

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED
COM.TEX/SB/1988*
31 December 1994
Special Distribution

(94-2903)

Textiles Surveillance Body

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

**Extension with modifications of the Agreement
between Canada and Malaysia**

The Textiles Surveillance Body received a notification from Canada of an extension with modifications of its agreement with Malaysia, for the period 14 November 1994 to 31 December 1997.¹

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, previous extensions and modifications are contained in COM.TEX/SB/1360, 1427, 1647, 1755 and 1895.

²See COM.TEX/SB/35, Annex B.

*English only/Anglais seulement/inglés solamente

Canada-Malaysia Agreed Record of Discussions

1. Delegations representing the Government of Canada and the Government of Malaysia met on 14 November 1994, in Kuala Lumpur to discuss the extension of the Memorandum of Understanding between the Government of Canada and the Government of Malaysia relating to the export from Malaysia of certain textiles and textile products for import into Canada ("the MOU").
2. The two delegations agreed that the MOU should be extended for a three year period, until 31 December 1997. They also agreed that, effective 14 November 1994, the attached Annex I shall replace Annex I of the MOU.
3. The two delegations agreed to a special swing of 7 per cent into category 9; to modify the reversion arrangement for category 14 by eliminating all reversion into categories 3/4a and 7/8a; and to eliminate the sub-categories of category 14.
4. Upon the accession of both Canada and Malaysia to the World Trade Organization (WTO), the attached administrative MOU shall replace the current MOU.

For the Government of Canada

For the Government of Malaysia

(Signed)
Mr. Michael Fine

(Signed)
Mr. Merlyn Kasimir

Kuala Lumpur
14 November 1994

ANNEX I - RESTRAINT LEVELSMALAYSIAGROUP I

(A)	(B) Product Coverage		(C) 1994 Restraint Level (unit)	(D) Growth	(E) Swing	(F) Carryover/ Carry Forward	(G) Combined Flexibility (E) & (F)	(H) Conversion Factor (m ² /unit)
Agreement Item No.	Category	Short Description						
1a	1.2	Jackets;	900,804	6%	5%	10%/(5%)	15%	2.8
	1.3	Rainwear						
2	2.0	Winter outerwear	154,782	5%	6%	10%(5%)	15%	3.4
3/4a	3.2	Ensembles,	948,662	6%	7%	10%(5%)	15%	3.5
	4.0	MBC; Female casual & fine wear						
5a	5.1-5.3	Trousers,	774,517	6%	7%	10%(5%)	15%	1.9
	5.5	MBWGC; Shorts						
6	6.0	Tailored collar shirts, MBC	1,541,579	4%	5%	10%(5%)	15%	1.7
7/8	7.0	Woven shirts, blouses & similar articles;	4,016,077	5%	6%	10%(5%)	15%	1.4
	8.0	Athletic wear, k/c shirts, blouses & similar articles, T-shirts & sweatshirts						
7/8a	8.4	- of which, Athletic wear	631,749	6%	7%	10%(5%)	15%	1.8
9	9.0	Underwear	5,281,866	6%	7%	10%(5%)	15%	0.5
11	11.0	Sweaters	618,927	3%	7%	10%(5%)	15%	1.2
14	14.0	Babies' garments	2,120,000	6%	7%	10%(5%)	15%	0.7

ANNEX I - RESTRAINT LEVELSMALAYSIAGROUP II

(A)	(B) Product Coverage		(C) 1994 Restraint	(D)	(E)	(F)	(G)	(H)
Agreement No.	Category	Short Description	Level (unit)	Growth	Swing	Carryover/ Carry Forward	Combined Flexibility (E) & (F)	Conversion Factor (m ² /unit)
25	25.0	Acrylic staple yarn	410,095	6%	-	10%/(5%)	15%	

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

**MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF CANADA
AND
THE GOVERNMENT OF MALAYSIA
RELATING TO THE EXPORT
FROM MALAYSIA OF
CERTAIN TEXTILE PRODUCTS
TO CANADA**

Memorandum of Understanding between the Government of Canada and the Government of Malaysia relating to the export from Malaysia of certain textile products to Canada.

Introduction

1. This Memorandum of Understanding (MOU) sets out the administrative arrangements that have been agreed upon between the Governments of Canada and Malaysia, pursuant to Article 2:17 of the MTN Agreement on Textiles and Clothing (ATC) in order to implement the textiles and clothing restraints between Canada and Malaysia to be notified pursuant to Article 2:1 of the ATC. These provisions will also apply with respect to any restraint introduced by Canada on imports of textiles and clothing from Malaysia pursuant to the provisions of Article 6 of the ATC.

Implementation

2. In accordance with the provisions of Article 4:1 of the ATC, these arrangements shall be implemented on the basis of the export control system operated by the Government of Malaysia. Exports of the textile products included in the restraints notified under Article 2:1 of the ATC shall be covered by an original "Export Licence" endorsed and issued by the competent authorities of Malaysia to the effect that the goods covered by the export licence have been debited from the applicable quantitative limit.

