

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1445*

13 February 1989

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral agreement between Canada and Czechoslovakia

The Textiles Surveillance Body received a notification from Canada of a bilateral agreement concluded with Czechoslovakia 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 forwarding the text³ of the notification to participating countries for their information.

¹The previous bilateral agreement between the parties is contained in COM.TEX/SB/856.

²See COM.TEX/SB/35, Annex B

³For the TSB's observations on this notification, see COM.TEX/SB/1450.

* English only/Anglais seulement/Inglés solamente

Arrangement between the Government of the Czechoslovak Socialist Republic and the Government of Canada relating to the export from the Czechoslovak Socialist Republic of certain textiles and textile products for import into Canada.

Introduction

1. This Arrangement sets out the arrangements that have been agreed between the Governments of the Czechoslovak Socialist Republic and of Canada regarding the export of certain textile products from Czechoslovakia for import into Canada.

2. These arrangements have been made in compliance with the Arrangement Regarding International Trade in Textiles and to the Protocol extending the said Arrangement (hereinafter referred to as "the MFA") and in particular to Article 4 thereof.

Restraint periods

3. These arrangements will apply for the periods commencing on January 1, 1987 and ending on December 31, 1991; of which the first restraint period will commence on January 1, 1987 and end on December 31, 1987 and the four (4) subsequent restraint periods will be for the calendar years 1988, 1989, 1990 and 1991.

Restraint levels

4. Except as provided for in paragraphs 13 to 16 below, the Government of the Czechoslovak Socialist Republic will restrain its exports to Canada of the textile products described in Annex I for the first period as defined in paragraph 3 to the limits specified in column (C) therein.

5. Except as provided for in paragraphs 13 to 16 below, for the four calendar year periods commencing January 1, 1988 and ending on December 31, 1991, the Government of the Czechoslovak Socialist Republic will restrain its exports to Canada of the textile products described in Annex I to the limits specified in column (C) 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 the Czechoslovak Socialist Republic.

8. The Government of Canada will admit imports of the textiles and textile products which are described in Annex II and are subject to

a specific quantitative limit in Annex I, provided such imports are covered by an original copy of a Czechoslovak "Export Licence" certified and issued by the proper authority, including a statement to the effect that the imports covered by the licence have been debited to the applicable quantitative limit (restraint) as set out in Annex I.

9. For the purpose of implementing these arrangements, the date of export from the Czechoslovak Socialist Republic will be used to determine within which restraint period any textiles or textile products will be counted.

10. The export licences issued by the Government of the Czechoslovak Socialist Republic in respect of products covered by Annex I 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 Agreement,
7. Quantity expressed in the units as designated in Annex I of the Agreement,
8. F.O.B. or C.I.F. value except for non-commercial consignments,
9. Certification by the proper authority (paragraph 8),
10. Restraint Period (year).

11. In the event any quantity covered by an export licence is not shipped, or any part of it is returned, regardless of the reason, the Government of the Czechoslovak Socialist Republic will notify the Government of Canada of such quantities which may be credited by the Government of the Czechoslovak Socialist Republic to the appropriate restraint level.

12. The Government of the Czechoslovak Socialist Republic will endeavour to ensure that exports of all textiles and textile products which are subject to restraint levels in 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.

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, through application of the conversion factors shown in column (H), is deducted from any other restraint level in the same group. When any restraint level is exceeded by the application of swing, the Government of the Czechoslovak Socialist Republic will so indicate in subsequent monthly statistical reports.

Carry-Over/Carry-Forward

14. Following notification to the Canadian authorities of the quantities involved, portions of any quantitative limit set out in Annex I which are not used during a restraint period may be carried over and added to the corresponding quantitative limit for the following restraint period. The restraint level for the latter restraint period will be increased within the higher percentage limit set out in column (F) of Annex I.

15. Following notification to the Canadian authorities of the quantities involved, 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.

