

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/933*

9 March 1984

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Agreement between Austria and Macao

Note by the Chairman

Attached is a notification received from Austria concerning a new bilateral agreement concluded under Article 4 of the MFA with Macao.¹ The agreement is valid from 1 January 1984 to 31 December 1986.

¹The previous agreement with Macao is contained in COM.TEX/SB/693

* English only/Anglais seulement/Inglés solamente.

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1211 GENEVA 20, 29 February 1984
9-11, rue de Varembe

For	Action	Comment	Int.
OPER. DEPT. A			X
Non-Ex. H. Div.			
Police Dept. Div.			
Tech. Equip. Div.			
Trans. Reg. Div.			
Spec. Proj. Div.			
OPER. DEPT. B			X
Exec. R. And. Hq.			
Apprentice Div.			
Tariff Div.			
Tech. Res. T. Div.			
Ext. Rel. Sec.			
DEPT. C			
Adm. / Fin. Div.			
EngAs. / Ops. Div.			
Training Div.			
Personnel Off.			
Conference Off.			

ANSWERED	DOC. ISSUED	10
TEX. 58/933		
REG - 2	MAR 1964	
For		
Cabinet of DG		Int.
Info. Service		X
OFFICE LEGAL A.		
Sec. / Council A.		
CHAIRMAN		

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 the following notification concerning a bilateral agreement between Austria and Macau by which the agreement signed between Austria and Macau on 13 February 1981 has been prolonged. An understanding on the prolongation has been reached in consultations held between Austria and Macau on 4 November 1983. The renewed agreement, the text of which has been transmitted to you by my letter ref. No. 102-G/84 of 6 February 1984, entered into force on 1 January 1984 and covers the same products as the previous agreement.

In the recent past the economic conditions of the Austrian textiles industry have continued to deteriorate. There was a further downwards trend in orders and production was declining. In 1982 overall production in the textile sector declined by 4.8 per cent in comparison to 1981. In the first half of 1983 production declined by 8.5 per cent. The number of jobs in 1982 declined by 6.8 per cent and in the first

half 1983 by 7.4 per cent in comparison to the previous period.

At the same time the textiles industry is confronted with steadily rising import penetration (1982 imports reached already a share of more than 82 per cent of the Austrian production) and with increasing expenditure (e.g. 6.0 per cent increase in labour cost). Due to the situation prevailing in the market it was not possible to reflect fully increases in production costs by price measures. As a consequence profits were substantially curtailed.

The situation of the Austrian garment industry is particular severe in certain sectors, such as the production of blouses, slacks, jeans 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 textiles as well as other textiles are extremely sensitive to disruptive market forces. Experience has shown that imports of low price cotton textiles exert an enormous downward pull on prices forcing domestic producers to operate at the break even point or even at a loss.

Notwithstanding the problems in the Austrian garment industry Austria has restricted vis-à-vis Macau only a few products namely shirts and blouses, slacks, shorts, jeans and trousers.

The development of imports from Macau into Austria of the respective products is shown in the following tableau (in pieces):

Blouses:	1981	463,750
	1982	159,999
	1/2 1982	62,116
	1/2 1983	54,768

Slacks, shorts, jeans:	1981	145,826
	1982	38,583
	1/2 1982	21,904
	1/2 1983	29,809

Shirts:	1981	243,094
	1982	153,347
	1/2 1982	122,435
	1/2 1983	113,557

Production of woven slacks, shorts, jeans, trousers and divided skirts increased by 11.6 per cent in the first half of 1983 compared with the previous year whereas the imports from Macau, especially in the first six months of 1983, increased substantially (plus 36.1 per cent). The ratio of imports from Macau to domestic production was in the first semester of 1983 2.66 per cent (1982: 2.01 per cent). The ratio of imports from Macau to total imports increased from 1982 0.56 per cent to 0.66 per cent in the first semester of 1983.

The average price of slacks, shorts, jeans imported from Macau was 64.31 AS whereas such products made in Austria amounted to 192.0 AS.

