ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral agreement between
Canada and Brazil

The Textiles Surveillance Body received a notification from Canada of a bilateral agreement concluded with Brazil for the period 1 January 1990 to 31 December 1991. The agreement superseded unilateral measures under Article 3:5 on two product categories.

The TSB, pursuant to its procedures with respect to bilateral agreements concluded under Article 4, has examined the relevant documentation and is forwarding the text of the agreement to participating countries.

1See COM.TEX/SB/1474.
2See COM.TEX/SB/35, Annex B.
3For the TSB’s observation on this agreement see COM.TEX/SB/1579.
*English only/Anglais seulement/Inglés solamente
Memorandum of Understanding between the Government of Canada and the Government of the Federative Republic of Brazil Relating to the Export from Brazil of Certain Textiles and Textile Products for Import into Canada

Introduction

1. Delegations representing the Government of Canada and the Government of the Federative Republic of Brazil met to discuss an arrangement to govern trade in certain textiles and clothing products between Brazil and Canada in accordance with the provisions of the Arrangement Regarding International Trade in Textiles (MFA), and in particular Article 4 thereof.

Coverage

2. It was agreed, during the meeting, that the Brazilian authorities will restrain the exports to Canada of bedsheets, pillowcases, and terry towels, washcloths and sets (as defined in Annex II).

Restraint Periods

3. The restraint will apply for the periods commencing in 1 January 1990 and ending on 31 December 1991.

Restraint Levels

4. The corresponding limits of restraint for each category is specified in Annex I.

Administration

5. These arrangements will be implemented on the basis of the export control system operated by the Government of the Federative Republic of Brazil.

6. The Government of Canada will admit imports of the textiles and textile products described in Annex II and subject to a specific quantitative limit in Annex I, provided such imports are covered by an original copy of a Brazilian "Export Licence" certified and issued by the proper authority (CACEX), to the effect that the imports covered by the licence have been debited to the applicable quantitative limit (restraint) as set out in Annex I.

7. For the purpose of implementing these arrangements, the date of export from the Federative Republic of Brazil will be used to determine within which restraint period any textiles or textile products will be counted.
8. The export licences issued by the Government of the Federative Republic of Brazil in respect of products covered by Annex I will contain the following information:

1. Country of destination;
2. Country of origin;
3. Licence number;
4. Importer’s name and address;
5. Exporter’s name and address;
6. Category number and description of product as set out in Annex I;
7. Quantity expressed in the units as designated in Annex I;
8. F.O.B. or C.I.F. value;
9. Certification by the proper authority (paragraph 6);
10. Restraint Period (year).

9. In the event any quantity covered by an export licence is not shipped, or any part of it is returned, regardless of the reason, the Government of the Federative Republic of Brazil will notify the Government of Canada of such quantities which may be credited by the Government of the Federative Republic of Brazil to the appropriate restraint level.

Swing

10. Subject to the specific limitations set out in Annex I, and following notification to the Canadian authorities, any restraint level may be exceeded by the percentage shown in column (E) of Annex I provided that an equivalent amount, through application of the conversion factors shown in column (H), is deducted from the other restraint level.

Carryover/Carry Forward

11. Following notification to the Canadian authorities of the quantities involved, portions of any quantitative limit set out in Annex I that are not used during a restraint period may be carried over and added to the corresponding quantitative limit for the following restraint period. The restraint level for the latter restraint period will be increased within the higher percentage limit set out in column (F) of Annex I.

12. Following notification to the Canadian authorities of quantities involved, any restraint level may be increased within the lower percentage limit set out in column (F) of Annex I by an amount carried forward from the corresponding restraint level for the following restraint period. The restraint level for any such following restraint period will be reduced by an amount equal to the amount so carried.

13. No carryover will be available for application in the first restraint period. No carry forward will be available for application in the final restraint period.

14. Notwithstanding the foregoing, the carryover/carry forward provisions may be used in combination only up to the higher percentage limit set out in column (F) of Annex I.
15. The restraint levels in column (D) of Annex I may not be increased by the combined use of swing, carryover and carry forward by more than the percentage indicated in column (G) of Annex I.

Re-exports

16. The Government of Canada will, so far as possible, inform the Government of the Federative Republic of Brazil when imports into Canada of textiles and textile products subject to restraint under Annex I are subsequently re-exported from Canada. Where such re-exports have been debited by the Government of the Federative Republic of Brazil to quantitative limits, the Government of the Federative Republic of Brazil may then credit the amount involved to the appropriate quantitative limits.

Spacing

17. The Government of the Federative Republic of Brazil shall use its best efforts to space exports to Canada, within each category evenly throughout the agreement period, taking into consideration normal seasonal factors.

