

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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Textiles Surveillance Body

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Article 4:4 Notification

Bilateral Agreement between Canada and Macao

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 Macao, 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.

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

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

INTRODUCTION

1. This Memorandum of Understanding (MOU) 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 Macao as represented by the Economic Department (hereinafter referred to as the Macao authority) regarding the export of certain clothing products from Macao 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 4 thereof, and to the Protocol extending the said Arrangement.

COVERAGE AND RESTRAINT LIMITS

3. During the time this Arrangement is in force both of the parties agree that the export of the clothing products set out in Annex A to this MOU from Macao to Canada will be executed by the Macao authority within the mutually agreed quantitative limits.
4. For the purposes of classifying clothing products in the appropriate category, the definitions and notes set out in Annex A should apply.

RESTRAINT PERIODS

5. This Arrangement will be effective for three calendar years starting on the first day of January 1979 and ending on the thirty-first day of December 1981.
6. In this Arrangement, "restraint period" means any period of twelve consecutive months commencing on 1 January during the life of this Arrangement.

ADMINISTRATION

7. The parties agree that the quantitative limits established under this Arrangement will be managed under a system of control, the details of which are set out in Annex B to this Arrangement.

SWING

8. Subject to the specific limitations set out in Annex A, 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.

9. For the purpose of implementing these swing provisions the conversion factors shown in column (d) of Annex A will apply.

CARRY-OVER - BORROW-FORWARD

10. Following notification to the Canadian authority of the quantities involved, portions of any quantitative limit set out in Annex A 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.

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

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

EXCHANGE OF STATISTICS

13. The two parties agree to exchange all useful information concerning their mutual trade in clothing in order to ensure the successful implementation of this Arrangement.

14. The two parties agree to exchange precise statistical information, on a monthly basis, of all ex/imp licences issued by them for all categories of clothing products to which this Arrangement applies.

CONCENTRATION

15. The Macso authority will endeavour to space out as evenly as possible over each of the restraint periods the exports of all clothing products for which quantitative limits may be established under this Arrangement, due account being taken of seasonal factors.

CONSULTATIONS

16. Either Government shall have the right to request consultations with the other Government on any matter arising from the implementation or operation of these arrangements or on any matter germane thereto. Such consultations shall be governed by the following:

- any request for consultations shall be notified in writing to the other Government;
- the other Government shall accept such a request and such consultations shall be held as soon as possible;
- the request for consultations shall be accompanied by or followed within a reasonable period by a statement setting out the reasons and circumstances which, in the opinion of the requesting Government, justify the submission of such a request;
- the Governments shall enter into consultations within one month at the latest of notification of the request, with a view to reaching a mutually acceptable conclusion within one month at the latest.

17. Any consultations held under these provisions shall be approached by both Governments in a spirit of co-operation and with a desire to reconcile the differences between them.

EQUITY

18. If, having regard to the provisions of the ITA, either party considers that it is being placed in an inequitable position in respect of trade in clothing products as compared with a third country, that party may seek consultations with the other with a view to taking appropriate remedial action.

REVISIONS AND TERMINATION

19. 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 ninety days before the expiry of any restraint period under this Arrangement. Any proposed modification will become effective on acceptance in writing by the other party. In the event of a notice of termination, the present Arrangement will come to an end at the expiry of the restraint period in which notice of termination is given.

HANDLOOM PRODUCTS

20. With reference to Article 12(3) of the ITA, this Arrangement shall not apply to bona fide handmade clothing of handloomed fabric as defined in Annex C when accompanied on importation by a certificate validated by the competent Macao authorities. A sample certificate is contained in Annex C.

21. Either Government may request consultations in respect to any aspect of the trade in such handloom products whenever it considers such consultations necessary. Consultations will begin within thirty days of the request of such consultations with a view to reaching a mutually acceptable conclusion within one month at the latest.

22. Annexes A, B and C form an integral part of this Arrangement.

23. The present Memorandum of Understanding will become effective on an exchange of letters between representatives of both parties confirming their Government's approval of this Arrangement and will apply for the three calendar year periods commencing on 1 January 1979 and terminating on 31 December 1981.

