

GENERAL AGREEMENT ON

RESTRICTED

TARIFFS AND TRADE

COM.TEX/SB/1409*
7 October 1988
Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral agreement between Canada and Hong Kong

The Textiles Surveillance Body received a notification from Canada of a bilateral agreement concluded with Hong Kong for the period 1 January 1987 to 31 December 1991.¹

The TSB, pursuant to its procedures regarding bilateral agreements notified under Article 4,² has examined the relevant documentation and is transmitting the text³ of the notification to participating countries for their information.

¹The previous bilateral agreement and modification thereof are contained in COM.TEX/SB/883 and 933.

²See COM.TEX/SB/35, Annex B

³For the TSB's observations on this notification see COM.TEX/SB/1418.

* English only/Anglais seulement/Inglés solamente

Memorandum of Understanding between the Government of Canada and the Government of Hong Kong relating to the export from Hong Kong 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 Hong Kong regarding the export of certain textiles and textile products from Hong Kong 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.

Classification

3. For the purpose of classifying textiles and textile products in the appropriate category, the definitions and notes set out in Annex II will apply.

Restraint Periods

4. These arrangements will apply for five years commencing on 1 January 1987 and ending on 31 December 1991.

Restraint Levels

5. Except as provided for in paragraphs 13 to 19 (Swing and Carryover/Carry-forward) and paragraphs 27 to 43 (Export Authorisation System), the Government of Hong Kong will restrain its exports to Canada of the textiles and textile products listed in Annex I for the calendar year commencing 1 January 1987 to the limits specified therein.

6. For the four calendar year periods commencing 1 January 1988 and ending on 31 December 1991, the Government of Hong Kong will restrain its exports to Canada of the textiles and textile products listed in Annex I to the limits specified therein advanced on an annual basis by the growth rate specified in column (D).

Administration

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

8. The Government of Canada will admit imports of the textiles and textile products described in Annex II and subject to a specific quantitative limit in Annex I, provided such imports are covered by a copy of a Hong Kong export licence endorsed and issued by the Trade Department 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 Hong Kong in respect of products subject to restraint limits as specified in Annex I of this arrangement will contain the following information :

1. Country of destination;

3. Licence number;
4. Importer's name and address;
5. Exporter's name and address;
6. Item 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. 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 column (H) of Annex I;
8. F.O.B. or C.I.F. value except for non-commercial consignments;
9. Certification by the Government of Hong Kong that the quantity has been debited against the agreed restraint limit for exports to Canada, or where appropriate, is for immediate re-export or for inward processing and subsequent re-export from Canada.
10. In the event any quantity covered by an export licence is not shipped, the Government of Hong Kong will notify the Government of Canada of such quantity which may be credited by the Government of Hong Kong to the appropriate restraint limit.

Spacing

11. The Government of Hong Kong will endeavour to ensure that exports of all textiles and textile products which are listed in Annex I and are subject to restraint limits 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 Hong Kong, the Government of Canada ascertains that there is a sharp and substantial increase in the concentration of exports of textiles or textile products, it may request consultations in accordance with the provisions of paragraphs 45 and 46 (Implementation and Operation) with a view to remedying this situation.

Swing

13. Subject to the specific limitations set out in Annex I, any restraint limit may be exceeded by the percentage shown in column (E) provided that an equivalent amount is deducted from any other restraint limit. With regard to swing from Group II (textiles) to Group I (garments), the total deduction from the restraint limits of the textiles items may not exceed 1% of the total of the restraint limits of the garment items. When any restraint limit is exceeded by the application of swing, the Government of Hong Kong will so indicate in subsequent monthly returns.

14. For the purpose of implementing the swing provisions in paragraph 13, the conversion factors shown in column (H) of Annex I will apply.

Carry-Over/Carry-Forward

15. Portions of any restraint limit which remain unused from the restraint period commencing 1 January 1986 (as covered by the preceding bilateral arrangement) may be carried over and added to the appropriate restraint limit for the restraint period commencing 1 January 1987. Such carry-over will be within the higher percentage limit set out in column (F) of Annex I of the 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 limit for any such restraint period will be increased within the higher percentage limit set out in column (F) of Annex I.

