The Textiles Surveillance Body received a notification from Canada of a further modification of its bilateral agreement with Brazil. A restraint on terry towels, wash cloths and sets was agreed for the period 1 January-31 December 1986.¹

The TSB, pursuant to its procedures regarding amendments of agreements notified under Article 4,² has examined the relevant documentation and is forwarding the text of the notification to participating countries for their information.

¹The original agreement and previous modifications are contained in COM.TEX/SB/931, 1136 and 1191.
²See COM.TEX/SB/35, Annex B.
³English only/Anglais seulement/Inglés solamente
Delegations representing the Government of Canada and the Government of the Federative Republic of Brazil met on December 11-13 in Brasilia to discuss the export of terry towels, washcloths and sets from Brazil to Canada in accordance with the provisions of the Arrangement Regarding International Trade in Textiles (MFA).

During these discussions it was agreed that pursuant to Article 4 of the MFA, Brazilian authorities will begin to restrain effective January 1, 1986 exports of terry towels, washcloths and sets (as defined in the attached Appendix I) from Brazil to Canada through the issuance of "Export Licences", issued and endorsed by the proper Brazilian authority (CACEX). It was agreed that during the period of January 1, 1986 to December 31, 1986 exports of terry towels, washcloths and sets, which shall be specified as item 3 for the purpose of identification will be restrained to a level of 770,000 kilograms of which not more than 530,000 kg shall consist of terry towels, washcloths and sets measuring less than 30 inches by 60 inches (76 cm x 150 cm). The latter sub-category will be specified as item 3A for the purpose of identification.

It was further agreed that the terry towels category shall be accorded a swing provision to a maximum of 5% with the acrylic yarn category (item 1), also to be provided "swing" of up to 7%. The conversion factor for the use of "swing" shall be 2.8 kgs per square metre for the terry towels category and 1.0 kg per square metre in the case of acrylic yarns. Subject to limitations set out above and following notification to the Canadian authorities, the restraint level for either item 1 or item 3 may be exceeded by the percentages identified above provided that an equivalent amount, calculated on the basis of the conversion factors, is deducted from the restraint level for the other item. When the provisions of "swing" are to be applied, the Brazilian authorities will so indicate to the Canadian authorities.

This Agreed Record of Discussion and Appendix will be considered as Annex IV to the Memorandum of Understanding between the Government of Canada and the Government of the Federative Republic of Brazil relating to the export from Brazil of acrylic yarns for
import into Canada. This will extend the product coverage of the Agreement as defined in paragraph 5 and the provisions of the Agreement will therefore be read elsewhere as including terry towels, washcloths and sets.

The Canadian and the Brazilian Delegations noted that their signatures of this Agreed Record were on an ad referendum basis subject to the approval of both the Canadian and Brazilian Governments and to confirmation by means of an exchange of diplomatic notes indicating acceptance.

Brasilia, 13 December, 1985

[Signature]
For the Government of Canada

[Signature]
For the Government of the Federative Republic of Brazil
ITEM 3 - Cotton terry towels, washcloths and sets containing 50 percent or more by weight of cotton. Cotton terry towels, washcloths and sets are of fabrics woven on a terry loom using single or plied cotton (or blends thereof) yarns with loop pile on one or both sides covering the entire surface on either plain or patterned weave, whether greige, bleached, dyed or printed, including tea, (terry), hand, beach and bath towels, bath/tub mats, bath sheets, beach blankets and towel blanks (hemmed white towels).

ITEM 3A - Cotton terry towels, washcloths and sets, other than beach towels, bath sheets and beach blankets. These items are as defined above but measuring less than 30 inches x 60 inches (76 cm x 150 cm).
The Canadian Embassy presents its compliments to the Ministry of External Relations of the Federative Republic of Brazil and wishes to refer to the agreed Record of Discussions signed by the representatives of Canada and Brazil in Brasilia on December 13, 1985 regarding the restraint of exports of terry towels, washcloths and sets to Canada from Brazil.

Pursuant to the request of the Brazilian authorities, the Canadian authorities agree that this Record of Discussions should be amended by indicating a measurement of 76 cm X 152 cm instead of 76 cm X 150 cm for the metric equivalent size of cotton terry towels, washcloths and sets, other than beach towels, bath sheets and beach blankets. In addition, the conversion factor for terry towels should be amended to 2.8 square metres per kg. instead of 2.8 kgs. per square metre.

The Canadian authorities wish to confirm that Canadian Ministers have given approval to the provisions contained in the agreed Record of Discussions and propose that this Note, together with the reply from the Brazilian authorities confirming acceptance by their government, give effect to the arrangement outlined in the agreed Record of Discussions including the amendments indicated above.
The Canadian Embassy wishes to advise the Ministry of External Relations that, immediately following receipt of the note confirming the Brazilian acceptance of this arrangement, the Government of Canada will advise the Textiles Surveillance Body that a settlement has been reached under article 4 of the MFA.

The Canadian Embassy avails itself of this opportunity to renew to the Ministry of External Relations of the Federative Republic of Brazil the assurances of its highest considerations.

Brasilia, Brazil. March 21, 1986
O Ministério das Relações Exteriores cumprimenta a Embaixada do Canadá e tem a honra de acusar recebimento da Nota Nº B-039, de 21 de março último, referente à consulta sobre o contingenciamento dos itens "toalhas felpudas, pano de prato e conjuntos", realizada em Brasília, no período de 11 a 13 de dezembro de 1985, cujos resultados se encontram em vigor até 31 de dezembro de 1986.

2. Em resposta, o Ministério das Relações Exteriores confirma que considera aceitáveis os termos constantes do Memorandum de Entendimento resultante da consulta, corrigido nos termos da nota acima referida para:

a) atribuir aos produtos "toalhas felpudas, pano de prato e conjunto, excetuadas as toalhas de praia, lençóis de banho e cobertores de praia" a dimensão máxima de 76 cm x 152 cm, em de 76 cm 150 cm; e

b) corrigir o fator de correção aplicado ao item "toalhas felpudas", de 2,8 quilos por metro quadrado para 2,8 metros quadrados por quilo.

Brasília, em 17 de julho de 1986.