

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/117
6 October 1975

Special Distribution

Textiles Surveillance Body

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 4 Notifications

The Textiles Surveillance Body (TSB) has received from Sweden a notification of an agreement between Sweden and Hong Kong concerning trade in textiles. This agreement has been notified by Sweden under Article 4, paragraph 4, of the Arrangement.

The TSB, pursuant to its procedure regarding bilateral agreements notified under Article 4¹, has examined the relevant documentation. The TSB is circulating the text of this agreement to participating countries in the Arrangement for their information.²

¹See COM.TEX/SB/35, Annex B.

²See paragraph 2 of COM.TEX/SB/116 for observations by the TSB.

MEMORANDUM OF UNDERSTANDING

1. This Memorandum of Understanding sets out the arrangements that have been agreed between the Governments of Hong Kong and of Sweden regarding the limits that the Government of Hong Kong are to apply to exports of certain garments for importation into Sweden.

2. These arrangements have been reached under Article 4 of the Arrangement Regarding International Trade in Textiles, bearing in mind particularly the provisions of Article 1 of the said Arrangement.

Coverage

3. These arrangements apply to Hong Kong's exports to Sweden of the items listed in the Annex to this Memorandum.

Classification

4. For the purposes of these arrangements:

- (a) the products listed in the Annex shall be classified as if each product consists wholly of that fibre which predominates by weight;
- (b) where two or more fibres are of equal highest weight the fibre of equal highest weight which is subject to these arrangements shall be deemed to predominate and to determine the classification of the product;
- (c) continuous and discontinuous man-made fibres, artificial fibres or synthetic fibres, as the case may be, shall be considered as separate fibres;
- (d) for the avoidance of doubt where the specification in the Annex refers to, for example:
 - (i) continuous man-made fibres, it is the total weight of all continuous artificial and synthetic fibres included in the product which will be considered in determining predominance in (a) and (b) above;
 - (ii) discontinuous synthetic fibres, it is the total weight of all discontinuous synthetic fibres only included in the product which will be considered in determining predominance in (a) and (b) above.

Restraint period

5. During the period from 1 July 1975 to 30 June 1976, the Government of Hong Kong will limit exports to Sweden of the items listed in the Annex to the levels set out therein, save as provided for in paragraphs 6 and 7.

Swing

6. The agreed levels in column (e) of the Annex may be exceeded by no more than 5 per cent, provided that corresponding reductions are applied in other groups specified in the Annex. For the purpose of calculating such corresponding reductions, the conversion factors in column (f) of the Annex shall apply.

Carry over and carry forward

7. If in the period 1 July 1974 to 30 June 1975 exports from Hong Kong to Sweden covered by the Memorandum of Understanding of 8 July 1974 are less than the levels specified in column (e) of the Annex thereto, the Hong Kong Government may, after consultation between the Government of Hong Kong and the Government of Sweden, approve the export of amounts equivalent to such shortfalls during the period covered by this Memorandum or by 10 per cent, whichever is the less (carry over), provided that such exports are in the groups/sub-groups where the shortfalls occurred. The Hong Kong Government may, after consultation between the Government of Hong Kong and the Government of Sweden, approve the export of amounts in excess of the agreed levels in column (e) of the Annex to this Memorandum up to 5 per cent (carry forward). The carry over and carry forward taken together shall not exceed 10 per cent of the agreed levels in column (e) of the Annex to this Memorandum. Where the agreed levels are increased by carry forward, corresponding deductions shall be made from any levels which may be agreed in respect of the same groups/sub-groups in the immediately following restraint period.

Admission of imports

8. The Government of Sweden will not admit imports of the items of Hong Kong origin listed in the Annex unless such imports are covered by a Hong Kong export licence endorsed by the Commerce and Industry Department, Hong Kong, that the consignments concerned have been debited to the agreed levels.

Re-exports

9. The Government of Sweden will so far as possible inform the Government of Hong Kong when imports into Sweden of exports from Hong Kong that have been debited to the agreed levels are subsequently re-exported from Sweden. The Government of Hong Kong may then credit the quantities involved to the appropriate levels.

Exchange of statistics

10. The Government of Hong Kong will provide the Government of Sweden with fortnightly statistics of exports of the groups/sub-groups listed in the Annex that have been licensed for export to Sweden debited to the levels set out in the Annex.

11. The Government of Sweden will provide the Government of Hong Kong with quarterly statistics of total imports and imports from other significant suppliers of each of the groups listed in the Annex.

Consultation

12. The Governments of Hong Kong and Sweden agree to consult together, at the request of either party, on any matter arising from the implementation of these arrangements.

13. 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-à-vis any third country, the Government of Hong Kong may request the Government of Sweden to consult with a view to appropriate remedial action such as a reasonable modification of these arrangements.

14. If the Government of Sweden considers that as a result of the application of these arrangements there is undue concentration of exports or the possibility thereof in any particular product, the Government of Sweden may request the Government of Hong Kong to consult with a view to appropriate remedial action such as a reasonable modification of these arrangements.

General

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

For the Government of Sweden

For the Government of Hong Kong

(signed) Soren Freij
Acting Consul-General

(signed) J.D. McGregor
Acting Director of Commerce & Industry

Signed at Hong Kong
26 June 1975.

