Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Modification of Bilateral Agreement
between Canada and Indonesia

Note by the Chairman

Attached is a notification received from Canada of a modification of its bilateral agreement with Indonesia.

\[1\] The text of the bilateral agreement is contained in COM.TEX/SB/1043.

* English only/Anglais seulement/Inglés solamente

86-0496
April 3, 1986

Mr. M. Raffaelli  
Chairman  
Textiles Surveillance Body  
General Agreement on Tariffs and Trade  
Centre William Rappard  
154, rue de Lausanne  
1211 Geneva 21

Dear Mr. Chairman,

I have the honour to forward to you the attached notification to the Textiles Surveillance Body of modifications to the provisions of the Memorandum of Understanding between the Government of Canada and the Government of Indonesia relating to the export from Indonesia of certain textile and textile products for import into Canada.

Yours sincerely,

R.G. Wright  
Minister
Short Reasoned Statement to Accompany
the Notification to the
Textiles Surveillance Body of
Modifications to the Provisions of the
Memorandum of Understanding Between the
Government of Canada and the
Government of Indonesia
Relating to the Export from
Indonesia of Certain Textiles and Textile Products
for Import into Canada

With reference to paragraph 4 of Article 4 of the
Arrangement Regarding International Trade in Textiles
(hereinafter referred to as the MFA) done at Geneva on
December 20, 1973, and to the Protocol extending the MFA,
done at Geneva, December 22, 1981, I have the honour to
notify the Textiles Surveillance Body of modifications to
the provisions of the Memorandum of Understanding between
the Government of Canada and the Government of Indonesia
relating to the export from Indonesia of certain textiles
and textile products for import into Canada.

The modifications, some effective October 1, 1985
to December 31, 1986 and others, January 1, 1986 to
December 31, 1986, take into account circumstances facing
the Canadian clothing market and the position of Indonesia
as a supplier to that market. The amendments cover
clothing products which fall within the scope of the MFA.
The fifteen-month base levels applicable to exports of
sportswear and blouses, shirts, T-shirts, and sweatshirts,
and the 1986 base levels applicable to exports of winter
outerwear, shorts, sweaters, sleepwear and bathrobes,
underwear, and coats, jackets and rainwear, were
established taking into consideration historical trading
patterns and other provisions contained in Article 4 of
the MFA and its Protocol of Extension.

The flexibility provisions allow for 7% swing for
blouses, shirts, T-shirts, and sweatshirts, and 5% swing
for winter outerwear, shorts, sweaters, sleepwear and
bathrobes, sportswear, underwear, and coats, jackets and
rainwear.

In addition, at the request of Indonesian
authorities, Canada has agreed to certain amendments in
the consultation mechanism standard provisions, and in the
provisions relating to handicraft products.
The Government of Canada believes these modifications conform with the provisions of the MFA and its Protocol of Extension and, as such, is in keeping with the gradual liberalization of the Canadian import programme on textiles and clothing.

Accept, Sir, the renewed assurance of my highest consideration.
The Embassy of Canada presents its compliments to the Department of Foreign Affairs of the Republic of Indonesia and wishes to refer to the Record of Discussion signed by representatives of Canada and Indonesia on 19 September 1985. This Record of Discussion concerned the restraint of clothing items identified in paragraph 4 and the amendment of existing provisions contained in the Canada/Indonesia Memorandum of Understanding relating to the export from Indonesia to Canada of certain textiles and textile products including handicraft products referred to in paragraph 2. The Record of Discussion also noted agreement on a consult mechanism standard and the children's and infant's swing ratio identified in paragraphs 3 and 5 respectively.

Pursuant to the provisions of paragraph 7 of the Record of Discussion, Canadian authorities wish to confirm that the Government of Canada has given approval to the provisions of paragraphs 2 thru 5 inclusive of the Agreed Record and by this note, confirms acceptance of the arrangements outlined in paragraphs 2 thru 5 inclusive of the Agreed Record and that the said Agreed Record be considered as Annex VI of the Memorandum of Understanding.

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

JAKARTA, 2 January 1986
RECORD OF DISCUSSION

1. Delegations representing the Governments of the Republic of Indonesia and of Canada met in Bandung from 17 to 19 September 1985 for consultations under the provisions of the Memorandum of Understanding (MOU) between the Government of Canada and the Government of the Republic of Indonesia relating to the Export from Indonesia of certain Textiles and Textile Products for import into Canada, signed by representatives of the two Government's on 26 April 1984. During the consultations held on September 17-19, 1985, the following amendments to the MOU were agreed by both delegations.

