

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/883  
4 November 1983

Special Distribution

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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 Hong Kong and Modification to the Agreement

The Textiles Surveillance Body has received from Canada a notification of a new bilateral agreement with Hong Kong, concluded under Article 4 of the MFA, valid for the period 1 January 1982 to 31 December 1986, together with a modification to the agreement.

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.

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<sup>1</sup>The previous bilateral agreement is contained in COM.TEX/SB/444

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

<sup>3</sup>For the TSB's observations on this notification, see COM.TEX/SB/884, paragraphs 5 to 10

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF CANADA AND THE  
GOVERNMENT OF HONG KONG RELATING TO THE EXPORT FROM HONG KONG 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 Hong Kong regarding the export of certain textiles and textile products from Hong Kong 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.

Coverage

3. For the purpose of these arrangements, the expression "textiles" will have the meaning ascribed to the expression in Article 12.1 of the MFA.
4. For the purpose of classifying textiles and textile products in the appropriate category, the definitions and notes set out in Annex II will apply.

Restraint Periods

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

Restraint Limits and Growth

6. Except as provided for in paragraphs 13 to 20 and 28 to 45 below, the Government of Hong Kong 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, and increased on an annual basis by the growth rates specified in column (D) of Annex I for the four calendar years commencing 1 January 1983.

Administration

7. These arrangements will be implemented on the basis of the export control system operated by the Government of Hong Kong.

8. 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 a copy of a Hong Kong export licence endorsed and issued by the Trade Industry and Customs Department to the effect that the imports covered by the licence have been debited to the applicable quantitative limit as set out in Annex I.

9. The export licences issued by the Government of Hong Kong in respect of products subject to restraint limits 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. Item 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 III
8. F.O.B. or C.I.F. value except for non-commercial consignments
9. Certification by the Government of Hong Kong that the quantity has been debited against the agreed restraint limit for exports to Canada, or where appropriate, is for immediate re-export or for inward processing and subsequent re-export from Canada.

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

#### Spacing

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

12. If, on the basis of export data provided by the Government of Hong Kong, the Government of Canada ascertains that there is a sharp and substantial increase in the concentration of exports of textiles or textile products, it may request consultations in accordance with the provisions of paragraphs 46 and 47 with a view to remedying this situation.

#### Swing

13. Subject to the specific limitations set out in Annex I, any restraint limit may be exceeded by the percentage shown in column (E) provided that an equivalent amount is deducted from any other restraint limit. When any restraint limit is exceeded by the application of swing, the Government of Hong Kong will so indicate in subsequent monthly returns.

14. For the purpose of implementing the swing provisions in paragraph 13, the conversion factors shown in Annex III will apply.

#### Carry-Over/Carry-Forward

15. 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 limit 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 the MOU.

16. 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 limit for any such restraint period will be increased within the higher percentage limit set out in column (F) of Annex I.

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

18. 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.

19. Further to paragraphs 13 and 18 above, where applicable, the restraint limits 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.

#### Special Transfer Provision

20. Notwithstanding the provisions of paragraphs 6, 13, 15, 16, 17, 18 and 19 of the MOU, it has been agreed, at the request of the Government of Hong Kong, that the quantities specified below will be transferred from Items 4, 6 and 16A in each of the following periods:

	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>
Item 4	1,160,096	1,154,325	777,265	390,575
Item 6	1,386,500	1,045,074	700,200	351,850
Item 16A	190,248	145,540	98,967	50,473

The quantities so transferred will be credited, in each year of the MOU, to the following items in the following quantities:-

Item 2	:	300,000 pieces
of which -	:	
2A	:	237,736 pieces
2B	:	25,949 pieces
Item 8	:	100,000 pieces
Item 11	:	100,000 pieces

At any time during the life of the MOU Hong Kong may request the return, in whole or in part, of the transferred quantities to Items 4, 6 and 16A and Canada undertakes to consider any such request in accordance with the provisions of paragraphs 46 and 47 of this MOU.

