

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1054*

30 April 1985

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between Canada and Sri Lanka

The Textiles Surveillance Body has received a notification from Canada of a new bilateral agreement with Sri Lanka, concluded under Article 4 of the MFA, valid for the period 1 January 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 is contained in COM.TEX/SB/525

²See COM.TEX/SB/35, Annex B

³For the TSB's observations on this notification, see COM.TEX/SB/1060

* English only/Anglais seulement/Inglês solamente

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF CANADA
AND
THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST
REPUBLIC OF SRI LANKA
RELATING TO THE EXPORT FROM SRI LANKA OF
CERTAIN TEXTILES AND TEXTILE PRODUCTS
FOR IMPORT INTO CANADA

Memorandum of Understanding between the Government of Canada and the Government of Sri Lanka relating to the export from Sri Lanka of certain 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 Sri Lanka regarding the export of certain textile products from Sri Lanka 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 four (4) years commencing on 1 January 1983 and ending on 31 December 1986.

Restraint Levels

4. Except as provided for in paragraphs 14 to 19 and 26 below, the Government of Sri Lanka will restrain its exports to Canada of the textile products described in Annex I for the calendar year commencing 1 January 1983 to the limits specified therein.

5. For the three calendar year periods commencing 1 January 1984 and ending on 31 December 1986, the Government of Sri Lanka 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 textile products in the appropriate category, the definition 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 Sri Lanka.

9. The Government of Canada will admit imports of the 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 an " Export Licence " endorsed and issued by the proper Sri Lankan authority 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 Sri Lanka 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.or C.I.F.value except for non-commercial consignments,
9. Certification by the Government of Sri Lanka that the Quantity has been debited against the agreed restraint level for exports to Canada,
10. Quota year.

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

12. The Government of Sri Lanka will endeavour to ensure that export of all 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 Sri Lanka, the Government of Canada ascertains that there is a sharp and substantial increase in the concentration of exports of 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 Sri Lanka will so indicate in subsequent monthly 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. 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.

17. 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.

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 14 to 18 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

20. The Government of Sri Lanka will provide the Government of Canada with monthly statistics relating to exports of the 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.

21. When submitting the monthly statistics mentioned in paragraph 21, the Government of Sri Lanka 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 16-19 above.

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

22. The Government of Canada will provide the Government of Sri Lanka with monthly statistics relating to import permits issued for imports originating in Sri Lanka of the textile products listed in Annex II, along lines similar to the statistics to be provided by the Government of Sri Lanka pursuant to paragraph 20 above.

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

Equity

24. 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 27 and 28 with a view to implementing appropriate remedial measures.

Re-Exports

25. The Government of Canada will, so far as possible, inform the Government of Sri Lanka 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 Sri Lanka to quantitative limits the Government of Sri Lanka may then credit the amount involved to the appropriate quantitative limits.

Handloom Products

26. With reference to Article 12 (3) of the MFA, this arrangement shall not apply to bona fide handmade clothing of handloomed fabric as defined in Annex III when accompanied on importation by a certificate validated by the competent Sri Lanka authorities.

Consultations

27. 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.

28. 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.

Revision and termination

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

30. 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

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

Final Provisions

32. This Memorandum of Understanding will be effective as of 1 January 1983 subsequent to an exchange of notes between the two Governments confirming their acceptance of these arrangements.

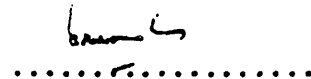
IN WITNESS WHEREOF, the undersigned, on behalf of their respective governments have signed this Memorandum of Understanding. Signed in Colombo this 11th day of June 1984 in two copies, each of which is authentic.

ON BEHALF OF THE
GOVERNMENT OF CANADA



(D.M.Collacott)
Canadian High Commissioner

ON BEHALF OF THE GOVERNMENT
OF THE DEMOCRATIC SOCIALIST
REPUBLIC OF SRI LANKA.



(W.L.P.de Mel)
Secretary
Ministry of Trade & Shipping

ANNEX I : RESTRAINT LEVELS

(A) ITEM NO.	(B) SHORT DESCRIPTION	(C) RESTRAINT LEVEL	(D) GROWTH	(E) SWING	(F) CARRY-OVER/ CARRY FORWARD	(G) COMBINED ELEXIBILITY (E) & (F)	(H) CONVERSION FACTOR (M ² /UNIT)
<u>Group I</u>							
1.	Trousers, Shorts, Overalls and Coveralls MBWGCI	235,000 units	6%	7%	11(6)%	15%	1.9
2.	Shirts with tailored Collars MB (Including Children's sizes 4-6X)	355,000 units	6%	7%	11(6)%	15%	1.7
3.	Jackets, MBWGCI	395,000 units	6%(1984-85) 7%(1986)	7%	11(6)%	15%	1.4
<u>Group II</u>							
4	Work Gloves	1,700,000 pairs	6%	NA	11(6)%	NA	NA

NOTE: 1. No swing between products in Group I and products in Group II.
2. Detailed definitions for all above items are given in Annex II.

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, Shorts, Overalls and Coveralls

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.

Notes: Men's and boys' garments in this item manufactured of fabric containing five 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.

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 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. Jackets

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.

4. Work Gloves

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. Liners are included.

ANNEX III

1. The exemption provided for in paragraph 27 of this Memorandum of Understanding in respect of cottage industry products will apply only to the following products:

- a) garments or other textile articles of a kind traditionally made in the cottage industry, having been cut, sewn and embroidered, if applicable, solely by hand from handloom textile fabrics without the aid of any machine. Handloom textile fabrics are fabrics, which have been woven on looms operated solely by hand or foot and are of a kind traditionally made in the cottage industry.
- b) traditional Sri Lankan handicraft batik fabrics and clothing products made by hand from such batik fabrics. Handicraft batik is produced by a process which involves the following three operations, carried out by hand, for each of the colours or shades applied to the fabric:
 - i) Waxing (Application of wax by hand to the fabric),
 - ii) Dyeing/Printing (Application of colour either by the traditional cottage method of dyeing or handprinting),
 - iii) Dewaxing (Boiling the fabric to remove the wax).

2. The exemption will apply only in the respect of products covered by a certificate issued by the competent Sri Lankan authorities.

3. Such certificates will indicate the grounds on which the exemption is based and will be accepted by Canadian authorities provided that they are satisfied that the products concerned conform to the conditions set out in this Annex.

The Ministry of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka presents its compliments to the Canadian High Commission and has the honour to acknowledge the receipt of its Note No. 90 of 4 July 1984 concerning the Memorandum of Understanding signed in Colombo on 11 June 1984 on the trade in certain textiles and textile products between Sri Lanka and Canada.

The Ministry of Foreign Affairs confirms that Note No. 90 from the Canadian High Commission together with this reply dated shall constitute an arrangement between the Government of the Democratic Socialist Republic of Sri Lanka and the Government of Canada on the trade in certain textiles and textile products between Sri Lanka and Canada for the period 1 January 1984 to 31 December 1986 in terms of paragraph 32 of the Memorandum of Understanding.

The Ministry of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka avails itself of this opportunity to renew to the Canadian High Commission the assurances of its highest consideration.

Colombo, 20 July 1984