

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL

TEX.SB/526
6 June 1980

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Transmission by Finland of
a bilateral agreement with Korea

Note by the Chairman

Attached is a copy of a letter received from the Mission of Finland transmitting the text of a new bilateral agreement¹ negotiated under Article 4 between Finland and Korea.

¹The agreement replaces previous quantitative restrictions pre-dating the MFA, based on a bilateral exchange of letters in the context of Korea's accession to GATT. These were noted by the TSB in COM.TEX/SB/196.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément à l'article 4:4

Communication par la Finlande d'un accord bilatéral
avec la Corée

Note du Président

On trouvera ci-joint copie d'une lettre par laquelle la Mission de la Finlande communique à l'OST le texte d'un nouvel accord bilatéral¹, négocié au titre de l'article 4 entre la Finlande et la Corée.

¹Cet accord remplace les restrictions quantitatives antérieures à la date de l'AMF, fondées sur un échange bilatéral de lettres se situant dans le contexte de l'adhésion de la Corée au GATT. Elles ont été notées par l'OST dans le document COM.TEX/SB/196.

PERMANENT MISSION OF FINLAND
IN GENEVA

No. 2317

For	Action	Comment	Inf.
OFFICE OF DG			
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Ext. Rel/Info. Div.			
Inter-Agency Aff.			
Training Prog.			
OPER. DEPT. A			
Development Div.			
Non-Tar. M. Div.			
Tech. Coop. Div.			
Special Projects			
OPER. DEPT. B			
Agriculture Div.			
R/Statistics Div.			
Tariff Div.			
Tech. Bar. T. Div.			
CHAIRMAN TSB	X		
DEPT. CONF. AFF/ADM			
Conference Div.			

ANSWERED	DOC. ISSUED	FILED
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Geneva, 27 May 1980

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Sir,

In accordance with article 4, paragraph 4 of the MFA I have the honour to notify hereby a new bilateral agreement between Finland and the Republic of Korea to the Textiles Surveillance Body. The agreement was negotiated in February 1980, entered into force on 1 May, 1980 and shall apply up till 31 December, 1982.

The present agreement replaces previous quantitative restrictions, which were based on a bilateral exchange of letters in the context of the Korean accession to the GATT. The previous restrictions covered a much wider scope of products than the present agreement in the form of individual licensing, i.e. there was no agreed annual level, up to which licences were to be granted. Consequently the basis for establishing limitations under an art. 4 agreement had to be the most recent level of licences actually granted. The 1979 levels were at the time of the negotiations the most up-to-date such level, being at the same time above the levels of the previous years. The product coverage of the restrictions is limited to those items, where the Finnish authorities had found a real risk of market disruption to exist in the Finnish market. The agreed

H.E. Paul Würth,
Chairman
Textiles Surveillance Body
General Agreement on Tariffs and Trade
Geneva

base levels for the seven restricted product categories are considerably higher than the previous restraint levels. A comparison is presented below:

Category	Restraint in 1979	Agreed restraint for 1980 (notional annual level)
I	195 425 pairs	275 000 pairs
II	11 008 pieces	160 000 pieces
III	5 871 "	16 500 "
IV	11 808 "	25 000 "
V	14 268 "	32 000 "
VI	8 300 "	22 000 "
VII	9 899 "	25 200 "

The agreement was negotiated having regard to the MFA, in particular Articles 1:2, 4 and Annex B, paragraph 2 as well as the Protocol of Extension. Consequently, due to the small size of the Finnish market, exceptionally high level of import penetration and correspondingly low level of domestic production, positive growth rates lower than the not less than 6 % set out in Annex B have been agreed for all categories under restraint. Out of the seven categories under restraint growth is granted at the level of 3 % in four categories and at the levels of 1, 2 and 4 % in the other three categories.

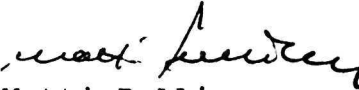
Swing is granted at the level of 5 % and carryover/carry forward at the level of 10/5 %. There is no overall limitation as regards the combined use of these provisions.