#### Exchange of Statistics

21. Both Governments will exchange such statistical data relating to exports of textiles and textile products not subject to these arrangements as may reasonably be required.
22. Except as provided for in paragraph 32 below, the Government of Hong Kong will provide the Government of Canada with monthly 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 limits for each restraint period.
23. In providing the monthly statistics mentioned in paragraph 22, the Government of Hong Kong undertakes to include the following information:
- Item and description of goods as set out in Annex I
  - Original and adjusted restraint limit 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 13, and 15-19 above.

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

24. The Government of Canada will provide the Government of Hong Kong with monthly statistics relating to import permits issued for imports originating in Hong Kong of the textiles and textile products listed in Annex II. In addition, the Government of Canada will provide the Government of Hong Kong with monthly statistics of total imports and imports from other significant suppliers in respect of textiles and textile products itemised as in Annex I.

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 46 and 47 with a view to implementing appropriate remedial measures.

#### Re-Exports

27. The Government of Canada will, so far as possible, inform the Government of Hong Kong 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 Government of Hong Kong to quantitative limits, the Government of Hong Kong may then credit the quantity involved to the appropriate quantitative limits.

Export Authorization System

28. In view of the well established and effective Hong Kong system of Export Authorization (hereinafter referred to as an "E/A"), and the desire of both Governments to eliminate real risks of market disruption, the following provisions will apply to each category of textiles and textile products in Annex I not subject to a specific quantitative limit.

29. The Government of Hong Kong will require that all exports to Canada of the textiles and textile products not subject to a specific quantitative limit listed in Annex I be covered by an E/A issued by the Trade Industry and Customs Department of the Government of Hong Kong. An E/A will be issued only on evidence of a firm contract for the supply of the goods involved and will be valid for a period of three or six months from the date of issue or for a period until the end of the calendar year in which it is issued, whichever period is the shorter.

30. Export licences to ship goods covered by an E/A will be issued by the Trade Industry and Customs Department on presentation of the relevant E/A within its validity. An export licence will be valid for twenty-eight days from its date of issue or until the end of the calendar year in which it is issued whichever period is the shorter. The Government of Hong Kong will not issue export licences in respect of exports to Canada subject to these provisions which are not covered by a valid E/A.

31. The Government of Canada will admit imports of the textiles and textile products of Hong Kong origin subject to these provisions where such imports satisfy all normal conditions of entry and are accompanied by a copy of a Hong Kong export licence endorsed and issued by the Trade Industry and Customs Department to the effect that quantities covered by the export licence have been debited to the appropriate E/A.



32. The Government of Hong Kong will provide the Government of Canada with half-monthly statistical returns showing the quantities covered by E/A's issued to Hong Kong exporters in respect of the textiles and textile products subject to these provisions.

33. The Government of Hong Kong will notify the Government of Canada immediately upon receipt of any application for E/A's in exceptionally large amounts or unusual concentrations of applications for E/A's in the textiles and textile products concerned. In judging what constitutes exceptionally large or unusual concentrations of applications the Government of Hong Kong will have regard to recent levels of trade. The two Governments acknowledge that the provisions of paragraphs 34 and 35 below apply to such notifications.

34. When, in the opinion of the Government of Canada, conditions in its market are such that a limitation of further imports from Hong Kong in any of the textiles and textile products subject to these provisions is necessary in order to eliminate real risk of market disruption, the Government of Canada may request consultations in accordance with paragraphs 46 and 47 of this MOU.. .

35. The request for such consultations will be supported as soon as possible, and in any case within twenty-one days of the date of the request, by a statement of market conditions in Canada which, in the opinion of the Government of Canada make necessary the request for consultations. The statement will include data similar to that contemplated in paragraphs 1 and 2 of Annex A of the MFA.

