

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/445

13 July 1979

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 4:4 Notification

Bilateral Agreement Between Canada and Poland

The Textiles Surveillance Body has received from Canada a notification of a bilateral agreement which has been concluded under Article 4 of the Arrangement between Canada and Poland, for a three-year period starting 1 January 1979.

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 the observations of the TSB see COM.TEX/SB/446, paragraphs 8 to 11.

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF CANADA AND THE
GOVERNMENT OF POLAND RELATING TO THE EXPORT FROM POLAND OF CERTAIN
TEXTILES AND TEXTILE PRODUCTS FOR IMPORT INTO CANADA

ARTICLE 1

1. This Memorandum of Understanding sets out the Arrangement that has been agreed between the Government of Canada as represented by the Department of Industry, Trade and Commerce (hereinafter referred to as the Canadian authority) and the Government of Poland as represented by the Ministry of Foreign Trade and Shipping (hereinafter referred to as the Polish authority) regarding the export of certain textiles and textile products from Poland for import into Canada.
2. This Arrangement has been made having regard to the Arrangement Regarding International Trade in Textiles (hereinafter referred to as "the ITA") and in particular to Article 2 and Article 4 thereof, and to the Protocol extending the said Arrangement (L4616) and in particular to paragraph 5.3 thereof, which provides for the possibility of jointly agreed reasonable departures from particular elements of the ITA in particular cases.
3. During the time this Arrangement is in force both of the parties agree that the export of textiles and textile products from Poland to Canada will be executed by the Polish authority within the mutually agreed quantitative limits set out for those products in Annex I hereto.
4. For the purposes of classifying textiles and textile products in the appropriate category, the definitions and notes set out in Annex I should apply.

ARTICLE 2

1. The two parties agree to exchange all useful information concerning their mutual trade in textiles and textile products in order to ensure the successful implementation of this Arrangement.
2. In particular the parties agree that the quantitative limits established under this Arrangement shall be managed under a system of control, the details of which are set out in Annex II to this Arrangement.
3. The Polish authority agrees to furnish the Canadian authority with precise statistical information, on a quarterly basis, of all export licences issued by them for all categories of textiles and textile product exports to which this Arrangement applies.

ARTICLE 3

1. The Polish authority shall endeavour to space out as evenly as possible over each of the Arrangement years the exports of all textiles and textile products for which quantitative limits may be established under this Arrangement, due account being taken of seasonal factors.

ARTICLE 4

1. Each party agrees at the request of the other party to enter promptly into consultations with each other on any problems arising from the application of this Arrangement.

2. Further, in view of the desire of both parties to avoid, on the one hand, real risks of market disruption in Canada and, on the other hand, disruption to the textile trade of Poland, and having full regard to the need for equitable treatment of participating countries in the Arrangement Regarding International Trade in Textiles, the following specific consultation procedures shall apply to the trade in textiles and textile products not specifically provided for in this Arrangement as well as those products described within the aggregates in Annex I attached hereto.

3. The Canadian authority may request consultations with the Polish authority with a view to reaching agreement on an appropriate level of restraint for any textile or textile products not specifically provided for in this Arrangement as well as those products described within the aggregates in Annex I, whenever, in the view of the Canadian authority, conditions in the Canadian market are such that a limitation on further trade in any such textile or textile product may be necessary to eliminate real risk of market disruption.

4. The request for such consultation shall be accompanied within 21 days by a statement of the market conditions in Canada, which, in the opinion of the Canadian authority make necessary the request for consultations. The statement shall include data in respect of the existence of real risk of market disruption.

5. Until such time as a mutually satisfactory conclusion has been reached, the Polish authority undertakes, if so requested by the Canadian authority, to limit shipments from the date on which Canada requests consultations, in order to ensure that exports of the products in question to Canada do not exceed, based on an annual rate, the level of 106% of the exports

recorded, in the twelve-month period ending two months before the month in which the request for consultation was made. Should, in the opinion of the Polish authority the application of these provisions give rise to difficulties causing hardship to the commercial interests involved, the Polish authority may request consultations to which the Canadian authority will respond promptly. Canada shall, in particular, give full and sympathetic consideration to the treatment of goods for which there are outstanding bona fide contracts and letters of credit.