The agreement also provides for consultations with a view to reaching agreement on appropriate restraint level for the products listed in Annex II to the agreement, should the Finnish authorities find that exports of these products from the Republic of Korea to Finland develop in a manner, which in their opinion would result in serious damage to the domestic producers in Finland. Unless a satisfactory solution is found Finland has the right to introduce a

quantitative limit according to the relevant Annex B provision. In the case of consultations on products not listed in Annex II to the agreement the Korean authorities have undertaken to limit, pending a mutually acceptable solution through consultations, the exports of the products in question at the level of 102 % of the roll-back level counted on the basis of export statistics.

In overall terms the present agreement represents a significant liberalization of exports of textile and clothing products from the Republic of Korea to Finland, and is thereby intended to promote the basic objectives of the MFA.

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


Matti Pullinen
First Secretary

MEMORANDUM OF UNDERSTANDING

During the consultations held in Helsinki on 26-27 February 1980, between a delegation from Finland and a delegation from the Republic of Korea, and having regard to the Arrangement Regarding International Trade in Textiles in particular Articles 1:2, 4 and Annex B, paragraph 2, and to the Protocol extending the said Arrangement, agreement was reached as follows:

1. The following arrangements shall apply for the period of 1st of May 1980 to 31st of December 1982.
2. The Republic of Korea agrees to voluntarily restrain the exports to Finland of the textile products specified in Annex I to the limits set out in that Annex.
3. Finland will for the purpose of the present arrangements admit imports of the textile products of Korean origin set out in Annex I to the agreed limits provided that such imports into Finland are covered by an export licence and a certificate of origin, as per specimen at Annex III, issued by the Korean authorities listed at Annex IV. The export licence shall bear an endorsement by competent officials to the effect that the consignment concerned has been debited to the agreed levels for exports to Finland for the relevant period. The date of shipment indicated on the shipping documents shall be considered to be the date of exportation.
4. If the information available to the Finnish authorities through the import surveillance system shows that the quantitative limits for the products specified in Annex I have already been reached or that the unused balances of those limits are insufficient to cover the

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goods specified in the export licence, the Finnish authorities may, subject to the provisions of Articles 5 and 6, refuse to admit imports of such products for any quantity in excess of the quantitative limits set out in Annex I. In such a case the Finnish authorities shall immediately inform the authorities of the Republic of Korea of their decision.

5. Exports may exceed the limits in Annex I by 5 (five) per cent, provided that a corresponding reduction is applied to the other limits. For the purpose of calculating such a reduction the conversion factors listed in Annex I shall apply.
6. Carry-over and carry forward taken together shall not exceed 10 (ten) per cent, of which carry forward shall not represent more than 5 (five) per cent.
7. The Republic of Korea shall endeavour to ensure that exports of the textile products subject to quantitative limits are spaced out as evenly as possible over the year, due account being taken, in particular, of seasonal factors.
8. Imports from the Republic of Korea into Finland of the textile products specified in Annex II shall be subject to a system of administrative control.

In respect of exports of products specified in Annex II Finland will automatically issue import licences upon the presentation of export licences issued by the competent Korean authorities.

When the Finnish authorities find that the exports of these products from the Republic of Korea to Finland develop in a manner which in their opinion would result in serious damage to its domestic producers, Finland

may request consultations with a view to reaching agreement on an appropriate restraint level for the products in question.

The Parties shall enter into consultations within one month at the latest from the notification of the request with a view to reaching agreement within fifteen days at the latest.

Should the Parties be unable to reach a satisfactory solution Finland shall have the right to introduce a quantitative limit at an annual level not lower than that reached by imports of the product in question in the twelve-month period terminating two months preceding the month in which the request for consultations was made.

9. Finland and the Republic of Korea agree to consult together, at the request of either party on any matter arising from the implementation of these arrangements. They furthermore agree to enter into consultations on possible extension or modification of the present arrangements.
10. Finland may request consultations with the Republic of Korea with a view to reaching a mutually acceptable solution for the imports of textile products not specifically provided for in this Memorandum when, in the opinion of Finland, limitations on trade in such products may be necessary to eliminate real risks of market disruption.

The Parties shall enter into consultations within one month at the latest of the notification of the request with a view to reaching agreement within one further month at the latest.