36. Upon receipt of a request for such consultations, the Government of Hong Kong, as requested by the Government of Canada, will cease or otherwise limit further issuance of E/A's for a period of seven working days in Canada. The Government of Canada may request the Government of Hong Kong to extend the period of seven days mentioned above and may also request the Government of Hong Kong to limit the issuance of E/A's to a level different from that specified in paragraph 38 or 40 below, whichever is applicable. The Government of Hong Kong will consider any such request sympathetically and will respond promptly. Unless agreed otherwise, the Government of Hong Kong will have the right, following the expiry of the period of seven days mentioned above, to resume the issuance of E/A's up to the level specified in paragraph 38 or 40 below, whichever is applicable. E/A's thus issued, as well as E/A's issued prior to receipt of the request for consultations, may be honoured by the issuance of export licences by the Government of Hong Kong.

37. Unless otherwise agreed, consultations will be held in accordance with the procedures set out in paragraphs 46 and 47.

38. Pending the completion of consultations, the Government of Canada may request the Government of Hong Kong to limit, during the calendar year in which the request for consultations is made, the issuance of E/A's for the product or products concerned to a level(s) not less than the highest of:

- (a) the level of trade for the products concerned in the immediately preceding calendar year increased by 15 percent, except in the case of outerwear MBWGCI, and shirts tailored collar MB, for which the level of trade will be increased by 6 percent.

- (b) the average of the level of trade for the products concerned in the calendar years since 1980 increased by 15 percent, except in the case of outerwear MBWGCI, and shirts tailored collar MB, for which that level of trade will be increased by 6 percent.
- (c) the level of E/A's issued at the time of the receipt of the request from Canada for cessation of the issuance of E/A's in accordance with paragraph 36 above.
- (d) in the case of fine suits MB, at a level not less than 41,000 units.

The Government of Hong Kong agrees that it will honour such a request.

39. The level of trade by date of export will be used for determining the formulae in paragraph 38 above.

40. Except as provided for in paragraph 42 below, in respect of any product or category where a limit has been established for a single calendar year and where, in the immediately subsequent calendar year the Government of Canada makes another request for consultations under paragraph 34 above, and pending the completion of such consultations, the Government of Canada may request the Government of Hong Kong to limit, during the calendar year in which such further request for consultations is made, the issuance of E/A's for the product or products concerned to a level not less than the higher of:

- (a) the limit established for the immediately preceding year increased by 6 percent except in the case of outerwear MBWGCI, and shirts with tailored collars MB, for which the limit will be increased by 3 percent.

- (b) the level of E/A's issued at the time of the receipt of the request by the Government of Canada for the cessation of the issuance of E/A's in accordance with paragraph 36 above.

The Government of Hong Kong agrees that it will honour such a request.

41. In the event that consultations do not result in agreement, the Government of Canada will have the right to request the Government of Hong Kong to limit exports of the relevant products during the calendar year in which the request for consultations is made to a level not less than that calculated according to the formulae in paragraphs 38 and 39 above or paragraph 40 above whichever is applicable. The Government of Hong Kong agrees that it will honour such a request.

42. In respect of any product or category for which a limit is established in any one calendar year, either Government may, prior to the start of the immediately following calendar year, elect to convert that limit into a specific limit effective as such, from January 1st of the immediately following year, and that product or category shall remain subject to a specific limit for the duration of this MOU. Where such a conversion is made, the specific limit so created will, from the date of effectiveness, be accorded growth at two percent in respect of outerwear MBWGCI and shirts with tailored collars MB; and six percent in respect of others. The specific limit so created will, in the year of effectiveness be accorded swing, carry-over/ carry-forward provisions to be agreed upon following consultations. Unless otherwise agreed, such provisions will be in accordance with Annex B of the MFA.

43. Should two requests in respect of the same product or category be made under paragraph 34 hereof during the term of this MOU but in different calendar years, not being consecutive years, the provisions of paragraph 38 will apply to the second of the two requests.