The parties shall consult following the communication of the statement referred to in paragraph 4 above and will make their best efforts to reach a mutually satisfactory conclusion within 30 days of the communication.

ARTICLE 5

1. If, having regard to the provisions of the Arrangement Regarding International Trade in Textiles, either party considers that it is being placed in an inequitable position in respect of trade in textiles and textile products as compared with a third country, that party may seek consultations with the other with a view to taking appropriate remedial action.

ARTICLE 6

1. Both parties shall take all possible measures to ensure that traditional channels and methods of trade between Canada and Poland are maintained.

2. Should either of the parties inform the other that the application of this Arrangement has given rise to difficulties regarding the maintenance of existing commercial relations between importers in Canada and their suppliers in Poland, the parties agree to consult in accordance with the procedures set out in Article 4 above.

ARTICLE 7

1. This Arrangement shall be effective for three calendar years starting on the 1st day of January 1979 and ending on the 31st day of December 1981, except as provided for in Annex I for certain textiles where the Arrangement becomes effective earlier. Should these or other arrangements regarding textiles and textile products be continued or introduced after December 31, 1981, both parties agree that regard shall be had to paragraph 5.4 of the Protocol extending the ITA (L4616).
2. Either party may at any time propose modifications to this Arrangement or terminate it provided that notice of such proposal or termination is given to the other party at least 90 days before the expiry of any year of this Arrangement; in the event of a notice to terminate, the Arrangement will come to an end at the expiry of the Arrangement year in which the notice is given.
3. In this Arrangement, "Arrangement year" means any period of twelve consecutive months commencing on January 1st during the life of this Arrangement.

ARTICLE 8

1. Subject to the specific limitations set out in Annex I, any quantitative limit shown therein may be exceeded by the percentage shown in column (e) thereof provided that an equivalent amount is deducted from any other quantitative limit shown therein.
2. For the purpose of implementing these swing provisions the conversion factors shown in column (d) of Annex I shall apply.

ARTICLE 9

1. Following notification to the Canadian authority of the quantities involved, portions of any quantitative limit set out in Annex I which are not used during any restraint period may be carried over and added to the corresponding quantitative limit for the following restraint period within the higher percentage limit set out in column (f) of the Annex.

2. Any quantitative limit may be increased within the lower percentage limit set out in column (f) of Annex I by an amount advanced from the corresponding quantitative limit for the following restraint period. The quantitative limit for the following restraint period shall be reduced by an amount equal to the amount so advanced.

3. Notwithstanding the foregoing, the carryover and carry-forward provisions may be used in combination only up to the higher percentage limit set out in column (f) of Annex I.

ARTICLE 10

1. Annexes I and II to this Arrangement shall form an integral part thereof.

For the Government of Poland

For the Government of Canada

ANNEX 1

(a) Item No.	(b) Description of Product	(c) Restraint Level	(d) Conversion Factor	(e) Swing	(f) Carryover/ Borrow Forward
1.	<p>Men's Fine Suits (structured)</p> <p>(a) Structured * Sportscoats and Blazers, men's and boys'</p> <p>(b) Structured * Suits, men's and boys'</p> <p>* The suit-jacket, sportscoat or blazer must contain all of the following three elements or equivalent:</p> <ul style="list-style-type: none"> (i) lining; (ii) shoulder padding; and (iii) front stiffening. <p><u>Footnotes:</u> (1) No swing into this product is permitted. Swing out of this product is permitted subject to the swing provisions for the receiving product.</p> <p>(2) Carryover and Borrow Forward is not permitted.</p> <p>(3) A unit is either a jacket or a suit. A suit is a two- or three-piece garment.</p>	<p>1979: 41,000 1980: 41,410 1981: 41,824</p>	<p>4.50 sq. yds. per unit</p>	<p>No swing into this product is permitted. Swing out of this product is permitted subject to the swing provisions for the receiving product.</p>	<p>Carryover and Borrow Forward is not permitted.</p>
2.	<p>Shirts with tailored collars, men's and boys'.</p> <p>A garment covering the upper part of the body with tailored collar and no body lining, of woven or knitted construction, normally worn next to the skin or directly over underwear and with a full or partial front or back opening which may include a zipper. It may be designed to be worn either inside or outside of pants. Included are all men's and boys' shirts meeting this description whether exported separately or as part of a set, such as shirt and tie sets, but excluding athletic sets such as tennis sets.</p>	<p>1979: 5,000 1980: 5,050 1981: 5,100</p>	<p>2.10 sq. yds. per unit</p>	<p>No swing into this product is permitted. Swing out of this product is permitted subject to the swing provisions for the receiving product.</p>	<p>Carryover and Borrow Forward is not permitted.</p>

