

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/1637*
2 March 1990

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral Agreement Between Austria and Hong Kong

Note by the Chairman

Attached is a notification received from Austria of a bilateral agreement concluded with Hong Kong for the period 1 February 1990 to 31 January 1993.¹

¹The previous agreement and amendment thereof are contained in COM.TEX/SB/1274, 1413 and 1461

*English only/Anglais seulement/Inglés solamente

PERMANENT DELEGATION
OF AUSTRIA TO THE GATT

9-11 rue de Varembe
1211 GENEVA 20

- 2 -

No. 267-G/90

Geneva, 21 February 1990

Enclosure

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 a copy of a bilateral agreement between Austria and Hong Kong which entered into force on 1 February 1990.

In the recent past the economic conditions of the Austrian clothing industry have continued to deteriorate. Production in 1988 decreased by 2.6 per cent. The production figures for the first half of 1989 indicate already that 1989 as a whole will again show a negative development.

The number of factories in 1988 declined by 4 per cent, compared with the previous period. From 1980 to 1988 about 20 per cent of the clothing factories had to shut down and 25 per cent of the jobs were lost.

At the same time clothing industry is confronted with a steadily rising import penetration 1980: 56 per cent, 1988 74 per cent. As a consequence profits were substantially curtailed.

The situation in the Austrian garment industry is extremely severe in certain sectors, such as blouses and shirts. Factories producing such goods are situated mostly in depressed regions having virtually no other industries and where they are the main source of industrial employment. Such garments as well as others 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.

Imports of woven shirts of cotton and man-made fibres from Hong Kong increased from 898,431 to 1.028,905 in 1988. In the first half of 1989 there was an increase to 482,558 pieces (1-6/88: 449,000 pieces).

The Austrian shirt production decreased from 1985: 4,413 mio. pieces by 25 per cent to 1988: 3,254 mio. pieces. The ratio of imports from Hong Kong to domestic production was 20.4 per cent in 1985 in comparison to 31.6 per cent in 1988 (concerning shirts), the ratio of imports from Hong Kong to total imports was 13.5 per in 1988.

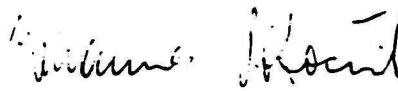
Imports of blouses of cotton and man-made fibres (women's and girls' wear) from Hong Kong increased from 532,452 in 1985 to 818,843 in 1988. In the first half of 1989 there was an increase to 421,725 pieces (1-6/88: 322,684 pieces). The ratio of imports from Hong Kong to domestic production increased from 23.4 per cent in 1985 to 51.1 per in 1988; the ratio of imports from Hong Kong to total imports increased from 14.2 percent in 1985 to 19.3 per cent in 1988. The domestic production of blouses decreased from 2.278,129 pieces in 1985 to 1.601,975 pieces in 1988.

Imports of trousers of cotton and man-made fibres, men's, boys', women's and girls' wear) from Hong Kong increased from 1.250,414 in 1985 to 1.487,000 in 1988. In the first half of 1989 there was a very sharp increase to 1.061,085 pieces. The ratio of imports from Hong Kong to domestic production was 20.6 per cent in 1985, 27.7 per cent in 1988 and 37.4 per cent in

1-6/89. The ratio of imports from Hong Kong to total imports was 12.6 per cent in 1988 (concerning trousers). The Austrian trousers production decreased from 1985: 6.083,882 pieces to 5.366,000 pieces in 1988.

Imports of woven anoraks etc. of cotton and man-made fibres (men's and boys' wear) from Hong Kong amounted to 250,198 in 1988. The import ratio of Hong Kong to domestic production was 73.2 per cent in 1988 and rose to 95.7 per cent in 1-6/89. The ratio of imports from Hong Kong to total imports was 16.2 per cent in 1988 and rose to 19 per cent in 1-6/89. The domestic production was at 341,685 pieces in 1988, in 1-6/89 there was a decrease of 45 per cent compared to 1-6/88.

