

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Proposal by Canada

1) Base Levels

Add to paragraph 1 of Annex B:

"(e) Where the twelve-month period referred to in paragraph (a) overlaps in part with the period covered by an existing restraint, and where the exporting source in question is a substantial supplier of the product concerned, and where the existing restraint has been substantially under utilized, the new restraint level shall be based upon the level of actual imports or exports in line with paragraph (a) above, rather than the existing restraint level provided for in paragraph (b) above. Where the exporting source in question is not a substantial supplier of the product concerned, then the provisions of paragraph (b) above apply."

2) Growth Rates

Replace paragraph 2 and 3 of Annex B with:

"Should the restraint measures remain in force for further periods, the level for further 12 month periods shall not be lower than the level specified for the preceding 12-month period, increased by a level of growth which takes into account such factors as the overall level of import penetration for the product concerned, the share of the import market held by the exporting country concerned, the circumstances of market disruption, and the economic circumstances prevailing in both the exporting and importing countries concerned."

3) Flexibility Provisions

Replace paragraph 5 of Annex B with:

"5. Where restraint is exercised for more than one product the participating countries agree that, provided that the total exports subject to restraint do not exceed the aggregate level for all products so restrained (on the basis of a common unit to be determined by the participating countries concerned),

the agreed level for any one product may be exceeded by a level of swing which takes into account such factors as the overall level of import penetration for the product concerned, the share of the import market held by the exporting country concerned, the circumstances of market disruption and the economic circumstances prevailing in both the exporting and importing countries concerned. Where restraints are established for more years than one, the extent to which the total of the restraint level for one product or product group may, after consultation between the parties concerned, be exceeded in either year of any two subsequent years by a level of carry forward and/or carryover which takes into account such factors as the overall level of import penetration for the product concerned, the share of the import market held by the exporting country concerned, the circumstances of market disruption and the economic circumstances prevailing in both the exporting and importing countries concerned."

4) Market Disruption

Amend the third sentence of paragraph I in Annex A to read:

"The existence of damage due to imports, either absolutely or relative to other imports, shall be determined on the basis of an examination of the appropriate factors having a bearing on the evolution of the state of the industry in question, either in absolute terms or relative to production or consumption, -such as: turnover, market share, profits, export performance, employment, volume of disruptive and other imports, production, utilization of capacity, productivity and investments.