Production of woven blouses of synthetic fibres and/or of cotton decreased by 14.4 per cent in 1982 and by 8.3 per cent in the first six months 1983 in comparison to 1982.

In 1982 the ratio of imports from Macau to domestic production was already 5.64 per cent. The average price of woven blouses of cotton imported from Macau was in 1982 74.02 AS and 6.99 AS for woven blouses of synthetic fibres which is considerable lower than the average price of woven blouses made in Austria (223.54 AS cotton and/or synthetic fibres). Apparent consumption decreased by 11.8 per cent in the first six months 1983 as compared to same period in 1982 whereas the percentage share of Macau of apparent consumption remained at 1.52 per cent.

Production of woven shirts of synthetic fibres and/or of cotton decreased by 8.7 per cent in 1981 as compared with the previous year and by -1 per cent in 1982. The average price of woven shirts of cotton imported from Macau in 1982 was 56.83 AS. The average price of woven shirts of synthetic fibres imported from Macau was 40.41 AS whereas the average price of such products namely shirts of cotton and/or synthetic fibres made in Austria was 184.55 AS.

The agreed export levels in pieces for the twelve-months period beginning 1 January 1984 are:

	1984	1985	1986
Slacks, shorts, jeans:	297.138	303.080	309.142
Blouses:	352.321	359.367	366.554
Shirts:	223.859	228.336	232.903

In view of the existing exceptional circumstances in terms of Annex B of the ARRANGEMENT in these highly sensitive products a lower than 6 per cent growth has been agreed upon between both parties. Swing has been fixed at

a level of 5 per cent in accordance with para. 5 of Annex B of the Arrangement. In determining growth and flexibility special considerations have been taken into account such as the improvement of the growth rate for shirts which, upon request of Macau, has now been fixed at a level of 2 per cent whereas under the previous agreement growth for this item was 0.5 per cent.

My authorities regret that for technical reasons they have not been able to transmit the notification in time.

Accept, Sir, the assurances of my highest consideration.



Richard Hochörtler
Deputy Permanent
Representative

Mr. Marcelo Raffaelli
Chairman
Textiles Surveillance Body
GATT

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15/140-4

**PERMANENT REPRESENTATION
OF AUSTRIA TO THE GATT**

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No. 102-G/84

1211 GENEVA 20, 6 February 1984
9-11, rue de Varembe

Enclosure

Sir,

I have the honour to transmit to you in advance the text of the understanding reached following consultations held between Austria and Macau on 4 November 1983 concerning the exports to Austria of certain textiles from Macau.

The formal notification I will transmit to you in the near future.

Accept, Sir, the assurances of my highest consideration.

R. Hochörtler

Richard Hochörtler
Deputy Permanent
Representative

Mr. Marcelo Raffaelli
Chairman
Textiles Surveillance Body
GATT

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see folio 597

ANSWERED	DOC. ISSUED	FOLIO
FEB - 7 FEB 1984		
For	Author	Comment
Cabinet of DG		
Info. Service		
OFFICE OF THE ATTORNEY GENERAL		
Sess. / Council of the GATT		
CHAIRMAN TSB		

For	Action	Comment	Int.
OPER. DEPT. A			X
Non-Tar. M. Div.			
Development Div.			
Tech. Coop. Div.			
Trade Pol. Div.			
Spec. Proj. Div.			
OPER. DEPT. B			X
Econ. R./Anal. Unit			
Agriculture Div.			
Tariff Div.			
Tech. Bar. T. Div.			
Ext. Rel. Div.			
DEPT. CONF. AFF.			
Adm. / Fin. Div.			
Trans. / Doc. Div.			
Training Div.			
Personnel Off.			
Conference Off.			

W.B.2

*no await formal
notification*

November 11, 1983.

Dr. Gerhard Waas
Director
Federal Ministry of
Commerce, Trade & Industry
Republic of Austria.

Dear Dr. Waas,

I have the honour to acknowledge receipt of your note dated November 7th regarding the understanding reached following consultations held between Austria and Macau on November 4th, 1983, here in the Territory.

