

**GENERAL AGREEMENT ON  
TARIFFS AND TRADE**

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Textiles Surveillance Body

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between  
Canada and Poland

The Textiles Surveillance Body has received from Canada a notification of a new bilateral agreement with Poland, concluded under Article 4 of the MFA, valid for the period 1 January 1982 to 31 December 1986.<sup>1/</sup>

The TSB, pursuant to its procedures regarding bilateral agreements notified under Article 4<sup>2/</sup>, has examined the relevant documentation and is forwarding the text of the notification to participating countries for their information.<sup>3/</sup>

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<sup>1/</sup> The previous agreement with Poland is contained in COM.TEX/SB/445.

<sup>2/</sup> See COM.TEX/SB/35, Annex B.

<sup>3/</sup> The TSB's observations on this agreement are contained in COM.TEX/SB/824, paragraphs 17 to 19.

The Canadian Embassy presents its compliments to the Ministry of Foreign Trade of the Polish Peoples Republic and has the honour to refer to discussions between the delegations of the Government of Canada and the Government of Poland held in Ottawa September 14-16, 1981 concerning trade in selected textiles and textile products between Poland and Canada.

The Embassy has further the honour to refer to the Memorandum of Understanding which was initialled ad referendum in Ottawa on September 16, 1981 as a result of these discussions.

Accordingly, the Embassy has the honour to propose to the Ministry of Foreign Trade of the Polish Peoples Republic that this Note and the reply thereto confirming the Memorandum of Understanding will constitute an arrangement between our two governments which will enter into force on 1 January 1982, and remain in force for five calendar year periods until 31 December 1986, subject to the right of either Government to terminate it at the end of any calendar year period by written notice to the other given not less than ninety days prior to the end of any such restraint period.

The Canadian Embassy avails itself of this opportunity to renew to the Ministry of Foreign Trade the assurances of its highest consideration.

Warsaw, November 30, 1981.

The Ministry of Foreign Affairs of the Polish Peoples Republic presents its compliments to the Canadian Embassy and with reference to the Canadian Embassy's Note No. 122 of October 30, 1981\* has the honour to advise that the Government of the Polish Peoples Republic confirms the acceptance of agreement between the Government of the Polish Peoples Republic and the Government of Canada concerning Polish exports to Canada of certain textiles and textile products, signed in Ottawa, September 16, 1981, effective January 1, 1982.

"The Ministry of Foreign Affairs of the Polish Peoples Republic avails itself of this opportunity to renew to the Canadian Embassy the assurances of its highest consideration.

Warsaw, 20 January 1982.

(\*The Canadian Embassy in Warsaw assumes that the October 30, 1981 date mentioned above is in error.)

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

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.

### Introduction

1. This Memorandum of Understanding (MOU) sets out the arrangements that have been agreed between the Governments of Canada and Poland regarding the export of certain textiles and textile products from Poland for import into Canada.

2. These arrangements have been made having regard to the Arrangement Regarding International Trade in Textiles (hereinafter referred to as "the MFA") and in particular to Article 4 thereof, and to the Protocol extending the said Arrangement.

### Restraint Periods

3. These arrangements will apply for five (5) years commencing on 1 January 1982 and ending on 31 December 1986.

### Restraint Levels

4. Except as provided for in paragraphs 14 to 20 below, the Government of Poland will restrain its exports to Canada of the textiles and textile products described in Annex I for the calendar year commencing 1 January 1982 to the limits specified therein.

5. For the four calendar year periods commencing 1 January 1983 and ending on 31 December 1986, the Government of Poland will restrain its exports to Canada of the textile products described in Annex I to the limits specified therein advanced on an annual basis by the growth rate specified in column (D).

### Coverage

6. For the purpose of these arrangements, the expression "textiles" will have the meaning ascribed to the expression in Article 12.1 of the MFA.

7. For the purpose of classifying textiles and textile products in the appropriate category, the definitions and notes set out in Annex II will apply.

