

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL

TEX.SB/347

28 November 1978

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Agreement between Finland and Hong Kong

Note by the Chairman

The attached notification received from the Finnish Mission concerns a new agreement covering certain textile products concluded between Finland and Hong Kong.¹ Also attached is the short reasoned statement.

¹For previous agreement see COM.TEX/SB/184 and 253.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément à l'article 4

Accord entre la Finlande et Hong-kong

Note du Président

La Mission de la Finlande a fait parvenir au secrétariat la notification ci-jointe relative à un nouvel accord portant sur certains produits textiles conclu entre la Finlande et Hong-kong.¹ Un bref exposé des motifs de cet accord est également joint à la présente note.

¹Pour l'accord précédent, voir les documents COM.TEX/SB/184 et 253.

PERMANENT MISSION OF FINLAND
IN GENEVA

No. 2686

157100-4

TR-ASB/347

15 NOV 1978

For:	Action	Comment	File
TRADE POLICY DT:			
Gen. Div.			
Agri. Div.			
Special Proj:			
TRADE DEVELOP. DT:			
Sp. Asst. Tr. Negs			
Dev. Div.			
Intel. Div.			
CHAIR, TSB			
OFFICE OF D-G:			
Consultant (ADG)			
Conf. Div.			
Ext. Res. Div.			
Ext. Bus. Sec.			
Info. Lib. Serv.			
Training Prog.			

Geneva, November 14, 1978

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Dear Mr. Ambassador,

I am notifying to the Textiles Surveillance Body a new agreement concerning trade in textiles between Hong Kong and Finland. It replaces the previous agreements which expired on July 31, 1978, and which were duly reviewed by the TSB and transmitted to the Textiles Committee.

The coverage of the present agreement is limited to only four categories of restraint products (for full details, see Annex I of the agreement):

1. Briefs, drawers, panties, undershorts and the like, women's and girls' wear
2. Briefs, drawers, panties, undershorts and the like, men's and boys' wear
3. Shirts, not knitted or crocheted, wholly or mainly by weight of cotton and man-made fibres, men's and boys' wear
4. Blouses, not knitted or crocheted, wholly or mainly by weight of cotton or man-made fibres, women's and girls' wear.

The new agreement has a more restricted coverage than the previous ones, as far as the categories of restraint products are concerned. Some of the previous restraint categories have been transferred under the export authorization system in the new agreement.

Ambassador P. Wurth
Chairman
Textiles Surveillance Body
General Agreement on Tariffs and Trade
Centre William Rappard
154, rue de Lausanne
Geneva

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Low price imports into Finland in all the products under restraint categories had continued to increase during the time preceding the presentation of the request for negotiations. This development had threatened to cause serious damage to the domestic production and had deteriorated the employment situation in these particular sectors in Finland where unemployment in overall terms had reached an all-time record.

The new bilateral agreement has been reached, on mutually acceptable terms, for the purpose of eliminating real risks of market disruption in Finland, while ensuring an orderly development of textile exports from Hong Kong to Finland and is being notified with reference to Article 4 of the Arrangement Regarding International Trade in Textiles, as well as the Protocol of Extension and the understandings set forth therein.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'E. Hagfors', followed by a long horizontal line extending to the right.

Erik Hagfors
Counsellor

Encls

MEMORANDUM OF UNDERSTANDING

I. Introduction

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 textile products to Finland.

II. Export Restraint Arrangements

2. These arrangements have been made having regard to the Arrangement Regarding International Trade in Textiles and in particular to Articles 1 and 4 thereof and to the Protocol extending the said Arrangement (L4616) together with the conclusions adopted on 14 December 1977 by the Textiles Committee of the General Agreement on Tariffs and Trade.

Coverage

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

Restraint Period

4. These arrangements shall apply for the periods 1 August 1978 to 31 July 1979 and 1 August 1979 to 31 July 1980, save that in respect of Category 4. Blouses, not knitted or crocheted, wholly or mainly by weight of cotton or of man made fibres, women's and girls' wear, these arrangements shall apply for the periods 1 February 1978 to 31 July 1979 and 1 August 1979 to 31 July 1980.