ANNEX A

(A) ITEM NO.	(B) DESCRIPTION	(C) RESTRAINT LEVEL (units)	(D) CONVERSION FACTOR (sq.yd. per unit)	(E) SWING	(F) CARRYOVER BORROW- FORWARD
1.	<p>Winter outerwear garments, men's, boys', women's, girls', children's and infants' (commonly referred to as snowsuits, snow-mobile suits, ski-suits, ski pants and snow-pants, and jackets & vests including parkas, ski-jackets, and similar jacket-type garments) that have an outer shell manufactured substantially by surface area with woven fabrics and that are lined and designed to protect the wearer against cold, e.g. quilted linings, down or fibre filling, etc., but not plain acetate or viscose lining, wholly or mainly by weight of cotton man-made fibres or wool, or blends thereof, but excluding: all unlined outerwear; all coats three-quarter length or longer, that is, to the knee or below the knee; garments commonly known as squall jackets, windbreakers or similar jacket-type garments where there is no thermal insulation; bona fide industrial end-use clothing, although they meet the requirements of the above description; and ski-pants and cross-country ski-suits which do not meet the above description (e.g. constructed entirely from knitted fabric)</p>	<p>1979: 24,000 1980: 25,440 1981: 26,996</p>	3.50	68	118 (68)
<p><u>Notes</u></p> <p>A unit comprises garments which have been designed to be sold as a set, e.g. matching or co-ordinated ski-jackets and ski-pants comprising a ski suit will be counted as one unit if packed and shipped as a set. Vests are counted separately.</p> <p>Children's and infants' are sizes 0 to 6x.</p>					

(A) ITEM NO.	(B) DESCRIPTION	(C) RESTRAINT LEVEL (units)	(D) CONVERSION FACTOR (sq.yd. per unit)	(E) SWING	(F) CARRYOVER BORROW- FORWARD
2.	<p>Shirts with Tailored collars, men's and boys' wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, knitted or woven, being garments covering the upper part of the body normally worn next to the skin or directly over underwear and with a full or partial front opening which may include a zipper. Included are all men's and boys' shirts meeting this description whether exported separately or as part of a set.</p> <p>Note</p> <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.</p>	<p>1979: 100,000 1980: 106,000 1981: 112,360</p>	2.10	68	118 (6%)

(A) ITEM NO.	(B) DESCRIPTION	(C) RESTRAINT LEVEL (units)	(D) CONVERSION FACTOR (sq.yd. per unit)	(E) SWING	(F) CARRYOVER BORROW- FORWARD
3.	<p>Blouses and shirts, women's and girls'; shirts, men's and boys' other than with tailored collars; T-shirts and sweat-shirts, men's and boys', women's and girls', children's and infants'.</p> <p>Blouses and shirts, women's and girls', Children's & Infants' wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, knitted or woven, being garments with complete or partial front or back opening covering the upper part of the body, excluding underwear, jackets, T-shirts, sweatshirts, and sweaters.</p>	<p>1979: 100,000 1980: 106,000 1981: 112,360</p>	<p>1.70</p>	<p>6%</p>	<p>11% (6%)</p>
4.	<p>Shirts, men's and boys', other than with tailored collars, including full-fashioned collars, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. A full-fashioned collar consists of one-piece knitted to shape collar. For a full description of "shirts" see description for Item #2.</p> <p>T-shirts and sweatshirts, men's, boys', women's and girls', children's and infants', wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. T-shirts are knitted garments without front opening covering the upper part of the body of construction 19 cut or finer, i.e., 19 or more verticle stitches per inch. Sweatshirts are garments, at least one side of which is brushed or fleeced, covering the upper part of the body. Sweaters are not included.</p> <p>Children's and infants' are sizes 0 to 6x.</p>	<p>1979: 100,000 1980: 106,000 1981: 112,360</p>	<p>1.50</p>	<p>6%</p>	<p>11% (6%)</p>

(A) ITEM NO.	(B) DESCRIPTION	(C) RESTRAINT LEVEL (units)	(D) CONVERSION FACTOR (sq.yd. per unit)	(E) SWING	(F) CARRYOVER BORROW- FORWARD
5.	<p>Sweaters, pullovers, cardigans, (including knitted ponchos), men's, boys', women's, girls', children's, infants', wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, being knitted garments covering the upper part of the body of construction coarser than 19 cut, i.e. less than 19 vertical stitches per inch. Included are such items with co-ordinating or matching accessories, e.g. hats, scarves, gloves, mittens, booties, etc. A garment in this item when shipped with such co-ordinating or matching accessories will be considered a set and counted as one unit.</p> <p>Children's and infants' are sizes 0 to 6x.</p>	<p>1979: 200,000 1980: 212,000 1981: 224,720</p>	1.40	6%	11% (6%)

