

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL
TEX.SB/227
20 June 1977

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:4

Note by the Chairman

Attached is a copy of an agreement concluded under Article 3:4 between Finland and Macao covering textiles garments.

Also attached are copies of the restraint requests which were previously addressed to me under Article 3:3.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément à l'article 3, paragraphe 4

Note du Président

On trouvera ci-joint copie d'un accord conclu au titre du paragraphe 4 de l'article 3 entre la Finlande et Macao et portant sur les vêtements en matières textiles.

On trouvera également ci-joint copie des demandes de limitation qui m'avaient été adressées auparavant conformément au paragraphe 3 de l'article 3.

2/140-3

318

Dear Mr. Wurth,

With reference to Article 3:4 of the Arrangement Regarding International Trade in Textiles I have the honour to enclose herewith a notification of an agreement signed on May 20, 1977, between the Governments of Finland and Macau.

The information referred to in Article 3:3 of the Arrangement was transmitted to you on April 28, 1977.

Yours sincerely,

Paavo Kaarlehto
Paavo Kaarlehto

Ambassador

Encl.

Ambassador P. Wurth,
Chairman
Textiles Surveillance Body
Villa le Bocage
Geneva

ANSWERED	DOC. ISSUED	TOP
REG 15 JUN 1977		
FOR:	Action	Continued
TRADE POLICY (I)		X
Gen. Div.		
Agri. Div.		
Special Proj.		
TRADE DEVELOP. DT.		X
Sp. Anal. Tr. Neags		
Dev. Div.		
Intel. Div.		
CHAIR. IS	X	
OFFICE OF DAD		X
Consultant (ADG)		
Conf. Div.		

Permanent Representative
of Finland

Wurth
AKD

MEMORANDUM OF UNDERSTANDING

I. Introduction

1. This Memorandum of Understanding sets out the arrangements that have been agreed between the Government of Finland and the Government of Macau regarding Macau's exports of certain garments to Finland.

II. Export Restraint Arrangements

2. These arrangements are made under Article 3 of the Arrangement Regarding International Trade in Textiles.

Coverage

3. These arrangements shall apply to Macau's export to Finland of the garments set out in the Annex to this Memorandum.

Restraint Period

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

Restraint Limit

5. The Government of Macau shall restrict exports of these garments to the limits set out in the Annex to this Memorandum, save as provided for in paragraphs 7, 8 and 9.

6. The Government of Finland shall for the purpose of these arrangements admit imports of the garments of Macau origin set out in the Annex only where such imports are covered by an export licence issued by Repartição dos Serviços de Economia de Macau, and endorsed to the effect that the consignments concerned have been debited to the agreed limits.

Swing

7. Exports may exceed either of the two limits in the Annex by 6 per cent, provided that a corresponding reduction is applied in the other limit. For the purpose of calculating such a corresponding reduction, the conversion factors listed in the Annex shall apply.

Carryover and Carryforward

8. The Government of Macau may, after consultation between the Government of Macau and the Government of Finland, approve the export of amounts in excess of the agreed limits in the Annex by 5 per cent (carryforward). Where the agreed limits are increased by carryforward, corresponding deduction shall be made from any limits which may be agreed in respect of the same categories in the immediately following restraint period.

9. If exports in the period 1 June 1977 to 31 July 1978 are less than the agreed limits in the Annex, the Government of Macau may, after consultation between the Government of Macau 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 10% of any limit which may be agreed for the immediately following restraint period, whichever is the less.

Re-export

10. The Government of Finland will inform the Government of Macau when imports into Finland of garments that have been debited to the agreed limits are subsequently re-exported from Finland. The Government of Macau may then credit the quantities involved to the appropriate limits.

Exchange of Statistics

11. The Government of Macau will provide the Government of Finland with monthly statistics of the garments listed in the Annex licensed for exports to Finland and debited to the quantities set out in the Annex.

