Arrangement Regarding International Trade in Textiles

Notification under Articles 7 and 8

Bilateral Agreement between Canada and Vietnam

Note by the Chairman

Attached is a notification received from Canada of a Memorandum of Understanding with Vietnam regarding clothing imports into Canada. The validity of the agreement runs from 22 July 1986 to 31 December 1991.
January 27, 1987

Dear Ambassador Raffaelli,

With reference to Articles 7 and 8 of the Arrangement Regarding International Trade in Textiles 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 a bilateral arrangement between the Governments of Canada and the Socialist Republic of Vietnam regarding the export of certain textile products from Vietnam for import into Canada.

The Memorandum of Understanding, which is the first concluded on textile products between Canada and Vietnam, covers all clothing imports to Canada, regardless of fibre content, to an annual level of 700,000 units. Sub-limits have been established within the aggregate to cover particular product categories.

The restraints commenced on 22 July 1986 and extend to 31 December 1991. The arrangement provides for an initial restraint period of 22 July 1986 to 31 December 1987 at a level that is one and one half times the annual levels. There are no provisions in the arrangement for growth, swing, carry-over or carry-forward.
The arrangement agreed to takes into consideration the circumstances currently affecting the Canadian market for these products, Canada's obligations with respect to the bilateral agreements concluded under the MFA, and the position of Vietnam as neither a contracting party to the GATT nor a signatory of the MFA and its protocol of extension.

Accept, Sir, the renewed assurances of my highest consideration.

R.G. Wright
Minister
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF CANADA
AND
THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM
RELATING TO THE EXPORT FROM VIETNAM OF
CERTAIN TEXTILE PRODUCTS
FOR IMPORT INTO CANADA

Introduction

1. This Memorandum of Understanding (MOU) sets out the arrangements that have been agreed between the Governments of Canada and The Socialist Republic of Vietnam regarding the export of certain textile products from Vietnam for import into Canada.

Duration

2. These arrangements will apply for the period commencing on 22 July 1986 and ending on 31 December 1991. These arrangements will be automatically renewed for further periods of one year when neither the Government of the Socialist Republic of Vietnam nor the Government of Canada terminate the arrangement by written notice sent to the other party one hundred and eighty days before its expiry.

Restraint Levels


Coverage

4. For the purpose of classifying textile products in the appropriate category, the definitions and notes set out in Annex II will apply.

Administration

5. These arrangements will be implemented on the basis of the export control system operated by the Government of The Socialist Republic of Vietnam.

6. For the purpose of implementing these arrangements, the date of export from Vietnam will be used to determine within which restraint period any textile products subject to quantitative limits in these arrangements will be counted.

7. The Government of Canada will admit imports of the textile products described in Annex I provided such imports are covered by certified copy of a Vietnamese Certificate of Origin, endorsed and issued by the proper Vietnamese authorities, a specimen of which is to be submitted to the Canadian authorities, containing the following information:
1. Country of destination
2. Country of origin
3. Document number
4. Recipient's name
5. Exporter's name
6. Category number and description of product as set out in Annex I of the MOU
7. Quantity expressed in units
8. F.O.B. or C.I.F. value except for non-commercial consignments
9. Certification by the Vietnamese Authority that the quantities for textile products subject to quantitative limits have been debited against the agreed restraint level for exports to Canada.

Exchange of Statistics

8. Both Governments will exchange, through their appropriate authorities, such statistical data relating to exports of textiles or textile products as may reasonably be required.

9. The Government of the Socialist Republic of Vietnam will provide the Government of Canada through the Canadian Embassy in Bangkok with quarterly statistics relating to exports of the textile products listed in Annex I which are licensed for export to Canada.

10. When submitting the quarterly statistics mentioned in paragraph 9, the Government of the Socialist Republic of Vietnam undertakes to include the following information:

   a. Category and description of goods as set out in Annex II
   b. Total quantity issued for the calendar year to date in the units designated in Annex I.

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

11. The Government of Canada through the Canadian Embassy in Bangkok will provide the Government of the Socialist Republic of Vietnam with quarterly statistics relating to import permits issued for imports originating in Vietnam for the textile products listed in Annex I, along lines similar to the statistics to be provided by the Government of the Socialist Republic of Vietnam pursuant to paragraph 9 above.

12. Both Governments reserve the option of requesting, should it be necessary, more specific and detailed information.
Re-Exports

13. The products subject to these arrangements are not intended for re-export without the prior approval of the Government of the Socialist Republic of Vietnam. The Government of Canada will, so far as possible, inform the Government of the Socialist Republic of Vietnam when imports into Canada of textile products subject to these arrangements are subsequently re-exported from Canada. Where such re-exports have been debited by the Government of the Socialist Republic of Vietnam to quantitative limits the Government of the Socialist Republic of Vietnam may then credit the amount involved to the appropriate quantitative limits.

