ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Modification of the Bilateral Agreement
between Canada and Brazil

Attached is a notification received from Canada of a further modification of its bilateral agreement with Brazil. The parties agreed to a restraint on sportswear for the period 1 January-31 December 1986.

*English only/Anglais seulement/Inglés solamente

1The original agreement and a previous modification are contained in COM.TEX/SB/931 and 1136. See also TEX.SB/1242.
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. Raffaelli,

I have the honour to submit to the Textiles Surveillance Body two notifications regarding modifications to the provisions of 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 sportswear, and of terry towels, wash cloths and sets, respectively, for import into Canada.

Yours sincerely,

B.E. Morrisey
First Secretary
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 an amendment to the provisions of the Memorandum of Understanding (MOU) between the Government of Canada and the Government of the Federative Republic of Brazil for certain textile products for import into Canada.

This amendment to the MOU provides for the inclusion of sportswear under the coverage of the current arrangement. The modification effective January 1, 1986 to December 31, 1986, takes into account circumstances facing the Canadian clothing market and the position of Brazil as a supplier to that market. The modification covers clothing products which fall within the scope of the MFA. The 1986 base level was established taking into consideration historical trading patterns and other provisions contained in Article 4 of the MFA and its Protocol of Extension.

In line with MFA guidelines, the amendment contains flexibility provisions which allow swing to a maximum of 7% for the sportswear and the T-shirt and sweat-shirt categories.

The Government of Canada considers this Arrangement to be in conformity 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.
O Ministério das Relações Exteriores cumpririme-
ta a Embaixada do Canadá e tem a honra de acusar recebimento
da Nota B-088 datada de 20 de julho último, na qual se faz
referência à consulta sobre "sportswear", realizada, em Ottawa,
no período de 08 a 11 de abril.

2. Em resposta, o Ministério das Relações Exteriores
confirma que considera aceitáveis os termos constantes do
Memorandum de Entendimento resultante da consulta e cuja apli-
cação se estenderá até 31 de dezembro de 1986.

Brasília, em 7 de julho de 1986.
The Canadian Embassy presents its compliments to the Ministry of External Affairs of the Federative Republic of Brazil and wishes to refer to the agreed record of discussions signed by representatives of Canada and Brazil in Ottawa, on 11 April 1986, regarding the restraint of exports of sportswear to Canada from Brazil.

Canadian authorities wish to confirm that Canadian ministers have given approval to the provisions contained in the agreed record and propose that this note, together with the reply from Brazilian authorities confirming acceptance by their government, give effect to the arrangement outlined in the agreed record.

The Canadian Embassy wishes to advise the Ministry of Foreign Affairs that, immediately following receipt of the note confirming 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 Multifibre Agreement.

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

Canada-Brazil Trade Consultations
Agreed Record of Discussions

Delegations representing the Government of Canada and the Government of the Federative Republic of Brazil met on April 8-11, 1986, in Ottawa, to discuss the export of sportswear 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 restrain exports of sportswear (as defined in the attached Appendix 1) from Brazil to Canada through the issuance of "Export Licences" issued and endorsed by the proper Brazilian authority (CACEX). In this context, it was agreed that during the period of January 1 to December 31, 1986, exports of sportswear, which shall be specified as item 4 for the purpose of identification, will be restrained to a level of 780,000 units.

It was agreed that the sportswear category and the T-shirts and sweatshirts category (Item 2) shall each be awarded a swing provision of up to 7% and that the conversion factors for the use of this swing provision shall be 3.5 square metres per unit for sportswear and 1.5 square metres per unit for sweatshirts and T-shirts. Following notification to the Canadian authorities, the restraint level for either Item 2 or Item 4 may be exceeded by the percentage 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 for swing are to be applied, Brazilian authorities will so indicate to the Canadian authorities. In addition, children's and infants' (C and I) garments (size 0-6x) will be charged against the restraint level on the basis of each C and I garment equalling 0.6 units. This item (sportswear) also includes partially manufactured garments, i.e., garments which have been cut and sewn, or otherwise assembled, but which require further manufacture or processing.

This Agreed Record of Discussion and Appendix will be considered as Annex V 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 sportswear.
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.

OTTAWA, April 11, 1986

Tom MacDonald
For the Government of Canada

For the Government of the Federative Republic of Brazil
APPENDIX "I"

Sportswear

Coordinates or matching sets, men's and boys', children's and infants', wholly or mainly by weight of cotton, man-made fibres or wool or blends thereof packed, shipped and sold as a set and not covered by other STRB clothing definitions.

Suits, coordinates, or matching sets, and blazers, women's and girls', children's and infants', wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof.

Suits are garments comprising two or more matched or coordinated pieces, covering both the upper and lower parts of the body, packed and shipped and sold as a set.

Coordinates include: coat or jacket and dress sets, blouses and pant or skirt sets, shirt and skirt or pants sets, jacket and pant or skirt sets, coat and pant or skirt sets.

Athletic sets or suits, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof and are garments normally comprising two or more matched or coordinated pieces covering both the lower and upper parts of the body, packed and shipped and sold as a set, normally worn for participation in athletic activities and not covered by any other STRB clothing definitions including leotards covering the trunk of the body, judo sets, track suits, jogging suits, cross-country ski suits.

Leisure wear, coordinates or sets not included in other STRB clothing categories. These may include shortsets, beachwear, beach pyjamas, lounging pyjamas, cabana sets, caftans and loungewear, nes.