

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL

TEX.SB/226
20 June 1977

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between Finland and Hong Kong

Note by the Chairman

Attached is a copy of an agreement concluded between Finland and Hong Kong.
This agreement is notified under Article 4:4.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément à l'article 4, paragraphe 4

Accord bilatéral conclu entre la Finlande et Hong-kong

Note du Président

On trouvera ci-joint copie d'un accord conclu entre la Finlande et Hong-kong.
Cet accord est notifié conformément à l'article 4, paragraphe 4.

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 are made under Article 4 of the Arrangement Regarding International Trade in Textiles.

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.

Annex I

Restraint Period

4. These arrangements shall apply for the period 1 June 1977 to 31 July 1978.

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) of Annex I, 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 Commerce and Industry 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) of Annex I by 7 per cent, provided that a corresponding reduction is applied either (a) in any one or more of the other limits in column (e) of Annex I;
or (b) in the limit set out in the Annex to the Memorandum of Understanding signed by the Government of Finland

on 4 February 1977 and by the Government of Hong Kong on 22 February 1977, as amended in accordance with the Agreed Minute of 18 May 1977.

For the purpose of calculating such corresponding reductions, the conversion factors listed in column (f) of Annex I to this Memorandum and in column (f) of the Annex to the Memorandum of Understanding signed by the Government of Finland on 4 February 1977 and by the Government of Hong Kong on 22 February 1977 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 the textile products in excess of the limits set out in column (e) of Annex I by an amount equal to the quantity by which shipments in the period 1 June 1976 to 31 May 1977 fall short of the limits set out in column (e) of Annex I to the Memorandum of Understanding signed by the Government of Finland on 28 May 1976 and by the Government of Hong Kong on 7 June 1976, or 11% of the 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.
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 limits in column (e) 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 limits in column (e) of Annex I to this Memorandum.
11. If exports of the textile products listed in Annex I to this Memorandum in the period 1 June 1977 to 31 July 1978 are less than the agreed limits in column (e) 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) 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 June 1977 to 31 July 1978.

Annex II
Att. A

18. The Government of Hong Kong shall require all exports to Finland of the product listed in Annex II to be covered by export authorizations (Attachment A) issued by the Hong Kong Commerce and Industry Department. 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.

Att. B

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 product 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 product 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 product. 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 product in question into Finland.

21. The Government of Finland shall admit imports of the textile product 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 Hong Kong Commerce and Industry Department.

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 product 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 under the provisions of the Arrangement Regarding International Trade in Textiles 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 product. 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.

For the Government of Finland


Pertti A.O. Kärkkäinen

For the Government of Hong Kong


W. Dorward

Hong Kong, 21 May 1977

(a) Category No.†	(b) Finnish Statistical Classification No.	(c) Hong Kong Statistical Classification No.	(d) Description	(e) Restraint Limit*	(f) Conversion Factor (square yards equivalent per dozen)
1	ex 60.04.812 ex 60.04.815 ex 60.04.813 ex 60.04.816 ex 60.04.817	ex 841 442 ex 841 844	Briefs, drawers, panties, undershorts, and the like, knitted or crocheted, not elastic or rubberised, wholly or mainly by weight of cotton or of man-made fibres, women's and girls', excluding infants', i.e. garments of size 26 (European) or under.	2,460,967 pieces (2,109,400 pieces)	9 sq.yd./doz.
2	ex 60.05.314 ex 60.05.354	ex 841 462 ex 841 465	Jumpers, sweaters, cardigans and pullovers, and the like, knitted or crocheted, wholly or mainly by weight of wool, women's and girls', men's and boys', excluding infants', i.e. garments of size 26 (European) or under.	970,783 pieces (832,100 pieces)	36 sq.yd./doz.
4	61.03.106	ex 841 762 ex 841 764	Men's and boys' woven shirts, wholly or mainly by weight of discontinuous synthetic fibres.	346,500 pieces (297,000 pieces)	26 sq.yd./doz.
5	ex 65.05.906	ex 841 532	Woven peaked caps, wholly or mainly by weight of cotton.	458,500 pieces (393,000 pieces)	3 sq.yd./doz.

† The garments described in the Annex to the Memorandum of Understanding signed by the Government of Finland on 4 February 1977 and by the Government of Hong Kong on 22 February 1977 will continue to be designated as Category No. 3.

* Figures in brackets under column (e) denote the notional annual levels.

(a)	(b)	(c)	(d)
<u>Category No.</u>	<u>Finnish Statistical Classification No.</u>	<u>Hong Kong Statistical Classification No.</u>	<u>Description</u>
E1	61.03.105	841 161 841 163	Men's and boys' woven shirts wholly or mainly by weight of cotton