

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

**RESTRICTED**  
**COM.TEX/SB/1938\***  
31 August 1994  
Special Distribution

(94-1738)

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**Textiles Surveillance Body**

Original: English

**ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES**

**Notification under Article 4**

**Extension and modification of the bilateral agreement between  
Canada and Hong Kong**

The Textiles Surveillance Body received a notification from Canada of an extension and modification of its agreement with Hong Kong, for the period 1 January 1994 to 31 December 1995.<sup>1</sup>

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

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<sup>1</sup>The bilateral agreement, a previous extension and amendment are contained in COM.TEX/SB/1409, 1732 and 1843.

<sup>2</sup>See COM.TEX/SB/35, Annex B.

\*English only/Anglais seulement/Inglés solamente

Canada-Hong Kong Textiles and Clothing ConsultationsAgreed Record of Discussions

Representatives of the Government of Canada and the Government of Hong Kong met on 25 October 1993, in Hong Kong, to discuss the modification and extension of 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 into Canada (the MOU), 1987-1991, as extended to 31 December 1993.

2. During the consultations, both sides agreed *ad referendum* to the following:

- (a) The MOU will be extended for a period of two years until 31 December 1995.
- (b) The extension will apply to all the terms and conditions contained in the MOU including growth rates, carryover/carry forward and flexibility provisions except otherwise provided herein.
- (c) Carryover and carry forward provisions would also apply to 1993 and 1994.
- (d) The restraint limit of Item 42a will be removed effective from 1 January 1994.
- (e) Should Item 42a (or products presently covered under this Item) become subject to restraint at some future date, the restraint level for this Item would be established in conformity with provisions of the MFA or successor arrangements.
- (f) Effective from 1 January 1994, the following items will be accorded swing at the percentages as shown below:

Swing

Item 7/8, and sub-limits 7/8a & 7/8b	7%
Item 9	7%
Item 11, and sub-limit 11a	7%

- (g) Effective from 1 January 1994, the following items will be accorded carryover/carry forward at the percentage as shown below:

Carryover/Carry forward

Item 5, and sub-limit 5a	10% (5%)
Item 6	10% (5%)

- (h) Effective from 1 January 1994, the percentage limiting the combined use of swing, carryover and carry forward will be removed for all items set out in Annex I of the MOU.

3. The extension of the MOU will be without prejudice to any changes that may be required to be implemented as a result of the successful conclusion of the Uruguay Round or as a result of the extension of the Arrangement Regarding International Trade in Textiles, as extended by the Protocol dated 9 December 1992 (the MFA). The two governments will consult each other on any change necessary to the terms of the extended MOU in order to take into account any successor to the MFA.
4. The two governments will consult upon request of either Party on the implementation of the transition arrangement upon the conclusion of the Uruguay Round.

(signed)  
For the Government of Canada

(signed)  
For the Government of Hong Kong

Mr. D. E. Hobson  
Leader of the Canadian Delegation

Mr. Peter S. T. Pang  
Leader of the Hong Kong Delegation

Hong Kong 25 October 1993

**Commission for Canada**

Note XBTD1111

1 June 1994

The Commission for Canada presents its compliments to the Trade Department of the Hong Kong Government and has the honour to refer to the Arrangement Regarding International Trade in Textiles, maintained in force by the Protocol done at Geneva on December 1993 (the MFA), 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, as extended by the exchange of Diplomatic Note of 25 September 1991 (the MOU) and amended by the exchange of Diplomatic Note of 24 December 1992. The Commission also refers to the Agreed Record of Discussions signed in Hong Kong on 25 October 1993 (the Agreed Record).

The Canadian Authorities confirm that the reversion arrangement provided for 1993 specified in paragraph 13(c) of the MOU, as set out in paragraph 2.V of the Agreed Record of Discussions ratified by the Diplomatic Note of 24 December 1992 will continue to apply in 1994.

The Canadian Authorities propose that this Note, together with the reply from the Trade Department of Hong Kong confirming their acceptance of the extension and amendment to the MOU as set out in the Agreed Record of Discussions of 25 October 1993, and as clarified by this Note, shall constitute an extension and amendment to the MOU which shall take effect from 1 January 1994.

The Commission for Canada avails itself of this opportunity to renew to the Trade Department of the Government of Hong Kong the assurances of its highest consideration.

Ref: CR EIC 191/5/16

The Trade Department of Hong Kong presents its compliments to the Commission for Canada and has the honour to refer to the Arrangement Regarding International Trade in Textiles, maintained in force by the Protocol done at Geneva on 9 December 1993 (the MFA), the Memorandum of Understanding between the Government of Hong Kong and the Government of Canada relating to the export from Hong Kong of certain textiles and textile products for import into Canada, as extended by the exchange of Diplomatic Note of 25 September 1991 (the MOU) and amended by the exchange of Diplomatic Note of 24 December 1992. The Trade Department further refers to the agreed Record of Discussions signed in Hong Kong on 25 October 1993 (the Agreed Record).

2. The Trade Department has the honour to confirm that the extension and amendment to the MOU proposed by the Government of Canada as set out in the Agreed Record and clarified by the Commission's note XBTD1111 of 1 June 1994 is acceptable to the Government of Hong Kong, and that the Commission's note together with this reply constitute an extension and amendment to the MOU effective from 1 January 1994.

3. The Trade Department avails itself of this opportunity to renew to the Commission for Canada the assurances of its highest consideration.