

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1847*
22 July 1993

Special Distribution

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification transmitted under Article 4

Agreement between Canada and the Czech Republic

The Textiles Surveillance Body received a notification from Canada of an agreement with the Czech Republic converting the relevant restraint levels of the pre-existing Canada/Czech and Slovak Federal Republic agreement to apply to the Czech Republic for the period 1 January 1993 to 31 December 1993.¹

The notification had been made under Articles 7 and 8 before the Czech Republic had accepted the 1992 Protocol extending the Arrangement. The TSB has reviewed the documentation in² accordance with its procedures for agreements concluded under Article 4,² and is forwarding the text of the notification to participating countries for their information.

¹The Canada/Czech and Slovak Federal Republic agreement and extension are contained in COM.TEX/SB/1445 and 1759.

²See COM.TEX/SB/35, Annex B.

*English only/Anglais seulement/Inglés solamente
93-1197

Department of External Affairs, Canada

No. KPT1590

The Department of External Affairs presents its compliments to the Embassy of the Czech and Slovak Federal Republic and has the honour to refer to the Memorandum of Understanding between the Government of Canada and the Government of the Czech and Slovak Federal Republic relating to the export from Czechoslovakia of certain textiles and textile products for import into Canada (MOU).

In light of the continued delay in the completion of the Uruguay Round of 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 on the extension 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 Czechoslovakia 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 Czechoslovakia 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.

Canadian authorities remain committed to maintaining an effective import control policy for the textile and clothing industries in order to ensure a 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 Czechoslovakia and Canada has served to ensure secure terms of access for exports of textile products from Czechoslovakia.

The Canadian authorities propose that the MOU be extended until 31 December 1993, or if the Czech and Slovak authorities 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 to be implemented 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 authorities of the Czech and Slovak Republic are in agreement with the proposed extension of the MOU, the Canadian authorities propose further that the attached documents, which represent the conversion of the structure of restraints on imports of clothing into Canada from Czechoslovakia to one based on the Harmonized System, replace the Annexes I and II appended to the MOU, effective 1 January 1993.

The Canadian authorities would appreciate an early response to these proposals. In the event that the Czech and Slovak authorities are in agreement with these proposals, the Canadian authorities would propose that this note, along with the reply from the Czech and Slovak authorities, constitute an agreement extending the MOU based on the HS until the date on which we mutually agree.

The Department of External Affairs avails itself of this opportunity to renew to the Embassy of the Czech and Slovak Federal Republic the assurances of its highest consideration.

Ottawa, 8 October 1992

ANNEX I - RESTRAINT LEVELSCZECHOSLOVAKIAGROUP I

(A) Agreement Item No.	(B) Product Coverage		(C) 1993 Restraint Level (NMB)	(D) Growth	(E) Swing	(F) Carryover/ Carry Forward	(G) Combined Flexibility (E) & (F)	(H) Conversion Factor (m ² /unit)
a (Note 1)	3.1	Suits, MB;	69,870	4%	7%	10% (5%)	15%	3.6
	3.3	Jackets & blazers, MB						
	5.0	Trousers, overalls & shorts	328,614	6%	7%	10% (5%)	15%	1.4

Note 1: HS codes for C are excluded for categories 3.1 & 3.3.

ANNEX I - RESTRAINT LEVELS

CZECHOSLOVAKIA

GROUP 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 fabric	208,306	3%	7%	10% (5%)	15%	3.8
42a	42.1	Toilet & kitchen linen, cotton terry, woven	273,813	6%	7%	10% (5%)	15%	2.8

Note: No swing between products in Group I and products in Group II.

Letter from the Czech and Slovak Federal Republic

No. 150/92

The Embassy of the Czech and Slovak Federal Republic presents its compliments to the Department of External Affairs and International Trade and has the honour to refer to the Department's Note No. KPT-1590 dated 8 October 1992, regarding the proposed extension of the Memorandum of Understanding between the Government of the Czech and Slovak Federal Republic and the Government of Canada relating to the export from the CSFR of certain textiles and textile products for import into Canada /MOU/.

The Embassy has the honour to inform that the Czech and Slovak authorities are agreeable to the proposal that the MOU would apply to all terms and conditions of the MOU.

The Czech and Slovak authorities further agree that the attached documents, which represent the conversion of the structure of restraints on imports of clothing into Canada from the CSFR to one based on the Harmonized System, replace the Annexes I and II appended to the MOU, effective 1 January 1993.

Being in agreement with the proposals of the Canadian authorities, the Czech and Slovak authorities understand that the Department's Note No. KPT-1590 and this reply constitute an agreement extending the MOU based on the HS until 31 December 1993.

The Embassy of the Czech and Slovak Federal Republic avails itself of this opportunity to renew to the Department of External Affairs and International Trade of Canada the assurances of its highest consideration.