I have taken due notice of its contents and I wish to inform you that the Macau Authorities are able to accept the understanding expressed in your note and that with the present letter I subscribe and agree that these shall constitute an agreement between Austria and Macau.

Accept, Sir, the assurance of my highest consideration.

João António Morais da Costa Pinto
Secretary for Economic Coordination
Government of Macau

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REPUBLIC OF AUSTRIA
Federal Ministry
of Commerce, Trade & Industry

Hong Kong, 7 November 1983

Excellency,

1. I have the honour to refer to the ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (hereinafter referred to as the ARRANGEMENT), done at Geneva on 20 December 1973, in particular its paragraph 4 and to the PROTOCOL EXTENDING THE ARRANGEMENT, done at Geneva on 22 December 1981.

2. I further wish to refer to the consultations which took place between representatives of Austria and Macao on the 4th of November 1983 in Macao. As a result of these consultations Austria and Macao have reached the following understanding.

3. Macao shall restrict exports to Austria of the textile products listed in the Annex to the levels set out in that Annex.

4. Upon presentation of certificates of origin (Certificados de Origem), issued by the Direcção dos Serviços de Economia de Macao, with an endorsement that the consignment has been debited to the respective export level, the competent Austrian authority will license the corresponding imports within and up to the agreed export levels.

5. Certificates of origin mentioned in paragraph 4 above shall cease to be valid after the expiration of 6 months after the end of the restraint period.

6. Transfer (swing) between the categories of the Annex to this Agreement may be made, after consultations between Austria and Macao, up to an amount of 5 per cent of the export limits

His Excellency
Dr. João Costa PINTO
Secretary for Economic Coordination
Government of Macao
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for each of the receiving categories, provided that a corresponding reduction is applied in the export limits from which the transfer is made.

7. For the products mentioned in the Annex carry-over and carry forward taken together shall not exceed 10 per cent of which carry forward shall not represent more than 5 per cent.

8. Austria will provide Macao with statistics on a monthly and cumulative basis of import licenses and Macao will provide Austria with statistics on the same basis of certificates of origin issued in accordance with paragraph 4 above.

9. If necessary, at the request of Austria, Macao will provide more detailed information in respect of specific exports to Austria of the products listed in the Annex, showing the name of the exporters, the numbers and dates of certificates of origin issued, the dates of shipments as well as the quantities of the products covered by these certificates of origin.

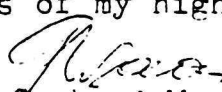
10. In respect of woven undergarments of synthetic fibres, women's, girls' and infants' wear, CCCN. No. ex 61.04, the competent Austrian authority will upon presentation of certificates of origin (Certificados de Origem) issued by the Direcção dos Serviços de Economia de Macao automatically issue import licenses and will provide Macao with information concerning such import licenses on a monthly basis.

Should imports of the above mentioned products from Macao to Austria develop in such a manner which, in the view of Austria, causes real risks of market disruption, Austria may request consultations with a view to reaching a restraint agreement on mutually acceptable terms.

11. Consultations regarding the conduct of exports of the products listed in the Annex will be held if so desired by either party.

If this proposal is acceptable to Macao, this note and your note of confirmation of Macao shall constitute an agreement between Austria and Macao.

Accept, Excellency, the assurances of my highest consideration.


Dr. Gerhard Weiss
Director

ANNEX

Category	Description of product	Periods and levels of limitation(pieces)			Conversion factor for swing purposes(piece per Kg)
		1 January 1984	1 January 1985	1 January 1986	
		31 December 1984	31 December 1985	31 December 1986	
(1)	Slacks, shorts, jeans, trousers and divided skirts, not knitted or crocheted, wholly or mainly of cotton, CCCN. Nos. ex 61.01, ex 61.02	297,138	303,080	309,142	1.76
(2)	Woven blouses of manmade fibres or of cotton, CCCN. No. ex 61.02	352,321	359,367	366,554	5.0
(3)	woven shirts, wholly or mainly of discontinuous synthetic fibres or of cotton, CCCN. No. ex 61.03	223,859	228,336	232,903	5.0