Either party may at any time terminate these arrangements provided that at least ninety days notice is given, in which

event the arrangements shall come to an end at the expiry of the ninety day period.

Restraint Limit

5. The Government of Hong Kong shall restrict exports of the textile products set out in Annex I to the limits set out in column (e) and column (f) for the periods stated therein, save as provided for in paragraphs 7, 8, 9 and 10.

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

Swing

7. For any textile product set out in Annex I, exports may exceed the limit in column (e) and column (f) of Annex I during the periods stated therein by one per cent, provided that a corresponding reduction is applied in any one or more of the other limits in column (e) and column (f) of Annex I during the periods stated therein.

For the purpose of calculating such corresponding reductions, the conversion factors listed in column (g) of Annex I to this Memorandum of Understanding 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 exports of textile products in excess of the limits set out in

- (a) column (e) of Annex I by an amount equal to the quantity by which shipments in the period 1 June 1977 to

31 July 1978 fall short of the limits set out in column (e) of Annex I to the Memorandum of Understanding signed by the Government of Finland and the Government of Hong Kong on 21 May 1977 as amended by the letter from Mr. W. Derward to Mr. P.A.O. Kärkkäinen of 24 June 1977, or 11% of the annual limits set out in column (e) of Annex I to this Memorandum, whichever is the less (carryover) provided that such exports are in the same categories where the shortfalls occur;

- (b) column (f) of Annex I by an amount equal to the quantity by which shipments in the period 1 August 1978 to 31 July 1979 (1 February 1978 to 31 July 1979 in the case of Category 4, Blouses, not knitted or crocheted) fall short of the limits set out in column (e) of Annex I to this Memorandum, as adjusted by the provisions in (a) above, or 11% of the limits set out in column (f), whichever is the less provided that such exports are in the same categories where the shortfalls occur.

9. 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 annual limits in column (e) and column (f), as applicable, 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.

10. The carryover and carryforward taken together shall not exceed 11 per cent of the agreed annual limits in column (e) and column (f), as applicable, of Annex I to this Memorandum.

11. If exports of the textile products listed in Annex I to this Memorandum in the period 1 August 1979 to 31 July 1980 are less than the agreed limits in column (f) of Annex I as adjusted

by the carryover provision in paragraph 8 above, 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% of any limit which may be agreed for the immediately following restraint period, whichever is the less.

Re-export

12. The Government of Finland will inform the Government of Hong Kong when imports into Finland of the textile products 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

13. The Government of Hong Kong will provide the Government of Finland with monthly statistics of the textile products listed in Annex I licensed for export to Finland and debited to the limits set out in column (e) and column (f) of Annex I.

14. 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 textile products set out in Annex I.

Consultations

15. 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.

16. 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-a-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

17. These arrangements shall apply for the period 1 February 1979 to 31 July 1980.

18. 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 Trade Industry and Customs Department, Hong Kong. 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 3 months from the date of issue.

19. 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 28 days from the date of issue. The Government of Hong Kong shall not issue export licences in respect of exports to Finland of the products listed in Annex II which are not covered by a valid export authorization.

20. 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 the products. 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 imports of the products in question into Finland.

21. 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 Trade Industry and Customs Department, Hong Kong.

22. 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 the products 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 with due regard to the relevant provisions of the Arrangement Regarding International Trade in Textiles and the protocol for its extension 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).

23. 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 products. The Government of Hong Kong may, however, continue to issue export licences against valid export authorizations issued before such a suspension.

24. 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 90 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.