Consultation Provisions

14. Either Government has the right to request consultations with the other Government on any matter arising from the implementation or operation of these arrangements or on any matter concerning their trade in textiles and textile products. 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 every effort will be made to hold such consultations within thirty days of the date of notification of the request;

- In circumstances where, in the opinion of the Government of Canada, imports of a textile product or textile products not specifically identified in Annex 1 would cause serious market disruption giving rise to damage difficult to repair, the Government of the Socialist Republic of Vietnam agrees to limit exports to no more than 1/12 of the level of imports from Vietnam as recorded by Canadian authorities in the previous 12 month period, if so requested by the Government of Canada, from the date of request until conclusion of consultations.

- Both Governments will enter into consultations with a view to reaching a mutually acceptable conclusion within thirty days of the date on which actual consultations commence.
15. 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.

**Revisions and Termination**

16. Following consultations in the spirit of mutual understanding, and to take into consideration each party's interests, either Government may revise or terminate these arrangements effective at the end of any subsequent calendar year by written notice to the other Government, to be given at least ninety days prior to the end of such calendar year.

**Annexes**

17. The annexes to this Memorandum of Understanding will be considered an integral part of it.

**Final Provisions**

18. This Memorandum of Understanding will become effective on July 22, 1986 subsequent to an exchange of notes between the two Governments confirming their acceptance of these arrangements.

For the Government Canada

For the Government of the Socialist Republic of Vietnam

OTTAWA, 23 July 1986
ANNEX I

RESTRAINT LEVELS

<table>
<thead>
<tr>
<th>ITEM NUMBER</th>
<th>PRODUCT DESCRIPTION</th>
<th>22 JULY 1986 - 31 DECEMBER 1987</th>
<th>EACH CALENDAR YEAR FROM 1988 TO 1991 INCLUSIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-12</td>
<td>All Clothing</td>
<td>1,050,000</td>
<td>700,000</td>
</tr>
<tr>
<td><strong>Sub-Limits within Aggregate</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Winter Outerwear</td>
<td>30,000</td>
<td>20,000</td>
</tr>
<tr>
<td>2A</td>
<td>Trousers, Pants</td>
<td>75,000</td>
<td>50,000</td>
</tr>
<tr>
<td></td>
<td>Slacks and Jeans MBWG</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Tailored Collar Shirts</td>
<td>600,000</td>
<td>400,000</td>
</tr>
<tr>
<td>4A&amp;B</td>
<td>Blouses/Shirts Other</td>
<td>300,000</td>
<td>200,000</td>
</tr>
<tr>
<td>5</td>
<td>Sweaters</td>
<td>90,000</td>
<td>60,000</td>
</tr>
<tr>
<td>7</td>
<td>Dresses &amp; Skirts</td>
<td>45,000</td>
<td>30,000</td>
</tr>
<tr>
<td>11</td>
<td>Coats, Jackets and Rainwear</td>
<td>75,000</td>
<td>50,000</td>
</tr>
<tr>
<td>12</td>
<td>Fine Suits</td>
<td>7,500</td>
<td>5,000</td>
</tr>
</tbody>
</table>
Annex II
Definitions and Description of Terms

General Notes

1. Gender - Unless otherwise indicated, all definitions of garments apply to garments for men, boys, women, girls, children and infants. Children's and infants' garments include all garments sized 0 - 6X.

2. All garment items include partially manufactured garments, i.e., garments which have been cut and sewn, or otherwise assembled, but which require further manufacture or processing.

3. Garments of indeterminate gender, including unisex garments, are to be counted as of male gender.

Description of Product Categories

Clothing

1. Winter Outerwear Garments

Winter Outerwear Garments (commonly referred to as snowsuits, snowmobile suits, ski-suits, ski-pants, and snow-pants, and jackets, and similar jacket-type garments) that have an outer shell manufactured substantially by surface area with woven fabrics and that are lined and designed to protect the wearer against cold, e.g., quilted linings, down or fibre filling, etc. but not plain acetate or viscose lining. Excluded are unlined outerwear; all coats three-quarter length or longer, that is, to the knee or below the knee; garments commonly known as squall jackets, windbreakers or similar jacket-type garments where there is no thermal insulation; and ski-pants and cross-country ski-suits which do not meet the above description (e.g. constructed entirely from knitted fabric).

Note: A unit comprises garments which have been designed to be sold as a set, e.g. matching or coordinated ski-jackets and ski-pants comprising a ski-suit will be counted as one unit if packed and shipped as a set. Vests are counted separately.