44. The provisions of paragraphs 28 to 43 hereof will not derogate from the rights of the two Governments under paragraph 48 of this MOU.

45. The two Governments will consult as early as possible with regard to problems that may arise if the provisions of paragraphs 28 to 44 are invoked near the end of a calendar year, to consider the possibilities of avoiding undue hardship to the trade.

#### Consultations

46. 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.

47. 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.

#### MFA Rights

48. 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.

#### Annexes

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

#### Transitional Arrangements

50. Any difficulties which may arise as a consequence of the transition from calendar year 1981 (as covered by the previous arrangement) to calendar year 1982 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.

Additional Trade Measures

51. In view of the safeguards provided for in these arrangements, the Government of Canada, in administering its domestic legislation, will seek to ensure that trade measures in the form of customs valuation mark-ups will not have the effect of nullifying the objectives of these arrangements.

Revisions and Termination

52. 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.

53. 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.


Final Provisions

54. This Memorandum of Understanding will become effective on 1 January 1982 consequent upon an exchange of notes between the two Governments confirming their acceptance of these arrangements and will replace the MOU initialled in Geneva on 21 July, 1981, amended in Manila on 9 November, 1981 and brought into effect by an exchange of notes dated 13 January 1982.

Hong Kong 27 February 1982

For the Government of Canada

For the Government of Hong Kong

  
C.D. Arthur

  
J.K.H. Yue

Annex I

(A) Item No.	(B) Short Description	(C) Status and Restraint Limit (pieces unless otherwise stated)	(D) Growth Rate	(E) Swing	(F) Carry-over/ Carry-forward	(G) Combined Flexibility
1	Winter outerwear MBWGCI	EA				
2	Trousers, shorts, overalls, coveralls MBWGCI	ER 5,300,000	2%	5%	10% (5%)	11%
	A) of which trousers MBWG	SL 4,200,000	2%	5%	10% (5%)	11%
	B) of which overalls, coveralls MBWG	SL 458,430	2%	5%	10% (5%)	11%
3	Shirts, tailored collar MB	EA				
4	Blouses, shirts WGCI and shirts, other MBCI	ER 7,695,500	0.5%(1)	5%	10% (5%)	11%
	A) of which shirts, other MBCI	SL 521,645	0.5%(1)	5%	10% (5%)	11%
5	T-shirts and sweatshirts MBWGCI	ER 3,742,700	3%	5%	10% (5%)	11%
6	Sweaters, pullovers, cardigans MBWGCI	ER 6,932,500	0.5%(2)	5%	10% (5%)	11%
	A) of which MB	SL 1,025,200	0.5%(2)	5%	10% (5%)	11%
7	Sleepwear, bathrobes MBWGCI					
	A) Sleepwear MBWG	ER 276,200	2%(3)	5%	10% (5%)	12%
	B) Bathrobes MBWG	EA				
	C) Sleepwear, bathrobes CI	EA				
8	Dresses and skirts WGCI	ER 1,300,000	2%	5%	10% (5%)	11%



Annex I

(A) <u>Item No.</u>	(B) <u>Short Description</u>	(C) Status and Restraint Limit (pieces unless otherwise stated)	(D) <u>Growth Rate</u>	(E) <u>Swing</u>	(F) <u>Carry-over/ Carry-forward</u>	(G) <u>Combined Flexibility</u>
9	Suits, coordinates, outer- wear sets, MBWGCI A) of which coordinates, suits, blazers "G	EA				
10	Foundation garments MBWG	ER 800,000	6%	5%	10% (5%)	12%
11	Underwear MBWGCI	ER 6,600,000	4%	5%	10% (5%)	11%
12	Swimwear MBWGCI	ER 850,000	6%	5%	10% (5%)	12%
13	Overcoats, topcoats, rainwear MBWGCI	EA				
14	Jackets, professional and shopcoats MBWGCI	EA				
15	Fine suits MB	EA				
16	Miscellaneous textiles A) Work gloves (doz.pr.) B) Work glove liners C) Bedsheets D) Pillowcases E) Cotton terry towels (Kg) F) Towels, other G) Handbags, uncoated	ER 951,240 EA EA EA EA EA EA	2% <sup>(4)</sup>	5%	10% (5%)	12%

