

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Textiles Surveillance Body

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 3 Notifications

Agreement between Australia and Hong Kong

The TSB has received from the Government of AUSTRALIA a notification of an agreement between Australia and Hong Kong concerning trade in certain textile items. This agreement has been notified by Australia under Article 3, paragraph 4, of the Arrangement.

The TSB has examined the relevant documentation, and has found that this agreement is in conformity with the provisions of the Article under which it is notified, as well as with the other provisions of the Arrangement.

The TSB is circulating this notification to participating countries in the Arrangement for their information.

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding sets out the arrangements that have been made between the Government of Hong Kong and the Government of Australia regarding the limits that the Government of Hong Kong will apply to exports of certain textile products for importation into Australia, and details of the import authorization system which will apply to exports of certain other textile products from Hong Kong for importation into Australia.

2. In making these arrangements, both Governments have had regard to the provisions of the Arrangement Regarding International Trade in Textiles and in particular to Article 3 of that Arrangement.

Annex I

3. These arrangements apply to the products described in column (d) of Annex I to this Memorandum when exported from Hong Kong for importation into Australia.

4. Save as provided for in paragraphs 8 and 10 below, the Government of Hong Kong will limit exports of the products described in column (d), to the levels given in column (e), in respect of the time periods in column (f) of Annex I.

5. The Government of Hong Kong and the Government of Australia agree that it is desirable for administrative reasons to record in column (g) of Annex I, the notional twelve months levels for the products described in column (d) of Annex I.

Annex II

6. The Export Authorization System described in Annex II to this Memorandum applies to Hong Kong's exports to Australia of the products described in column (d) of Annex III to this Memorandum until 30 June 1976.

Annex III

7. For the purposes of these arrangements:

- (a) the products described in column (d) of Annex I and in column (d) of Annex III will 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 will be deemed to predominate and to determine the classification of the product.

8. Exports may exceed the levels given in column () Annex I for any product described in column (d) of Annex I or not more than seven and one half per cent; provided that corresponding reductions are applied to the levels for other products, understood that the total exports subject to restraint will not exceed the aggregate level for all products so restrained on the basis of a common unit. For this purpose the square yard conversion factors listed in column (h) of Annex I will apply.

9. During the period 1 August 1974 to 30 June 1975, the Government of Hong Kong may, after consultation with the Government of Australia, approve the export of amounts in excess of eleven-twelfths of the levels in column (e) of Annex I to the Memorandum of Understanding dated 23 August 1974, as amended by the exchanges of letters respectively dated 9 September 1974 and 8 April 1975 between the Director of Commerce and Industry, Hong Kong, and the Acting Commissioner for Australia, up to 5 per cent. Where the levels are so increased, corresponding deductions shall be made from the levels in respect of corresponding products set out in column (e) of Annex I to this Memorandum.

10. If in the period 1 August 1974 to 30 June 1975 exports from Hong Kong to Australia of any of the products set out in Annex I to the Memorandum of Understanding of 23 August 1974, as amended by the exchanges of letters respectively dated 9 September 1974 and 8 April 1975 between the Director of Commerce and Industry, Hong Kong, and the Acting Commissioner for Australia, fall short of eleven-twelfths of the levels specified in column (e) of Annex I to the Memorandum of 23 August 1974 as amended, the Government of Hong Kong, after notifying the Government of Australia of its intentions may, during the time periods in column (f) of Annex I of this Memorandum, approve the export of amounts equivalent to such short-falls or 10 per cent of eleven-twelfths of the levels referred to in column (e) of Annex I to the Memorandum of 23 August 1974, as amended, whichever is the less (carryover), provided that such exports are in the categories where the short-falls occurred.

11. The Government of Australia may refuse to admit imports of the products of Hong Kong origin described in column () of Annex I unless such imports are covered by a Hong Kong export licence endorsed by the Commerce and Industry Department, Hong Kong, to the effect that the consignments concerned have been debited to the levels set out in column (e) of Annex I.

12. The Government of Hong Kong will provide the Government of Australia with statistics relating to:

- (a) exports of the products described in column () of Annex I, by category number, which have been licensed for export to Australia and debited to the levels given in column (e) of Annex I, every month, and
- (b) the quantities covered by Export Authorizations issued to Hong Kong exporters for the products described in column (d) of Annex III, every week.

13. The Government of Australia will provide the Government of Hong Kong with monthly statistics of total imports and imports from Hong Kong and from other significant suppliers of the products described in column (d) of Annex I.

14. The Government of Hong Kong will notify the Government of Australia immediately upon receipt of any applications for export authorizations in exceptionally large amounts or unusual concentrations of applications for export authorizations in a particular product having regard to normal trade volumes to Australia.

15. The Government of Hong Kong and the Government of Australia will consult together, at the request of either, on any matter arising from the implementation of these arrangements, and either Government may, at any time, propose revisions to their terms.

16. In particular, if the Government of Australia, in the light of its desire to ensure the orderly and equitable development of trade with Australia in textiles, considers that, as a result of the application of the arrangements, there is undue concentration of exports, or the possibility thereof, in any particular product, the Government of Australia may request the Government of Hong Kong to consult with a view to remedial action such as a reasonable modification of these arrangements.