25. 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

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

Done in Geneva, March 21, 1978

For the Government of Finland

For the Government of Hong Kong

Jouko Asikainen *Chan Yau Tso*

Annex I

(a) Category	(b) Finnish Statistical Classification No.	(c) Hong Kong Statistical Classification No.	(d) Description	(e) Restraint Limit 1 Aug 1978 to 31 July 1979	(f) Limit 1 Aug 1979 to 31 July 1980	(g) Conversion Factor. (Square yards equivalent per dozen)
1	ex 60.04.812 60.04.813 60.04.815 60.04.816 60.04.817	ex 846 286 ex 846 287 ex 846 341 ex 846 342 ex 846 406 ex 846 407	Briefs, drawers, panties, undershorts and the like, knitted or cro- cheted, wholly or mainly by weight of cotton or of man-made fibres, women's and girls' wear.	2,003,930 pieces	2,013,950 pieces	9 sq.yd./doz
2	ex 60.04.712 60.04.713 60.04.715 60.04.716 60.04.717	ex 846 282 ex 846 283 ex 846 331 ex 846 332 ex 846 402 ex 846 403	Briefs, drawers, under- shorts, and the like, knitted or crocheted, wholly or mainly by weight of cotton or of man-made fibres, men's and boys' wear.	579,500 pieces	582,398 pieces	9 sq.yd./doz
3	61.03.102 61.03.103 61.03.105 61.03.106 ex 61.03.109	844 111 844 112 844 121 844 122 844 195 844 196	Shirts, not knitted or crocheted, wholly or mainly by weight of cotton or of man-made fibres, men's and boys' wear.	309,199 pieces	310,745 pieces	26 sq.yd./doz

(a) Category	(b) Finnish Statistical Classification No.	(c) Hong Kong Statistical Classification No.	(d) Description	(e) Restraint Limit 1 Aug 1978 to 31 July 1979	(f) Limit 1 Aug 1979 to 31 July 1980	(g) Conversion Factor (Square yards equivalent per dozen)
4	61.02.502 61.02.505 61.02.506	843 511 843 512 843 521 843 522	Blouses, not knitted or crocheted, wholly or mainly by weight of cotton or of man- made fibres, women's and girls' wear.	497,563 pieces (1 February 1978 to 31 July 1979) (Notional annual limit: 331,709 pieces)	335,026 pieces	20 sq.yd./doz

Annex II

(a) Category	(b) Finnish Statistical No.	(c) Hong Kong Statistical No.	(d) Description
E1	ex 60.04.852 60.04.853 60.04.855 60.04.856 60.04.857	ex 846 292 ex 846 345 ex 846 412	Briefs, drawers, panties, under- shorts, and the like, knitted or crocheted, wholly or mainly by weight of cotton or of man-made fibres, infants' wear i.a. gar- ments of sizes up to and includ- ing 110.
E2	60.04.115 60.04.155 60.05.315 60.05.355 60.05.365	ex 845 121 ex 845 122 ex 845 123 ex 845 124 ex 845 125 ex 845 930 ex 845 937 846 211 846 212 ex 846 282 ex 846 283 ex 846 286 ex 846 287 ex 846 292	Jumpers, sweaters, cardigans, pullovers, blouses and shirts (including T-shirts, singlets and undershirts), knitted or crocheted, wholly or mainly by weight of cotton.
E3	60.04.112 60.04.113 60.04.116 60.04.117 60.04.152 60.04.153 60.04.156 60.04.157 60.05.312 60.05.313 60.05.316 60.05.317 60.05.352 60.05.353 60.05.356 60.05.357 60.05.362 60.05.363 60.05.366 60.05.367	ex 845 131 ex 845 132 ex 845 133 ex 845 134 ex 845 135 ex 845 141 ex 845 142 ex 845 143 ex 845 144 ex 845 145 845 950 ex 845 957 845 970 ex 845 977 846 321 846 322 ex 846 331 ex 846 332 ex 846 341 ex 846 342 ex 846 345 ex 846 402 ex 846 403 ex 846 406 ex 846 407 ex 846 412 846 413 846 414	Jumpers, sweaters, cardigans, pullovers, blouses and shirts (including T-shirts, singlets and undershirts), knitted or crocheted, wholly or mainly by weight of man- made fibres.