16. No carry-over shall be available for application in the first restraint period. No carry-forward shall be available for application in the final restraint period.

17. 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.

18. Further to paragraphs 13 to 17 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

19. Both Governments will exchange such other statistical data relating to the exports of textiles and textile products not subject to these arrangements as may reasonably be required.

20. The Government of the Czechoslovak Socialist Republic will provide the Government of Canada with quarterly 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 quarterly statistics mentioned in paragraph 20, the Government of the Czechoslovak Socialist Republic 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. Indication of any utilization of swing, carry-over or carry-forward provisions and the quantities involved as provided for in paragraphs 13 to 18 above.

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

22. The Government of Canada will provide the Government of the Czechoslovak Socialist Republic with monthly statistics relating to import permits issued for imports originating in Czechoslovakia of the textiles and textile products listed in Annex I.

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 this Arrangement, 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 26 with a view to implementing appropriate remedial measures.

Re-Exports

25. The Government of Canada will, so far as possible, inform the Government of the Czechoslovak Socialist Republic when imports into Canada of textiles and textile products subject to restraint under Annex I are subsequently re-exported from Canada. Where such re-exports have been debited by the Government of the Czechoslovak Socialist Republic to quantitative limits, the Government of the Czechoslovak Socialist Republic may then credit the amount involved to the appropriate quantitative limits.

Consultations

26. 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.

27. 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.

MFA Rights

28. Each Government reserves its rights under the MFA with respect to textiles and textile products not subject to specific quantitative limits in this Arrangement.

Revisions and Termination

29. Either Government may at any time propose revisions to the terms of this Arrangement having regard to the MFA and to the Protocol extending it.

30. Either Government may terminate this Arrangement 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 Arrangement will be considered an integral part of it.

Transitional Arrangements

32. Any difficulties which may arise as a consequence of the transition to this Arrangement will be brought immediately to the attention of the one Government by the other Government and efforts will be made by both Governments, through consultations or other means, to resolve such difficulties to their mutual satisfaction.

Final Provisions

33. This Arrangement will become effective on January 1, 1987 subsequent to an exchange of notes between the two Governments confirming their acceptance of these arrangements.

OTTAWA, Canada, the 28th day of August, 1986.

For the Government of
Canada

For the Government of the
Czechoslovak Socialist
Republic

ANNEX I - RESTRAINT LEVELS

| (A) CATE- GORY NO. | (B) SHORT DESCRIPTION | (C) RESTRAINT LEVEL | (D) GROWTH | (E) SWING | (F) CARRY-OVER/ CARRY-FORWARD | (G) COMBINED FLEXIBILITY (E) & (F) | (H) CONVERSION FACTOR (M2/UNIT) |
|-----------------------------------|---|---------------------------|---------------|--------------|-------------------------------------|---|--|
| <u>GROUP A (CLOTHING) (units)</u> | | | | | | | |
| 1. | Trousers, shorts, overalls and coveralls, MBWGCI of which: | 250,000 | 48 | 58 | 108(58) | 118 | 1.4 |
| 1A. | wool pants up to (125,000) | | | | | | |
| 2. | Fine suits MB | 47,000 | 48 | 58 | 108(58) | 118 | 3.6 |
| <u>GROUP B (TEXTILES) (kg)</u> | | | | | | | |
| 3. | Worsted fabrics | 174,453 | 38 | 58 | 108(58) | 118 | 3.8 |
| 4. | Cotton terry towels wash cloths and sets | 208,309 | 48 | 58 | 108(58) | 118 | 2.8 |

Note: No swing between products in Group A and products in Group B.

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 childrens' 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 are those which are wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof. Wholly or mainly means 50 percent or more.

Description of Product Categories

Clothing

1. 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 woolen garments (Category 1A).

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.

2. 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

3. Worsted Fabrics, are woven fabrics having 17% or more by weight of wool in which at least the warp is made from worsted spun yarn.

4. 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.