### Administration

8. These arrangements will be implemented on the basis of the export control system operated by the Government of Poland.

9. The Government of Canada will admit imports of the textiles and textile products described in Annex II and subject to a specific quantitative limit in Annex I, provided such imports are covered by an original copy of a Polish "Export Licence" endorsed and issued by the proper Polish authorities to the effect that the imports covered by the licence have been debited to the applicable quantitative limit as set out in Annex I.

10. The export licences issued by the Government of Poland in respect of products subject to restraint levels as specified in Annex I of this arrangement will contain the following information:

1. Country of destination
2. Country of origin
3. Licence number
4. Importer's name and address
5. Exporter's name and address
6. Category number and description of product as set out in Annex I of the MOU
7. Quantity expressed in the units as designated in Annex I of the MOU. If more than one set of measure is established, all should be indicated; where the quantity is expressed other than as designated in the MOU, the equivalent weight, units or m<sup>2</sup> should be calculated in accordance with the conversion factors set out in Annex I
8. F.O.B. or C.I.F. value except for non-commercial consignments
9. Certification by the Polish Authority that the quantity has been debited against the agreed restraint level for exports to Canada.

11. In the event any quantity covered by an export licence is not shipped, the Government of Poland will notify the Government of Canada of such quantity which may be credited by the Government of Poland to the appropriate restraint level.

12. The Government of Poland will endeavour to ensure that exports of all textiles and textile products which are listed in Annex II and are subject to restraint levels as per Annex I are spaced out as evenly as possible during each restraint period, due account being taken of seasonal factors and of normal channels of trade.

13. If, on the basis of export data provided by the Government of Poland, the Government of Canada ascertains that there is a sharp and substantial increase in the concentration of exports of textiles or textile products,

other than that attributable to normal seasonal factors, it may request consultations in accordance with the provisions of paragraphs 28 and 29 with a view to remedying this situation.

#### Swing

14. Subject to the specific limitations set out in Annex I, and following notification to the Canadian authorities, any restraint level may be exceeded by the percentage shown in column (E) provided that an equivalent amount is deducted from any other restraint level. When any restraint level is exceeded by the application of swing, the Government of Poland will so indicate in subsequent quarterly returns.

15. For the purpose of implementing the swing provisions in paragraph 14, the conversion factors shown in Annex I will apply.

#### Carry-Over/Carry-Forward

16. Portions of any restraint limit which remain unused from the restraint period commencing 1 January 1981 (as covered by the preceding bilateral arrangement) may, after consultation, be carried over and added to the appropriate restraint level for the restraint period commencing 1 January 1982. Such carry-over will be within the higher percentage limit set out in column (F) of Annex I of this MOU.

17. Following notification to the Government of Canada of the quantities involved, portions of any quantitative limit set out in Annex I which are not used during the restraint period may be carried over and added to the corresponding quantitative limit for the following restraint period. The restraint level for any such restraint period will be increased within the higher percentage limit set out in column (F) of Annex I.

18. Any restraint level may be increased within the lower percentage limit set out in column (F) of Annex I by an amount advanced from the corresponding restraint level for the following restraint period. The restraint level for any such following restraint period will be reduced by an amount equal to the amount so advanced.

19. Notwithstanding the foregoing, the carry-over/carry-forward provisions may be used in combination only up to the higher percentage limit set out in column (F) of Annex I.

20. Further to paragraphs 14 to 19 above, where applicable, the restraint levels in column (C) of Annex I may not be increased by the combined use of swing, carry-over and carry-forward by more than the percentage indicated in column (G) of Annex I.

Exchange of Statistics

21. Both Governments will exchange such other statistical data relating to exports of textiles and textile products not subject to these arrangements as may reasonably be required.

22. The Government of Poland will provide the Government of Canada with quarterly statistics relating to exports of the textiles and textile products listed in Annex II which are licensed for export to Canada and debited against restraint levels for each restraint period as per Annex I.