2. Paragraph 26 and Annex IV of the MOU (Handicraft Products) to be deleted and replaced by the following:

An additional five percent of each unadjusted restraint level in categories 2A, 4, 7 and 8 shall be provided and shall consist of hand-made cottage industry products made of handloomed fabrics of the cottage industry. Export Certificates, including quota year and category number information, shall be issued by the Government of Indonesia to indicate coverage by this provision.

3. Paragraphs 27 through 31 of the MOU (the Consultation Mechanism Standard) to be deleted and replaced by the following:

a) In the event that the Government of Canada believes that imports from Indonesia, classified in any category or sub-category not covered by specific limits are, due to market disruption or threat thereof, threatening to impede the orderly development of trade between the two countries, the Government of Canada may
request consultations with the Indonesian Government with a view
to easing or avoiding such market disruption. The Government of
Canada will provide the Government of Indonesia at the time of
the request with available data such as factors cited in Annex A
of the Multi-Fibre Arrangement which are indicative of the market
situation and in the opinion of the Government of Canada show:

(I) The existence of market disruption, or the threat
thereof; and

(II) The role of exports from Indonesia in that disruption.

b) The Government of Indonesia agrees to consult with the Government
of Canada within 30 days of receipt of the request for
consultations. Both Governments agree to make every effort to
reach agreement on a mutually satisfactory resolution of the
issue within 90 days of the receipt of such request, unless this
period is extended by mutual agreement.

c) During that 90-day period, the Government of Indonesia agrees to
hold its exports to Canada in the category or sub-category
concerned to a level no greater than thirty-five (35) percent of
the amount entered into Canada as recorded by Special Trade
Relations Bureau import statistics, during the latest 12 months
prior to the month in which the request for consultations was
made.

d) If no mutually satisfactory solution is reached during these
consultations, the Government of Indonesia will limit its
exports in the category or sub-category concerned for the
succeeding 12 months to a level 15.5 percent above the level
entered into Canada as recorded by Special Trade Relations Bureau
import statistics during the first 12 of the most recent 14 months preceding the month in which the request for consultations was made.

e) If a specific limit is agreed to under sub paragraph 3 (b) hereof, it shall be accorded swing of not less than 5 percent, carry over and carry-forward of not less than 10 percent of which carry-over is not less than 5 percent, and an annual growth rate of not less than 6 percent.

4. Annex I of the MOU is amended to include the additional following items with restraint levels effective as indicated below:

<table>
<thead>
<tr>
<th>Item</th>
<th>Product Description</th>
<th>Restraint Level</th>
<th>Conversion Swing Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Winter Outerwear</td>
<td>85,000</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Jan-Dec 31,1986)</td>
<td></td>
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<tr>
<td>2C</td>
<td>Outershorts</td>
<td>234,000</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Jan-Dec 31,1986)</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Shirts, Blouses, T-Shirts, Sweat-shirts</td>
<td>3,470,000</td>
<td>7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Oct 1,1985-Dec 31,1986)</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Sweaters, Pullovers Cardigans</td>
<td>750,000</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Jan 1,1986-Dec 31,1986)</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Sleepwear and Bathrobes</td>
<td>677,000</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Jan 1,1986-Dec 31,1986)</td>
<td></td>
</tr>
</tbody>
</table>
7,8 Dresses, Skirts  1,508,000  5%  3.5
Suits, Coordinates (Oct 1, 1985-Dec 31, 1986)
and Outerwear Sets
(i.e. Sportswear)

9 Underwear  666,000  5%  0.5
(Jan 1, 1986-Dec 31, 1986)

12 Coats, Jackets  420,000  5%  3.5
and Rainwear (Jan 1, 1986-Dec 31, 1986)

5. General Note 2 of Annex II (Childrens and Infants Swing Ratio) is not to be applicable in the case of the above restraints for items 4, 7, and 8.

6. This Agreed Record of Discussion will be considered as Annex VI to the MOU.

7. The Canadian delegation noted that its signature of this Agreed Record was on an ad referendum basis subject to the approval of the Canadian Government and to confirmation by a diplomatic note indicating acceptance.

For the Government of Canada

For the Government of the Republic of Indonesia

BANDUNG, 19 SEPTEMBER 1985