

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/540
28 February 1980

Special Distribution

Textiles Surveillance Body

Original: English/
French

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral Agreement between Canada and Japan

The Textiles Surveillance Body has received a notification from Canada of an agreement concluded under Article 4 of the Arrangement with Japan.

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 the agreement to participating countries for their information.2/

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

^{2/} See COM.TEX/SB/541, paragraphs 4 and 5 for observations of the TSB.

Ottawa, May 15, 1979

Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of today's date which reads as follows:

"Excellency,

I have the honour to refer to recent discussions held in Tokyo between representatives of the Government of Japan and of the Government of Canada on trade in textiles between our two countries. I have further the honour to confirm, on behalf of the Government of Japan, the following understanding reached as a result of the above-mentioned discussions in accordance with the provisions of the Arrangement regarding International Trade in Textiles done in Geneva on December 20, 1973 and extended by the Protocol done in Geneva on December 14, 1977:

1. For the period beginning January 1, 1978 and extending through December 31, 1979,

(1) exports from Japan to Canada of the textiles listed in Annex A shall not exceed the quantitative limits set forth in this Annex, and

(2) exports from Japan to Canada of the textiles listed in Annex B shall not be subject to numerical

His Excellency Michiaki Suma,
Ambassador of Japan,
Ottawa.

limitation other than those which may arise out of paragraph 3.

2. The two Governments will consult with each other at the request of either Government in respect of any problem concerning the implementation of paragraph 1(1).

3. (1) If at any time during the period referred to in paragraph 1 the Government of Canada considers that imports from Japan of one or more of the textiles listed in Annex B are increasing so as to cause a real risk of market disruption in Canada, the Government of Canada may request consultations with the Government of Japan regarding the textile or textiles affected.

(2) Consultations under sub-paragraph (1) above shall not be requested, unless, in the opinion of the Government of Canada, exports of the textile or textiles listed in Annex B from Japan to Canada are likely to exceed the levels set forth in Annex B.

(3) The Government of Japan will meet promptly with the Government of Canada when requested under sub-paragraph (1) above to work out a mutually satisfactory solution to such problems as may exist with the textile or textiles affected. The consultations shall be concluded within thirty days from the date of the request for such consultations, unless the two Governments agree otherwise.

(4) In the event that such consultations do not result in a mutually satisfactory solution, the Government of Canada

may request the Government of Japan to limit the exports to Canada of the textile or textiles affected. In that case, the Government of Japan shall limit exports of such textile or textiles at levels not greater than the levels set forth in Annex B for the twelve-month period beginning from the date on which the consultations were requested.

4. The Government of Japan agrees to provide as soon as possible, after each quarter, statistics on exports from Japan to Canada of the textiles listed in Annex A and B for the period referred to in paragraph 1.

5. The foregoing provisions will be implemented by the two Governments in accordance with the laws and regulations applicable in their respective countries.

6. Upon request of either Government, the two Governments agree to review the foregoing provisions prior to December 31, 1979, taking into account the changing patterns of trade that are developing between the two countries in the textiles covered this Note.

I have further the honour to propose that this Note, together with the Annexes hereto, and Your Excellency's Note in reply confirming on behalf of the Government of Canada the foregoing understanding shall constitute an agreement between our two Governments, which shall enter into force on the date of Your Excellency's reply.

Accept, Excellency, the assurances of my highest consideration.

Michiaki Suma

Ambassador

ANNEX A

<u>Description</u>	<u>Control Unit</u>	<u>Quantitative Lim</u>
Polyester filament fabrics, excluding tie fabrics and woven tire cord fabrics	Square yards	For January 1, 1978 to December 31, 1978 19,727,024 (1) (2) (3)
		For January 1, 1979 to December 31, 1979 20,121,564 (1) (2) (3)
Nylon fabrics, excluding woven tire cord fabrics, fabrics for belt manufacturing, fabrics for umbrella covering and ribbon cloth	Square yards	For January 1, 1978 to December 31, 1978 6,119,388 (3)
		For January 1, 1979 to December 31, 1979 6,241,776 (3)
Acrylic spun yarn for hand knitting	Pounds	For January 1, 1978 to December 31, 1978 1,520,000 (3)
		For January 1, 1979 to December 31, 1979 1,611,200 (3)

- Note:
- (1) Shipments under this quantitative limit may be increased by an amount not to exceed seven percent of the quantitative limit of nylon fabrics in the same calendar year provided that there is a corresponding square yard shortfall in export of nylon fabrics.
 - (2) 900,000 square yards of filament polyester sheer fabric (such as voile, batiste, chiffon) and pongee fabrics may be exported to Canada in addition to this quantitative limit in each calendar year. Within this total, either of the two items shall not exceed the level of 600,000 square yards.
 - (3) These quantitative limits, excluding the additional quantities provided in (2) above, may be exceeded within a limit of five percent of a quantitative limit for the same textile in the preceding year, by carryover of portions of the latter quantitative limit which were not used for that textile.

ANNEX B

<u>Description</u>	<u>Control Unit</u>	<u>Consultation Level</u> (Each Calendar Year)
Worsted fabrics	Square yards	3,140,000
Elastic braid and Elastic webbing	Pounds	1,605,900 (Note)

Note: Within this total either of the two items shall not exceed the level of 902,000 pounds."

I have further the honour to confirm on behalf of the Government of Canada the foregoing understanding and to agree that Your Excellency's Note, together with its Annexes, and this reply, which is equally authentic in English and French, shall constitute an agreement between our two Governments, which shall enter into force on the date of this reply.

Accept, Excellency, the renewed assurances of my highest consideration.

Secretary of State for
External Affairs.