

- (a) the level of trade for the products concerned in the immediately preceding calendar year increased by 15%;
- (b) the average of the level of trade for the products concerned in the calendar years since 1985 increased by 15%;
- (c) the level of EA's issued at the time of the receipt of the request from Canada for cessation of the issuance of EA's.

The arrangement with Hong Kong also provides for the following:

...in respect of any product or category where a limit has been established for a single calendar year and where, in the immediately subsequent calendar year the Government of Canada makes another request for consultations ... and pending the completion of such consultations, the Government of Canada may request the Government of Hong Kong to limit, during the calendar year in which such further request for consultations is made, the issuance of EA's for the product or products concerned to a level not less than the higher of:

- (a) the limit established for the immediately preceding year increased by 6%;
- (b) the level of EA's issued at the time of the receipt of the request by the Government of Canada for the cessation of the issuance of EA's.

In the event that consultations do not result in agreement, the Government of Canada will have the right to request the Government of Hong Kong to limit exports of the relevant products during the calendar year in which the request for consultations is made to a level not less than that calculated according to the formulae (above) whichever is applicable. The Government of Hong Kong agrees that it will honour such a request.

In respect of any product or item for which a limit is established in any one calendar year, either Government may, prior to the start of the immediately following calendar year, elect to convert that limit into a specific limit effective as such, from January 1st of the immediately following year, and that product or item shall remain subject to a specific limit for the