17. Any restraint limit may be increased within the lower percentage limit set out in column(F) of Annex I by a quantity advanced from the corresponding restraint limit for the following restraint period. The restraint limit for any such following restraint period will be reduced by a quantity equal to the quantity so advanced. As regards 1991, any such increase will be subject to consultations.

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 (Swing) and 18 above, where applicable, the restraint limits 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 statistical data relating to exports of textiles and textile products not subject to these arrangements as may reasonably be required.

21. Except as provided for in paragraph 31 (E/A statistical returns) below, the Government of Hong Kong will provide the Government of Canada with monthly statistics relating to exports of the textiles and textile products listed in Annex I which are licensed for export to Canada and debited against restraint limits for each restraint period.

22. In providing the monthly statistics mentioned in paragraph 21, the Government of Hong Kong undertakes to include the following information:

- a. Item and description of goods as set out in Annex I;
- b. The restraint limit 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 should be provided as soon as possible following the end of each month.

23. The Government of Canada will provide the Government of Hong Kong with monthly statistics relating to import permits issued for imports originating in Hong Kong of the textiles and textile products listed in Annex I. In addition, the Government of Canada will provide the Government of Hong Kong with monthly statistics of total imports and imports from other significant suppliers in respect of textiles and textile products itemised as in Annex I.

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 paragraphs 45 and 46 with a view to implementing appropriate remedial measures.

Re-Exports

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

Export Authorization System

27. The following provisions will apply to each item in Annex I not subject to a specific quantitative limit.

28. The Government of Hong Kong will require that all exports to Canada of the products not subject to a specific quantitative limit listed in Annex I be covered by an Export Authorisation (E/A) issued by the Trade Department of the Government of Hong Kong. An E/A will be issued only on evidence of a firm contract for the supply of the goods involved and will be valid for a period of three or six months from the date of issue or for a period until the end of the calendar year in which it is issued, whichever period is the shorter.

29. Export licences to ship goods covered by an E/A will be issued by the Trade Department on presentation of the relevant E/A within its validity. An export licence will be valid for twenty-eight days from its date of issue or until the end of the calendar year in which it is issued whichever period is the shorter. The Government of Hong Kong will not issue export licences in respect of exports to Canada subject to these provisions which are not covered by a valid E/A.

30. The Government of Canada will admit imports of the products of Hong Kong origin subject to these provisions where such imports satisfy all normal conditions of entry and are accompanied by a copy of a Hong Kong export licence endorsed and issued by the Trade Department to the effect that quantities covered by the export licence have been debited to the appropriate E/A.

31. The Government of Hong Kong will provide the Government of Canada with half-monthly statistical returns showing the quantities covered by E/A's issued to Hong Kong exporters in respect of the products subject to these provisions.

32. The Government of Hong Kong will notify the Government of Canada immediately upon receipt of any application for E/A's in exceptionally large amounts or unusual concentrations of applications for E/A's in the products concerned. In judging what constitutes exceptionally large or unusual concentrations of applications the Government of Hong Kong will have regard to recent levels of trade. The two Governments acknowledge that the provisions of paragraphs 33 and 34 below apply to such notifications.

33. When, in the opinion of the Government of Canada, conditions in its market are such that a limitation of further imports from Hong Kong in any of the products subject to these provisions is necessary in order to eliminate real risk of market disruption, the Government of Canada may request consultations in accordance with paragraphs 45 and 46 of this MOU.

34. The request for such consultations will be accompanied by a statement of market conditions in Canada which, in the opinion of the Government of Canada make necessary the request for consultations. The statement will include data similar to that contemplated in paragraphs 1 and 2 of Annex A of the MFA.

35. Upon receipt of a request for such consultations, the Government of Hong Kong, as requested by the Government of Canada, will cease or otherwise limit further issuance of E/A's for a period of seven working days in Canada. The Government of Canada may request the Government of Hong Kong to extend the period of seven days mentioned above and may also request the Government of Hong Kong to limit the issuance of E/A's to a level different from that specified in paragraph 37 or 39 below, whichever is applicable. The Government of Hong Kong will consider any such request sympathetically and will respond promptly. Unless agreed otherwise, the Government of Hong Kong will have the right, following the expiry of the period of seven days mentioned above, to resume the issuance of E/A's up to the level specified in paragraph 37 or 39 below, whichever is applicable. E/A's thus issued, as well as E/A's issued prior to receipt of the request for consultations, may be honoured by the issuance of export licences by the Government of Hong Kong.

