ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral agreement between Canada and Korea

Note by the Chairman

Attached is a notification received from Canada of a bilateral agreement concluded with Korea for the period 1 January 1987 to 31 December 1991.

*English only/Anglais seulement/Inglés solamente

1The previous bilateral agreement is contained in COM.TEX/SB/891.
Mr. Ambassador,

Pursuant to Article 4:4 of the Arrangement Regarding International Trade in Textiles (hereinafter referred to as the MFA) done at Geneva on December 26, 1973 and to the Protocol extending the MFA, done at Geneva on July 31, 1986, I have the honour to notify you of the conclusion of a new five-year bilateral Memorandum of Understanding between the Government of Canada and the Government of the Republic of Korea relating to the export from Korea of certain textiles and textile products for import into Canada effective from January 1, 1987 to December 31, 1991. This replaces a previous arrangement which was in place between the two countries from January 1, 1982 to December 31, 1986.

The current arrangement takes into account circumstances facing the Canadian clothing market and the position of Korea as a major supplier to this market. It also provides for improved Korean access to the Canadian textile and clothing market.

The arrangement virtually maintains the same simplified classification system of the previous arrangement. In aggregate, there are only 11 clothing categories and 6 textile categories. In addition, a number of formerly restrained items are not included in the current arrangement in view of either a low volume of imports into Canada from Korea or, to reflect the fact that Canadian producers, through adjustment, no longer manufacture a product. Dropped from restraint coverage are: rayon yarns; rayon fabrics; polyester/rayon fabrics; woollen fabrics; corduroy fabrics; cotton towels (other than cotton terry towels) and: cordage, rope and twine.
In accordance with the provisions of paragraph 24 of the Protocol, coverage in the arrangement has been expanded to include certain clothing items made from fibres not covered in the previous arrangement. The expanded coverage was agreed in view of the real risk of market disruption to Canadian manufacturers as a result of directly competitive imports from Korea. Under the previous arrangement, coverage applied to imports from Korea that were wholly or mainly (i.e., 50 percent or more) by weight of cotton, wool, or man-made fibres, or blends thereof. The current arrangement applies for some categories to imports which are wholly or mainly (i.e., 50 percent or more) by weight of cotton, other vegetable fibres, wool, man-made fibres, silk, or blends thereof. Excluded from new fibre coverage are those products containing more than 50 percent by weight of vegetable fibres other than cotton or more than 70 percent by weight of silk fibres. Restraint levels for the products concerned have been increased to fully reflect imports of clothing made from these new fibres and imported into Canada from Korea. Products where this coverage now applies are: category 2 (trousers, shorts, overalls, coveralls), subcategory 4A (blouses and shirts WG and shirts other ME), category 5 (sweaters, pullovers, cardigans), subcategory 5A (sweaters, pullovers, cardigans ME), category 7 (dresses, skirts, suits, coordinates, outerwear sets), subcategory 7A (dresses and skirts WG) and, category 1C (coats, jackets, rainwear).

In addition to the increases noted above, base levels were increased for the following items: category 7 (dresses, skirts, suits, coordinates and outerwear sets), sub-category 7A (dresses and skirts), sub-category 12A (acrylic yarns), sub-category 13A (worsted fabrics), sub-category 12E (nylon fabric), sub-category 12C (polyester fabric), category 14 (household textiles), category 16 (work gloves) and, category 17 (handbag). The base level for category 15 (hosiery) was increased to reflect expanded coverage for men's and boys' wool socks in order to eliminate a real risk of market disruption to Canadian producers of this item. The increase fully takes into account imports from Korea into Canada.

Growth and flexibility provisions have been agreed with regard to the provisions of paragraph 10 of the Protocol. The average annual growth rate in the current arrangement is 3.7 percent and ranges from 0.3 percent per year for certain items to 10 percent each year for others. Flexibility provisions are generally along
the lines contained in the previous arrangement. Swing provisions range from 2 percent to 7 percent. Carry over is from 6 percent to 11 percent and borrow forward provisions range from 5 percent to 6 percent. Combined flexibility ranges from 6 percent to as much as 16 percent.

