

GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/SB/1343*
22 January 1988

TARIFFS AND TRADE

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral agreement between Canada and Macao

The Textiles Surveillance Body received a notification from Canada of a bilateral agreement concluded with Macao for the period 1 January 1987 to 31 December 1991.

The TSB, pursuant to its procedures regarding bilateral agreements made under Article 4,² has examined the relevant documentation and is forwarding the text of the notification to participating countries for their information.³

¹The previous agreement between the parties is contained in COM.TEX/SB/821.

²See COM.TEX/SB/35, Annex B

³For the TSB's observations on this notification see COM.TEX/SB/1345.

*English only/Anglais seulement/Inglés solamente

Memorandum of Understanding between the Government of Canada and the
government of Macau relating to the export from Macau 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 Macau regarding the export of certain textiles and textile products from Macau 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 five (5) years commencing on January 1, 1987 and ending on December 31, 1991.

Restraint Levels

4. Except as provided for in paragraphs 13 to 19 below, the Government of Macau will restrain its exports to Canada of the textiles and textile products described in Annex I for the calendar year commencing January 1, 1987 to the limits specified therein.

5. For the four calendar year periods commencing January 1, 1988 and ending on December 31, 1991, the Government of Macau 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 classifying textiles and textile products in the appropriate category, the definitions and notes set out in Annex II will apply.

Administration

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

8. The Government of Canada will admit imports of the textiles and textile products described in Annex II and subject to a group or specific quantitative limit in Annex I, provided such imports

are covered by an original copy of a Macau "Export Licence" endorsed and issued by the proper Macau 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.

9. The export licences issued by the Government of Macau 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 products 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 m² should be calculated in accordance with the conversion factors set out in Annex I,
8. F.O.B. or C.I.F. value except for non-commercial consignments,
9. Certification by the Macau Authority that the quantity has been debited against the agreed restraint level for exports to Canada.

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

11. The Government of Macau will endeavour to ensure that exports of all textiles and 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.

12. If, on the basis of export data provided by the Government of Macau, the Government of Canada ascertains that there is a sharp and substantial increase in the concentration of exports of textiles or 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

13. 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 Macau will so indicate in subsequent monthly returns.

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

Carry-Over/Carry-Forward

15. Portions of any restraint limit which remain unused from the restraint period commencing January 1, 1986 (as covered by the preceding bilateral arrangement) may, after notification, be carried over and added to the appropriate restraint level for the restraint period commencing January 1, 1987. Such carry-over will be within the higher percentage limit set out in column (F) of Annex I of this 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 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 including for 1986 as covered by the preceding bilateral agreement 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 13 to 18, 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. Both Governments will exchange such other statistical data relating to exports of textiles and textile products not subject to these arrangements as may reasonably be required.

21. The Government of Macau will provide the Government of Canada with monthly statistics relating to exports of the textiles and textile products listed in Annex II which are licenced for export to as per Annex I.

22. When submitting the monthly statistics mentioned in paragraph 21, the Government of Macau 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 13 and 15-19 above.

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

23. The Government of Canada will provide the Government of Macau with monthly statistics relating to import permits issued for imports originating in Macau of the textiles and textile products listed in Annex II.

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

Equity

25. 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 20 with a view to implementing appropriate remedial measures.

Re-Exports

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

Handloom Products

27. 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 Macau authorities.

Consultations

28. 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 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.

29. In respect of those items in Annex II not subject to specific restraint levels but covered in a group restraint level in annex I, the Government of Canada may request consultations in accordance with the provisions of paragraph 28 when exports in any one calendar year of the products concerned have reached at least fifteen per cent of the group level. The Government of Canada further undertakes not to seek a restraint at a level less than either 15.9 per cent of the group level, or 106 per cent of the level of exports in the item during the current calendar year, whichever level is higher except for category 4 where the Government of Canada undertakes not to seek a restraint at a level less than 31.8% of the group level.

30. Until such time as a mutually satisfactory conclusion has been reached, the Government of Macau undertakes, if so requested by the Government of Canada, to limit shipments from the date on which Canada requests consultations, in order to ensure that exports of the products in question to Canada do not exceed during that calendar year a level of 106 percent of the exports during the current year or 15.9 percent of the group level, whichever is higher.