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Pending a mutually acceptable solution through these consultations the Korean authorities undertake, if so requested by the Finnish authorities, to limit shipments from the date on which Finland requests consultations in order to ensure that exports of the products in question to Finland do not exceed, based on an annual rate, the level of 102 per cent of the exports recorded in the twelve-month period ending two months before the month in which the request for consultations was made.

11. The Republic of Korea will forward to Finland monthly statistics on a cumulative basis on the textile products for which export licences for export to Finland have been issued. Finland will forward to the Republic of Korea monthly statistics on a cumulative basis on imports of the said textile products.
12. The Annexes to this Memorandum of Understanding shall form an integral part thereof.

Done in Helsinki, 7th March, 1980.

FOR THE GOVERNMENT OF
THE REPUBLIC OF FINLAND

Uuno Pajari

FOR THE GOVERNMENT OF
THE REPUBLIC OF KOREA

Samg Chul

ANNEX I

Finnish tariff classification	Description	Unit of quantity	1.5.1980-31.12.1980	1.1.1981-31.12.1981	1.1.1982-31.12.1982	Conversion factor (pairs, pieces/ Kg)
I 60.03	Stockings, under stockings, socks, anclesocks, sockettes and the like, knitted or crocheted, not elastic nor rubberised	Pairs	183 333 (Notional annual level 275 000)	286 000	297 440	25
II 60.05	Outer garments, knitted or crocheted, not elastic nor rubberised	Pieces	106 667 (160 000)	164 800	169 744	5
III 61.01.105 106	Men's and boys' ulsters, and other coats of cotton and discontinuous man-made fibres	Pieces	11 000 (16 500)	16 995	17 505	0,72
IV 61.01.405 406	Men's and boys' jackets of cotton and discontinuous man-made fibres	Pieces	16 667 (25 000)	25 750	26 523	1,43
V 61.02.305 306	Women's and girls' and infants' dresses of cotton and discontinuous man-made fibres	Pieces	21 333 (32 000)	32 960	33 949	3,1
VI 61.02.502 505 506	Women's and girls' blouses of cotton and man-made fibres	Pieces	14 667 (22 000)	22 440	22 889	5,55
VII 61.03.102 103 105 106 109	Men's and boys' shirts of cotton and man-made fibres	Pieces	16 800 (25 200)	25 452	25 707	4,6

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ANNEX II

I	ex 51.04	Woven fabrics of continuous man-made fibres, other than nbleached and undyed
II	53.11	Woven fabrics of sheep's or lamb's wool or of fins animal hair
III	ex 55.09	Cotton fabrics, other than unbleached and undyed
IV	ex 56.07	Woven fabrics of discontinuous man-made fibres, other than unbleached and undyed
V	ex 58.04	Woven pile fabrics and chenille fabrics, other than silk
VI	ex 60.01	Knitted or crocheted fabrics, other than unbleached and undyed or silk
VII	ex 61.01.102	Men's and boys' ulsters and other coats of man-made fibres
VIII	ex 61.01.402	Men's and boys' jackets of man-made fibres
IX	ex 61.01.305 306	Men's and boys' suits of cotton and discontinuous man-made fibres
X	ex 61.01.505 506	Men's and boys' trousers of cotton and discontinuous man-made fibres
XI	ex 61.02.105 106	Women's, girls' and infants' ulsters, coats and jackets of cotton and discontinuous man- made fibres
XII	61.07	Ties, bow ties and cravats

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XIV	62.02	Bed linen, table linen, toilet linen, kitchen linen; curtains and other furnishing articles
XV	ex 62.04	Tarpaulins, sails, awnings, sunblinds, tents and camping goods other than jute
XVI	ex 62.05	Other made up textile articles, excluding silk
XVII	ex 65.05.905	Hats and other headgear of other textile
	906	fabrics than felt, knitted or crocheted materials
	909	or leace
XVIII	60.04	Under garments, knitted or crocheted
XIX	61.02.405	Women's and girls' and infants' skirts of
	406	cotton and discontinuous man-made fibres
XX	61.02.605	Women's and girls' and infants' trousers of
	606	cotton and discontinuous man-made fibres
XXI	61.09.201	Brassieres, ready made

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