

# GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/816\*

2 February 1983

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Textiles Surveillance Body

## ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

### Notification under Article 4:4

#### Bilateral Agreement between Finland and India

#### Note by the Chairman

Attached is a notification received from Finland, concerning a new bilateral agreement concluded under Article 4<sup>1/</sup> of the MFA with India, valid from 1 January 1983 to 31 December 1986.—

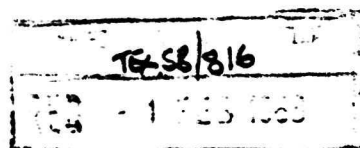
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<sup>1/</sup> — The previous bilateral agreement and a subsequent modification are contained in COM.TEX/SB/387 and 665.

\* English only/Anglais seulement.

PERMANENT MISSION OF FINLAND  
IN GENEVA

No. 2077



Geneva, 31 January 1983

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Dear Mr. Chairman,

I have the honour to notify hereby to the Textiles Surveillance Body the Article 4-agreements concluded by Finland with India, Korea, Thailand, Romania and Malaysia. The agreement with Malaysia is a consultation agreement, the others contain effective restraints. All these agreements supercede previous Article 4-agreements.

All the agreements containing specific restraints provide for usual growth and flexibility in Finnish agreements, i.e. normally lower than 6 % growth based on the relevant MVP-provisions in the MFA and its Protocol of Extension and flexibility at least to the extent provided for in Annex B. The product coverage of the agreements has remained mainly unchanged, in some cases product categories have been combined, thus allowing for additional flexibility.

The reasons underlying the renewal of these bilateral agreements have already been discussed in some detail in the context of previous Finnish notifications in 1982, and the basic facts remain unchanged. The production and employment outlook of the Finnish clothing industry remains gloomy, import penetration ratios in the categories under restraint are very high and imports have tended to increase further. Enclosed you will find some recent trade figures of the kind, in which the TSB has shown interest in certain recent cases. I hope to be able to supply some further data in the next few weeks on those product categories, notably CCCN 60.05, where the figures are still missing.

H.E.

Mr. Marcelo Raffaelli

Chairman

Textiles Surveillance Body

I will be pleased to provide further details to the Secretariat, should you consider it necessary.

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

A handwritten signature in dark ink, appearing to read 'Matti Pullinen', written in a cursive style.

Matti Pullinen

First Secretary

MEMORANDUM OF UNDERSTANDING BETWEEN  
THE GOVERNMENT OF THE REPUBLIC OF FINLAND  
AND THE GOVERNMENT OF THE REPUBLIC OF INDIA  
RELATING TO THE EXPORT FROM INDIA OF CERTAIN  
TEXTILE PRODUCTS FOR IMPORT INTO FINLAND  
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Introduction

1. This Memorandum of Understanding sets out the arrangements that have been agreed between the Governments of Finland and India regarding the export of certain textile products from India for import into Finland.
2. These arrangements have been made having regard to the Arrangement Regarding International Trade in Textiles (hereinafter referred to as "the ARRANGEMENT") and to the Protocol of 22 December 1981 extending the said ARRANGEMENT.

Restraint Periods:

3. These arrangements will apply for four calendar year periods commencing on 1 January 1983 and ending on 31 December 1986. For the period August 1 to December 31, 1986 these arrangements are subject to both Parties being free to request, at any time, consultations with a view to proposing revisions in the light of any successor agreement to the ARRANGEMENT as extended by the Protocol of December 22, 1981.
4. These arrangements may be extended by mutual consent to apply for a fifth year commencing on 1 January 1987 to 31 December 1987 subject to any modifications which either side may propose in the light of any successor agreement to the ARRANGEMENT as extended by the Protocol of 22 December 1981.

Restraint levels and Growth Rate:

5. Except as provided for in paragraphs 9 & 10 below, the Government of India will restrain its exports to Finland of the textile products described in Annex I for the four calendar years commencing 1 January 1983 to the limits specified therein.

6. With reference to Article 12.3 of the ARRANGEMENT, the limitations set out in these arrangements will not apply to handloom fabrics of the cottage industry, hand-made cottage industry products made of such handloom fabrics and to traditional folklore handicraft textile products known as 'India items' as listed in Annex II provided that such products conform to the descriptions and provisions as given in Annex III.

7. Administration:

Upon presentation of Original Export Certificates for exports to Finland (a sample is at Annex IV) issued by the competent Indian authorities for the items mentioned in Annex I, the competent Finnish authority will admit the import of quantities covered by such Export Certificates. Such Export Certificates imply that the consignments have been debited against the agreed limits for exports to Finland.