With regard to paragraph 11 of the Protocol, the current arrangement contains a provision to consult in the event of difficulties arising from a sharp and substantial increase, by comparison to corresponding imports in the preceding restraint period, of imports of items subject to quantitative limits.

As in the past, there are provisions for: the exchange of statistics, crediting back to quantitative limits re-exports from Canada of restrained items, the spacing out of exports, consultations concerning the equity of restraints and, general consultations on matters affecting trade in textile and textile products between the two countries. Provisions encouraging imports of children's and infants' clothing have also been included in this arrangement.

In recent years there has been considerable disruption to the Canadian clothing and textile market caused by a sharp and substantial increase in imports at prices substantially below those prevailing for similar goods produced in Canada. The average growth rate for low-cost clothing imports, on a unit volume basis, was 11 percent between 1961 and 1965. This compares with an estimated annual market growth of approximately 2.5 percent. As a result, the Canadian clothing industry has seen its share of the domestic market decline, on a unit volume basis, from 65 percent in 1961 to 57 percent in 1965. During that period the Canadian Textile and Clothing Ecard estimates that import growth may have cost as many as 15,000 Canadian jobs. Apparel imports increased by approximately 10 percent in 1964 leading to an expected further deterioration in the situation facing domestic producers. A complicating factor has been the highly erratic pattern of imports, with increases in low-cost clothing imports of 26 and 15 percent during 1963 and 1964 respectively. This has seriously affected the ability of the Canadian Government and manufacturers to rationally plan and implement adjustment measures.

The Government of Canada believes this arrangement to be in conformity with the provisions of the MFA and to its Protocol of Extension and, as such, in
keeping with the gradual liberalization of the Canadian import programme on textiles and clothing.

A copy of the Memorandum of Understanding is attached.

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

Yours sincerely
MEMORANDUM OF UNDERSTANDING

BETWEEN

THE GOVERNMENT OF CANADA

AND

THE GOVERNMENT OF THE REPUBLIC OF KOREA

RELATING TO THE EXPORT

FROM KOREA OF

CERTAIN TEXTILES AND TEXTILE PRODUCTS

FOR IMPORT INTO CANADA

CANADA
Memorandum of Understanding between the Government of Canada and the Government of the Republic of Korea relating to the export from Korea of certain textiles and 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 Republic of Korea regarding the export of certain textiles and textile products from Korea for import into Canada.

2. These arrangements have been made having regard to the Arrangement Regarding International Trade in Textiles (hereinafter referred as "the MFA") and in particular to Article 4 thereof, and to the Protocol extending the said Arrangement.

Restraint Periods

3. These arrangements will apply for five years commencing on 1 January 1987 and ending on 31 December 1991.

Restraint Levels

4. Except as provided for in paragraphs 14 to 20, the Government of the Republic of Korea will restrain its exports to Canada of the textiles and textile products described in Annex I for the calendar year commencing 1 January 1987 to the limits specified therein.

5. For the four calendar year periods commencing, 1 January 1988 and ending on 31 December 1991, the Government of Korea will restrain its exports to Canada of the textile products described in Annex I to the limits specified therein advanced on an annual basis by the growth rate specified in column (D).

Coverage

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

Administration

7. These arrangements will be implemented on the basis of the export control system operated by the Government of the Republic of Korea.
8. For the purpose of implementing these arrangements, date of export from Korea will be used to determine within which restraint period any textile or textile products subject to these arrangements will be counted.

9. The Government of Canada will admit imports of the textiles and textile products described in Annex II and subject to a specified quantitative limit in Annex I, provided such imports are covered by a copy of a Korean "Export Licence" as per specimen in Annex III endorsed and issued by the proper Korean authorities to the effect that the imports covered by the licence have been debited to the applicable quantitative limit as set out in Annex I.

10. The export licences issued by the Government of the Republic of Korea in respect of products subject to restraint levels as specified in Annex I of this arrangement 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 of the MOU,
   7. Quantity expressed in the units as designated in Annex I of the MOU. If more than one set of measure is established, all should be indicated; where the quantity is expressed other than as designated in the MOU, the equivalent weight, units or m² should be calculated in accordance with the conversion factors set out in Annex I,
   8. F.O.B. or C.I.F. value except for non-commercial consignments,
   9. Certification by the Korean Authority that the quantity has been debited against the agreed restraint level for exports to Canada.

