

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1846*
22 July 1993

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Extension and modification of the bilateral agreement between Canada and Uruguay

The Textiles Surveillance Body received a notification from Canada of an extension and modification of its agreement with Uruguay for the period 1 January 1993 to 31 December 1993, with provision for a possible twelve-month extension.¹

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

¹The agreement and a previous extension are contained in COM.TEX/SB/1308 and 1758.

²See COM.TEX/SB/35, Annex B.

*English and Spanish only/Anglais et espagnol seulement/Inglés y español solamente

DIPLOMATIC NOTE FROM THE CANADIAN EMBASSY, BUENOS AIRES
15 OCTOBER 1992

(Unofficial Translation)

"... and has the honour to refer to the Memorandum of Understanding between the Government of Canada and the Government of Uruguay relating to the export from Uruguay of certain textiles and textile products for import into Canada (the MOU).

In light of the continued delay in the completion of the Multilateral Trade Negotiations, it is clear that the MTN results on textiles and clothing will not be implemented on 1 January 1993, as was expected last year when the MOU was extended until 31 December 1992. To date, the Textiles Committee of the GATT has not taken a decision of the Arrangement Regarding International Trade in Textiles (MFA) beyond its expiry date of 31 December 1992. It is likely that a decision in this respect will not be made until much later in 1992.

Under these circumstances, there is already considerable uncertainty among producers, exporters and importers in Canada and in Uruguay with respect to the rules which will govern our bilateral trade in clothing in 1993. Orders have already been placed for delivery in 1993. Manufacturers in Canada and in Uruguay will soon have to purchase products to meet their 1993 delivery commitments. Canadian importers also have committed themselves to meet increasingly stringent deadlines for delivery to their Canadian customers. In the absence of the extension of the MOU, the Canadian authorities are not in a position at this time to counsel Canadian importers on whether the current import régime would continue into 1993.

Canada authorities remain committed to maintaining an effective import control policy for the textile and clothing industries in order to moderate growth in low-cost imports and to provide the Canadian industry with a climate that is conducive to an orderly adjustment process. The current bilateral textile agreement between Uruguay and Canada has served to ensure secure terms of access for the exports of worsted fabrics from Uruguay.

The Canadian authorities propose that the MOU be extended until 31 December 1993, or if the authorities of Uruguay are agreeable, to 31 December 1994. This extension would apply to all terms and conditions of the MOU, including growth rate and flexibility provisions. It would also be without prejudice to any changes that may be required as a result of a successful conclusion of the Uruguay Round. Therefore, in the event that the MTN results are implemented in 1994, the second year of this extension would be superseded by the restraint structure contained in the MTN agreement.

If the Uruguayan authorities are in agreement with the proposed extension of the MOU, the Canadian authorities propose further that the attached documents entitled "Annex I - Restraint Levels - Uruguay - Groups II", and "Annex II - Textiles Categories - Uruguay - Group II" which represent the conversion of the structure of restraints on imports of textiles into Canada from Uruguay to one based on the Harmonized System, replace Annexes I and II of the MOU, effective 1 January 1993.

The Canadian authorities would appreciate an early response to these proposals, preferable by the end of the current month of October. In the event that the Uruguayan Authorities are in agreement with these proposals, the Canadian authorities would propose that this Note, along with the reply from the Uruguayan Authorities, constitute an agreement extending from the MOU based on the date on which we mutually agree..."

Buenos Aires, 15 October 1992

ANNEX I - RESTRAINT LEVELSURUGUAYGROUP II

(A) Agreement Item No.	(B) Product Coverage		(C) 1993 Restraint Level (KGM)	(D) Growth	(E) Swing	(F) Carryover/ Carry Forward	(G) Combined Flexibility (E) & (F)	(H) Conversion Factor (m ² /unit)
	Category	Short Description						
31a	31.1	Combed wool fabrics	273,142	6%	N/A	10% (5%)	N/A	N/A

ANNEX II - TEXTILE CATEGORIES

URUGUAY

GROUP II

Short Description	Category	Sub Category	Long Description	Units
- Combed wool fabric		31.1	- Woven fabrics of combed wool or fine animal hair; other woven fabrics mixed mainly or solely with combed wool or fine animal hair; gauze of combed wool; and similar fabrics, impregnated, coated, covered or laminated.	KGM

MINISTRY OF FOREIGN AFFAIRS

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SGD8/E

The Ministry of Foreign Affairs presents its compliments to the Embassy of Canada and has the honour to refer to its Note Verbale No. 149/92 of 15 October 1992 concerning the expiry of the Memorandum of Understanding (MOU) governing trade in textile products between the two countries until 31 December of this year. In that Note Verbale, the authorities of Canada confirmed their interest in extending the above Agreement.

In view of the fact that the Uruguay Round negotiations have not been completed, the Government of the Eastern Republic of Uruguay agrees to the Canadian proposal to extend the validity of the above Memorandum for a one-year period from 1 January 1993 until 31 December 1993.

If the results of the Uruguay Round concerning a transitional agreement for the integration of the textiles sector into GATT have not entered into force on 1 January 1994, the Government of the Eastern Republic of Uruguay in that eventuality accepts the proposal made in the same Note for a further extension of the MOU for the period 1 January 1994 to 31 December 1994.

The Uruguayan authorities also agree to the Canadian proposal to replace, as of 1 January 1993, Annexes I and II of the MOU by the documents Annex I - Restraint levels - Uruguay Group II, and Annex II - Textile Categories - Uruguay - Group II attached to its Note 149/92, which represent the conversion into the Harmonized System of the structure of the restraints on textile imports into Canada from Uruguay.

Accordingly, that Note Verbale dated 15 October 1992 and this Note constitute an agreement between our two Governments.

The Ministry of Foreign Affairs takes this opportunity to renew to the Embassy of Canada the assurances of its highest consideration.

Montevideo, 3 December 1992

To the Embassy of Canada
Buenos Aires