(a) Item No.	(b) Description of Product	(c) Restraint Level	(d) Conversion Factors	(u) Swing	(r) Carryover/ Borrow forward
2 Cont.	<p>A "tailored collar" consists of one or more pieces of material which are cut and sewn or cut and fused and designed with two pointed or rounded ends. The following may be used, when needed, in the construction of a "tailored collar": stays, lining, stiffening by any means.</p> <p><u>Footnotes:</u> (1) No swing into this product is permitted. Swing out of this product is permitted subject to the swing provisions for the receiving product.</p> <p>(2) Carryover and borrow forward is not permitted.</p>	<p>1979: 359,000 1980: 369,770 1981: 380,863</p>	2.10 sq. yds. per unit	5%	10% of which borrow forward shall not be more than 5%
3.	<p>Shirts, men's and boys', other than with tailored collars, including full-fashioned collars.</p> <p>A "full-fashioned collar" consists of a one-piece knitted-to-shape collar.</p> <p><u>Note:</u> The definition of the above is subject to the overriding definition of men's and boys' shirts with tailored collars.</p> <p><u>Note:</u> The restraint levels in column (c) may not be increased by more than 10% by the combined use of swing, carryover and borrow forward.</p>				

Item No.	Description of Product	Restraint Level	Conversion Factor	Swing	Carryover/Borrow forward
4.	<p><u>Sweaters, Pullovers, Cardigans, all genders.</u> A knitted garment covering the upper part of the body of construction coarser than 19 gauge, i.e. produced on vertical machines with less than 19 needles per inch or on circular machines with less than 28 needles per one and one-half inches. It includes knitted ponchos and sweaters, pullovers or cardigans with coordin tes or matched accessories, e.g. hats, scarves, gloves, mittens, booties, etc. These accessories, as such, are not the subject of this control item. A garment in this item when shipped with such coordinating or matching accessories will be considered a set and counted as one unit.</p>	<p>1979: 287,343 1980: 295,963 1981: 304,842</p>	<p>1.40 sq. yds. per unit</p>	<p>No swing into this product is permitted. Swing out of this product is permitted subject to the swing provisions for the receiving product.</p>	<p>Carryover and Borrow forward is not permitted.</p>
5.	<p><u>T-shirts and sweaters, men's and boys', women's and girls'.</u> T-shirts are knitted garments without front opening, covering the upper part of the body, of construction 19 gauge or finer, i.e. produced on vertical machines with 19 or more needles per inch or on circular machines with 28 or more needles per one and one-half inches. Sweaters are garments, at least one side of which is brushed or fleeced, covering the upper part of the body.</p> <p>- of which sweaters -</p> <p>Footnotes: (1) The definitions of T-shirts and sweaters for men's and boys' are subject to the overriding definitions of men's and boys' shirts with tailored or full-fashioned collars.</p> <p>(2) The restraint levels in column (c) may not be increased by more</p>	<p>1979: 600,000 1980: 618,000 1981: 636,540</p> <p>1979: 435,000 1980: 448,050 1981: 461,492</p>	<p>1.7 sq. yds. per unit</p>	<p>5%</p>	<p>10% of which borrow forward shall not be more than 5%</p>

