

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED
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1 September 1994
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Textiles Surveillance Body

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Articles 7 and 8

**Extension of the agreement between
Canada and South Africa**

The Textiles Surveillance Body received a notification from Canada of an extension of its agreement with South Africa for the period 1 January to 31 December 1994.¹

This notification has been made pursuant to a request made by the Textiles Committee that agreements concluded with non-participants be notified.

The TSB 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/1571, 1766 and 1854.

*English only/Anglais seulement/Inglés solamente

Canadian Embassy

3 August 1993

NOTE NO. 094

The Canadian Embassy presents its compliments to the Department of Foreign Affairs and has the honour to refer to the Memorandum of Understanding between the Government of Canada and the Government of the Republic of South Africa relating to the export from South Africa of certain textiles and textile products for import into Canada (The MOU).

In light of the continued delay in the completion of the Uruguay Round of Multilateral Trade Negotiations (MTN), it is clear that the MTN results on textiles and clothing will regrettably not be implemented on 1 January 1994, as was hoped for earlier this year when Canadian authorities signed the present amended MOU which transferred administration to South African authorities in addition to adding various administrative and restraint level flexibility provisions.

Under these circumstances, Canadian authorities wish to avoid uncertainties among producers, exporters and importers in Canada and in South Africa 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 South Africa 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 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 South Africa and Canada has served to ensure secure terms of access for textiles and clothing exports from South Africa.

The Canadian authorities propose that the MOU be extended until 31 December 1994 or if the authorities of South Africa 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. 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 South Africa 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 South Africa, constitute an agreement extending the MOU until the date on which we mutually agree.

The Canadian Embassy avails itself of this opportunity to renew to the Department of Foreign Affairs the assurances of its highest consideration.

PRETORIA, 29 June 1993

480/3/28

The Department of Foreign Affairs presents its compliments to the Embassy of Canada and has the honour to refer to the Embassy's Note No. 094 dated 29 June 1993. The matter was referred to the Department of Trade and Industry, who have replied as follows:

"The Canadian authorities' proposal for an extension of the Memorandum of Understanding between the Government of the Republic of South Africa and the Government of Canada relating to the export from South Africa of certain textiles and textile products for import into Canada (the MOU), has been considered by the Department of Trade and Industry. The Department has also consulted the South African textile and clothing industries on this matter.

The Department of Trade and Industry is in agreement with the Canadian authorities' viewpoint that it is desirable to avoid uncertainties among South African producers and exporters of textiles and textile products, as well as among the Canadian importers of those products. However, the Department would respectfully wish to draw attention to the fact that it is mainly on account of the restrictions as embodied in the MOU on South Africa's exports of those products to Canada, that these uncertainties have arisen.

In view thereof, and also having regard to the recent normalisation of trade relations between the two countries, it was hoped that the Canadian authorities by now would have been seen their way clear to end these quantitative restrictions on the trade between South Africa and Canada. From the Embassy's Note Verbale it would appear, however, that the Canadian authorities, regrettably, still have no intention to terminate the MOU.

In the circumstances, the Department of Trade and Industry has no alternative but to agree to the proposed further extension of the MOU. However, in view of the fact that the conclusion of the Uruguay Round of Multilateral Trade Negotiations is still being awaited, the Department at this stage can only agree to an extension of the MOU until 31 December 1994. The position should then be reviewed in the light of progress with the conclusion of the Uruguay Round. As proposed by you, this Note Verbale together with your Note Verbale No. 094 dated 29 June 1993, would constitute an agreement extending the MOU until 31 December 1994."

The Department of Foreign Affairs avails itself of this opportunity to renew to the Canadian Embassy the assurance of its highest consideration

PRETORIA
27 October 1993