31. In seeking to establish a new restraint level for the balance of any calendar year period, the Government of Canada will give full and sympathetic consideration to the treatment of goods for which there are outstanding bona fide contracts and letters of credit.

32. 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.

33. In order to ensure the effective operation of paragraphs 29 to 31 above, the Government of Macau undertakes to control the shipment of goods subject to group levels by means of the export control system operated by the Government of Macau.

34. The Government of Canada will admit imports of the textiles and textile products of Macau origin subject to these provisions where such imports satisfy all normal conditions of entry and are accompanied by a copy of an export licence endorsed and issued by the proper authority to the effect that the quantities covered by the export licence are within the overall group level.

35. The Government of Macau will notify the Government of Canada immediately upon receipt of any application for an export licence for any textile or textile product subject to a group level in exceptionally large amounts or unusual concentrations.

MFA Rights

36. Each Government reserves its rights under the MFA with respect to textile 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.

Termination

37. 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

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

Final Provisions

39. This Memorandum of Understanding will become effective on January 1, 1987 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 Macau

S. V. P. 1. 2

(A) ITEM NO.	(B) SHORT DESCRIPTION	(C) RESTRAINT LEVEL.	(D) GROWTH	(E) SWING	(F) CARRY-OVER CARRY-FORWARD	(G) COMBINED FLEXIBILITY (E) & (F)	CONVERSION FACTOR (M2 UNIT)
Group A - All Clothing (Total of Items 1 to 13)							
		3,196,500 m ²	6%	N.A.	11% (6%)	11%	N.A.
1.	Outerwear MBWGCI	40,145 units	6%	6%	11% (6%)	15%	2.8
2.	Pants, shorts, overallis and coveralls MBWGCI	425,556 units	6%	6%	11% (6%)	15%	1.5
3.	Shirts, Tailored Collar MB	170,222 units	6%	6%	11% (6%)	15%	1.7
4.	Shirts, blouses, T-shirts, Sweat- shirts MBWGCI	-	-	-	-	-	1.7
5.	Sweaters MBWGCI	364,446 units	6%	6%	11% (6%)	15%	1.1
6.	Sleepwear, bath- robes MBWGCI	-	-	-	-	-	3.4
7.	Dresses, skirts KCCI	-	-	-	-	-	3.8
8.	Suits, Coordinates Outerwear sets MBWGCI	-	-	-	-	-	3.8
9.	Foundation garments MBGCI	-	-	-	-	-	1.0
10.	Underwear MBWGCI	-	-	-	-	-	1.0
11.	Swimwear MBWGCI	-	-	-	-	-	1.0
12.	Coats, jackets, rainwear MBWGCI	255,334 units	6%	6%	11% (6%)	15%	3.5
13.	Fine suits MB	13,343 units	6%	6%	11% (6%)	15%	3.6
Group B - Miscellaneous Textiles							
14.	Workgloves	2,706,514 units	6%	6%	11% (6%)	15%	0.24

NOTE: Swing is allowed between item nos. 1, 2, 3, 5, 12, 13 and 14 only.
Any Swing between a restrained product in Group A and a restrained product in Group B will also be reflected in the Group A aggregate restraint.
N.A. means not applicable.

Annex II
Definitions and Description of Terms

General Notes

1. Gender - Unless otherwise indicated, all definitions of garments apply to garments for men (M), boys (B), women (W), girls (G), children and infants (C&I). Children's and infants' garments include all garments sized 0 - 6X.
2. Unless otherwise indicated, swing is permitted from adult garments to children's and infants' garments at a 3 to 5 ratio.
3. All descriptions include partially manufactured products. Partially manufactured garments include cut-to-shape fabric pieces for garments on which there has been any processing beyond cutting to shape and knit-to-shape pieces for garments, whether or not there has been any processing beyond the knitting to shape.
4. Garments of indeterminate gender including unisex garments, are to be counted as of male gender.
5. Unless otherwise indicated, products covered by restraints under this arrangement in Group I are those which are wholly or mainly (i.e. 50 percent or more) by weight of cotton, other vegetable fibres, wool, man-made fibres, silk, or blends thereof. Excluded are products containing 85 percent or more by weight of vegetable fibres other than cotton or more than 70 percent by weight of silk fibres.