Yours sincerely,



Johannes Potocnik
Minister

H.E. Mr. Marcelo Raffaelli
Ambassador
Chairman of the TSB
GATT

G e n e v a

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF HONG KONG
AND
THE GOVERNMENT OF AUSTRIA
RELATING TO THE EXPORT FROM HONG KONG
OF
CERTAIN TEXTILE PRODUCTS FOR IMPORT INTO AUSTRIA

Introduction

1. This Memorandum of Understanding sets out the arrangements that have been agreed between Hong Kong and Austria regarding Hong Kong's exports of certain textile products to Austria.
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 Article 4 of the Arrangement.

Coverage

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

Restraint Period

4. These arrangements shall apply for the periods 1 February 1990 to 31 January 1991, 1 February 1991 to 31 January 1992 and 1 February 1992 to 31 January 1993.

Restraint Limits

5. Hong Kong shall restrict exports of the products set out in Annex I to the limits set out in column (e), (f) and (g) for the periods stated therein, save as provided for in paragraphs 8 to 13 and paragraph 25 below.

6. For the purposes of these arrangements, Austria shall admit imports of the textile products of Hong Kong origin set out in Annex I only where such imports are covered by export licences issued by the Hong Kong Trade Department and endorsed to the effect that the consignments concerned have been debited to the agreed limits for each restraint period.

7. Furthermore, Austria shall admit imports of the textile products of Hong Kong origin set out in Annex I where such imports are covered by export licences issued by the Hong Kong Trade Department on or before 31 January 1990, under the terms of the Memorandum of Understanding regarding restrained items between Hong Kong and Austria signed in Vienna on 2 January 1987 and in Hong Kong on 28 February 1987 (as amended by the Agreed Minute signed on 18 December 1987 in London and the Agreed Minute signed on 2 November 1988 in Hong Kong.)

Swing

8. The limits in columns (e), (f) and (g) of Annex I may be increased during the relevant restraint period stated therein by up to five per cent provided that a corresponding reduction is applied to the limits for other products during the same restraint period.

9. For the purposes of calculating such corresponding reductions, the conversion factors listed in column (h) of Annex I shall apply.

Carryover and Carryforward

10. If in the previous restraint period terminating on 31 January 1990 exports from Hong Kong to Austria of any product as set out in Annex I to the Memorandum of Understanding regarding restrained items between Hong Kong and Austria, signed in Vienna on 2 January 1987 and in Hong Kong on 28 February 1987 (as amended), are less than the limits as set out in column (g) of Annex I thereto, Hong Kong may, after consultation with Austria, during the period 1 February 1990 to 31 January 1991 approve the export of additional amounts equivalent to such shortfalls provided that such exports:

- (i) are in the same products where the shortfalls occurred; and
- (ii) do not exceed 11 per cent of the annual restraint limit of these products specified in column (e) of Annex I of this Memorandum.

11. If in the previous restraint period terminating on 31 January 1990 exports from Hong Kong to Austria of any product as set out in Annex I to the Memorandum of Understanding regarding restrained items between Hong Kong and Austria, signed in Vienna on 2 January 1987 and in Hong Kong on 28 February 1987 (as amended), should exceed the limit as set out in Annex I thereto, Hong Kong shall inform Austria of the carryforward quantities and debit these to the corresponding limit for the period 1 February 1990 to 31 January 1991 as set out in column (e) of Annex I to this Memorandum.

12. The restraint limit for any product set out in column (d) in Annex I to this Memorandum may be exceeded, after consultations between Austria and Hong Kong, by a carryover of not more than 11 per cent of the receiving restraint period's applicable restraint limit in the case of shortfalls in the corresponding restraint limit for the previous restraint period, and by a carryforward of not more than 6 per cent of the receiving

period's applicable restraint limit. The carryover shall not exceed the amount of shortfall in the specific product in which the shortfall occurred. Carryforward shall be deducted from the restraint limit established for the same product for the succeeding restraint period. The combination of carryover and carryforward shall not exceed 11 per cent of the receiving restraint period's applicable restraint limit.

13. Should these arrangements be continued for a further period, the carryover and carryforward provisions set out in paragraph 12 above shall apply.

Export Authorization

14. Hong Kong shall require all exports to Austria of the products listed in Annex II to be covered by export authorizations issued by the Hong Kong Trade Department. An export authorization shall be issued only on evidence of a firm contract for the supply of the products involved and shall be valid for up to 6 months from the date of issue.