12. The Government of Finland will provide the Government of Macau with quarterly statistics of total imports and of imports from Macau and other significant suppliers of each of the garments set out in the Annex.

Consultations

13. The Government of Finland and the Government of Macau agree to consult together, at the request of either party, on any matter arising from the implementations of these arrangements.

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

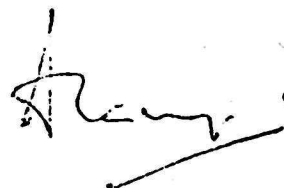
III. General

15. The Annex to this Memorandum shall be considered an integral part of it.

For the Government of Finland:



For the Government of Macau:



Macau, 20th May 1977.

ANNEX

Category No	Finnish Statistical Classification No	Portuguese Statistical Classification No	Description	Restraint Limit (in pieces)	Conversion Factor (square yards equivalent per dozen)
1.	ex 60.04.812 ex 60.04.813 ex 60.04.815 ex 60.04.816 ex 60.04.817	60.04.05.01 60.04.05.09	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.	225.167 (notional annual level 193.000)	9 sq.yd./doz.
2.	ex 60.05.314 ex 60.05.354	60.05.04	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.	151.667 (notional annual level 130.000)	36 sq.yd./doz.

Ceneva, April 28, 1977

No.

302

Dear Mr. Wurth,

I have the honour to inform you that the Ministry for Foreign Affairs of Finland have addressed the enclosed verbal note, dated April 25, 1977, to the Embassy of Portugal in Helsinki, requesting negotiations under the Arrangement Regarding International Trade in Textiles concerning the importation of certain textile products from Macao to Finland.

Statistical data annexed to the note are also enclosed.

Yours sincerely,

Paavo Kaarlehto
Paavo Kaarlehto
Ambassador
Permanent Representative
of Finland

Encl.

Ambassador P. Wurth
Chairman
Textiles Surveillance Body
Villa le Bocage
Geneva

ANSWERED	DOC. ISSUED	FOLIO
<i>no</i>	<i>no</i>	
16 - 2 MAY 1977		
For:	Action	Comment
TRADE POLICY DT.		
Gen. Div.		
Agri. Div.		
Special Proj.		
TRADE DEVELOP. DT.		
Sp. Asst. Tr. Negs		
Dev. Div.		
Intel. Div.		
HAIR. TSB.	<i>x</i>	

Wurth.
MS

11/1

*x For inf. of the Chairman
to be with Finnish del.
for confirmation 4/28/77*

OF FINLAND

No.

The Ministry for Foreign Affairs present their compliments to the Embassy of Portugal and submit to the Embassy the following request for negotiations under the Arrangement Regarding International Trade in Textiles concerning the importation of textile products mentioned below from Macao into Finland.

Imports into Finland of certain knitted textile products have risen sharply and substantially during the past two years. The prices of these imports have been substantially below those prevailing in the Finnish market thus causing serious damage to the domestic market of those products. As a result of this development the employment situation and the production in some sectors of the knitwear industry have been continuously deteriorating.

The influence of low-priced disruptive imports has been most evident in the Finnish industry manufacturing knitted undergarments and knitted sweaters, cardigans, pullovers etc. During 1976 there was a sharp downturn in the production and employment of this sector of the industry simultaneously with increasing low-priced imports of similar products.

To

the Embassy of Portugal

H e l s i n k i

In order to avoid further deterioration of the situation the Finnish authorities entered into negotiations with the main suppliers of knitted undergarments and knitted sweaters, jumpers, cardigans etc. to the Finnish market. Bilateral agreements were concluded under the Arrangement Regarding International Trade in Textiles.

During 1976 imports from Macao to Finland of women's and girls' knitted undergarments, i.e. briefs, drawers, panties and the like, amounted to 54.000 pieces. During January-February 1977 the imports of those products rose already to 178.000 pieces. The imports from Macao to Finland of knitted sweaters, cardigans etc. made of wool rose from 60.000 units in 1975 to 121.000 units in 1976. The prices per unit of the imports mentioned above have been far below average import prices as well as the prices of comparable Finnish products.

