

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

COM.TEX/SB/931

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Special Distribution

Textiles Surveillance Body

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between Canada and Brazil

The Textiles Surveillance Body has received from Canada a notification of a new bilateral agreement with Brazil, concluded under Article 4 of the MFA, valid for the period 1 June 1983 to 31 December 1986.¹

The TSB, pursuant to its procedures regarding bilateral agreements notified under Article 4², has examined the relevant documentation and is forwarding the text of the notification to participating countries for their information.³

¹The previous bilateral agreement concluded under Article 3:4 and subsequent modifications expired on 31 December 1980 (COM.TEX/SB/587).

²See COM.TEX/SB/35, Annex B.

³For the TSB's observations on this notification, see COM.TEX/SB/935.

MEMORANDUM OF UNDERSTANDING BETWEEN THE GOVERNMENT OF CANADA
AND THE GOVERNMENT OF THE FEDERATIVE REPUBLIC OF BRAZIL RELATING TO THE
EXPORT FROM BRAZIL OF ACRYLIC YARNS 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 Brazil regarding the export of acrylic yarns from Brazil 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 the periods commencing on 1 June 1983 and ending on 31 December 1986; of which the first restraint period will commence on 1 June 1983 and ending on 31 December 1983 and the three (3) subsequent restraint periods will be for the calendar years 1984, 1985 and 1986 respectively.

Restraint Levels

4. Except as provided for in paragraphs 11 to 13 below, the Government of the Federative Republic of Brazil will restrain its exports to Canada of acrylic yarns as described in Annex I for the periods and to the limits specified therein.

Coverage

5. The definition of acrylic yarns is given in Annex II.

Administration

6. These arrangements will be implemented on the basis of the export control system operated by the Government of the Federative Republic of Brazil.
7. The Government of Canada will admit imports of acrylic yarns 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 Brazilian "Export Licence" issued and endorsed after shipment of the relevant quantities by the proper Brazilian authority (CACEX) to

the effect that the imports covered by the licence have been debited to the applicable quantitative limit as set out in Annex I.

8. The export licences issued by the Government of the Federative Republic of Brazil 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,
8. F.O.B. value except for non-commercial consignments,
9. Certification by the Brazilian authority that the quantity has been debited against the agreed restraint level for exports to Canada,
10. Quota year.

9. The Government of the Federative Republic of Brazil will endeavour to ensure that exports of all acrylic yarns 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.

10. If, on the basis of export data provided by the Government of the Federative Republic of Brazil, the Government of Canada ascertains that there is a sharp and substantial increase in the concentration of exports of acrylic yarns, other than that attributable to normal seasonal factors and normal channels of trade, it may request consultations in accordance with the provisions of paragraph 18 with a view to reaching a mutually acceptable conclusion.

Carry-Over/Carry-Forward

11. 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 (D) of Annex I.

12. Any restraint level may be increased within the lower percentage limit set out in column (D) 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.

13. 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 (D) of Annex I.

Exchange of Statistics

14. The Government of the Federative Republic of Brazil will provide the Government of Canada with copies of the export licences referred to in paragraphs 7 and 8 above as soon as possible after each shipment.

15. The Government of Canada will provide the Government of the Federative Republic of Brazil with monthly statistics relating to import permits issued for imports originating in Brazil of the acrylic yarns listed in Annex II.

Equity

16. 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 paragraph 18 with a view to implementing appropriate remedial measures.

Re-Exports

17. The Government of Canada will endeavour to inform the Government of the Federative Republic of Brazil as soon as possible when imports into Canada of acrylic yarns subject to these arrangements are subsequently re-exported as acrylic yarns from Canada, whether or not processed. Where such re-exports have been debited by the Government of the Federative Republic of Brazil to quantitative limits the Government of the Federative Republic of Brazil may then credit the

amount involved to the appropriate quantitative limits.

Consultations

18. 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 the 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.

Revisions and Termination

19. 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.

20. 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

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

Final Provisions

22. This Memorandum of Understanding will become effective on 1 June 1983 subsequent to an exchange of notes between the two Governments confirming their acceptance of these arrangements.

For the Government of Canada

For the Government of the
Federative Republic of Brazil

Michael D. Moore

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ANNEX I: RESTRAINT LEVELS

<u>(A)</u> <u>Item No.</u>	<u>(B)</u> <u>Product</u>	<u>(C)</u> <u>Restraint</u> <u>Level</u>	<u>(D)</u> <u>Carry-over/</u> <u>Carry-forward</u>
1.	Acrylic Yarns	1 Jun 1983 - 31 Dec 1983: 125,000 Kgs 1 Jan 1984 - 31 Dec 1984: 220,000 Kgs 1 Jan 1985 - 31 Dec 1985: 228,800 Kgs 1 Jan 1986 - 31 Dec 1986: 237,952 Kgs	10(5)%

Annex II

Product Description

1. Acrylic Yarns

Acrylic yarns include all types of machine knitting and hand knitting acrylic yarns containing 50 percent or more by weight of acrylic fibres.