

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/38

12 November 1974

Special Distribution

Textiles Surveillance Body

Original: English/
French

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 3 Notifications

Agreement Between Canada and the Republic of Korea

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

The TSB has examined the relevant documentation^{1/}, 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 Agreement reached between the Delegations of the Republic of Korea and Canada during their consultations which took place in Ottawa between 16-20 April 1974 regarding restraint arrangements for the year 1974.

1. The Republic of Korea will restrain its exports to Canada during twelve-month period beginning 1 January 1974 as stated in Annex I.
2. Explanatory Note was agreed and is attached as Annex II.
3. Agreed Minutes regarding export authorization procedure is attached as Annex III.

^{1/} In reviewing the notification, the TSB had before it the supporting evidence for the restraints negotiated which was provided by Canada.

4. Agreed Minutes regarding sheets (all fibres), pillowcases (all fibres), cotton broad-woven fabrics and broad-woven fabrics substantially of nylon is attached as Annex IV.
5. The Governments of the Republic of Korea and Canada agree to consult each other at the request of the other on any matter arising from the implementation of this Agreement.

Ottawa, Canada

Signed

Hwa-Kyun Rhee
Counsellor
Korean Embassy
Ottawa, Canada

J.J. McKennirey
General Director
Office of Special Import Policy
Department of Industry, Trade
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Ottawa, Canada

26 August 1974

ANNEX I

VOLUNTARY QUOTAS TO BE APPLIED BY THE REPUBLIC OF KOREA ON EXPORTS
TO CANADA DURING THE TWELVE-MONTH PERIOD BEGINNING 1 JANUARY 1974

| | <u>Products</u> | <u>Units</u> | <u>Quotas</u> |
|----|---|--------------|---------------|
| 1. | Trousers, slacks and shorts of cotton and/or man-made fibres not knitted. | dozens | 105,000 |
| 2. | Worsted fabrics | sq. yds. | 1,130,000 |
| 3. | Double-knit and warp-knit fabrics | lbs. | 560,000 |
| 4. | Filament polyester fabric | sq. yds. | 1,490,000 |

Note: - With respect to cotton broad-woven fabrics, pillowcases, sheets and
broad-woven fabrics substantially of nylon, Agreed Minutes found in
Annex IV applies.

- With respect to Item 4

(a) fabrics for ties are excluded from the quota restrictions

(b) there will not be any "swing" or "carry-in" exercised in 1974 in
view of overshipments in 1973

(c) the question of the unit of restraint will be discussed further
if necessary

Ottawa, Canada

26 August 1974

ANNEX II

Explanatory Note

1. For the purposes of this Agreement the following definitions of cotton, wool and man-made fibre textile products will apply to products of mixed and blended fibres in categories 1 to 4.

| <u>Defined as</u> | <u>Fibre composition</u> | <u>Percentage of fibre content</u> (by weight) |
|-------------------|---------------------------|---|
| Cotton | Cotton and silk | over 88% cotton |
| | Cotton and wool | over 67% cotton |
| | Cotton and man-made fibre | over 55% cotton |
| Man-made | Man-made fibre and cotton | 45% and over man-made fibre |
| | Man-made fibre and silk | 75% and over man-made fibre |
| | Man-made fibre and wool | over 60% man-made fibre |
| Wool | Wool and silk | 67% and over wool |
| | Wool and cotton | 73% and over wool |
| | Wool and man-made fibre | 40% and over wool |

2. The following definitions will apply to trousers, slacks and shorts:

Men's, boys' and women's, misses'; and children's trousers, slacks and shorts (outer) when made of cotton and/or man-made fibres, not knit.

Note: A man-made fibre is defined as any fibre other than a natural fibre, and includes (but is not limited to) rayon, viscose, acetate, tri-acetate, polynosic, nylon, polyester, acrylic, and mixtures or blends of these or other man-made fibres. In cases where man-made fibres are mixed or blended with natural fibres, Explanatory Note is applicable.

Ottawa, Canada

26 August 1974.

ANNEX III

AGREED MINUTES

1. This Agreed Minutes sets out the Agreement which has been reached between the Governments of the Republic of Korea and Canada regarding the implementation of an export authorization procedure.
2. Recognizing the desirability of ensuring the effective control of exports to Canada of the products listed in the Annex I.
 - (a) the Government of the Republic of Korea will continue to issue certificates covering shipments to Canada of the subject goods attesting that the goods have been authorized for export to Canada;
 - (b) the Government of Canada will place on the Import Control List those goods manufactured in the Republic of Korea that are listed in the Annex I and issue a General Import Licence which will enable any person to import such goods on the condition that each shipment be accompanied by a certificate of export authorization issued by the Government of the Republic of Korea;
 - (c) the date of issuance of bill of lading is considered to be the date of shipment;
 - (d) shipments of the goods listed in the Annex I, not accompanied by the agreed certificate of export authorization shall not be permitted entry into Canada;
 - (e) inasmuch as the Government of the Republic of Korea has implemented the export authorization scheme, the procedure outlined above will apply to all importations into Canada of the goods in question on and after the date of the enabling Order-in-Council, which will take into account the period necessary to notify the importing public; and
 - (f) the Government of Canada will provide the Government of the Republic of Korea with a copy of the enabling Order-in-Council.

Ottawa, Canada

26 August 1974.

ANNEX IV

AGREED MINUTES

Regarding sheets (all fibres), pillowcases (all fibres), cotton broad-woven fabrics and broad-woven fabrics substantially of nylon, it was agreed:

- (i) restraints on these products should be dropped until such time as the findings of the Textile and Clothing Board inquiries taking place this year are known but, if these findings are that safeguard measures are necessary,
 - (a) Korea will initiate restraint action immediately, if requested by Canada, at the annual quantitative levels established for 1973;
 - (b) Korea and Canada will enter negotiations as soon as possible regarding what changes may be warranted in the foregoing restraint levels;
- (ii) meantime, the Government of Korea will provide export statistics for these products, when requested by the Canadian Government and should the rate of exportation reach disruptive proportions, consultation will take place immediately to correct the situation.

Ottawa, Canada

26 August 1974.