8. Government of India will make efforts to see that undue concentration of exports of textile products specified in Annex I from India to Finland is avoided. However, while doing so, due regard will be paid to demand pattern and seasonal aspects of the trade.

9. Carry-over and Carry-forward:

- a) In any agreement year advance use of a portion of the quantitative limit established for the following agreement year is authorised for each product listed in Annex I upto 6 per cent of the limit for the current agreement year.

- b) Carry-over to the corresponding quantitative limit for the following agreement year of amounts not used during any agreement year is authorised upto 11 per cent of the limit for each product for the current agreement year.
- c) The increase in any product limit on account of cumulative application of provisions of paragraphs (a) and (b) above during an agreement year shall not exceed 11 per cent.
- d)
  - (i) Unused portions of any specific limit for the agreement year from 1st January 1982 to 31st December 1982 (as covered by preceeding Memorandum of Understanding) may be carried over and added to the corresponding specific limit for the agreement year commencing on 1st January 1983.
  - (ii) Portions of any specific limit for the agreement year commencing on 1st January, 1983 may be carried forward and added to the corresponding specific limit for the agreement year commencing from 1st January, 1982 (as covered by the preceeding Memorandum of Understanding).
  - (iii) Percentage limits and conditions applicable to (i) and (ii) above will be as set out in sub-para (a), (b) and (c) above.

Swing:

10. The exports of any products specified in Annex I to the Memorandum of Understanding may exceed the limit established in that Annex by 5 per cent, provided that a corresponding reduction is applied to one or several of the other limits.

Contd.....4/-



For the purpose of calculating such adjustments the conversion factors listed in column (e) of Annex I shall apply.

11. Exchange of Statistics:

The competent Indian authorities will forward to Finland monthly statistics on a cumulative basis of the quantities of the textile products for which certificates for export to Finland have been issued. The competent Finnish authorities will forward to India corresponding monthly statistics on a cumulative basis of imports from India of the textile products set out in Annex I.

12. Consultations:

The Government of Finland and the Government of India agree to consult together, at the request of either party, on any matter arising from the implementation of these arrangements or any matters connected thereto. Both sides agree to enter into such consultations promptly and in a spirit of cooperation with a view to arriving at a mutually acceptable solution.

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

14. Either Government reserves its rights under the ARRANGEMENT with respect to textile products not subject to these arrangements. For textile products covered by these arrangements, it is agreed that either of the Parties may have recourse to any or all of the provisions of the ARRANGEMENT, save that the Government of Finland waives its rights under Article 3 of the ARRANGEMENT with respect

Contd.....5/-



to products covered by these arrangements as long as these arrangements remain in force.

Re-exports:

15. The Government of Finland will inform the Government of India, as far as possible, when imports into Finland of the textile products subject to these arrangements are subsequently re-exported from Finland. Where such re-exports have been debited by the Indian Government to quantitative limit the Government of India may then credit the quantities involved to the appropriate restraint levels.

16. Either Party may terminate these arrangements effective at the end of any agreement year by a written notice to be given at least ninety days prior to the end of that agreement year.

17. Annexes I - IV of this Memorandum of Understanding will be considered an integral part of it.

Final Provisions:

18. This Memorandum of Understanding will become effective on 1st January, 1983 subject to an exchange of notes between the two Governments confirming their acceptance of these arrangements.

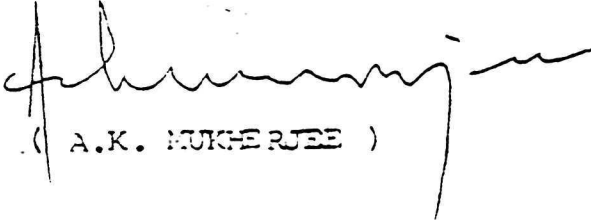
New Delhi

3 December 1982

For the Government of  
Finland

  
( ARHI PALCSUO )

For the Government of  
India

  
( A.K. MUKHERJEE )