23. When submitting the quarterly statistics mentioned in paragraph 22, the Government of Poland undertakes to include the following information:

- a. Category and description of goods as set out in Annex I.
- b. Original and adjusted restraint level for the restraint period.
- c. Total quantity issued for the restraint period to date in the units designated in Annex I.
- d. Notification of any utilization of swing, carry-over or carry-forward provisions and the quantities involved as provided for in paragraphs 14, and 16-20 above.

This information should be provided as soon as possible following the end of each quarter.

24. The Government of Canada will provide the Government of Poland with quarterly statistics relating to import permits issued for imports originating in Poland of the textiles and textile products listed in Annex II.

25. Both Governments reserve the option of requesting, should it be necessary, more specific and detailed information.



### Equity

26. Should either Government consider, as a result of these arrangements, that it is placed in an inequitable position compared with any third party, that Government may request the other to consult as provided in paragraphs 28 and 29 with a view to implementing appropriate remedial measures.

### Re-Exports

27. The Government of Canada will, so far as possible, inform the Government of Poland when imports into Canada of textiles and textile products subject to these arrangements are subsequently re-exported from Canada. Where such re-exports have been debited by the Polish Government to quantitative limits the Government of Poland may then credit the amount involved to the appropriate quantitative limits.

### Consultations

28. Either Government has 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 will be governed by the following:

- Any request for consultations will be notified in writing to the other Government;
- The request for consultations will be accompanied by or followed within a reasonable period (and in any case not later than twenty-one days following the request) 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 other Government will accept such a request and such consultations will be held within thirty days of the date of notification of the request;
- Both Governments will enter into consultations with a view to reaching a mutually acceptable conclusion within thirty days of the date on which actual consultations commence.

29. Any consultations held under these provisions will be approached by both Governments in a spirit of cooperation and with a desire to reconcile the differences between them.

### Consultation Levels

30. The Government of Poland will require that all exports to Canada of the textile products subject to a consultation level listed in Annex III be covered by an original copy of an "Export Licence" endorsed and issued by the proper Polish authority.

31. 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 products listed in Annex III, 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 products may be necessary to eliminate real risk of market disruption. For those products listed in Annex III, the Canadian authority undertakes not to seek consultations until imports into Canada reach at least the respective consultation levels during any one specific restraint period.

32. 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.

33. The parties will consult following the communication of the statement referred to in paragraph 31 above, and will use their best efforts to reach a mutually satisfactory conclusion within 30 days of the request for consultations.

### MFA Rights

34. Each Government reserves its rights under the MFA with respect to textiles and textile products not subject to these arrangements. For textiles and textile products covered by these arrangements, it is understood that either Government may have recourse to any or all of the provisions of the MFA, save that the Government of Canada waives its rights under Article 3 of the MFA with respect to products covered by these arrangements as long as this MOU remains in effect.

### Revisions and Termination

35. Either Government may at any time propose revisions to the terms of these arrangements having regard to the MFA and to the Protocol extending it.

36. Either Government may terminate these arrangements effective at the end of any restraint period by written notice to the other Government, to be given at least ninety days prior to the end of any restraint period.

Annexes

37. The annexes to this Memorandum of Understanding will be considered an integral part of it.

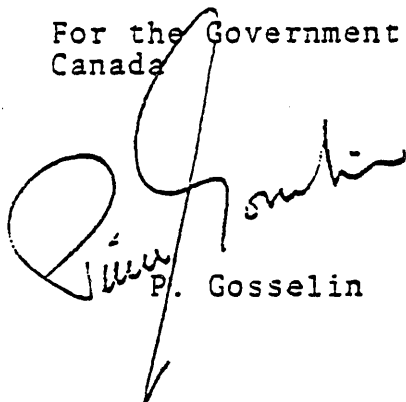
Transitional Arrangements

38. Any difficulties which may arise as a consequence of the transition from the 1981 arrangement to the 1982 arrangement will be brought immediately to the attention of the one Government by the other Government and efforts will be made by both Governments, through consultations or other means, to resolve such difficulties to their mutual satisfaction.