11. In the event any quantity covered by an export licence is not shipped, the Government of the Republic of Korea will notify the Government of Canada of such quantity which may be credited by the Government of the Republic of Korea to the appropriate restraint level.

12. The Government of the Republic of Korea will endeavour to ensure that exports of all textiles and textile products which are listed in Annex II and are subject to restraint levels as per Annex I are spaced out as evenly as possible during each restraint period, due account being taken of seasonal factors and of normal channels of trade.
13. If, on the basis of export data provided by the Government of the Republic of Korea, the Government of Canada ascertains that there is a sharp and substantial increase in the concentration of exports of textiles or textile products, other than that attributable to normal seasonal factors, it may request consultations in accordance with the provisions of paragraphs 28 and 29 with a view to remedying this situation.

Swing

14. 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) provided that an equivalent amount is deducted from any other restraint level. When any restraint level is exceeded by the application of swing, the Government of Korea will so indicate in subsequent monthly returns.

15. For the purpose of implementing the swing provisions in paragraph 14, the conversion factors shown in Annex I will apply.

Carry-Over/Carry-Forward

16. Portions of any restraint limit which remain unused from the restraint period commencing 1 January 1986 (as covered by the preceding bilateral arrangement) may, after consultation, be carried over and added to the appropriate restraint level for the restraint period commencing 1 January 1987. Such carry-over will be within the higher percentage limit set out in column (F) of Annex I of this MOU.

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

18. Any restraint level, including for 1986 as covered by the preceding bilateral arrangement, may be increased within the lower percentage limit set out in column (F) of Annex I by an amount advanced 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 advanced.
19. Notwithstanding the foregoing, the carry-over/carry-forward provisions may be used in combination only up to the higher percentage limit set out in column (F) of Annex I.

20. Further to paragraphs 14 to 19 above, where applicable, the restraint levels in column (C) of Annex I may not be increased by the combined use of swing, carry-over and carry-forward by more than the percentage indicated in column (G) of Annex I.

Exchange of Statistics

21. Both Governments will exchange such other statistical data relating to exports of textiles and textile products not subject to these arrangements as may reasonably be required.

22. The Government of the Republic of Korea will provide the Government of Canada with monthly statistics relating to exports of the textiles and textile products listed in Annex II which are licensed for export to Canada and debited against restraint levels for each restraint period.

23. When submitting the monthly statistics mentioned in paragraph 22, the Government of the Republic of Korea undertakes to include the following information:

   a. Category and description of goods as set out in Annex I.
   b. Original and adjusted restraint level for the restraint period.
   c. Total quantity issued for the restraint period to date in the units designated in Annex I.
   d. Notification of any utilization of swing, carry-over or carry-forward provisions and the quantities involved as provided for in paragraphs 14, and 16-20 above.

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

24. The Government of Canada will provide the Government of the Republic of Korea with monthly statistics relating to import permits issued for imports originating in Korea of the textiles and textile products listed in Annex II along lines similar to the statistics to be provided by the Government of the Republic of Korea pursuant to paragraph 22 above. In addition, the Government of Canada will provide the Government of the Republic of Korea with monthly statistics of total imports from other significant suppliers in respect of textiles and textile products categorized as in Annex I.
25. Both Governments reserve the option of requesting, should it be necessary, more specific and detailed information.

Equity

26. Should either Government consider, as a result of these arrangements, that it is placed in an inequitable position compared with any third party, that Government may request the other to consult as provided in paragraphs 28 and 29 with a view to implementing appropriate remedial measures.

Re-Exports

27. The Government of Canada will, so far as possible, inform the Government of the Republic of Korea when imports into Canada of textiles and textile products subject to these arrangements are subsequently re-exported from Canada. Where such re-exports have been debited by the Korean Government to quantitative limits the Government of the Republic of Korea may then credit the amount involved to the appropriate quantitative limits.

Consultations

28. Either Government has the right to request consultations with the other Government on any matter affecting their trade in textiles or 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 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 thirty days of the date on which actual consultations commence.

