

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/391

1 March 1979

Special Distribution

Textiles Surveillance Body

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral Agreement between Finland and Hong Kong

The Textiles Surveillance Body has received from Finland a notification of a bilateral agreement which has been concluded under Article 4 of the Arrangement between Finland and Hong Kong, concerning trade in textiles.

The TSB, pursuant to its procedure regarding bilateral agreements notified under Article 4^{1/}, has examined the relevant documentation and is circulating the text of this agreement to participating countries for their information.^{2/}

^{1/}See COM.TEX/SB/35, Annex B.

^{2/}For observations of the TSB see COM.TEX/SB/403, paragraphs 3 to 6.

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 have been made having regard to the Arrangement Regarding International Trade in Textiles and in particular to Articles 1 and 4 thereof and to the Protocol extending the said Arrangement (L4616) together with the conclusions adopted on 14 December 1977 by the Textiles Committee of the General Agreement on Tariffs and Trade.

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.

Restraint Period

4. These arrangements shall apply for the periods 1 August 1978 to 31 July 1979 and 1 August 1979 to 31 July 1980, save that in respect of Category A. Blouses, not knitted or crocheted, wholly or mainly by weight of cotton or of man made fibres, women's and girls' wear, these arrangements shall apply for the periods 1 February 1978 to 31 July 1979 and 1 August 1979 to 31 July 1980.

Either party may at any time terminate these arrangements provided that at least ninety days notice is given, in which

event the arrangements shall come to an end at the expiry of the ninety day period.

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) and column (f) for the periods stated therein, 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 Trade Industry and Customs 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) and column (f) of Annex I during the periods stated therein by one per cent, provided that a corresponding reduction is applied in any one or more of the other limits in column (e) and column (f) of Annex I during the periods stated therein.

For the purpose of calculating such corresponding reductions, the conversion factors listed in column (g) of Annex I to this Memorandum of Understanding 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 textile products in excess of the limits set out in

- (a) column (e) of Annex I by an amount equal to the quantity by which shipments in the period 1 June 1977 to

31 July 1978 fall short of the limits set out in column (e) of Annex I to the Memorandum of Understanding signed by the Government of Finland and the Government of Hong Kong on 21 May 1977 as amended by the letter from Mr. W. Derward to Mr. P.A.O. Kärkkäinen of 24 June 1977, or 11% of the annual 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;

- (b) column (f) of Annex I by an amount equal to the quantity by which shipments in the period 1 August 1978 to 31 July 1979 (1 February 1978 to 31 July 1979 in the case of Category 4, Blouses, not knitted or crocheted) fall short of the limits set out in column (e) of Annex I to this Memorandum, as adjusted by the provisions in (a) above, or 11% of the limits set out in column (f), whichever is the less 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 annual limits in column (e) and column (f), as applicable, 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 annual limits in column (e) and column (f), as applicable, of Annex I to this Memorandum.

11. If exports of the textile products listed in Annex I to this Memorandum in the period 1 August 1979 to 31 July 1980 are less than the agreed limits in column (f) of Annex I as adjusted

by the carryover provision in paragraph 3 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 (a) and column (c) 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 February 1978 to 31 July 1980.

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

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 products 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 products 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 products. 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 products in question into Finland.

21. The Government of Finland shall admit imports of the textile products 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 Trade Industry and Customs Department, Hong Kong.

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 products 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 with due regard to the relevant provisions of the Arrangement Regarding International Trade in Textiles and the protocol for its extension 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 products. 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.

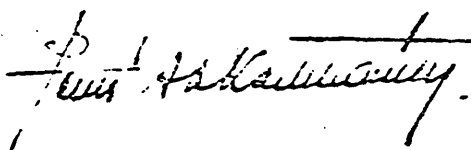
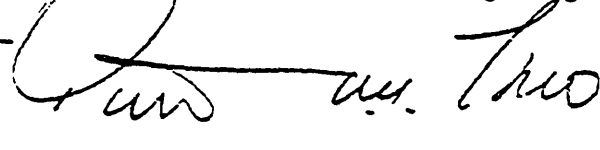
IV. General