36. Unless otherwise agreed, consultations will be held in accordance with the procedures set out in paragraphs 45 and 46.

37. Pending the completion of consultations, the Government of Canada may request the Government of Hong Kong to limit, during the calendar year in which the request for consultations is made, the issuance of E/A's for the product or products concerned to a level(s) not less than the highest of:

- (a) the level of trade for the products concerned in the immediately preceding calendar year increased by 15 percent.
- (b) the average of the level of trade for the products concerned in the calendar years since 1985 increased by 15 percent.
- (c) the level of E/A's issued at the time of the receipt of the request from Canada for cessation of the issuance of E/A's in accordance with paragraph 35 above.

The Government of Hong Kong agrees that it will honour such a request.

38. The level of trade by date of export will be used for determining the formulae in paragraph 37 above.

39. Except as provided for in paragraph 41 below, in respect of any product or category where a limit has been established for a single calendar year and where, in the immediately subsequent calendar year the Government of Canada makes another request for consultations under paragraph 33 above, and pending the completion of such consultations, the Government of Canada may request the Government of Hong Kong to limit, during the calendar year in which such further request for consultations is made, the issuance of E/A's for the product or products concerned to a level not less than the higher of:

- (a) the limit established for the immediately preceding year increased by 6 percent;
- (b) the level of E/A's issued at the time of the receipt of the request by the Government of Canada for the cessation of the issuance of E/A's in accordance with paragraph 35 above.

The Government of Hong Kong agrees that it will honour such a request.

40. In the event that consultations do not result in agreement, the Government of Canada will have the right to request the Government of Hong Kong to limit exports of the relevant products during the calendar year in which the request for consultations is made to a level not less than that calculated according to the formulae in paragraphs 37 and 38 above or paragraph 39 above whichever is applicable. The Government of Hong Kong agrees that it will honour such a request.

41. In respect of any product or item for which a limit is established in any one calendar year, either Government may, prior to the start of the immediately following calendar year, elect to convert that limit into a specific limit effective as such, from January 1st of the immediately following year, and that product or item shall remain subject to a specific limit for the duration of this MOU. Where such a conversion is made, the specific limit so created will, from the date of effectiveness, be accorded growth at two and one-half percent. The specific limit so created will, in the year of effectiveness be accorded swing, carry-over/ carry-forward provisions to be agreed upon following consultations. Unless otherwise agreed, such provisions will be in accordance with Annex B of the MFA.

42. Should two requests in respect of the same product or item be made under paragraph 33 hereof during the term of this MOU but in different calendar years, not being consecutive years, the provisions of paragraph 37 will apply to the second of the two requests.

43. The two Governments will consult as early as possible with regard to problems that may arise if the provisions of paragraphs 27 to 42 are invoked near the end of a calendar year, to consider the possibilities of avoiding undue hardship to the trade.

Consultations

44. Consistent with the basic objectives of the MFA and having regard to paragraph 11 of the Conclusions of the Textiles Committee adopted on 31 July 1986, Canada may request consultations to arrive at a mutually acceptable solution to such difficulties. 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.

Implementation and Operation

45. 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.

46. Any consultations held under paragraphs 44 (Consultations) or 45 will be approached by both Governments in a spirit of cooperation and with a desire to reconcile the differences between them.

MFA Rights

47. Each Government reserves its rights under the MFA with respect to textiles 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 textiles and textile products subject to specific limits or E/A's under these arrangements as long as this MOU remains in effect.

Annexes

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

Revisions and Termination

49. 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.

50. 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.

Final Provisions

51. This Memorandum of Understanding will become effective on 1 January 1987 consequent upon an exchange of notes between the two Governments confirming their acceptance of these arrangements.

