

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED
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31 August 1994
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Textiles Surveillance Body

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

**Extension of the bilateral agreement between
Canada and Macau**

The Textiles Surveillance Body received a notification from Canada of an extension of its agreement with Macau for the period 1 January 1994 to 31 December 1995.¹

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 bilateral agreement and previous extensions are contained in COM.TEX/SB/1343, 1734 and 1875.

²See COM.TEX/SB/35, Annex B.

*English only/Anglais seulement/Inglés solamente

Commission for Canada
Commercial Division
13/F., One Exchange Square
8 Connaught Place
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Note XBTD2010

13 July 1993

The Commission for Canada presents its compliments to the Economic Services Department of the Government of Macau and has the honour to refer to the Memorandum of Understanding between the Government of Canada and the Government of Macau relating to the export from Macau of certain textiles and textiles products for import into Canada (the 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 regrettably not be implemented on 1 January 1994, as was expected in 1992 when the MOU was extended for a year until 31 December 1993. 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 1993. It is likely that a decision in this respect will not be made until much later in 1993.

Under these circumstances, Canadian authorities wish to avoid uncertainties among producers, exporters and importers in Canada and in Macau with respect to the rules which will govern our bilateral trade in textiles and clothing in 1994. Orders have already been placed for delivery in 1994. Manufacturers in Canada and in Macau will soon have to produce the items necessary to meet their 1994 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, Canadian authorities are not in a position at this time to counsel Canadian importers on whether the current import régime would continue into 1994.

Canadian authorities remain committed to maintaining an effective import control policy for the textiles 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 Macau and Canada has served to ensure secure terms of access for textiles and clothing exports from Macau.

The Canadian authorities propose that the MOU be extended until 31 December 1994 or if the authorities of Macau are agreeable, to 31 December 1995. 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 the successful conclusion of the Uruguay Round or as the result of the extension of the MFA. In the event that the MTN results are implemented in 1995, the second year of this extension where applicable, would be superseded by the restraint structure contained in the MTN agreement.

If the authorities of Macau are in agreement with the proposed extension of the MOU, the Canadian authorities propose further that this note, along with the reply from the authorities of Macau, constitute an agreement extending the MOU until the date on which we mutually agree.

The Commission for Canada avails itself of this opportunity to the Economic Services Department of the Government of Macau the assurances of its highest consideration.

Hong Kong
9 July 1993

Trade Commissioner
Commission for Canada
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Macau, November 1993

The Economic Services of Macau presents its compliments to the Commission for Canada and has the honour to refer to the Memorandum of Understanding between the Government of Macau and the Government of Canada relating to the export from Macau of certain textiles and textiles products for import into Canada (MOU).

The Government of Macau is in agreement with the proposal of the Government of Canada relating to the extension of the MOU until 31 December 1994 and other terms referred in Note XBTD 2010, of 9 July 1993, of the Commission for Canada.

Concerning the next consultation, the Government of Macau would also like to inform the Commissioner for Canada, that it will be available to meet with the Canadian Delegation, in the next year.

The Economic Services of Macau avails itself of this opportunity to the Commission for Canada the assurances of its highest consideration.

(signed)
António Leça da Veiga Pas
Acting Director