Ottawa, 9 December 1992

Department of External Affairs
and International Trade
Ottawa

Trade Commission of the Czech Republic

6 January 1993

Mr. Jean Saint-Jacques
Director
Imports Control 1 Division
(Textiles and Clothing)
Export and Import Permit Bureau

Dear Mr. Saint-Jacques

With reference to the Arrangement relating to the export from Czechoslovakia of certain textiles and textile products into Canada and the exchange of Notes leading to its extension for the period of 1993, I wish to inform about the following measures made with the aim to ensure the implementation of the Arrangement:

1. On 14 December 1992 the Authorities of the former Czech and Slovak Federal Republic and its succession states - the Czech Republic and the Slovak Republic agreed on the division of restraint levels between the two Republics, respecting the total volumes and structures of the original restraint levels for Czechoslovakia, as stipulated in the extension for 1993. The division has been agreed as follows:

Agreement Item No.	Unit	Original 1993 Restraint Level for CSFR	Division of Restraint Levels	
			Czech Republic (%)	Slovak Republic (%)
5 (1)	Pce	328,614	131,446 (40%)	197,168 (60%)
3a (2)	Pce	69,870	1,397 (2%)	68,473 (98%)
31a (3)	Kgm	208,306	124,984 (60%)	83,322 (40%)
42a (4)	Kgm	273,813	268,337 (98%)	5,476 (2%)

2. In the Czech Republic, the body authorized to issue respective export licenses is:

Ministry of Industry and Trade,
Division of Trade
Licence Department
Politických veznu 20
11249 Prague 1
Czech Republic
(Director of Licence Dept: Mr. Andrzej Budzanowski)

3. The export licences will be signed by authorized persons and stamped by the official seal of the Czech Ministry of Industry and Trade as shown in the enclosure. (The original list of signature and stamp samples will be presented as soon as obtained by mail.)
Export licences issued by the above Ministry will be marked:
CE/481/3 digit number.

NB. (According to the information obtained from the Czech Ministry of Industry and Trade, the respective Slovak authority for export licensing is: Ministry of Economy of the Slovak Republic, Spitalska 8, 833 36 Bratislava, Slovak Republic - Director of Licence Dept.: Mr. Ladislav Sandtner. The export licences issued by the Slovak Ministry will be marked: SK/481/3 digit number. I understand that the Slovak side will present the sample list of authorized signatures and official seal in the near future.)

Yours sincerely,

Dr. Miroslav Okrouhly
Consul & Trade Commissioner
of the Czech Republic

Enclosure

External Affairs and International Trade Canada

Import Controls I
Division
Export and Import Permit
P.O. Box 481
Station "A"
Ottawa, Ontario
K1N 9K6

18 February 1993

KPT-198

Dr. Miroslav Okrouhly
Consul & Trade Commissioner
of the Czech Republic
Trade Commission of the Czech Republic
1280 St-Marc, Suite 202
Montreal, Quebec
H3H 2G1

Dear Dr. Okrouhly,

The Department of External Affairs refers to your letter of
6 January 1993 which reads as follows:

"With reference to the "Memorandum of Understanding" relating to
the export from Czechoslovakia of certain textiles and textile
products into Canada and the exchange of Notes leading to its
extension for the period of 1993, I wish to inform about the
following measures made with the aim to ensure the implementation of
the Arrangement:

On 14 December 1992 the Authorities of the former Czech and
Slovak Federal Republic and its succession states - the Czech
Republic and the Slovak Republic agreed on the division of restraint
levels between the two Republics, respecting the total volumes and

structures of the original restraint levels for Czechoslovakia, as stipulated in the extension for 1993. The division has been agreed as follows:

Agreement Item No.	Unit	Original 1993 Restraint Level for CSFR	Division of Restraint Levels			
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5 (1)	Pce	328,614	131,446	(40%)	197,168	(60%)
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31a (3)	Kgm	208,306	124,984	(60%)	83,322	(40%)
42a (4)	Kgm	273,813	268,337	(98%)	5,476	(2%)

In the Czech Republic, the body authorized to issue respective export licenses is Ministry of Industry and Trade, Division of Trade, Licence Department, Politických veznu 20, 11249 Prague 1, Czech Republic (Director of Licence Dept. Mr. Andrzej Budzanowski)

The export licences will be signed by authorized persons and stamped by the official seal of the Czech Ministry of Industry and Trade as shown in the enclosure. Export licences issued by the said Ministry will be marked CE/481/3 digit number."

The Department has received a similar communication from the Embassy of the Slovak Republic.

The Department of External Affairs is pleased to confirm to the Trade Commission of the Czech Republic, its agreement with the measures, including the division of restraint levels, described in your letter of 6 January 1993 for the implementation of the "Memorandum of Understanding between the Government of the Czech and Slovak Federal Republic and the Government of Canada relating to the export from the CSFR of certain textiles and textile products for import into Canada" MOU and the exchange of notes leading to the extension of the MOU for the period of 1993.

Yours sincerely,

Jean Saint-Jacques
Director
Import Controls Division I
Textiles and Clothing