

Appendix III.1.5.1

Flexibility Provisions

Adjustments to annual specific limits (SLs), may be made as follows:

- (a) the exporting Party may increase the SL for a calendar year by no more than six per cent ("swing").
- (b) in addition to any increase of its SL under subparagraph (a), the exporting Party may increase its unadjusted SL for that year by no more than 11 per cent by allocating to such SL for that calendar year (the "receiving year") an unused portion ("shortfall") of the corresponding SL for the previous calendar year ("carryover") or a portion of the corresponding SL for the following calendar year ("carryforward"), as follows:
 - (i) subject to subparagraph (iii), the exporting Party may utilize carryover, as available, up to 11 per cent of the unadjusted SL for the receiving year;
 - (ii) the exporting Party may utilize carryforward charged against the corresponding SL for the following calendar year, up to six per cent of the unadjusted SL for the receiving year;
 - (iii) the combination of the exporting Party's carryover and carryforward shall not exceed 11 per cent of the unadjusted SL in the receiving year; and
 - (iv) carryover may be utilized only following confirmation by the importing Party that sufficient shortfall exists. If the importing Party does not consider that sufficient shortfall exists, it shall promptly provide data to the exporting Party to support that view. Where substantial statistical differences exist between the import and export data on which the shortfall is computed, the Parties shall seek to resolve these differences promptly.