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

Done in Geneva, March 21, 1973

For the Government of Finland

For the Government of Hong Kong

Annex 1

(a) Category	(b) Finnish Statistical Classification No.	(c) Hong Kong Statistical Classification No.	(d) Description	(e) Restraint Limit 1 Aug 1978 to 31 July 1979	(f) Restraint Limit 1 Aug 1979 to 31 July 1980	(g) Conversion Factor. (Square yards equivalent per dozen)
1	ex 60.04.812 60.04.813 60.04.815 60.04.816 60.04.817	ex 846 286 ex 846 287 ex 846 341 ex 846 342 ex 846 406 ex 846 407	Briefs, drawers, panties, undershorts and the like, knitted or crocheted, wholly or mainly by weight of cotton or of man-made fibres, women's and girls' wear.	2,003,930 pieces	2,013,950 pieces	9 sq.yd./doz
2	ex 60.04.712 60.04.713 60.04.715 60.04.716 60.04.717	ex 846 282 ex 846 283 ex 846 331 ex 846 332 ex 846 402 ex 846 403	Briefs, drawers, undershorts, and the like, knitted or crocheted, wholly or mainly by weight of cotton or of man-made fibres, men's and boys' wear.	579,500 pieces	502,398 pieces	9 sq.yd./doz
3	61.03.102 61.03.103 61.03.105 61.03.106 ex 61.03.109	844 111 844 112 844 121 844 122 844 195 844 196	Shirts, not knitted or crocheted, wholly or mainly by weight of cotton or of man-made fibres, men's and boys' wear.	309,199 pieces	310,745 pieces	26 sq.yd./doz

(a) Category	(b) Finnish Statistical Classification No.	(c) Hong Kong Statistical Classification No.	(d) Description	(e) Restraint Limit 1 Aug 1978 to 31 July 1979	(f) 1 Aug 1979 to 31 July 1980	(g) Conversion Factor (Square yards equivalent per dozen)
4	61.02.502 61.02.505 61.02.506	843 511 843 512 843 521 843 522	Blouses, not knitted or crocheted, wholly or mainly by weight of cotton or of man- made fibres, women's and girls' wear.	497,565 pieces (1 February 1978 to 31 July 1979)	355,026 pieces	20 sq.-yd./doz
				(Notional annual limit: 331,709 pieces)		

Annex II

(a) Category	(b) Finnish Statistical No.	(c) Hong Kong Statistical No.	(d) Description
31	ex 60.04.352	ex 846 292	Briefs, drawers, panties, under- shorts, and the like, knitted or crocheted, wholly or mainly by weight of cotton or of man-made fibres, infants' wear i.e. gar- ments of sizes up to and includ- ing 110.
	60.04.353	ex 846 315	
	60.04.355	ex 846 412	
	60.04.356		
	60.04.357		
32	60.04.115	ex 845 121	Jumpers, sweaters, cardigans, pullovers, blouses and shirts (including T-shirts, singlets and undershirts), knitted or crocheted, wholly or mainly by weight of cotton.
	60.04.155	ex 845 122	
	60.05.315	ex 845 123	
	60.05.355	ex 845 124	
	60.05.365	ex 845 125	
		ex 845 950	
		ex 845 937	
		846 211	
		846 212	
		ex 846 282	
		ex 846 283	
		ex 846 286	
		ex 846 287	
	ex 846 292		
33	60.04.112	ex 845 131	Jumpers, sweaters, cardigans, pullovers, blouses and shirts (including T-shirts, singlets and undershirts), knitted or crocheted, wholly or mainly by weight of man- made fibres.
	60.04.113	ex 845 132	
	60.04.116	ex 845 133	
	60.04.117	ex 845 134	
	60.04.152	ex 845 135	
	60.04.153	ex 845 141	
	60.04.156	ex 845 142	
	60.04.157	ex 845 143	
	60.05.312	ex 845 144	
	60.05.313	ex 845 145	
	60.05.316	845 950	
	60.05.317	ex 845 957	
	60.05.352	845 970	
	60.05.353	ex 845 977	
	60.05.356	846 321	
	60.05.357	846 322	
	60.05.362	ex 846 331	
	60.05.363	ex 846 332	
	60.05.366	ex 846 341	
	60.05.367	ex 846 342	
		ex 846 345	
		ex 846 402	
		ex 846 403	
		ex 846 406	
		ex 846 407	
		ex 846 412	
		846 413	
	846 414		