For the Government of
Hong Kong

For the Government of
Canada

Hong Kong, 17 January 1987

Annex I

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Item No.	Short Description	Status and Restraint Limit (pieces unless otherwise stated)	Growth Rate	Swing	Carry-over/Carry-forward	Combined Flexibility	Convection Factor (M ₂ per unit unless otherwise stated)
<u>Group I : Garments</u>							
1	Winter outerwear MBWGCI	ER 437 683	0.75%	5%	10% (5%)	11%	2.9
2	Trousers, shorts, overalls, coveralls MBWGCI	ER 6 361 244	0.75%	5%	8% (5%)	10%	1.6
3	A) of which trousers MBWG	SL 5 098 906	0.75%	5%	8% (5%)	10%	
	Shirts, tailored collar MB	ER 2 946 430	0.75%	5%	8% (5%)	10%	1.6
4/5	Shirts, blouses, T-shirts, sweatshirts MBWGCI	ER 13 154 616	1.30%	5%	10% (5%)	11%	
	A) of which blouses and shirts WG, and shirts other MB	SL 8 995 440	1.30%	5%	10% (5%)	11%	1.5
6	Sweaters, pullovers, cardigans MBWGCI	ER 8 366 844	0.75%	5%	10% (5%)	11%	
	A) of which MB	SL 1 387 720	0.75%	5%	10% (5%)	11%	1.2

Annex I

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Item No.	Short Description	Status and Restraint Limit (pieces unless otherwise stated)	Growth Rate	Swing	Carry-over/Carry-forward	Combined Flexibility	Conversion Factor (M ² per unit unless otherwise stated)
7	Sleepwear, bathrobes, MBNGCI						
	A) Sleepwear MBNG	ER 369 498	1.50%	5%	10% (5%)	12%	2.8
	B) Bathrobes MBNG	EA -	-	-	-	-	3.3
	C) Sleepwear, bathrobes, GI	EA -	-	-	-	-	1.3
8	Dresses and skirts MGCI	ER 1 801 278	1.30%	5%	10% (5%)	11%	2.7
9	Suits, coordinates, outerwear sets, MBNGCI	ER 1 505 891	1.40%	5%	10% (5%)	11%	2.7
10	Foundation garments MBNG	ER 1 024 121	1.40%	5%	10% (5%)	12%	0.3
11	Underwear MBNGCI	ER 6 041 913	1.50%	5%	10% (5%)	11%	0.6
12	Swimwear MBNGCI	ER 1 069 201	1.50%	5%	10% (5%)	12%	1.3
13	Overcoats, topcoats, rainwear MBNGCI	ER 191 942	0.85%	5%	10% (5%)	12%	3.8

Annex I

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
Item No.	Short Description	Status and Restraint Limit (pieces unless otherwise stated)	Growth Rate	Swing	Carry-over/Carry-forward	Combined Flexibility	Conversion Factor (M ² per unit unless otherwise stated)
14	Jackets, professional and shopcoats NBKCCI	ER 741 924	0.85%	5%	8% (5%)	10%	3.0
15	Fine suits MB	ER 84 562	0.85%	5%	10% (5%)	12%	3.8
<u>Group II : Textiles</u>							
16A	Work gloves (doz.pr.)	ER 1 176 712	6.00%	5%	10% (5%)	12%	2.9 M ² /doz.pr
16C	Bedsheets	ER 416 951	6.00%	5%	10% (5%)	12%	5.2
16E	Cotton terry towels (kg)	ER 201 339	6.00%	5%	10% (5%)	12%	2.6 M ² /kg
17C	Denim fabrics(M ²)	ER 4 772 162	6.00%	5%	10% (5%)	11%	1.0
17D	Cotton, polyester/cotton broadwoven fabrics other than denim and corduroy (M ²)	ER 24 680 608	6.00%	5%	10% (5%)	11%	1.0

Notes :

EA = Export Authorisation
 ER = Export Restraint
 SL = Sub-limit

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. Unless otherwise indicated, products covered by specific 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 more than 85 percent by weight of vegetable fibres other than cotton or more than 70 percent by weight of silk fibres.

Description of Product Categories

Group I
Garments

1. Winter Outerwear Garments (being wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof)

Winter Outerwear Garments (commonly referred to as snowsuits, snowmobile suits, ski-suits, ski-pants, and snow-pants, 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 or more by weight of wool or hair are considered to be woollen 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.

4/5. Blouses and Shirts

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 and Sweatshirts

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-shirts 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.

6. Sweaters, Pullovers and Cardigans

Sweaters, pullovers, cardigans, (including knitted ponchos), being knitted or crocheted garments covering the upper part of the body, of construction coarser 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.

7. 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.

8. Dresses and Skirts

Dresses, women's and girls', children's and infants'. Dresses are one-piece garments extending 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).

9. Suits, Coordinates and Outerwear Sets

Suits and coordinates 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, 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, and crawlers.