15. Export licences to ship products covered by an export authorization will be issued by 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. Hong Kong shall not issue export licences in respect of exports to Austria of products listed in Annex II which are not covered by a valid export authorization.

16. Hong Kong shall provide Austria 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. Hong Kong agrees to notify Austria immediately upon receipt of any applications for export authorizations in exceptionally large amounts in a particular product.

17. Austria shall admit imports of the textile products of Hong Kong origin listed in Annex II where such imports are accompanied by a copy of an export licence issued by the Hong Kong Trade Department.

18. If, in the opinion of Austria, the Austrian market is being disrupted in terms of the definition of market disruption in Annex A of the Arrangement Regarding International Trade in Textiles by imports from Hong Kong of any product covered by this system, Austria may request consultations under the provision of the Arrangement Regarding International Trade in Textiles.

19. A request for consultations shall be supported as soon as possible, and in any case within 14 days of the date of the request, by a factual statement of the reasons and justification for the request, including the latest data concerning elements of market disruption.

20. Austria and Hong Kong, unless otherwise agreed, shall consult as soon as possible within 30 days of the request for such consultations and shall make their best efforts to complete such consultations within a further 30 days.

21. Pending the completion of consultations, Austria may request 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 February 1987, increased by 10 per cent;
- (c) the level of export authorizations since the

commencement of the period in which the request for consultations is made, increased by 10 per cent;
(d) the previous restraint level, if any.

Hong Kong agrees that it will honour such a request.

22. For the purpose of paragraph 21 above, a "period" shall be 1 February of one year to 31 January of the immediately succeeding year. In the case of a product, or part of a product, for which the issue of export authorizations has not commenced until after 1 February 1987, the level of export licences issued in periods preceding the commencement of issue of export authorizations shall be substituted for the level of export authorizations in applying sub-paragraphs (a) and/or (b) of paragraphs 21 above, as appropriate.

23. In the event that consultations do not result in agreement, Austria shall have the right to request Hong Kong to limit exports to Austria of the products concerned during the period in which the request for consultations is made to a level not less than that calculated according to the formula set out in paragraph 21 above. Hong Kong agrees that it will honour such a request.

24. Austria and Hong Kong agree that the provisions shall not derogate from the rights of Austria and Hong Kong under the Arrangement Regarding International Trade in Textiles.

Re-Exports

25. Austria will, as far as possible, inform Hong Kong when imports into Austria of the textile products set out in Annex I that have been debited to the agreed limits are subsequently re-exported from Austria. Hong Kong may then credit the quantities involved to the appropriate limits. To this end, an administrative arrangement has been agreed between Austria and Hong Kong as set out in Annex III.

Exchange of Statistics

26. Hong Kong will provide Austria with half-monthly statistics of the textile products set out in Annex I licensed for export to Austria and debited to the limits set out in column (e), (f) and (g) of Annex I.

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

Consultations

28. Austria and Hong Kong agree to consult, at the request of either party, on any matter arising from the implementation of these arrangements.

29. If Hong Kong considers that, as a result of the restraint imposed by these arrangements, Hong Kong is being placed in an inequitable position vis-a-vis another supplier, Hong Kong may request Austria to consult with a view to remedial action such as a reasonable modification of these arrangements. Hong Kong may also request Austria to consult with a view to modifying these arrangements in respect of the period commencing 1 February 1992 to take into account the international arrangement for trade in textile products succeeding or replacing the Arrangement referred to in paragraph 2 above.

30. Where consultations are requested in accordance with paragraphs 28 and 29 above, Austria and Hong Kong shall enter into such consultations within 30 days of the request and shall endeavour to complete the consultations within a further 30 days.