(A) Item No.	(B) Short Description	(C) Status and Restraint Limit (pieces unless otherwise stated)	(D) Growth Rate	(E) Swing	(F) Carry-over/ Carry-forward	(G) Combined Flexibility
17	Yarns and fabrics	EA				
	A) Cotton, polyester, polyester/cotton yarns	EA				
	B) Fabrics	EA				

Notes:

EA = Export Authorisation

ER = Export Restraint

SL = Sub-limit

- (1) If in any year, Hong Kong uses 90% or more of the quantitative limit for that year (net of any special transfer out effected for that year pursuant to paragraph 20), the quantitative limit for the immediately succeeding year will be increased by 2% instead of the growth rate as shown in Column (D).
- (2) If in any year, Hong Kong uses 90% or more of the quantitative limit for that year (net of any special transfer out effected for that year pursuant to paragraph 20), the quantitative limit for the immediately succeeding year will be increased by 1.5% instead of the growth rate as shown in Column (D).
- (3) If in any year, Hong Kong uses 90% or more of the quantitative limit for that year, the quantitative limit for the immediately succeeding year will be increased by 6% instead of the growth rate as shown in Column (D).
- (4) If in any year, Hong Kong uses 90% or more of the quantitative limit for that year (net of any special transfer out effected for that year pursuant to paragraph 20), the quantitative limit for the immediately succeeding year will be increased by 6% instead of the growth rate as shown in Column (D).

Annex II - Definitions and Description 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. "Wholly or mainly" is 50 percent or more in all items unless otherwise indicated.

Description of Product Categories

- Winter Outerwear Garments (commonly referred to as snowsuits, snowmobile suits, ski-suits, ski-pants and snow-pants, and jackets, and 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. Excluded are 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).

Note: A unit comprises garments which have been designed to be sold as a set, e.g. matching or coordinated 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.

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.

Overalls and coveralls 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.

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.

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 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.

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.

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', children's and infants', 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 shirts with tailored collars 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 openings 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-shirt and sweatshirts for men and boys are subject to the overriding definitions of men's and boys' shirts with tailored or full-fashioned collars.

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 of construction coarser than 19 cut, i.e. less than 19 vertical stitches per inch. Included are such items with coordinating or matching accessories, e.g. hats, scarves, gloves, mittens, booties, etc. A garment in this item when shipped with such coordinating or matching accessories will be considered a set and counted as one unit.

Pyjamas and sleepwear, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, being garments normally worn for sleeping; children's and infants' also include sleepers and blanket sleepers where the legs of the garments extend to completely encase the feet.

Bathrobes, dressing gowns and housecoats, 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.

Dresses, women's and girls', children's and infants', wholly or mainly by weight of cotton, man-made fibres, or wool, or blends thereof. Dresses are one-piece garments extended above the waist, including jumpers, evening gowns, dusters and house dresses (other than sleepwear).

Skirts, women's and girls', children's and infants', wholly or mainly by weight of cotton, man-made fibres, or wool, or blends thereof. Skirts are one-piece garments not extending above the waist including golf skirts, kilts (including men's and boys') and culottes.

Coordinates or matching sets and blazers' men's and boys', children's and infants', wholly or mainly by weight of cotton, man-made fibres or wool or blends thereof, packed, shipped and sold as a set and not covered by definition for fine suits, sports-coats and blazers in this annex.