2. Trousers, Shorts, Overalls and Coveralls

A. Trousers, pants, slacks and jeans being garments which do not extend above the waist but extend to the knee or below. Included are jodhpurs, knickers, footless tights, gauchos.
B. Overalls and coveralls. Overalls and coveralls are one-piece garments, as either pants or shorts but extending above the waist in the form of a bib (or permanently affixed straps) or other structure which partially or fully covers the upper part of the body. One-piece jumpsuits are included.

C. Outershorts. Shorts are garments similar to pants but not extending to the knees.

3. Shirts, Tailored Collar

Shirts with tailored collars, men's and boys', knitted or woven, being garments covering the upper part of the body normally worn next to the skin or directly over underwear and with a full or partial front opening which may include a zipper and may be designed to be worn either inside or outside of pants. Included are all men's and boys' shirts meeting this description whether exported separately or part of a set.

Note: Included are children's sizes 4-6X.

Note: A "tailored collar" consists of one or more pieces of material which are cut and sewn or cut and fused and designed with two pointed or rounded ends. The following may be used, when needed, in the construction: stays, lining, stiffening by any means.

4. Shirts, Blouses, T-shirts, Sweatshirts

A. Blouses and shirts, women's and girls', children's and infants', knitted or woven, being garments which may have a complete or partial front or back opening covering the upper part of the body, excluding underwear, jackets, T-shirts, sweatshirts and sweaters.

B. Shirts, men's and boys', children's and infants', other than with tailored collars, including full-fashioned collars. A full-fashioned collar consists of one piece knitted to shape collar. For a full description of "shirts" see description for Item 3 above.

C. T-shirts. T-shirts are knitted garments which may have collarless front openings or no front opening covering the upper part of the body of construction 19 or more vertical stitches per inch.

D. Sweatshirts. Being garments at least one side of which is brushed or fleeced, covering the upper part of the body. Sweaters are not included.
Note: The definitions of T-shirt and sweatshirts for men and boys are subject to the over-riding definitions of men's and boys' shirts with tailored or full-fashioned collars.

5. Sweaters, Pullovers and Cardigans

Sweaters, pullovers, cardigans, (including knitted ponchos). Being knitted or crocheted garments covering the upper part of the body and which may be of any length, of construction less than 19 vertical stitches per inch. Included are such items with coordinating or matching accessories, e.g. hats, scarves, gloves, mittens, booties, etc. A garment in this item when shipped with such coordinating or matching accessories will be considered a set and counted as one unit.

6. Sleepwear and Bathrobes


B. Bathrobes, dressing gowns and housecoats. Being garments other than sleepwear normally worn in privacy, including bed jackets and negligees.

7. Dresses and Skirts

A. Dresses, women's and girls', children's and infants'. Dresses are one-piece garments extended above the waist, including jumpers, evening gowns, dusters and house dresses (other than sleepwear).

B. Skirts, women's and girls', children's and infants'. Skirts are one-piece garments not extending above the waist including golf skirts, kilts (including men's and boys') and culottes.

8. Underwear

Underwear. Included are slips and bloomers.

NOTE: In the case of underwear sets, each piece is to be counted separately.

9. Swimwear

Swimwear, being garments normally worn for swimming and bathing. Included are bathing trunks and bathing suits.
Note: Garments fitting this description which consist of two pieces must be matched and packed and shipped as a unit, otherwise they are classified under the appropriate item elsewhere in this Annex as individual garments.

10. Foundation Garments

Foundation garments. Included are: Brassieres, girdles, corselettes and panty girdles.

11. Coats, Jackets and Rainwear

A. Jackets. Jackets are outerwear garments covering the upper part of the body not extending to the knee, including woven ponchos, vests, boleros, but excluding garments covered elsewhere in this Annex.

B. Overcoats and topcoats, being outerwear garments extending to the knee or below excluding rainwear.

C. Professional and shop coats. Professional and shop coats are one-piece garments including barber coats, clinical coats, medical coats, laboratory coats, and surgical gowns.

D. Rainwear. Rainwear are garments of coated, impregnated or treated fabrics, normally worn to protect against rain (including rainsuits, sets, capes and ponchos).

12. Fine Suits

Fine suits, sportscoats and blazers, men's and boys'.

NOTE: A suit-jacket, sportscoat and blazer may include lapels, lining, shoulder padding, and front stiffening and would normally be worn over another outer-garment.

NOTE: A unit is either a jacket, sportscoat or a suit. A suit is a two- or-three piece garment consisting of matching or coordinated jacket/pants or jacket/vest/pants packed and shipped and sold as a set.