29. 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.

30. Consistent with the orderly development of trade and in conformity with the provisions of the Protocol extending the MFA either Government may specifically request consultations in accordance with paragraph 28 when it anticipates that, during any particular restraint period of these arrangements, difficulties may arise from a sharp and substantial increase, by comparison to the preceding restraint period, in imports of a given category subject to the quantitative limits set out in Annex I.

MFA Rights

31. Each Government reserves its rights under the MFA with respect to textiles and textile products not subject to specific quantitative limits in these arrangements. For textiles and textile products covered by these arrangements, it is understood that either Government may have recourse to any or all of the provisions of the MFA, save that the Government of Canada waives its rights under Article 3 of the MFA with respect to restrained products covered by these arrangements as long as this MOU remains in effect.

Revisions and Termination

32. Either Government may at any time propose revisions to the terms of these arrangements having regard to the MFA and to the Protocol extending it.

33. Either Government may terminate these arrangements 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

34. The annexes to this Memorandum of Understanding will be considered an integral part of it.
Transitional Arrangements

35. Any difficulties which may arise as a consequence of the transition from the 1986 arrangement to the 1987 arrangement 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

36. This Memorandum of Understanding will become effective on 1 January 1987 subsequent to an exchange of notes between the two Governments confirming their acceptance of these arrangements.

Seoul
December 30, 1986

For the Government of Canada

[Signature]

For the Government of the Republic of Korea

[Signature]
<table>
<thead>
<tr>
<th>Item No.</th>
<th>Product Description</th>
<th>Restraint Limit</th>
<th>Growth</th>
<th>Swing</th>
<th>Carry-Over</th>
<th>Borrow-Forward</th>
<th>Combined</th>
<th>Flexibility</th>
<th>Conversion Factor ((M^2))</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Winter outerwear MBWGCI (1)</td>
<td>2,177,947</td>
<td>0.3%</td>
<td>2%</td>
<td>6% (3%)</td>
<td>6%</td>
<td>3.5</td>
<td></td>
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<tr>
<td>2</td>
<td>Trousers, shorts, overalls, coveralls MBWGCI</td>
<td>2,669,101</td>
<td>0.6%</td>
<td>5%</td>
<td>8% (5%)</td>
<td>8%</td>
<td>1.9</td>
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<td>3</td>
<td>Shirts, tailored collar MB</td>
<td>4,985,916</td>
<td>0.3%</td>
<td>2%</td>
<td>6% (3%)</td>
<td>6%</td>
<td>2.1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Shirts, blouses, T-shirts, sweatsuits MBWGCI</td>
<td>10,169,742</td>
<td>0.85%</td>
<td>5%</td>
<td>8% (5%)</td>
<td>8%</td>
<td>1.7</td>
<td></td>
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<tr>
<td>5</td>
<td>A) of which blouses and shirts WG and shirts, other MB</td>
<td>5,308,077</td>
<td>0.6%</td>
<td>5%</td>
<td>8% (5%)</td>
<td>8%</td>
<td>1.7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Sweaters, pullovers, cardigans MBWGCI</td>
<td>9,590,087</td>
<td>0.3%</td>
<td>2%</td>
<td>6% (3%)</td>
<td>6%</td>
<td>1.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>A) of which sweaters, pullovers and cardigans MB</td>
<td>2,432,238</td>
<td>0.3%</td>
<td>2%</td>
<td>6% (3%)</td>
<td>6%</td>
<td>1.4</td>
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<tr>
<td>6</td>
<td>Sleepwear and bathrobes MBWGCI</td>
<td>228,598</td>
<td>0.85%</td>
<td>5%</td>
<td>10% (5%)</td>
<td>12%</td>
<td>3.4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Item No.</td>
<td>Product Description</td>
<td>Restraint Limit</td>
<td>Growth</td>
<td>Swing</td>
<td>Carry-Over Borrow-Forward</td>
<td>Combined Flexibility</td>
<td>Conversion Factor (M^2)</td>
<td></td>
<td></td>
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<tr>
<td>7</td>
<td>Dresses and skirts, suits, coordinates and outerwear sets MBWGCI</td>
<td>1,362,481</td>
<td>0.85%</td>
<td>5%</td>
<td>10% (5%)</td>
<td>12%</td>
<td>3.8</td>
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<tr>
<td>A) of which dresses and skirts WG</td>
<td>380,457</td>
<td>0.85%</td>
<td>5%</td>
<td>10% (5%)</td>
<td>12%</td>
<td>3.8</td>
<td></td>
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<td>8</td>
<td>Underwear MBWGCI</td>
<td>185,974</td>
<td>0.85%</td>
<td>5%</td>
<td>10% (5%)</td>
<td>12%</td>
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<td>9</td>
<td>Swimwear and foundation garments MBWGCI</td>
<td>71,529</td>
<td>0.85%</td>
<td>5%</td>
<td>10% (5%)</td>
<td>12%</td>
<td>1.0</td>
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<tr>
<td>10</td>
<td>Coats, jackets and rainwear MBWGCI</td>
<td>3,897,087</td>
<td>0.3%</td>
<td>5%</td>
<td>6% (3%)</td>
<td>6%</td>
<td>4.0</td>
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<tr>
<td>A) of which overcoats, topcoats and rainwear MBWGCI</td>
<td>525,500</td>
<td>0.3%</td>
<td>5%</td>
<td>6% (3%)</td>
<td>6%</td>
<td>4.0</td>
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<tr>
<td>11</td>
<td>Fine suits MBCI</td>
<td>216,778</td>
<td>0.3%</td>
<td>5%</td>
<td>8% (5%)</td>
<td>8%</td>
<td>4.5</td>
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</table>

