

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

RESTRICTED

COT/169  
27 January 1971

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Agreement between Canada and Hong Kong<sup>1</sup>

The following communication has been received by the Director-General from the Canadian mission for notification to the Cotton Textiles Committee.

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<sup>1</sup>For previous agreement see COT/109/Add.2.

MEMORANDUM OF UNDERSTANDING

This Memorandum sets out the arrangements which have been agreed between the Governments of Canada and Hong Kong regarding the limits to be applied by the Government of Hong Kong to exports of cotton fabrics, cotton towels, and certain apparel to Canada.

2. In respect of cotton fabrics, the Governments of Canada and Hong Kong agree that:

- (a) these arrangements are made having regard to the provisions of the Arrangement Regarding International Trade in Cotton Textiles;
- (b) these arrangements relate to the period 1 October 1970 to 30 September 1971;
- (c) these arrangements relate to the products listed in Annex A which shall form an integral part of this Memorandum of Understanding;
- (d) during the twelve-month period, the group limit and the specific limit may be increased by not more than 5 per cent, with equivalent reductions in the corresponding limits for the succeeding twelve-month period if the agreement should continue after 30 September 1971;
- (e) during the twelve-month period, the group limit prescribed by this Memorandum may be exceeded by an amount equal to the quantity by which shipments in the twelve-month period ending 30 September 1970 have fallen short of the Group Limit set out in Annex A to the Memorandum of Understanding signed between the Governments of Canada and Hong Kong on 9 September 1969, or by 5 per cent of that Group Limit, whichever is the less.

3. In respect of cotton towels, the Governments of Canada and Hong Kong agree that:

- (a) these arrangements are made under Article 3 of the Arrangement Regarding International Trade in Cotton Textiles;
- (b) these arrangements relate to the period 1 October 1970 to 30 September 1971;
- (c) these arrangements relate to the products listed in Annex B which shall form an integral part of this Memorandum of Understanding;
- (d) any of the limits on the Categories 1, 2, 3 and 4 listed in Annex B may be increased by not more than 10 per cent with equivalent reductions in other limits including the limit on Category 5;
- (e) the limit on Category 5 may be increased by the full amount of any equivalent reductions in the other limits.

4. In respect of apparel, the Governments of Canada and Hong Kong agree that:
- (a) these arrangements are made having regard to the provisions of the Arrangement Regarding International Trade in Cotton Textiles, in particular to Article 3 of that Arrangement, and Article XXII(1) of the General Agreement on Tariffs and Trade;
  - (b) these arrangements relate to the period 1 October 1970 to 30 September 1971;
  - (c) these arrangements relate to the products listed in Annex C which shall form an integral part of this Memorandum of Understanding;
  - (d) any of the limits on the categories listed in Annex C may be increased by not more than 10 per cent, with equivalent reductions in other limits using the following conversion factors:

Category No.	Description	Conversion factor
1	Woven shirts	24.457 sq.yd./doz.
2	Woven blouses	14.53 sq.yd./doz.
3	Nightwear	51.96 sq.yd./doz.
4	Trousers, slacks and shorts	17.797 sq.yd./doz.

5. The Government of Canada may refuse entry to imports of the items of Hong Kong origin listed in Annexes A, B and C unless such imports are covered by a Hong Kong export licence endorsed by the Commerce and Industry Department, Hong Kong, that the consignments concerned have been debited to the agreed limits.
6. The Government of Hong Kong will provide the Government of Canada with monthly statistics of exports of the categories listed in Annexes A, B and C that have been licensed for export to Canada debited to the limits set out in the Annexes. The data in respect of Category 5 of Annex B shall be by product as far as is practicable.
7. The Government of Canada will provide the Government of Hong Kong, on request, with any available statistical data relevant to these arrangements.
8. The Governments of Canada and Hong Kong will enter into consultations on request about any matter arising from or relating to these arrangements.

9. If the Government of Hong Kong consider that, as a result of the restraint imposed by these arrangements, Hong Kong is being placed in an inequitable position vis-à-vis any third country, the Government of Hong Kong may request the Government of Canada to consult with a view to appropriate remedial action such as a reasonable modification of these arrangements.

G.R. Gallow,  
Senior Trade Commissioner,  
Canadian Government Trade Commission,  
Hong Kong.

D.H. Jordan,  
Director,  
Commerce and Industry Department,  
Hong Kong.

Hong Kong, 23 September 1970.

ANNEX A

Cotton fabrics subject to export restraint during the period 1 October 1970 to 30 September 1971. This Annex is to be read in conjunction with the Memorandum of Understanding dated 23 September 1970, of which it forms an integral part.

	Hong Kong export classification No.	Description	Limit in square yards
Group Limit <sup>1</sup>	652	Woven cotton fabrics	11,651,000
Specific Limit	ex 652-242	Cabinet towelling not terry, cotton, other than grey	150,000

<sup>1</sup>Not to include the following types of fabrics:

1. Greige cheesecloth:

A lightweight, plain-woven cloth weighing not more than 1 oz. per sq.yd.

2. Greige corduroy:

A fabric which, when finished, has vertical cutpile formed by an extra system of filling yarns.

3. Gingham:

A yarn-dyed fabric, with a balanced or nearly balanced check or plaid pattern, weighing not more than 3.5 oz. per sq.yd.

4. Fine fabric:

A fabric made of single yarns, the counts of which are 80's or finer.

ANNEX B

Cotton towels subject to export restraint during the period 1 October 1970 to 30 September 1971. This Annex is to be read in conjunction with the Memorandum of Understanding dated 23 September 1970, of which it forms an integral part.

Category No.	Description	Restraint Limit in pound weight
1	Terry, jacquard	277,000
2	Terry, other than jacquard	500,000
3	Cabinet towels	180,000
4	Industrial wiper towels	200,000
5	Other than terry, cabinet and industrial wiper towels	230,000
		<u>230,000</u>
		TOTAL <u>1,387,000</u>

ANNEX C

Apparel of woven fabrics subject to export restraint during the period 1 October 1970 to 30 September 1971.

This Annex is to be read in conjunction with the Memorandum of Understanding dated 23 September 1970, of which it forms an integral part.

Category No.	Hong Kong export classification No.	Description	Limit
1	841 - 161 841 - 162 841 - 163 841 - 164 841 - 175 841 - 176 841 - 762 841 - 764	Shirts	264,700 doz.
2	841 - 137 841 - 140 ex 841 - 739 ex 841 - 742	Blouses of cotton, polyester and polyester/cotton	129,200 doz.
3	841 - 170 841 - 186 and that part of 841 - 190 relating to infants' night garments	Nightwear of cotton	102,000 doz.
4	841 - 117 841 - 146 ex 841 - 719 ex 841 - 748	Trousers, slacks and shorts of cotton, polyester and polyester/cotton	336,400 doz.

For the purposes of this Annex the following definitions shall apply:

- (a) cotton means major weight cotton;
- (b) polyester means 100 per cent polyester;
- (c) polyester/cotton means any blend of polyester and cotton.