(a) Item No.	(b) Description of Product	(c) Restraint Level	(d) Conversion Factor	(e) Swing	(f) Carryover/ Borrow Forward
15. cont.	<p>than 10% by the combined use of swing, carryover and borrow forward.</p> <p>(3) Sweatshirts when packed and shipped together with pants to form an athletic suit or set are excluded.</p>				
6.	<p>Pyjamas (including sets) Sleepwear, Bathrobes and Dressing Gowns, all genders. Pyjamas and sleepwear are garments normally worn for sleeping. Bathrobes and dressing gowns are garments other than sleepwear normally worn in privacy, including bed-jackets and negligees.</p> <p>Note: See note (1) below</p>	<p>1979: 206,000 1980: 218,360 1981: 231,462</p>	<p>3.10 sq. yds. per unit</p>	<p>5%</p>	<p>10% of which borrow forward shall not be more than 5%</p>
7.	<p>Children's and Infants' T-shirts, Sweatshirts, Shouses and Shirts.</p> <p>Definition: The same as for men's, boys', women's and girls'.</p> <p>Footnotes: (1) Children's and Infants' garments are sizes 0-6X.</p> <p>Note: See note (1) below</p>	<p>1979: 17,000 1980: 18,020 1981: 19,101</p>	<p>0.60 sq. yds. per unit</p>	<p>5%</p>	<p>10% of which borrow forward shall not be more than 5%</p>

Note (1) The restraint levels in column (c) may not be increased by more than 10% by the combined use of swing, carryover and borrow forward.

(a) Item No.	(b) Description of Product:	(c) Restraint Level	(d) Conversion Factor	(e) Swing	(f) Carryover/ Borrow Forward
8.	<u>BROADWOVEN FABRICS</u>	lbs			
A.	Nylon Fabric. Broadwoven fabric in which nylon fibre accounts for 50% or more by weight or thread count, or where nylon fibres in combination with other fibres represent the chief value.	1978: 115,600 (Feb. 11 - Dec. 31) 1979: 132,000 1980: 133,320 1981: 134,653	8.0 sq. yds per lb.	None	10% of which Borrow forward shall not be more than 5%
B.	Filament Polyester Fabric. Broadwoven fabric in which the warp is composed of polyester filament flat or textured yarn.	1979: 105,000 1980: 111,300 1981: 117,978	5.5 sq. yds. per lb.	None	As above
C.	Worsted Fabric. Broadwoven fabric having 17% or more by weight of wool and in which at least the warp is made from worsted spun yarn. This product is covered in the following Stat Cda import classes: 372-13, 372-16, 372-18, 372-29 and 377-39.	1978: 180,000 (Jun 1-Dec 31) 1979: 310,500 1980: 313,605 1981: 316,741	2.16 sq. yds. per lb.	None	As above
D.	<u>Other Fabrics</u> 373-54 Flannel napped cotton fabric, bleached and unbleached 373-58 Flannel napped cotton fabric, coloured 373-62 Denims cotton 373-91 Corduroys, cotton, bleached and unbleached 373-82 Corduroys, cotton, coloured 373-86 Terry Cloth, cotton, coloured 373-89 Pile fabrics, cotton 373-93 BW, cotton fabrics, bleached and unbleached 373-95 BW, cotton fabrics, bleached 373-98 BW, cotton fabrics, coloured 375-19 BW, rayon fabrics 377-59 Pile fabric, M.M. mix 377-69 BW, rayon fabric, mix 377-89 BW, fabric, mix fabric	1979: 4,070,000 1980: 4,521,025 1981: 5,017,803		N.A.	As above
E.	<u>Aggregate</u>	1979: 4,617,500 1980: 5,079,250 1981: 5,587,175		7%	As above