Description of Product Categories

Clothing

1. Winter Outerwear Garments

Winter Outerwear Garments (commonly referred to as snowsuits, snowmobile suits, ski-suits, ski-pants, and snow-pants, and 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. 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; 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.

2. Trousers, Shorts, Overalls and Coveralls

Trousers, pants, slacks and jeans 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 five percent of more by weight of wool or hair are considered to be woolen garments.

Overalls and coveralls. 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. Shorts are garments similar to pants but not extending to the knees.

3. Shirts, Tailored Collar

Shirts with tailored collars, men's and boys; 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 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.

4. Shirts, Blouses, T-shirts, Sweatshirts

Blouses and shirts, women's and girls', children's and infants', 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, sweatshirts and sweaters.

Shirts, men's and boys', children's and infants', other than with tailored collars, including full-fashioned collars. A full-fashioned collar consists of one piece knitted to shape collar. For a full description of "shirts" see also the description for Shirts, Tailored Collar, above.

T-shirts. 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, 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 over-riding definitions of men's and boys' shirts with tailored or full-fashioned collars.

5. Sweaters, Pullovers and Cardigans

Sweaters, pullovers, cardigans, (including knitted ponchos), being knitted or crocheted garments covering the upper part of the body and which may be of any length of construction, less 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.

6. Sleepwear and Bathrobes

Pyjamas and sleepwear, being garments normally worn for sleeping.

Bathrobes, dressing gowns and housecoats, being garments other than sleepwear normally worn in privacy, including bed jackets and negligees.

7. Dresses and Skirts

Dresses, women's and girls', children's and infants'. 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'. Skirts are one-piece garments not extending above the waist including golf skirts, kilts (including men's and boys') and culottes (divided skirts).

8. Suits, Coordinates and Outerwear Sets

Suits, coordinates and outerwear sets are garments comprising two or three matched or coordinated pieces, covering both the upper and lower parts of the body, packed and shipped and sold as a set. Excluded are pieces which are Fine Suits, Winter Outerwear, Underwear, Sleepwear, Swimwear, Foundation Garments, Rainwear, Shirts Tailored-Collar.

Coordinates or matching sets and blazers, men's and boys', children's and infants'.

Suits, coordinates, or matching sets, and blazers, women's and girls', children's and infants'.

Miscellaneous Garments, Children's and infants' garments not meeting any of the descriptions relating to children's and infants' wear contained elsewhere in this Annex, including sunsuits, christening sets, pram sets, creepers, rompers, crawlers, diaper sets, sleepers, and blanket sleepers where the legs of the garments extend to completely encase the feet.

Athletic Sets. Suits normally worn for participation in athletic activities and not covered by any other definition in this Annex including leotards covering the trunk of the body, judo sets, track suits, jogging suits, cross-country ski suits (subject to the description in Item 1).

Leisurewear. Coordinates not defined by any other definitions in this Annex. These may include shortsets, beachwear sets and cabana sets.

9. Foundation Garments

Foundation garments. Included are: Brassieres, girdles, corselettes, and panty girdles.

10. Underwear

Underwear. Included are slips and bloomers.

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

11. Swimwear

Swimwear, 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 Annex 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.

12. Coats, Jackets and Rainwear

Jackets. 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, being outerwear garments extending to the knee or below excluding rainwear.

Professional and shop coats. Professional and shop coats are one-piece garments including barber coats, clinical coats, medical coats, laboratory coats, and surgical gowns.

Rainwear Rainwear are garments of coated, impregnated or treated fabrics, normally worn to protect against rain (including rainsuits, sets, capes and ponchos).

13. Fine Suits

Fine suits, sportscoats and blazers, men's and boys'.

Note: The suit-jacket, sportscoat or blazers 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, sportscoat 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.