(A) ITEM NO.	(B) DESCRIPTION	(C) RESTRAINT LEVEL (units)	(D) CONVERSION FACTOR (sq.yd. per unit)	(E) SWING	(F) CARRYOVER BORROW- FORWARD
6.	<p><u>Pants, including trousers, slacks, jeans, shorts, overalls and coveralls, men's and boys', women's and girls', children's and infants'.</u></p> <p><u>Trousers, Slacks, Jeans, men's and boys', women's and girls', children's and infants', wholly or mainly by weight of cotton, man-made fibres, or wool or blends thereof, being garments which do not extend above the waist but extend to the knee or below. Included are jodhpurs, knickers, footless tights, and gauchos.</u></p> <p><u>Overalls and coveralls, and shorts, men's, boys', women's and girls', children's and infants', wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. Overalls and coveralls are one-piece garments, as either pants or shorts but extending above the waist in the form of a bib (or permanently affixed straps) or other structure which partially or fully covers the upper part of the body. One-piece jumpsuits are included. Shorts are garments similar to trousers but not extending to the knee.</u></p> <p><u>Children's and infants' are sizes 0 to 6x.</u></p>	<p>1979: 250,000</p> <p>1980: 265,000</p> <p>1981: 280,900</p>	1.90	68	118 (68)

(A) ITEM NO.	(B) DESCRIPTION	(C) RESTRAINT LEVEL (units)	(D) CONVERSION FACTOR (sq.yd. per unit)	(E) SWING	(F) CARRYOVER BORROW- FORWARD
7.	<p>Jackets, overcoats and topcoats</p> <p>Jackets, men's, boys', women's, girls', children's, infants', wholly or mainly by weight of cotton, man-made fibres, or wool or blends thereof. Jackets are outerwear garments covering the upper part of the body not extending to the knee, including woven ponchos, vests, boleros, but excluding gaments covered by Item 1.</p> <p>Children's and infants' are sizes 0 to 6x.</p> <p>Overcoats and topcoats.</p> <p>Outerwear garments extending to the knee or below excluding rainwear and leather coats.</p>	<p>1979: 150,000</p> <p>1980: 159,000</p> <p>1981: 168,540</p>	3.50	6%	11% (6%)

ANNEX A

Explanatory Notes

1. Partially manufactured garments, i.e. garments which have been cut and sewn, or otherwise assembled, but which require further manufacture or processing, are also included in all the foregoing items, and are to be counted against the item number of the end product. For example, outerwear shells which are to be filled or lined are considered as partially manufactured products falling with Item 1.
2. Garments of indeterminate gender, including unisex garments, are to be counted as of male gender.
3. Carry-over/Borrow-forward - 11 per cent of which not more than 6 per cent shall be borrow-forward.
4. Swing is permitted from adults' sizes to infants' sizes at a three to five ratio.
5. The restraint limits in column (c) may not be increased by more than 15 per cent by the combined use of swing, carry-over and borrow-forward.

ANNEX BAgreed Details of Control System

As agreed between the parties to this Arrangement, the administration of exports from Macao and imports into Canada of those clothing products set out in Annex A will be based on a system of control applied by the Macao authority and the Canadian authority. The details of the said system of control are set out below.

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

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

The export licences issued by the Macao authority in respect of products subject to restraint under this Arrangement will 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 A.
7. Certification by the Macao authority that the quantity has been debited against the agreed ceiling for exports to Canada and is of Macao origin.

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 Macao 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.

ANNEX C

1. The exemption provided for in paragraph 24 of this MOU in respect of cottage industry products will apply only to the following products:

- (a) garments or other textile articles of a kind traditionally made in the cottage industry, having been cut, sewn and embroidered if applicable solely by hand from handloom textile fabrics without the aid of any machine. Handloom textile fabrics are fabrics, containing not more than 5 per cent by weight of man-made fibres, which have been woven on looms operated solely by hand or foot and are of a kind traditionally made in the cottage industry.
- (b) traditional folklore handicraft textile products, made by hand in the cottage industry.

2. The exemption will apply only in respect of products covered by a certificate issued by the competent Macao authorities conforming to the specimen attached to this Annex.

3. Such certificates will indicate the grounds on which the exemption is based and will be accepted by Canadian authorities provided that they are satisfied that the products concerned conform to the conditions set out in this Annex.