17. If the Government of Hong Kong considers that, as a result of the implementation of 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 Australia to consult with a view to appropriate remedial action.

18. The Annexes to this Memorandum shall be considered as an integral part of it.

For the Government of
Australia

For the Government of
Hong Kong

(signed) P.B. Clare
Acting Commissioner for Australia

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

Hong Kong, 22 May 1975

ANNEX I

Schedule of Textile Products to Which the Arrangements in the Memorandum of Understanding Made Between the Government of Hong Kong and the Government of Australia on Apply

(a) Category number	(b) Australian tariff item number	(c) Hong Kong classification number	(d) Description	(e) Level in pieces	(f) Period of limitation on exports	(g) Notional twelve months level in pieces	(h) Conversion factor from dozen to equivalent square yards
1	ex 60.05	ex 841 430 ex 841 431 ex 841 485 ex 841 466 ex 841 832 ex 841 887 ex 841 461 ex 841 462 ex 841 464 ex 841 465 ex 841 485 ex 841 486 ex 841 663 ex 841 666 ex 841 887	(i) Shirts, knit, outerwear, wholly or mainly of cotton or man-made fibres or wool, men's and boys' and infants' (ii) Jackets (other than tailored jackets), cardigans, jumpers, sweaters and the like, knit, wholly or mainly of cotton or man-made fibres or wool, women's and girls', men's and boys' and infants'	7,000,000	1 May 1975 to 30 June 1976	6,623,423	23.69 sq.yds./doz.
2	ex 60.05 ex 61.02	841 488 841 890 ex 841 134 ex 841 467 ex 841 736 ex 841 869	(iii) Blouses, knit, wholly or mainly of cotton or man-made fibres, women's and girls' Dresses, knit or woven, wholly or mainly of cotton or man-made fibres, women's and girls'	393,260	1 July 1975 to 30 June 1976	393,260	45.3 sq.yds./doz.

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
3	ex 60.05 ex 61.01	ex 841 117 ex 841 473 ex 841 719 ex 841 875	Trousers, including jeans, woven or knit, wholly or mainly of cotton or man-made fibres, men's and boys'	2,009,011	1 May 1975 to 30 June 1976	1,722,009	17.8 sq.yds./doz.
4	ex 61.02	841 130 ex 841 131 ex 841 149 ex 841 152 841 155 841 156 ex 841 157 ex 841 159 ex 841 739 ex 841 751 ex 841 754	Coats, raincoats and jackets, woven, wholly or mainly of cotton or man-made fibres, women's and girls' and infants'	785,460	1 July 1975 to 30 June 1976	785,460	41.25 sq.yds./doz.
5	ex 61.02 ex 61.04	ex 841 137 ex 841 140 ex 841 152 ex 841 739 ex 841 742 ex 841 754	Blouses, woven, wholly or mainly of cotton or man-made fibres, women's and girls' and infants'	476,148	1 May 1975 to 30 June 1976	454,454	14.53 sq.yds./doz.
6	ex 61.01	841 186 ex 841 190 ex 841 788 ex 841 792	Nightwear, woven, wholly or mainly of cotton or man-made fibres, women's and girls' and infants'	624,250	1 May 1975 to 30 June 1976	535,071	51.96 sq.yds./doz.

Hong Kong Export Authorization System

- Att.A 1. All exports of textiles from Hong Kong are subject to export licensing. A specimen is at Attachment A.¹ These licences are issued freely on application where no restraint or Export Authorization System with the importing country exists. They are valid for shipments within twenty-eight days of the date of issue.
- Att.B 2. An Export Authorization, a specimen of which is at Attachment B guarantees the issue of an export licence or licences for the quantity authorized within a period of three months. The goods so authorized must, therefore, be exported within four months of the date of the issue of the Import Authorization. When an Export Authorization System is operating for a particular sector of trade, no export licences are issued unless an Export Authorization has first been obtained; and Export Authorizations are issued only against evidence produced by the applicant that a firm contract has been concluded.
3. The object of the Export Authorization System is to provide an accurate forward picture of export trends in circumstances where Hong Kong and the importing country both have cause to keep the trade under review. The inducement to an exporter to apply in advance for an Export Authorization is that it gives him an assurance that he will be able to obtain an export licence for contracted shipments. This assurance is of only limited value unless the shipments can also gain entry to the importing country; and an essential feature of an Export Authorization System is that it is operated only on the understanding that the importing country will, all normal conditions of entry being satisfied, accept the exports authorized in Hong Kong. In return for such an understanding, the importing country is provided with weekly returns showing quantities for which Export Authorizations have been issued.
4. At any time during the currency of the Export Authorization System, the importing country has the right to insist on the suspension of issue of Export Authorizations pending the holding of consultations, within a reasonable period of time, to determine whether a case for restraint exists in terms of Article 3 of the Arrangement Regarding International Trade in Textiles.. The Hong Kong Government for its part, undertakes to suspend the issue of Export Authorizations immediately and to consult at the earliest convenient date. Export Authorizations already issued but not yet fully utilized before such suspension would be unaffected; that is to say, the Hong Kong Government would continue to issue export licences against these Export Authorizations until the quantities were exhausted or the validity period expired.

¹Not circulated.