(a)			(b)	(c)	(d)		(e)		
Finnish tariff classification No.			Description	Unit of quantity	Restraint limits 1.1.83- to 31.12.83	1.1.84- to 31-12-84	1.1.85- to 31-12-85	1.1.86 to 31-12.86	Conversion factor (pieces/pairs /Kg.)
Category 1	61.02	502	Women's and girls'	Piece	640,000	652,800	665,856	679,173	5,0
		505	woven blouses of						
		506	cotton and man-						
		509	made fibres, men's						
	61.03	102	and boys' woven						
		103	shirts of cotton						
		105	and man-made fibres						
		106							
		ex 109							
		of which							
	61.02	502	Women's and girls'	Piece	450,000	459,000	468,180	477,544	
		505	woven blouses of						
		506	cotton and man-						
		509	made fibres						
Category 2	60.03	112	Ankle socks for	pair	450,000	459,000	468,180	477,544	24
		114	men, women, boys and						
		115	girls and men's						
		116	socks of cotton,						
		152	wool or man-made						
		154	fibres.						
		155							
		156							
Category 3	60.04	121	Knitted un-der-shirts,	piece	500,000	510,000	520,200	530,604	7
		124	other than with collars,						
		128	including T-shirts for						
		152	underwear and outer-						
		153	wear, for men and women						
		155	boys and girls of						
		156	cotton and man-made						
		157	fibres.						

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ANNEX - II

AGREED LIST OF INDIA ITEMS I.E. TRADITIONAL  
FOLKLORE HANDICRAFT TEXTILE PRODUCTS OF INDIA

India items are traditional folklore handicraft textile products, uniquely and historically Indian, made in the cottage industry. They cover the products enumerated below (clothes and clothing accessories, decorative furnishing) and such other items as may be agreed upon from time to time.

CLOTHES AND CLOTHING ACCESSORIES

All the garments and accessories listed below are uniquely and historically Indian traditional folklore textile products on account of their similarity in shape and design with those of clothes and accessories traditionally worn in India.

The products listed below must have the following characteristics:

- they are produced in cottage industry units
- they do not include zip fasteners
- they are ornamented in the characteristic Indian folk styles, using one of the following methods:
  - + hand painting or hand printing or handicraft batik or handicraft tie and dye or kalamkari
  - + embroidery or crocheted ornamentation
  - + applique work of sequins, glass or wooden beads, shells, mirrors or ornamental motifs of textile or other materials by hand
  - + extra weft ornamentation

Contd.....2/-



S.No.	Name	Description
1.	KURTA	a loose almost straight-cut shirt or tunic like garment, reaching to the hips, mid-thighs, knees or ankles with quarter, half or full length narrow or loose sleeves, with or without buttons.
2.	PHERON	a short or full-length, extremely loose fitting dress with long, loose sleeves, without buttons, embroidered, ornamented or printed.
3.	CHOLA	a full-length, loose fitting dress-like garment with sleeves, mainly for indoor wear.
4.	CHURIDAR PYJAMA	trousers, loose at waist (with drawstring or hooks) tapering to a narrow fit at the ankle.
5.	SALWAR	loose-fitting trousers, legs either straight or baggy with extra fullness at the thighs.
6.	GHARARA	loose-fitting trousers with frills or flaring below the knee.
7.	TAMBA	loose-fitting trousers with typical Indian hand ornamentation.
8.	LUNGI	a long cylindrical garment worn as a wrap around the lower half of the body.
9.	ANGHARKA	a full-length, light-weight coat-like garment, closing in front with a decorative cord or ribbon, with sleeves.
10.	BAGAL BANDINI	a knee-length or full-length jacket or coat-like garment, closing at the side with strings, with half sleeves or without sleeves.
11.	ABA	a full-length dress with close fitting bodice, long, wide skirt, with sleeves.
12.	BURKA	a full-length cap-like garment, covering the wearers head and body with aperture for eyes covered with gauze or lace.
13.	JAWAHAR JACKET	a loose-fitting jacket or waistcoat worn over a kurta, with or without buttons.
14.	CHOLI	a short bodice with or without sleeves crocheted or woven.

Contd.....3/-



S.No.	Name	Description
15.	GHAGRA LEHNGA	an ankle-length, very wide skirt with draw-string or hooks at waist.
16.	PAVADAI	a set made of a full or ankle-length skirt and a bodice.
17.	DUPATTA	a very light woven scarf about 120 cm x 80 cm worn with kurta and churidar.
18.	ODHANI	a cloth about 2 mt x 1 mt with much ornamentation.
19.	PATKA	a long stole, non-printed, ornamented with art work.
20.	GULU BAND	neckband with traditional art work
21.	KAMARBAND	decorative waistband and textile belt
22.	BAZUBAND	decorative arm band
23.	MATHAPATI	decorative forehead band
24.	SAFA	headwear made up of traditional printed or embroidery work.
II	<u>DECORATIVE FURNISHINGS:</u>	
25.	TORAN	a textile article, traditionally used to decorate door-posts, embroidered or with applique work in folk motifs.
26.	THOMBAL	cylindrical hanging with applique work or hand printed, hand-painted or hand-embroidered fabrics, traditionally hung from ceilings or in doorways.
27.	SHAMIANA	canopy or awning with applique work of squares or triangles in contrasting colours, used as a ceiling decoration.
28.	KALAMKARI	wall-hangings with mythological scenes depicted by hand-painting or hand printing using wax.
29.	TEMPLE HANGINGS	hand-painted or hand printed hangings with traditional mythological or religious motifs.