Annexes

31. Annexes I, II and III hereof shall be an integral part of this Memorandum.

For Hong Kong:



John Chan

Secretary for Trade and
Industry

12 January 1990

For Austria:



Josef Mayer

Director

Federal Ministry for
Economic Affairs

28 December 1989

Item No.	Austrian Statistical Classification No.	Hong Kong Statistical Classification No.	Description	Limits in pieces			Conversion factors for swing purposes (pieces per kilogram)
				1.2.1990-31.1.1991	1.2.1991-31.1.1992	1.2.1992-31.1.1993	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1	6205.20 ex 6205.30 ex 6209.20 ex 6209.30	6205 2010 6205 2020 ex 6205 3010 ex 6205 3030 ex 6209 2020 ex 6209 3020	Shirts, not knitted or crocheted, wholly or mainly of cotton or of discontinuous synthetic fibres, men's, boys' and babies' wear	1,253,724	1,328,947	1,408,684	5.00
2	6206.30 6206.40 ex 6209.20 ex 6209.30 ex 6209.90	6206 3010 6206 3020 6206 4010 6206 4020 ex 6209 2020 ex 6209 3020 ex 6209 9002	Blouses, not knitted or crocheted, wholly or mainly of cotton or of man-made fibres, women's, girls' and babies' wear	1,135,069	1,180,472	1,227,691	5.00
3	6203.42 6203.43 ex 6203.49 ex 6204.52 ex 6204.53 ex 6204.59 6204.62	6203 4210 6203 4220 6203 4230 6203 4240 6203 4310 6203 4320 6203 4330 6203 4340 6203 4910 6203 4920 6203 4930 6203 4940 ex 6204 5210 ex 6204 5220 ex 6204 5310 ex 6204 5320 ex 6204 5910 ex 6204 5920 6204 6210 6204 6220 6204 6230 6204 6240	Trousers, bib and brace overalls, breeches, shorts, and divided skirts, not knitted or crocheted, wholly or mainly of cotton or of man-made fibres	1,999,944	2,119,941	2,247,137	1.76

Item No.	Austrian Statistical Classification No.	Hong Kong Statistical Classification No.	Description	Limits in pieces			Conversion factors for swing purposes(pieces per kilogram)
				1.2.1990 - 31.1.1991	1.2.1991 - 31.1.1992	1.2.1992 - 31.1.1993	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
	6204.63	6204 6310 6204 6320 6204 6330 6204 6340					
	ex 6204.69	6204 6910 6204 6920 6204 6930 6204 6940					
	ex 6209.20	ex 6209 2010 ex 6209 2020					
	ex 6209.30	ex 6209 3010 ex 6209 3020					
	ex 6209.90	ex 6209 9001 ex 6209 9002					
	ex 6201.92 ex 6201.93	ex 6201 9210 ex 6201 9220 ex 6201 9310 ex 6201 9320	Anoraks (including ski-jackets), wind cheaters and windjackets, not knitted or crocheted, wholly or mainly of cotton or of man-made fibres, men's and boys' wear	360,521	374,942	389,940	2.30

A N N E X I I

No.	Austrian Statistical Classification No.	Hong Kong Statistical Classification No.	Description
	ex 6211.11	6211 1110 6211 1120 6211 1130 6211 1140	Swimwear, not knitted or crocheted, of cotton or of man-made fibres, men's and boys' wear
	ex 6204.52 62.04.42 ex 6204.53 6204.43 ex 6204.59 6204.44	ex 6204 5210 6204 4210 ex 6204 5220 6204 4220 ex 6204 5310 6204 4310 ex 6204 5320 6204 4320 ex 6204 5910 6204 4410 ex 6204 5920 6204 4420	Dresses and skirts, not knitted or crocheted, of cotton or of man-made fibres, women's and girls' wear
	ex 6202.12	ex 6202 1210 ex 6202 1220 6202 1230 6202 1240 6202 1250 6202 1260	Coats, including raincoats but excluding capes and gowns, not knitted or crocheted, wholly or mainly of cotton or of man-made fibres, women's and girls' wear
	ex 6202.13	ex 6202 1310 ex 6202 1320 6202 1330 6202 1340 6202 1350 6202 1360	
	6204.32	6204 3210	
	6204.33	6204 3220 6204 3310 6204 3320	
	ex 6204.39	6204 3910 6204 3920	
	ex 6202.92	ex 6202 9210 ex 6202 9220	
	ex 6202.93	ex 6202 9310 ex 6202 9320	
			not knitted or <i>kn</i>
			Jackets, anoraks, ski-jackets, wind-cheaters and wind-jackets, <i>kn</i> crocheted, wholly or mainly of cotton, or of man-made fibres, women's and girls' wear