ANNEXExports of Certain Garments from Hong Kong to Sweden
in the period 1 July 1975 to 30 June 1976

Group No.	Swedish statistical number	Hong Kong classification number	Description	Level in pieces	Conversion factor square yards equivalent per dozen
(a)	(b)	(c)	(d)	(e)	(f)
I	ex 61.03.105 ex 106	841.161 163 ex 841.762 ex 764	Shirts: Woven shirts of cotton or of discontinuous synthetic fibres, men's and boys' wear	1,533,168	26
II	ex 60.04.102 ex 105 ex 109	841.431 ex 832	Knitted shirts of cotton or synthetic fibres or discontinuous artificial fibres, men's and boys' wear		
	60.05.302 303 305 ex 309 502 503 505 ex 509	ex 841.461 ex 464 ex 863 ex 866	Knitted sweaters, pull- overs, jumpers, slipovers and cardigans (excluding jackets) of cotton or continuous man-made fibres or discontinuous artificial fibres, men's and boys' and women's and girls' wear	1,066,000	20
III	ex 60.04.702 ex 703 ex 705 ex 709	ex 841.439 ex 841	Underwear: Knitted briefs, drawers, panties, undershorts and the like, not elastic or rubberized of cotton or of continuous man-made fibres or of discontinuous synthetic fibres, men's and boys' wear	5,276,045 (sub-levels: men's and boys' items not exceeding 2,815,405; women's and girls' items not exceeding 2,487,680)	
	ex 60.04.805 ex 809	ex 841.442 ex 844	Knitted briefs, drawers, panties, undershorts and the like, not elastic or rubberized of cotton or of discontinuous synthetic fibres, women's and girls' wear		

(a)	(b)	(c)	(d)	(e)	(f)
IV	61.01.102	ex 841.111	Woven jackets (including anoraks) and coats of cotton or synthetic fibres, men's and boys' and women's and girls' wear		
	105	123)		
	106	124)		
ex	108	ex 125)		
	412	ex 129)		
	415	ex 130)		
	416	ex 131)		
ex	418	ex 149)		
	452	155)		
	455	156)		
	456	ex 157)		
ex	458	ex 713)		
ex	902	ex 722)		
ex	905	ex 733)		
ex	906	ex 751	)	1,264,719	40
ex	908)		
	61.02.112)		
	115)		
	116)		
ex	118)		
	152)		
	155)		
	156)		
ex	158)		
ex	902)		
ex	905)		
ex	906)		
ex	908)		
V	61.01.505	ex 841.117	Woven slacks, jeans and trousers, of cotton or of discontinuous synthetic fibres, men's and boys' and women's and girls' wear		
	506	ex 146)		
	61.02.605	ex 719	)	2,300,598	22
	606	ex 748)		
VI	60.03.115	ex 841.421	Knitted socks and men's half or three-quarter length socks, of cotton or of discontinuous synthetic fibres		
	116	ex 423	)	2,677,210	5
	195	ex 424	)	pairs	sq. yd. per dozen pairs
	196	ex 429)		
VII	ex 60.05.202	ex 841.835	Knitted bathing suits and trunks, of continuous synthetic fibres, men's and boys' and women's and girls' wear		
		ex 838	)	486,720	12

(a)	(b)	(c)	(d)	(e)	(f)
VIII	ex 61.02.502 ex 505 ex 506	841.137 ex 739	Woven blouses and jumpers, of cotton or synthetic fibres, not embroidered, women's and girls' wear)	1,987,825	22
IX	ex 60.05.702 ex 705 ex 706	841.488 ex 890	Knitted blouses of cotton or synthetic fibres, women's and girls' wear)	1,427,485	15

Letter No. 1

26 June 1975

Sir,

1. On 24 May 1975 representatives of the Governments of Hong Kong and of Sweden initialled a Memorandum of Understanding setting out the arrangements that have been agreed between the Governments of Hong Kong and of Sweden regarding the levels the Government of Hong Kong are to apply to exports of certain garments for importation into Sweden between 1 July 1975 and 30 June 1976.
2. The above-mentioned representatives noted that it has always been Hong Kong's practice to classify and licence sets of wearing apparel which are designed to be worn together, co-ordinated as to colour and appearance, and are packed, shipped, and sold as a unit, as sets or suits for which separate statistical positions are provided for in the Hong Kong Trade Classification List. The above representatives also noted that the Swedish practice of classifying components of sets differed from the Hong Kong practice.
3. The Hong Kong Government agrees that for the purposes of implementing the arrangements in the above Memorandum of Understanding, exports of sets in which any of the component parts are subject to restraint, exports of such component parts will be debited to the relevant group restraint levels in the Annex to the Memorandum.
4. It is, however, our mutual understanding that the following may continue to be classified and licensed for export to Sweden by the Hong Kong Government as sets or suits outside quota restrictions -
 - (1) Gentlemen's tailored lounge suits.
 - (2) Ladies' tailored trouser suits other than for casual wear.
 - (3) Santa Claus suits.
 - (4) Protective suits including rainwear designed to be worn over other outer garments.

It is, however, further understood that the above is not an exhaustive list of apparel items which may be exported as sets outside restrictions. Should doubts arise, the Commerce and Industry Department, Hong Kong, will forward relevant

samples or photographs of samples to the Swedish authorities for examination with a view to reaching a mutually acceptable understanding as to the classification of such garments.

5. I should be grateful for your confirmation of the above.

Yours faithfully,

(signed)

J.D. McGregor

Acting Director of Commerce & Industry

Mr. Soren Freij,
Acting Consul-General,
Royal Swedish Consulate General,
1107 Hang Seng Bank Building,
77 Des Voeux Road, Central,
Hong Kong.

Letter No. 2

Royal Swedish Consulate General

Hong Kong, 26 June 1975

Sir,

1. I have the honour to acknowledge receipt of your letter of today's date reading as follows:

(see letter No. 1)

2. I take pleasure in informing you that the Swedish Government confirms the position stated in your letter.

3. Please accept, Sir, the assurance of my highest consideration.

I have the honour to be,

Sir,

Your obedient servant,

(signed)

Sören Freij
Acting Consul General