Contd.....4/-



S. No.	Name	Description
30.	CHAKLA	embroidered wall-hangings, with or without mirror work, depicting folk motifs.
31.	BATIK WALL PIECES	wall hangings of cotton, with designs created by the traditional handicraft batik process (hand-waxing, dyeing and boiling being repeated for each colour)
32.	CHAHDANI POSH	a decorative cover for a teapot or coffeepot.
33.	TAKIAGILAF	a cushion cover decorated with Indian motifs.
34.	PHULKARI	decorative embroidered cloth with close stitch employed with strands or untwisted silk to make the flower-like embroidery.
35.	GADDIPOSH	decorative version of the bedspread sometimes quilted.
36.	HAND KNOTTED CARPETS	having woollen or cotton warp and weft and a woollen knotted pile, of which each knot or loop is made by hand and joins two warp threads. After each row of knots is completed, a weft thread is passed through the warp. The pile is subsequently shorn by hand to give the carpet the desired thickness. The traditional patterns used are common to India and neighbouring regions of south and central Asia, and usually consist of stylised floral, animal and geometrical motifs, in either a single design or repeated several times within a border, carpets with traditional pictorial designs (e.g. court, hunting, polo, jungle scenes etc.), modern designs with Indian motifs from ancient monuments and murals, and carpets in a single colour, without pattern, are also produced by hand in India.
37.	HAND-WOVEN CARPETS	of the Kalen, schumek and Kargmanja types
38.	GABBA	floor-coverings produced by hand-embroidery or by applique work on a base consisting of woven wool, felt or jute, with or without a cotton backing.
39.	NAMDAS	a floor covering with felted woollen surface with or without traditional embroidery in various shapes and sizes.

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ANNEX - III

The exemption provided in paragraph 6 of these arrangements shall apply to the following products:-

- a) Handloom fabrics of the cottage industry of India - i.e., fabrics woven on hand or foot operated looms in the cottage industry of India;
- b) Hand-made textiles products made in the cottage industry of India from such handloom fabrics of the cottage industry; and
- c) Traditional folklore handicraft textiles products made in the cottage industry of India as defined in the list of 'India Items' at Annex II.

2. Exemption shall be granted only for products covered by an Exempt Certificate issued by the competent Indian authorities. A specimen of the Certificate is enclosed.

3. For the duration of the current Memorandum of Understanding, export of products referred to in paragraph (b) above will be included in the quantitative limits set out in Annex I. This shall be without prejudice to either Party's interpretation of Article 12.3 of the ARRANGEMENT.

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EXEMPT CERTIFICATE

1. Exporter(name, full  
address)

ORIGINAL

2.No.

CERTIFICATE in regard to TEXTILE  
PRODUCTS OF THE COTTAGE INDUSTRY,  
TRADITIONAL FOLKLORE TEXTILE  
PRODUCTS, issued in conformity  
with and under the conditions re-  
gulating trade in textile pro-  
ducts with Finland.

3. Consignee(name, full address)

4. Place and date of shipment -  
means of transport

5. Supplementary details

6. Description of goods

7. Quantity

8. FOB value

9. CERTIFICATION BY THE COMPETENT AUTHORITY

I, the undersigned, certify that the consignment described above  
includes only the following textile products\* of India.

- a) Handloom fabrics of the cottage industry of India - i.e.,  
fabrics woven on hand or foot operated looms.
- b) Hand-made textile products, made in the cottage industry of  
India from such handloom fabric.
- c) Traditional folklore handicraft textiles products, as defined  
in the list of India items agreed between Finland and India.

10. Competent Authority(name, full  
address)

At.....on.....

Signature

(Stamp)

\*Delete which is not applicable



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ANNEX - IV

EXPORT CERTIFICATE

Certificate No. FIN/\_\_\_\_\_ Category No. \_\_\_\_\_

M/s. \_\_\_\_\_  
(Name and address of exporter)

are hereby authorised to export \_\_\_\_\_ pieces/pairs

of \_\_\_\_\_  
(description of goods)

to M/s. \_\_\_\_\_  
(Name and address of importer)

Issued \_\_\_\_\_ on \_\_\_\_\_

APPROVED AND DEBITED  
AGAINST RESTRAINT  
LEVEL FOR EXPORTS TO  
FINLAND FOR THE YEAR

Signature of the Authorising Officer

Seal