In the view of the Finnish Government the sharp and substantial increase of imports of the above mentioned textile products from Macao to Finland have caused market disruption in the Finnish market and thus caused serious damage to domestic producers of those goods. A further rise in these imports would threaten the existence of a domestic production of these products.

Statistical breakdown of imports, exports, production and estimated consumption of products covered by this request for negotiations

are attached to this note. The levels at which the exports of the products now in question should be restrained are indicated in these attachments.

The Finnish Government's request for negotiations with the Government of Portugal has been made on the basis of the market disruption situation caused by the imports described above with a view to removing the disruption in accordance with the provisions of the Arrangement Regarding International Trade in Textiles.

The Government of Finland would like to enter into these negotiations as soon as possible during the month of May and ask the Government of Portugal to indicate their preference for dates and venue for the negotiations.

The Ministry for Foreign Affairs avail themselves of this opportunity to renew to the Embassy of Portugal the assurance of their highest consideration.

Leak

Helsinki, April 25, 1977

Finnish statistical
Classification

60.05.314
60.05.354

Product description

Knitted jerseys, pull-overs, slip-overs, twinsets, cardigans, bed-jackets and jumpers; men's and boys', women's and girls'; of wool

PRODUCTION, IMPORTS, EXPORTS AND ESTIMATED SUPPLY (1000 pieces)

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
PRODUCTION	476	502	474	420 ^x
IMPORTS	387	516	1052	1062
EXPORTS	59	52	33	37
SUPPLY	804	966	1493	1445 ^x

BREAKDOWN OF IMPORTS (1000 pieces)

	<u>1974</u>	<u>1975</u>	<u>1976</u>	Average price cif Finland		Share of market (provisional figures)	
				<u>1975</u>	<u>1976</u>	<u>%</u>	<u>%</u>
TOTAL IMPORTS	516	1 052	1 062	18.68	19.77	70.5	73.5
- HONGKONG	247	784	722	15.64	17.03	52.5	50.0
- GREAT BRITAIN	175	102	100	29.03	29.73	6.8	6.9
- MACAO	11	60	121	11.80	13.49	4.0	8.4

Imports from Macao during the period 1.2.1976 - 31.1.1977
125 366 pieces.

x) provisional figures

Finnish statistical
Classification

Product description

60.04.812, 813, 815,
816, 817

Women's and girls' knitted undergarments other than shirts, night attire or pajama hose (i.e. briefs, drawers, panties, undershorts and the like, of cotton or of man-made fibres)

PRODUCTION, IMPORTS, EXPORTS AND ESTIMATED SUPPLY (1000 pieces)

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>
PRODUCTION	9 592	8 406	6 314	5 181 ^{x)}
IMPORTS	4 926	4 442	4 456	5 750
EXPORTS	1 425	1 905	1 481	1 016
SUPPLY	13 093	10 942	9 289	9 915 ^{x)}

BREAKDOWN OF IMPORTS (1000 pieces)

			Average price cif Finland		Share of market (provisional figures)		
	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1975</u>	<u>1976</u>	<u>1975</u>	<u>1976</u>
TOTAL IMPORTS	4 442	4 456	5 750	2.13	2.10	48.0	58.0
- MACAO	-	-	54	-	1.57	-	0.5
- HONGKONG	798	1 819	3 297	1.19	1.30	19.6	33.3
- GREAT BRITAIN	290	394	454	3.73	3.35	4.2	4.6
- DENMARK	1 974	972	869	2.59	2.35	10.5	8.8
- AUSTRIA	195	378	303	3.90	6.13	4.1	3.1
- PORTUGAL	571	341	141	1.28	1.84	3.7	1.4

x) provisional figures

Imports from Macao during the period 1.2.1976-31.1.1977 = 113 844 pieces