Suits, coordinates, and blazers, women's and girls', children's and infants', wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. Suits are garments comprising two or more matched or coordinated pieces, covering both the upper and lower parts of the body, packed and shipped and sold as a set. Coordinates include: coat and dress sets, blouse and pant or skirt sets, shirt and skirt sets.

Athletic sets or suits, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof and are garments normally comprising two or more matched or coordinated pieces covering both the lower and upper parts of the body, packed and shipped and sold as a set, normally worn for participation in athletic activities and not covered by any other definition in this list including leotards covering the trunk of the body, judo sets, track suits, jogging suits, cross-country ski-suits (subject to the description under winter outerwear garments).

Leisure wear, coordinates or sets not defined by any definitions in this annex. These may include shortsets, beachwear, beach pyjamas, lounging pyjamas, cabana sets, caftans and loungewear, nes, including children's and infants' garments not meeting any of the description relating to children's and infants' wear contained elsewhere in this list, including sunsuits, christening sets, pram sets, creepers, rompers, crawlers.

Foundation garments, men's, boys', women's and girls', wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. Included are: brassieres, girdles, corsets and panty girdles.

Underwear, wholly, or mainly by weight of cotton, man-made fibres or wool or blends thereof. Included are slips and bloomers.

Note: In the case of underwear sets, each piece is to be counted separately.

Swimwear, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, being garments normally worn for swimming and bathing. Included are bathing trunks and bathing suits.

Note: Garments fitting this description which consist of two (or more) pieces must be matched or coordinated, and packed and shipped as a unit, otherwise they are classified under the appropriate Item elsewhere in this list as individual garments. Coordinated or matched sets comprising garments in addition to those described as meeting the criteria of this item, e.g. beachwear sets, are classified as sets and coordinates.

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.

Professional and shop coats, wholly or mainly by weight of cotton, man-made fibres, or wool, or blends thereof; Professional and shop coats are one-piece garments including barber coats, clinical coats, medical coats, laboratory coats, and surgical gowns.

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).

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

Note: The suit-jacket, sportcoat 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, sportcoat or a suit. A suit is a two-or-three piece garment consisting of matching or coordinated jacket/pants or jacket/vest/pants packed and shipped and sold as a set.

Work Gloves, both finished and partially manufactured that are wholly or mainly of textile fabrics, wholly or mainly by weight of cotton, man-made fibres or blends thereof whether or not impregnated or coated including such gloves manufactured partly of leather.

Work glove liners, liners or shells wholly of textile fabrics which are wholly or mainly of cotton, man-made fibres or blends thereof, neither impregnated or coated and without any other non-textile components, for incorporation in work gloves.

Bedsheets, woven, wholly or mainly by weight of cotton, man-made fibres or blends thereof including flannelette sheets and/or blankets.

Cotton terry towels, washcloths and sets containing 50 percent 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, barnops and towel blanks.

Pillowcases, woven, wholly or mainly by weight of cotton, man-made fibres or blends thereof.

Towels, other than cotton terry towels, wholly or mainly by weight of cotton. Included are dish, huck and crash towels.



Handbags, made of fabrics wholly or mainly by weight of cotton, man-made fibres, wool or blends thereof, uncoated, with a body area, excluding handles, between 258 to 1226 square centimetres, in the manufacture of which leather and plastic materials may be used as trim and finish but not a major component of the shell.

Yarns which include cotton yarn, polyester yarn and polyester/cotton yarn.

Note: Cotton yarn comprises all yarns consisting of 100 percent cotton fibres, either combed or carded, in a state ready for further processing.

Note: Polyester yarn comprises all yarns consisting of 100 percent polyester fibres or filaments.

Note: Polyester/cotton yarn comprises all yarns consisting of blended polyester and cotton fibres.