Annex II

(a) Category	(b) Finnish Statistical No.	(c) Hong Kong Statistical No.	(d) Description
E4	60.04.114	ex 845 111	Jumpers, sweaters, cardigans,
	60.04.154	ex 845 112	pullovers, blouses and
	60.05.314	ex 845 113	shirts (including T-shirts,
	60.05.354	ex 845 114	singlets and undershirts),
	60.05.364	ex 845 115	knitted or crocheted, wholly
		845 910	or mainly by weight of wool. ^{x)}
		ex 845 917	
		ex 846 182	
		ex 846 183	
		ex 846 186	
		ex 846 187	
E5	65.05.906	ex 848 435	Woven peaked caps, wholly or
		ex 848 436	mainly by weight of cotton
		ex 848 437	or of man-made fibres or of wool. ^{x)}
E6	65.05.905	ex 848 435	Woven shaped hats, wholly or
		ex 848 436	mainly by weight of cotton or
		ex 848 437	of man-made fibres or of wool.

x) Note

Jumpers, sweaters, cardigans and pullovers, and the like, knitted or crocheted, wholly or mainly by weight of wool, women's, girls', men's and boys' wear, and woven peaked caps, wholly or mainly by weight of cotton will continue to be subject to restraint until 31 July 1978 as provided for in the Memorandum of Understanding signed by the Government of Finland and the Government of Hong Kong on 21 May 1977. From 1 August 1978, these products will come under the export authorization arrangement provided for in Part III of this Memorandum.

Annex II

(a) Category	(b) Finnish Statistical No.	(c) Hong Kong Statistical No.	(d) Description
E7	ex 65.05.909	ex 848 435 ex 848 436 ex 848 437	Woven headgear other than peaked caps and shaped hats, wholly or mainly by weight of cotton or of man- made fibres or of wool
E8	60.05.202 60.05.203 60.05.206 60.05.207	845 944 845 945 845 951 845 952 ex 845 957 845 964 845 965 845 971 845 972 ex 845 977	Swimming suits and trunks, knitted or crocheted, wholly or mainly by weight of man- made fibres

Memorandum of Understanding

In the course of consultations held in Geneva on 9 to 11 January 1978 pursuant to Section III (paragraphs 17 to 25) of the Memorandum of Understanding signed by the Government of Finland and the Government of Hong Kong on 21 May 1977, the representatives of the two Governments agreed as follows:

- (a) The Government of Hong Kong shall during the period 12 November 1977 to 31 July 1978 restrict exports to Finland of men's and boys' woven shirts wholly or mainly by weight of cotton, Finnish statistical classification No. 61.03.105, Hong Kong statistical classification No. 844.111, 844.112, to 20,438 pieces (notional annual limit: 28,473 pieces),
- (b) A quantity of 7,777 pieces covered by Export Authorizations issued before 12 November 1977 by the Government of Hong Kong have already been licensed for export to Finland since that date; the Government of Hong Kong agrees that this quantity of 7,777 pieces shall be debited to the limit of 20,438 pieces, leaving a balance for export in the said period of 12,661 pieces,
- (c) The Government of Finland shall for the purpose of this arrangement admit imports of the shirts specified above of Hong Kong origin only where such imports are covered by an export licence issued by the Trade Industry & Customs Department, Hong Kong, and endorsed to the effect that the consignments have been debited to the agreed limit,
- (d) The cotton woven shirts which are the subject of this Memorandum of Understanding and the limit for such shirts of 20,438 pieces shall, for the purposes of swing (7% with conversion factor of 26 sq. yd./doz.) carryover and carryforward (11% carryover and carryforward of which

no more than 6% may be carryforward), re-export, exchange of statistics and consultations, be considered to be an integral part of the Annex to the Memorandum of Understanding of 21 May 1977.

Done in Geneva, March 21, 1978

For the Government of Finland

For the Government of Hong Kong

[Signature] *[Signature]*