Final Provisions

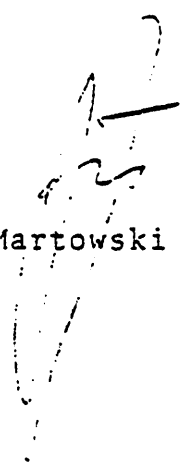
39. This Memorandum of Understanding will become effective on 1 January 1982 subsequent to an exchange of notes between the two Governments confirming their acceptance of these arrangements.

For the Government of  
Canada



P. Gosselin

For the Government of Poland



A. Martowski

ANNEX - I - RESTRAINT LEVELS

(A)	(B)	CONVERSION FACTOR (M <sup>2</sup> /UNIT)	(C)	(D)	(E)	(F)	(G)
ITEM NO.	SHORT DESCRIPTION		RESTRAINT LEVEL UNITS	GROWTH	SWING	CARRYOVER/ CARRYFORWARD	COMBINED FLEXIBILITY (E) & (F)
<b>GROUP A</b>							
1.	Trousers, Shorts MBWGCI, of which: pants/trousers up to wool pants up to	1.9	650,000  (600,000) (150,000)	3%	5%	10%(5%)	11%
2.	Shirts, tailored-collar MB	1.8	5,200	3%	only swing out subject to swing provisions of receiving product	10%(5%)	11%
3.	Shirts, blouses T-shirts, sweat- shirts MBWGCI, of which: shirts, other MB	1.4	1,450,000	6%	5%	10%(5%)	11%
4.	Sweaters, pullovers and cardigans MBWGCI	1.2	200,000	3%	5%	10%(5%)	11%
5.	Sleepwear and bathrobes MBWGCI	2.8	245,000	6%	5%	10%(5%)	11%
6.	Coats, jackets and rainwear MBWGCI	3.1	190,000	6%	5%	10%(5%)	11%
7.	Fine suits, sports coats and blazers MB	3.8	65,000	3%	only swing out subject to swing provisions of receiving product	10%(5%)	11%

(A)	(B)	(C)	(D)	(E)	(F)	(G)	
ITEM NO.	SHORT DESCRIPTION	CONVERSION FACTOR (M <sup>2</sup> /KG)	RESTRAINT LEVEL KG	GROWTH	SWING	CARRYOVER/CARRYFORWARD	COMBINED FLEXIBILITY (E) & (F)
<b>GROUP B</b>							
<b>Broadwoven Fabrics</b>							
8A	Nylon Fabric	14.9	64,743	6%	5%	10%(5%)	11%
8B	Filament polyester fabric	10.1	56,725	6%	5%	10%(5%)	11%
8C	Worsted fabric	4.0	152,293	3%	5%	10%(5%)	11%
<b>Household Textiles</b>							
9B	Cotton terry towels washcloths and sets	2.8	459,722	6%	5%	10%(5%)	11%

**NOTE:**

No swing between products in Group A and products in Group B

Annex II - Definitions and Descriptions of Terms  
used in Annex I

- General Notes
1. Gender - Unless otherwise indicated, all definitions of garments apply to garments for men, boys, women, girls, children and infants. Children's and infants' garments include all garments sized 0-6X.
  2. Unless otherwise indicated, swing is permitted from adult garments to childrens' and infants' garments at a 3 to 5 ratio.
  3. All garment items include partially manufactured garments, i.e., garments which have been cut and sewn, or otherwise assembled, but which require further manufacture or processing.
  4. Garments of indeterminate gender, including unisex garments, are to be counted as of male gender.
  5. "Wholly or mainly" is 50 percent or more in all items unless otherwise indicated.

Description of Product Categories

1. Trousers and Shorts

Trousers, pants, slacks and jeans 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, gauchos.

NOTE: Men's and boys' garments in this item manufactured of fabric containing 5 percent or more by weight of wool or hair are considered to be woollen garments.

Outershorts, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. Shorts are garments similar to pants but not extending to the knees.

2. Shirts, Tailored Collar

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 a partial front opening which may include a zipper and 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.