No.	Austrian Statistical Classification No.	Hong Kong Statistical Classification No.	Description
5	6106.10 6106.20	6106 1000 6106 2010 6106 2020	Blouses, shirts and shirt- blouses, knitted or crocheted mainly or wholly of cotton or of man-made fibres, women's and girls' wear
6	6107.21 6108.31	6107.2110 6107.2120 6108.3110 6108.3120	Pyjamas and other night garments, knitted or crocheted, wholly or mainly of cotton, men's boys', women's and girls' wear
7	6110.10 6110.20 6110.30	6110 1010 6110 1020 6110 1030 6110 1040 6110 2010 6110 2020 6110 2030 6110 2040 6110 3010 6110 3020 6110 3030 6110 3040 6110 3050 6110 3060 6110 3070 6110 3080	Jerseys, pullovers, cardigans waistcoats and similar articles. knitted or crocheted, wholly or mainly of wool or fine animal hair, of cotton, or of man-made fibres, men's, boys' women's and girls' wear

m No.	Austrian Statistical Classification No.	Hong Kong Statistical Classification No.	Description
8	6103.42	6103 4210	Trousers, bib and brace overalls, breeches and shorts, knitted or crocheted, wholly or mainly of cotton or of synthetic fibres, men's, boys', women's and girls' wear
		6103 4220	
		6103 4230	
		6103 4240	
	6103.43	6103 4310	
		6103 4320	
		6103 4330	
		6103 4340	
	6104.62	6104 6210	
		6104 6220	
		6104 6230	
		6104 6240	
	6104.63	6104 6310	
		6104 6320	
		6104 6330	
		6104 6340	

Annex III

Notwithstanding the provisions in paragraph 5 and in furtherance of paragraph 25 of the Memorandum, Austria and Hong Kong agree to the following administrative arrangements:

- (a) For presentation to Austria in support of an application for a corresponding import licence, an export licence ceases to be valid upon the expiration of one hundred and twenty days from the date of issue of the export licence. All export licences covering restrained items will be endorsed to this effect;
- (b) Austria will provide Hong Kong at monthly intervals with a list of export licences which have been presented to Austria in support of applications for import licences indicating the quantity covered by each corresponding import licence issued; and
- (c) In respect of export licences of which the validity of one hundred and twenty days referred to in (a) above has expired and which are not shown on the lists of export licences provided by Austria pursuant to (b) above, Hong Kong will notify Austria, as soon as possible, the numbers of such export licences and the quantity covered by each export licence with an indication that the quantities will be credited back to Hong Kong for re-use if nothing is heard from Austria within six weeks from the date of such notification.

Agreed Minute

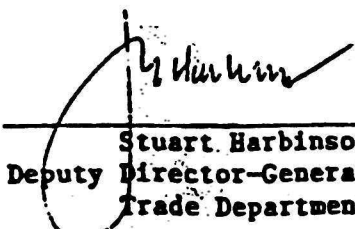
After consultations between the Government of Austria and the Government of Hong Kong held in Vienna on 28 November 1989, the Government of Austria confirmed that Hong Kong may carry forward the following quantity from the February 1990 - January 1991 restraint period to the February 1989 - January 1990 restraint period :

<u>Item No</u>	<u>Description</u>	<u>Maximum carryforward from 1990/91 to 1989/90 (pieces)</u>
3	Trousers, bib and brace overalls, breeches, shorts and divided skirts, not knitted or crocheted, wholly or mainly of cotton or of man-made fibres	106,796

2. The Government of Hong Kong undertakes to notify the Government of Austria of the actual quantities carried forward into the restraint period 1 February 1989 - 31 January 1990 when the restraint period expires.

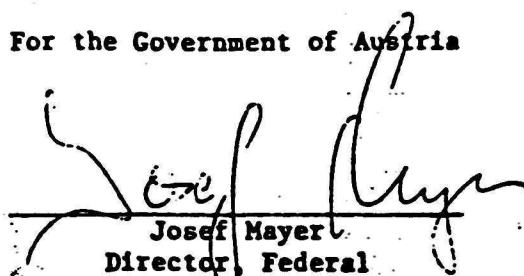
Done in Vienna, 28 November 1989

For the Government of Hong Kong



Stuart Harbinson
Deputy Director-General
Trade Department

For the Government of Austria



Josef Mayer
Director, Federal
Ministry for Economic Affairs