(a) Item No.	(b) Description of Product	(c) Restraint Level	(d) Conversion Factor	(e) Swing	(f) Carryover/ Borrow Forward
9. A.	<p><u>HOUSEHOLD PRODUCTS</u></p> <p>Bed Sheets. Bed Sheets are made of woven fabrics of cotton or man-made yarns or blends thereof and include flannelette sheets sometimes referred to as flannelette blankets. Bed sheets can be flat or fitted for a number of sizes, e.g., king-size, queen-size, double, twin and single.</p>	<p>lbs</p> <p>1978: 499,875 (Apr 1 -Dec 31) 1979: 675,360 1980: 682,114 1981: 688,935</p>	<p>6.20 sq. yds. per unit 1.7 lb/unit for cotton sheet and 1.4 lb/unit for all other sheets including flannelette blankets.</p>	<p>none</p>	<p>10% of which Borrow forward shall not be more than 5%</p>
B.	<p>Cotton Terry Towels, Washcloths and Sets, of fabrics woven on a terry loom using single or plied cotton (or blends thereof) yarns with loop pile on one or both sides covering the entire surface in either plain or patterned weave, whether grays, bleached, dyed or printed, including tea, hand, beach, and bath towels, bath sheets and terry bath mats. Towels are normally made in rectangular form and in a range of sizes. Washcloths are normally made in square or rectangular form ranging in sizes from 50 square inches to 169 square inches.</p>	<p>1978: 729,000 (Mar 1-Dec 31) 1979: 901,250 1980: 928,287 1981: 956,136</p>	<p>1.50 sq. yds. per lb.</p>	<p>None</p>	<p>As above</p>
C.	<p>Other Household Products</p> <p>847-11 Table cloths 848-05 Towels, cotton, nes 848-10 Towels, nes 846-01 *Bedspreads, textiles 846-39 *Blankets, nes 846-53 *Pillow cases, cotton</p>	<p>1979: 2,232,390 1980: 2,579,500 1981: 2,963,819</p>	<p>* Converted into lbs at the rate of: 2.5 lbs/unit for I.C 846-01 2.4 lbs/unit for I.C 846-39 0.35 lb/unit for I.C 846-53</p>	<p>U.A.</p>	<p>As above</p>
D.	<p><u>Aggregate</u></p>	<p>1979: 3,809,000 1980: 4,189,900 1981: 4,608,890</p>		<p>7%</p>	<p>As above</p>

ANNEX II

AGREED DETAILS OF CONTROL SYSTEM UNDER THE
PROVISIONS OF ARTICLE 2

As agreed between the parties in Article 2 of this Arrangement, the administration of exports from Poland and imports into Canada of those textile and textile products to which this Arrangement applies will be based on a system of control applied by the Polish authority and the Canadian authority. The details of the said system of control are set out below.

The Canadian authority will accept imports of textiles and textile products referred to above on submission of the importer's application together with a certified copy of the export licence issued by the Polish authority.

All shipments valued at less than \$250 (Canadian) f.o.b. do not require an export licence.

The export licences issued by the Polish authority in respect of products subject to restraint under this Arrangement shall specify and contain:

1. destination
2. serial number
3. importer's name and address
4. exporter's name and address
5. category and description of product
6. quantity in the units as designated in the Arrangement, and, where the quantity is expressed other than in (weight) (sq. yds.) the equivalent (weight) (sq. yds.) calculated in accordance with the conversion factors set out in Annex I.
7. certification by the Polish authority that the quantity has been debited against the agreed ceiling for exports to Canada or, where appropriate, is for immediate re-export or for inward processing and subsequent re-export outside Canada.

The Canadian authority will not raise difficulties in the event of a discrepancy between the (weight) (sq. yds.) (units) indicated in the export licence and the shipment or import (weight) (sq. yds.) (units) provided it is within reasonable limits.

The Canadian authority will deny entry to any shipment if any discrepancy exists between the actual product received and the product indicated on the export licence.

In the event of total or partial withdrawal of an export licence, the Polish authority will notify the Canadian authorities of such total or partial withdrawal. The Canadian authority will take the appropriate measures in accordance with existing administrative provisions.

The Polish authority will supply the Canadian authority with the periodic returns provided for in Article 2 of this Arrangement showing the details referred to in (5) and (6) above, covered by the export licences issued against the quantitative limits for exports to Canada for all categories of textiles and textile products exports to Canada.