Note: Included are children's sizes 4-6X.

Note: 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: stays, lining, stiffening by any means.

3. Shirts, Blouses, T-shirts, Sweatshirts

Blouses and shirts, women's and girls', children's and infants' wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, knitted or woven, being garments which may have a complete or partial front or back opening covering the upper part of the body, excluding underwear, jackets, T-shirts, sweat-shirts and sweaters.

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 3 above.

T-shirts, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. T-shirts are knitted garments which may have collarless front opening or no front opening covering the upper part of the body of construction 19 cut or finer, i.e., 19 or more vertical stitches per inch.

Sweatshirts, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, being garments at least one side of which is brushed or fleeced, covering the upper part of the body. Sweaters are not included.

NOTE: The definitions of T-shirts and sweatshirts for men and boys are subject to the over-riding definitions of men's and boys' shirts with tailored or full-fashioned collars.

4. Sweaters, Pullovers and Cardigans

Sweaters, pullovers, cardigans (including knitted ponchos), wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, being knitted or crocheted garments covering the upper part of the body and which may be of any length 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.

5. Sleepwear (including sets) and Bathrobes

Pyjamas and sleepwear, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, being garments normally worn for sleeping.

Bathrobes, dressing gowns, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, being garments other than sleepwear normally worn in privacy, including bed jackets and negligees.

6. Coats, Jackets and Rainwear

Jackets, 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 garments covered elsewhere in this Annex.

Overcoats and topcoats, wholly or mainly by weight of cotton, man-made fibres, or wool, or blends thereof, being outerwear garments extending to the knee or below excluding rainwear.



Rainwear, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. Rainwear are garments of coated, impregnated or treated fabrics, normally worn to protect against rain (including rainsuits, sets, capes and ponchos).

7. Fine Suits

Fine Suits, sportscoats & blazers, men's and boys' wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof.

Note: The suit-jacket, sportscoat or blazer may include lapels, lining, shoulder padding, and front stiffening and would normally be worn over another outer-garment.

Note: A unit is either a jacket, sportscoat or a suit. A suit is a two-or-three piece garment consisting of matching or co-ordinated jacket/pants or jacket/vest/pants packed and shipped and sold as a set.

8. Broadwoven Fabrics

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.

Filament Polyester Fabric. Broadwoven fabric in which the warp is composed of polyester filament flat or textured yarn.

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.

Other Fabrics

373-54 Flannel napped cotton fabric, bleached and unbleached

373-58 Flannel napped cotton fabric, coloured

373-62 Denims cotton

373-81 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

9. Household Textiles

Bedsheets, woven, wholly or mainly by weight of cotton, man-made fibres or blends thereof including flanelette sheets (846-43).

Cotton terry towels, washcloths and sets containing 50% or more by weight of cotton. Cotton terry towels, washcloths and sets are of fabrics woven on a terry loom using single or piled cotton (or blends thereof) yarns with loop pile on one or both sides covering the entire surface on either plain or patterned weave, whether greige, bleached, dyed or printed, including tea, hand, beach and bath towels and bath sheets, terry bathmats barmops and towel blanks (843-03, 848-25, 848-35).

Note: 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.

Pillowcases, woven, wholly or mainly by weight of cotton (846-53).

Towels, other than cotton terry towels, wholly or mainly by weight of cotton, man-made fabrics or blends thereof (848-05, 848-10).

Tablecloths, woven, wholly or mainly by weight of cotton, man-made fibres or blends thereof (847-11).

Bedspreads, woven, wholly or mainly by weight of cotton, man-made fibres or blends thereof (846-01).

Blankets, woven, wholly or mainly by weight of man-made fibres or blends thereof (846-39).

ANNEX III - CONSULTATION LEVELS

ITEM NO.	SHORT DESCRIPTION	CONSULTATION LEVEL
8D	Other Broadwoven Fabrics	920,000 Kg
9A	Bedsheets	125,000 Kg
9C	Other Household Textiles	550,000 Kg