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 covered by any other definitions in this Annex. These may include shortssets, beachwear sets and cabana sets.

10. Foundation Garments (being wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof)

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

11. Underwear

Underwear. Included are slips and bloomers.

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

12. Swimwear (being wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof)

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 three) 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.

13. Overcoats, Topcoats and Rainwear (being wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof)

Overcoats and topcoats, being outerwear garments extending to the knee or below excluding rainwear.

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

14. Jackets, Professional and Shopcoats

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.

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

15. Fine Suits (being wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof)

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, a 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.

Group II
Textiles

16A. 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.

Note: Work glove liners or shells wholly of textile fabrics which are wholly or mainly of cotton, man-made fibres or blends thereof, neither impregnated or coated and without any other non-textile components, for incorporation in work gloves, are not included.

16C. Bedsheets, woven, wholly or mainly by weight of cotton, man-made fibres or blends thereof, including flannelette sheets.

16E. Cotton terry towels, washcloths and sets containing 50 per cent or more by weight of cotton. Cotton terry towels, washcloths and sets are of fabrics woven on a terry loom using single or plied cotton (or blends thereof) yarns with loop pile on one or both sides covering the entire surface on either plain or patterned weave, whether greige, bleached, dyed or printed, including tea, hand, beach and bath towels and bath sheets, barmops and towel blanks.

17C. Denim Fabric

17D. Cotton Broadwoven Fabric, are woven fabrics wholly or mainly by weight of cotton fibres.

Polyester/Cotton Broadwoven Fabric, are fabrics made from blends of cotton and polyester fibres, where polyester fibres in combination with cotton fibres represent 30 per cent or more by weight.

Note: This item excludes denim and corduroy.

Agreed Minute

Arising out of bilateral textile talks ending with the bilateral textile arrangement initialled on 17 January 1987 (the arrangement), we record our joint understanding in relation to the planned adoption of the Harmonized System by the Government of Canada, namely:

- (a) the adoption of this System by the Government of Canada may make it desirable to introduce some changes in the Canadian category system for textiles and textile products;
- (b) if such changes are likely to arise and affect trade under the arrangement, Canada and Hong Kong will consult with the objective of reaching a mutually satisfactory resolution;
- (c) it is recognized that any changes must preserve the access rights provided to Hong Kong in the bilateral textile arrangement.

Howard R Wilson
Director General
Special Trade Relations Bureau
Department of External Affairs

Hamish Macleod
Director of Trade
Trade Department

Hong Kong
January 17, 1987

Mr. Hamish Macleod
Director of Trade
Trade Department
Hong Kong

Dear Mr. Macleod,

I have the honour to refer to the Memorandum of Understanding between the Government of Canada and the Government of Hong Kong relating to the export from Hong Kong of certain textiles and textile products for import into Canada, which we initialled in Hong Kong on January 17, 1987 to become effective on an exchange of notes between our two Governments.

In the context of the provision in this Memorandum of Understanding for restraint by the Government of Hong Kong of its exports to Canada of certain textile products, you will wish to take note of the fact that Canada currently has in place General Import Permits which allow the importation of textile and clothing shipments under certain conditions, and in limited quantities and values, without the requirement for an individual import permit to be issued by the Government of Canada.

General Import Permit No. 4 (the Textiles Permit) provides such treatment for certain textiles and textile products where these are imported by a resident of Canada for his personal use or as gifts and where the value for duty does not exceed \$500 Canadian for each importation, as well as for bona fide commercial samples not for sale in Canada and having a value for duty not exceeding \$500 Canadian for each importation.

General Import Permit No. 10 (the Clothing Permit) provides such treatment for importations of clothing products where the value for duty does not exceed \$500 Canadian. It also provides such treatment for importations limited in quantity to twelve units of clothing or less.

It is not the practice of the Government of Canada to count against restraint levels imports which enter Canada under these General Import Permits. However, you should also be aware that Canadian authorities monitor the use of these permits to ensure that their intent is not circumvented through activities such as overly frequent usage involving shipments from a particular exporter to a particular importer. Canadian authorities would deny the use of General Import Permits on particular shipments which might otherwise appear to qualify for entry under these provisions.

Yours sincerely,

Howard R. Wilson
Director General
Special Trade Relations Bureau
Department of External Affairs
Government of Canada