3. For the purpose of implementing these arrangements, the date of export from Malaysia shall be used to determine the restraint period in which any shipments of textile products shall be counted.

4. The Government of Malaysia shall endeavour to ensure that exports to Canada of all restrained textile products are spaced out as evenly as possible during each restraint period, due account being taken of seasonal factors and of normal channels of trade.

5. Export licences issued by the Government of Malaysia in respect of restrained textile products shall contain the following information:

- a. Country of destination;
- b. Country of origin;
- c. Licence number and quota year;
- d. Importer's name and address;
- e. Exporter's name and address;

- f. Item number and description of product as contained in the notification under Article 2:1 of the ATC;
- g. Quantity expressed in the units designated for each product in the notification under Article 2:1 of the ATC. If more than one set of measures is established, all should be indicated; where the quantity is expressed other than as designated, the equivalent weight, units or m² should be calculated in accordance with the conversion factors set out in the restraint notified under Article 2:1 of the ATC;
- h. F.O.B. or C.I.F. value except for non-commercial consignments;
- i. Certification by the competent authorities of Malaysia that the quantity has been debited from the agreed restraint limit for exports to Canada.

6. In the event that any quantity covered by an export licence is not shipped, the Government of Malaysia shall notify the Government of Canada of such quantity which may be credited by the Government of Malaysia to the appropriate restraint limit.

7. Except as provided for in paragraphs 8 to 11 below (Swing and Carryover/Carry Forward), the Government of Malaysia shall restrain its exports to Canada of the textile products notified pursuant to Article 2:1 of the ATC to the limits notified under Article 2:1 of the ATC, as modified by the provisions of Articles 2:7, 2:8, 2:13 and 2:14 of the ATC. Pursuant to Article 4:1 of the ATC, it is understood that the Government of Canada shall not be obliged to accept shipments in excess of the restraint levels notified under Article 2:1 of the ATC, as modified by the provisions of Article 2:7, 2:8, 2:13 and 2:14 of the ATC.

Swing

8. Subject to the specific limitations contained in the restraint notification under Article 2:1 of the ATC, and following notification to the appropriate Canadian authorities, the Government of Malaysia may exceed the specified annual quantitative limit up to the percentage specified in the restraint notification under Article 2:1 of the ATC, provided that an equivalent amount is deducted from any other restraint level. When any restraint limit is exceeded by the application of swing, the Government of Malaysia shall so indicate in subsequent monthly statistical reports.

9. For the purpose of implementing the swing provisions in paragraph 8, the conversion factors specified in the restraint notification under Article 2:1 of the ATC shall apply.

Carryover/Carry Forward

10. Following notification to the Government of Canada of the quantities involved, portions of any quantitative limit which are not used during the annual restraint period may be carried over and added to the corresponding quantitative limit for the following annual restraint period. The restraint limit for any such restraint period shall be increased within the percentage limits specified in the restraint notification under Article 2:1 of the ATC.

11. Following notification to the Government of Canada of the quantities involved, any restraint limit may be increased within the percentage limits specified in the restraint notification under Article 2:1 of the ATC by a quantity advanced from the corresponding restraint limit for the following annual restraint period. The restraint limit for any such following restraint period shall be reduced by a quantity equal to the quantity so advanced.

Exchange of Statistics

12. The Government of Malaysia shall provide the Government of Canada with monthly statistical reports relating to exports of restrained textile products described, licensed for export to Canada and debited from the quantitative limits for each restraint period. These statistics shall include the following information:

- a. Item number and description;
- b. Original and adjusted restraint limits for the restraint period;
- c. Total quantity issued for the restraint period to date;
- d. Notification of any utilization of swing, carryover or carry forward provisions and the quantities involved as provided for in paragraphs 8 to 11 above.

This information should be provided as soon as possible following the end of each month.

13. The Government of Canada shall provide the Government of Malaysia with monthly statistical reports relating to import permits issued for imports originating in Malaysia of textile products listed in Annex I.

14. Both Governments reserve the right to request additional statistics as may be reasonably required, including statistics relating to the export or import of products not contained in the notification, under Article 2:1 of the ATC, of Canada's restraints on imports from Malaysia.

Re-Exports

15. The Government of Canada shall, so far as possible, inform the Government of Malaysia when imports into Canada of restrained textile products are subsequently re-exported from Canada. Where such re-exports have originally been debited by the Government of Malaysia from quantitative limits, the Government of Malaysia may then credit back the quantity involved to the appropriate quantitative limits.

Consultations

16. Pursuant to Article 8:4 of the ATC, the Government of Malaysia and the Government of Canada express their willingness to consult, on request, on any matter arising from the implementation or operation of the ATC or of this MOU or on any matter germane thereto.