph, the following specific consultation procedures shall apply:
    a) The Finnish authorities may request consultations with the Romanian authority with a view to
reaching a mutually acceptable solution for those textiles or textile products not specifically provided for in this arrangement when conditions on the Finnish market are such that a limitation on further trade in certain of these textiles or textile products may be necessary to eliminate real risks of market disruption.

The request for such consultations shall be accompanied, within a reasonable period of time by a statement of the market conditions which make necessary the request for consultations. The statement shall include data in respect of the existence of real risks of market disruption (as defined in Annex A to the Arrangement Regarding International Trade in Textiles).

b) Until such time as a mutually accepted solution has been reached, the Romanian authority undertakes, if so requested by the Finnish authorities, to limit shipments from the date on which Finland requests consultations, in order to ensure that exports of the products in question to Finland do not exceed, based on an annual
rate, the level of $1_2\%$ of the exports recorded in the twelve-month period ending two months before the month in which the request for consultation was made.

The amount of products exported from Romania after the receipt of the request for consultations shall be deducted from any restraint level to be agreed in the consultations.

c) The Parties shall enter into consultations within one month at the latest of the notification of the request with a view to reaching agreement within one further month at the latest.

d) Should the Parties be unable to reach a satisfactory solution Finland shall have the right to introduce a quantitative limit at an annual level not lower than $1_2\%$ of that reached by imports of the product in question in the twelve-month period terminating two months preceding the month in which the request for consultations was made. The annual growth rate of this limit shall be 3 (three) per cent.

e) If the two Governments are unable to reach a mutually satisfactory solution within a reasonable period of time on problems which
have been the subject of consultations under this Agreement, either government may, after notification to the other government, refer such problems to the Textiles Surveillance Body in accordance with Article 11 of the Arrangement Regarding International Trade in Textiles.

11. Finland and Romania agree to consult together, at the request of either party on any matter arising from the implementation of these arrangements. They furthermore agree to enter into consultations on possible extension or modification of the present arrangements.

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

13. Romania will forward to Finland quarterly statistics on a cumulative basis on the textile products for which export licences for export to Finland have been issued. Finland will forward to Romania quarterly...
statistics on a cumulative basis on imports of the said textile products.

14. The Annexes to this Memorandum of Understanding shall form an integral part thereof.

Done in Bucharest, on 21st, April, 1981 in duplicate in the English and Romanian language, both texts being authentic.

For the Government of the Republic of Finland

For the Government of the Socialist Republic of Romania
## ANNEX I

### Finnish Tariff Classification

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Stockings, under stockings, socks, anklesocks, sockets and the like, knitted or crocheted</td>
<td>Pairs</td>
<td>450,000</td>
<td>618,000</td>
<td>24.3</td>
</tr>
<tr>
<td>Under garments, knitted or crocheted</td>
<td>Pieces</td>
<td>90,000</td>
<td>123,600</td>
<td>17</td>
</tr>
<tr>
<td>ex. 60.05.312-317, 352-357, 352-367</td>
<td>Pieces</td>
<td>60,000</td>
<td>82,400</td>
<td>5.55</td>
</tr>
<tr>
<td>Blouses, jumpers, sweaters, cardigans, and the like, knitted or crocheted men's and boys', women's and girls' and infants' wear, of wool, cotton or man-made fibres.</td>
<td></td>
<td>(80,000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Men's and boys' shirts of cotton and man-made fibres</td>
<td>Pieces</td>
<td>37.500</td>
<td>51.500</td>
<td>4.9</td>
</tr>
<tr>
<td>(50,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>4 Exporter (name, full address, country)</strong></td>
<td><strong>5 Consignee (name, full address, country)</strong></td>
<td><strong>6 Country of origin</strong></td>
<td><strong>7 Country of destination</strong></td>
<td><strong>8 Place and date of shipment – Means of transport</strong></td>
</tr>
<tr>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>------------------------</td>
<td>-----------------------------</td>
<td>---------------------------------------------------</td>
</tr>
<tr>
<td>Exportateur (nom, adresse complète, pays)</td>
<td>Destinataire (nom, adresse complète, pays)</td>
<td>Pays d'origine</td>
<td>Pays de destination</td>
<td>Lieu et date d'embarquement – Moyen de transport</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>13 CERTIFICATION BY THE COMPETENT AUTHORITY – VISA DE L'AUTORITÉ COMPETENTE</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Je soussigné certifie que les marchandises désignées ci-dessus sont originaires du pays figurant dans la case No 6, conformément aux dispositions en vigueur dans la Communauté Economique Européenne.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>14 Competent authority (name, full address, country)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Autorité compétente (nom, adresse complète, pays)</td>
</tr>
</tbody>
</table>

Al - A. ___________________________ en - le
Ministry for Foreign Trade and International Economic Cooperation