Fabrics, wholly or mainly by weight of cotton:

- Duck and allied fabrics, including awning fabric, tent cloth and canvas
- Drill, twill and warp sateen including gabardine, and cord fabric
- Print cloth and sheeting including muslin, percale, calico, chintz, cretonne and osnaburg
- Flannel napped fabric including billiard cloth, blanket cloth and flannelette
- Denim and corduroy
- Pile fabric, broadwoven, n.e.s. including plush fabric, velour, velveteens, velvet and flocked fabrics
- Broadwoven fabric, n.e.s.

Polyester/cotton broadwoven fabric of yarns made from blends of cotton and polyester fibres, where polyester fibres represent 50 percent or more by weight.

Nylon broadwoven fabric in which nylon fibres account for 50 percent or more by weight or 50 percent or more by thread count.

Polyester filament broadwoven fabrics, are fabrics in which the warp is composed of polyester filament, flat or textured yarn.

ANNEX III

Conversion Factor (M<sup>2</sup> per unit unless otherwise indicated)

Item No.	Short Description	Conversion Factor
1.	Winter outerwear, MBWGCI	2.9
2.	Trousers, shorts, overalls, coveralls, MBWGCI	1.6
	a) of which trousers, MBWG	
	b) of which overalls, coveralls, MBWG	
3.	Shirts, tailored collar, MB	1.8
4.	Blouses, shirts WGCI and shirts, other MBCI	1.6
	a) of which, shirts other MBCI	
5.	T-shirts and sweatshirts MBWGCI	1.2
6.	Sweaters, pullovers, cardigans, MBWGCI	1.2
	a) of which sweaters, pullovers, cardigans, MB	
7.	Sleepwear, bathrobes, MBWGCI	2.8
	a) sleepwear, MBWG	3.3
	b) bathrobes, MBWG	1.3
	c) sleepwear, bathrobes, CI	

ANNEX III

Conversion Factor (M<sup>2</sup> per unit unless otherwise indicated)

Item No.	Short Description	Conversion Factor
8.	Dresses, skirts, WCCI	2.7
9.	Suits, coordinates, outerwear sets, MBWGCI	2.7
	a) of which coordinates, suits, blazers, WC	
10.	Foundation garments, MBWG	0.3
11.	Underwear, MBWGCI	0.8
12.	Swimwear MBWGCI	1.3
13.	Overcoats, topcoats, rainwear, MBWGCI	3.8
14.	Jackets, professional and shopcoats MBWGCI	3.0
15.	Fine suits, MB	3.8

ANNEX III

Conversion Factor (M<sup>2</sup> per unit unless otherwise indicated)

Short Description

Item No.

16.	Miscellaneous textiles	
	a) work gloves	2.9 M <sup>2</sup> /dozen pair
	b) work glove liners	2.9 M <sup>2</sup> /dozen pair
	c) bed sheets	5.2
	d) pillowcases	0.9
	e) cotton terry towels	2.8 M <sup>2</sup> /kg
	f) towels, other	2.8 M <sup>2</sup> /kg
	g) handbags, uncoated	0.4
17.	Yarns and fabrics	
	a) cotton, polyester, polyester/cotton yarns	8.5 M <sup>2</sup> /kg
	b) fabrics	1.0

Agreed Minute

The Canadian and Hong Kong delegations met in Hong Kong from 22 February 1982 to 27 February 1982 to continue discussions on a five-year arrangement relating to the export from Hong Kong of certain textiles and textile products for import into Canada. During the course of these discussions the Canadian delegation proposed that in order to reach agreement on mutually satisfactory terms for a number of items, the Government of Canada exercise its rights under the terms of paragraphs 27-45 of the Memorandum of Understanding brought into effect by an exchange of notes dated 13 January 1982. To this end the Government of Canada sought consultations under paragraph 33 to limit exports from Hong Kong . pursuant to paragraphs 35 and 37 for the remainder of 1982 of the following products:

- 1 Winter outerwear MBWGCI
- 3 Shirts, tailored collar MB
- 8 Suits, coordinates, outerwear sets MBWGCI  
A) of which coordinates, suits, blazers WG
- EX12 Jackets, professional and shopcoats MBWGCI
- 14B Bedsheets
- 14C Cotton terry towels

in order to eliminate real risk of market disruption. The Canadian delegation further proposed that these items be subject to specific limits for the life of any MOU agreed for the period 1982-86.