Annex II

(a) Category	(b) Finnish Statistical No.	(c) Hong Kong Statistical No.	(d) Description
34	60.04.114	ex 845 111	Jumpers, sweaters, cardigans, pullovers, blouses and shirts (including T-shirts, singlets and undershirts), knitted or crocheted, wholly or mainly by weight of wool. x)
	60.04.154	ex 845 112	
	60.05.314	ex 845 113	
	60.05.354	ex 845 114	
	60.05.364	ex 845 115	
		845 910	
		ex 845 917	
		ex 846 182	
		ex 846 183	
		ex 846 186	
	ex 846 187		
	ex 846 192		
	846 193		
	846 194		
35	65.05.906	ex 848 455	Woven peaked caps, wholly or mainly by weight of cotton or of man-made fibres or of wool. x)
		ex 848 456	
		ex 848 457	
36	65.05.905	ex 848 455	Woven shaped hats, wholly or mainly by weight of cotton or of man-made fibres or of wool.
		ex 848 456	
		ex 848 457	

x) Note

Jumpers, sweaters, cardigans and pullovers, and the like, knitted or crocheted, wholly or mainly by weight of wool, women's, girls', men's and boys' wear, and woven peaked caps, wholly or mainly by weight of cotton will continue to be subject to restraint until 31 July 1978 as provided for in the Memorandum of Understanding signed by the Government of Finland and the Government of Hong Kong on 21 May 1977. From 1 August 1978, these products will come under the export authorisation arrangement provided for in Part III of this Memorandum.

Annex II

(a) Category	(b) Finnish Statistical No.	(c) Hong Kong Statistical No.	(d) Description
37	ex 65.05.909	ex 848 455 ex 848 456 ex 848 457	Woven headgear other than peaked caps and shaped hats, wholly or mainly by weight of cotton or of man-made fibres or of wool
38	60.05.202 60.05.205 60.05.206 60.05.207	845 944 845 945 845 951 845 952 ex 845 957 845 964 845 965 845 971 845 972 ex 845 977	Swimming suits and trunks, knitted or crocheted, wholly or mainly by weight of man-made fibres

Memorandum of Understanding

In the course of consultations held in Geneva on 9 to 11 January 1978 pursuant to Section III (paragraphs 17 to 25) of the Memorandum of Understanding signed by the Government of Finland and the Government of Hong Kong on 21 May 1977, the representatives of the two Governments agreed as follows:

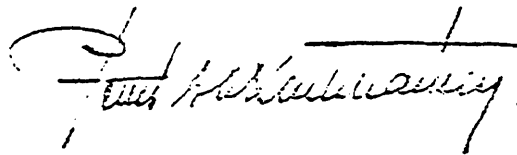
- (a) The Government of Hong Kong shall during the period 12 November 1977 to 31 July 1978 restrict exports to Finland of men's and boys' woven shirts wholly or mainly by weight of cotton, Finnish statistical classification No. 61.03.105, Hong Kong statistical classification No. 844.111, 844.112, to 20,438 pieces (notional annual limit: 28,473 pieces),
- (b) A quantity of 7,777 pieces covered by Export Authorizations issued before 12 November 1977 by the Government of Hong Kong have already been licensed for export to Finland since that date; the Government of Hong Kong agrees that this quantity of 7,777 pieces shall be debited to the limit of 20,438 pieces, leaving a balance for export in the said period of 12,661 pieces.
- (c) The Government of Finland shall for the purpose of this arrangement admit imports of the shirts specified above of Hong Kong origin only where such imports are covered by an export licence issued by the Trade Industry & Customs Department, Hong Kong, and endorsed to the effect that the consignments have been debited to the agreed limit,
- (d) The cotton woven shirts which are the subject of this Memorandum of Understanding and the limit for such shirts of 20,438 pieces shall, for the purposes of swing (7% with conversion factor of 26 sq. yd./doz.) carryover and carryforward (11% carryover and carryforward of which

no more than 5% may be carryforward), re-export, exchange of statistics and consultations, be considered to be an integral part of the Annex to the Memorandum of Understanding of 21 May 1977.

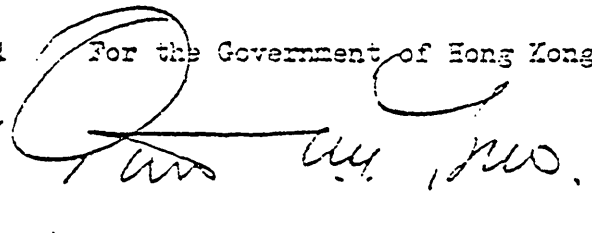
Done in Geneva, March 21, 1978

For the Government of Finland

For the Government of Hong Kong



Jukka K. Kallio



P. W. Yip