TEXTILES

14. Work Gloves, both finished and partially manufactured, that are wholly or mainly of textile fabrics, whether or not impregnated or coated including such gloves manufactured partly of leather. This includes work glove liners or shells, wholly of textile fabrics which are neither impregnated or coated and without any other non-textile components, for incorporation in work gloves.

net weight (kg) and also quantity in the unit prescribed for category where other than net weight
 Indiquer le poids net (kg) ainsi que la quantité dans l'unité prévue pour la catégorie si cette unité n'est pas le poids net
 currency of the sale contract - Dans la monnaie du contrat de vente

1 Exporter (name full address country) Exportateur (nom adresse complète pays)	ORIGINAL	2 No
	3 Quota year Année contingentaire	4 Category number Numéro de catégorie
5 Consignee (name full address country) Destinataire (nom adresse complète pays)	EXPORT LICENCE (Textile products)	
	LICENCE D'EXPORTATION (Produits textiles)	
	6 Country of origin Pays d'origine MACAU	7 Country of destination Pays de destination CANADA
8 Place and date of shipment - Means of transport Lieu et date d'embarquement - Moyen de transport MACAU —	9 Supplementary details Données supplémentaires	
10 Marks and numbers - Number and kind of packages - DESCRIPTION OF GOODS Marques et numéros - Nombre et nature des colis - DESIGNATION DES MARCHANDISES	11 Quantity (1) Quantité (1)	12 FOB Value (1) Valeur FOB (1)
13 CERTIFICATION BY THE COMPETENT AUTHORITY - VISA DE L'AUTORITE COMPETENTE I, the undersigned, certify that the goods described above have been charged against the quantitative limit established for the year shown in box No 3 in respect of the category shown in box No 4 by the provisions regulating trade in textile products with Canada Je soussigné certifie que les marchandises désignées ci-dessus ont été imputées sur la limite quantitative fixée pour l'année indiquée dans la case No 3 pour la catégorie désignée dans la case No 4 dans le cadre des dispositions régissant les échanges de produits textiles avec Canada		
14 Competent authority (name full address, country) Autorité compétente (nom, adresse complète, pays)	At - A MACAU on - le	
Repartição dos Serviços de Economia — Macau		

ANNEX III

Macau

1. The exemption provided for in paragraph 28 of this MOU 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 folklore handicraft textile products, made by hand in the cottage industry, set out in the list attached hereto.

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

Commission for Canada



La Commission du Canada

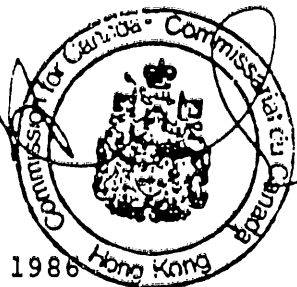
No. 217/86

The Commission for Canada presents its compliments to the Economic Services Department of the Macau Government and wishes to refer to the Memorandum of Understanding (MOU) initialled by representatives of Canada and Macau in Macau on October 28, 1986 relating to the export of certain textiles and textile products from Macau to Canada.

In accordance with Paragraph 39 of the MOU, the Canadian authorities wish to confirm acceptance of the provisions contained in the MOU and propose that this note, together with the reply from the Macau authorities confirming acceptance by their government, give effect to the agreement outlined in the MOU.

The Commission for Canada avails itself of this opportunity to renew to the Economic Services Department of the Macau Government the assurances of its highest consideration.

Hong Kong
December 15, 1986



The Macau Government presents its compliments to the Commission for Canada and has the honour to refer to the Note nº 217/86 of December 15, 1986, regarding the Memorandum of Understanding (MOU) initialled by representatives of Canada and Macau on October 28, 1986 relating to the export of certain textiles and textile products from Macau to Canada.

The Macau Government wishes to confirm acceptance of the provisions contained in the MOU.

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

Macau, January 20, 1987.

A handwritten signature in black ink, reading "Carlos Augusto Pulido Valente Monjardino". The signature is written in a cursive style with a long horizontal stroke at the end.

Carlos Augusto Pulido Valente Monjardino
Under-Secretary for Economy, Finance and Tourism