2. . . . The Hong Kong delegation indicated that it was prepared to accept limits on the export of the products concerned but only pursuant to the provisions of a five-year arrangement covering the period 1 January 1982 to 31 December 1986 and that this five-year arrangement indicate that these items were subject to the EA system. The Canadian delegation agreed to this proposal.

3. Following further consultations the two delegations agreed that the Governments of Canada and Hong Kong exchange notes as per the attached draft text consequent upon the exchange of notes bringing into effect the Memorandum of Understanding Between the Government of Canada and the Government of Hong Kong Relating to the Export of Certain Textiles and Textile Products for Import into Canada initialled in Hong Kong on 27 February 1982.

CANADA NOTE

The Commission for Canada presents its compliments to the Trade Department and has the honour to refer to the exchange of notes confirming acceptance by our two Governments of the Memorandum of Understanding between the Government of Canada and the Government of Hong Kong relating to the export from Hong Kong of certain textiles and textile products for import into Canada which will enter into effect on January 1, 1982 for five calendar years.

Further to the acceptance of the Memorandum of Understanding by our two Governments, the Canadian authorities wish to propose, pursuant to Paragraphs 28 to 45 of the Memorandum of Understanding and in order to eliminate real risk of market disruption, that the Government of Hong Kong limit its exports of the following products for the remainder of the life of the Memorandum of Understanding as per the attached annex:

Winter outerwear, MBWGCI

Shirts, tailored collar, MB

Suits, co-ordinates, outerwear sets, MBWGCI

Jackets, professional and shopcoats, MBWGCI

Bedsheets

Cotton Terry Towels

The Canadian authorities further propose that the terms and conditions of the Memorandum of Understanding and in particular, of Paragraphs 1 to 27 and 46 to 54, apply to these products for the remainder of the life of the Memorandum of Understanding.

Accordingly, the Commission for Canada has the honour to propose that this Note and the reply confirming acceptance on behalf of the Government of Hong Kong will constitute an arrangement between our two Governments.

The Commission for Canada avails itself of the opportunity to renew to the Trade Department the assurances of its highest consideration.

September 24, 1982



HONG KONG NOTE

The Trade Department presents its compliments to the Commission for Canada and has the honour to refer to the Commission's note No. 144/82 of 24 September 1982.

The Trade Department confirms its acceptance of the proposal in the Commission's note under reference and confirms that the same note together with this reply thereto will constitute an arrangement between our two governments which will take effect on the date of this reply.

The Trade Department avails itself of this opportunity to renew to the Commission for Canada the assurance of its highest consideration.



Trade Department  
27 September 1982

ANNEX

(A) <u>Item No.</u>	(B) <u>Short Description</u>	(C) 1982 Restraint Limit (pieces unless <u>otherwise stated</u> )	(D) <u>Growth</u>	(E) <u>Swing</u>	(F) <u>Carryover/ Carryforward</u>	(G) <u>Combined Flexibility</u>
1	Winter outerwear MB;GCI	381,941	2%	5%	10% (5%)	11%
3	Shirts, tailored collar MB	2,562,283	2%	5%	10% (5%)	11%
9	Suits, co-ordinates, outerwear sets, MB;GCI	1,090,000	6%	5%	10% (5%)	11%
	(A) of which co-ordinates, suits, blazers MU	578,800	6%	5%	10% (5%)	11%
14	Jackets, professional and shopcoats MB;GCI	455,193	6%	5%	10% (5%)	11%
16(C)	Bedsheets	311,570	6%	5%	10% (5%)	12%
16(E)	Cotton terry towels(kg)	150,453	6%	5%	10% (5%)	12%