Exchange of Statistics

18. Upon request either Government shall promptly supply the other Government with data on imports and exports of the products under restraint. Each Government agrees to supply promptly any other available statistical data necessary for the implementation of this agreement.

Equity

19. Should either Government consider, as a result of this MOU, that is placed in an inequitable position compared with any third party, that Government may request the other to consult with a view to implementing appropriate remedial measures.

Consultations

20. Either Government has the right to request consultations with the other Government on any matter arising from the implementation or operation of these arrangements. Such consultations will be governed by the following:

- Any request for consultations will be notified in writing to the other Government;

- The request for consultations will be accompanied by or followed within a reasonable period (and in any case not later than twenty-one days following the request) by a statement setting out the reasons and circumstances which, in the opinion of the requesting Government, justify the submission of such a request;

- The other Government will accept such a request and such consultations will be held within thirty days of the date of notification of the request;
Both Governments will enter into consultations with a view to reaching a mutually acceptable conclusion within sixty-days of the date on which actual consultations commence.

21. Any consultations held under these provisions will be approached by both Governments in a spirit of cooperation and with a desire to reconcile the differences between them.

Transhipments

22. Both Governments shall take action as are necessary to prevent circumvention of this Agreement, pursuant to Article 8 of the MFA and paragraph 16 of the 1986 Protocol of Extension to the MFA.

Revisions and Termination

23. Either Government may at any time propose revisions to the terms of this MOU having regard to the MFA and to the Protocol extending it.

24. Either Government may terminate this MOU effective at the end of any restraint period by written notice to the other Government to be given at least ninety days prior to the end of any restraint period.

Annexes

25. The Annexes to this MOU will be considered an integral part of it.

Transitional Arrangements

26. Any difficulties which may arise as a consequence of the transition to this MOU will be brought immediately to the attention of the one Government by the other Government and efforts will be made by both Governments, through consultations or other means, to resolve such difficulties to their mutual satisfaction.

Final Provisions

27. This MOU will become effective on 1 January 1990 subsequent to an exchange of letters between the two Governments confirming their acceptance of these arrangements.

For the Government of Canada

For the Government of the Federative Republic of Brazil

Geneva, 22 September 1989
## ANNEX I: RESTRAINT LEVELS

<table>
<thead>
<tr>
<th>(A) Item No.</th>
<th>(B) Short Description</th>
<th>(C) Period</th>
<th>(D) Restraint Levels</th>
<th>(E) Swing (Percent)</th>
<th>(F) Carryover/Carry Forward (Percent)</th>
<th>(G) Combined Flexibility Factors</th>
<th>(H) Conversions Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Bedsheets</td>
<td>5 Jan 1990 to 31 Dec 1990</td>
<td>1,550,000 units</td>
<td>5</td>
<td>10(5)</td>
<td>12</td>
<td>5 kg/unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 Jan 1991 to 31 Dec 1991</td>
<td>1,660,000 units</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Pillowcases</td>
<td>5 Jan 1990 to 31 Dec 1990</td>
<td>1,550,000 units</td>
<td>5</td>
<td>10(5)</td>
<td>12</td>
<td>2 kg/unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 Jan 1991 to 31 Dec 1991</td>
<td>1,660,000 units</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>3.</td>
<td>Cotton Terry Towels, Washcloths and Sets</td>
<td>1 Jan 1990 to 31 Dec 1990</td>
<td>1,100,000 Kgs.</td>
<td>5</td>
<td>10(5)</td>
<td>12</td>
<td>2.8 sq.m/unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 Jan 1991 to 31 Dec 1991</td>
<td>1,166,000 Kgs.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3A.</td>
<td>Of which Terry Towels of less than 30 X 60 inches in size</td>
<td>1 Jan 1990 to 31 Dec 1990</td>
<td>725,000 Kgs.</td>
<td>5</td>
<td>10(5)</td>
<td>12</td>
<td>2.8 sq.m/unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 Jan 1991 to 31 Dec 1991</td>
<td>777,000 Kgs.</td>
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</table>
ANNEX II

Definitions and Description of Terms

Bedsheets, woven, made wholly or mainly by weight of cotton, man-made fibres or blends thereof including flannelette sheets.

Pillowcases, woven, made wholly or mainly by weight of cotton, man-made fibres or blends thereof.

Cotton terry towels, washcloths and sets containing 50 per cent 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, hand, beach and bath towels (bath/tub mats), bath sheets, beach blankets, barmops and towel blanks (hemmed white towels).

Cotton terry towels, washcloths and sets, other than beach towels, bath sheets and beach blankets. These items are as defined above but measure less than 30 inches x 60 inches (76 cm x 150 cm).