**Group II**

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Product Description</th>
<th>Restraint Limit</th>
<th>Growth</th>
<th>Swing</th>
<th>Carry-Over Borrow-Forward</th>
<th>Combined Flexibility</th>
<th>Conversion Factor (M^2)</th>
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<tbody>
<tr>
<td>12</td>
<td>Yarns (kg)</td>
<td>2,673,447</td>
<td>10.0%</td>
<td>7%</td>
<td>11% (6%)</td>
<td>-</td>
<td>8.5</td>
</tr>
<tr>
<td>A) of which Acrylic (kg)</td>
<td>1,504,086</td>
<td>4.0%</td>
<td>5%</td>
<td>11% (6%)</td>
<td>12%</td>
<td>8.5</td>
<td></td>
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<tr>
<td>13</td>
<td>Woven Fabrics (kg)</td>
<td>2,802,271</td>
<td>10.0%</td>
<td>7%</td>
<td>11% (6%)</td>
<td>-</td>
<td>6.0</td>
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<tr>
<td>Item No.</td>
<td>Product Description</td>
<td>Restraint Limit</td>
<td>Growth</td>
<td>Swing</td>
<td>Carry-Over Borrow-Forward</td>
<td>Combined Flexibility</td>
<td>Conversion Factor (M²)</td>
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<tr>
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</tr>
<tr>
<td></td>
<td>A. of which worsted fabrics (kg) 464,518</td>
<td>4.0%</td>
<td>5%</td>
<td>8% (5%)</td>
<td>8%</td>
<td>6.0</td>
<td></td>
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<tr>
<td></td>
<td>B. of which nylon broadwoven fabrics, coated and uncoated (kg); -of which uncoated (kg) 233,941</td>
<td>6.0%</td>
<td>5%</td>
<td>10% (5%)</td>
<td>10%</td>
<td>6.0</td>
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<tr>
<td></td>
<td>C. of which polyester broadwoven fabrics (kg) 693,561</td>
<td>7.0%</td>
<td>5%</td>
<td>10% (5%)</td>
<td>10%</td>
<td>6.0</td>
<td></td>
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<tr>
<td></td>
<td>Household textiles (kg) 490,400</td>
<td>10.0%</td>
<td>7%</td>
<td>11% (6%)</td>
<td>12%</td>
<td>4.0</td>
<td></td>
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<tr>
<td>14</td>
<td>Hosiery (doz.pr.) 940,239</td>
<td>4.0%</td>
<td>5%</td>
<td>10% (5%)</td>
<td>10%</td>
<td>1.2</td>
<td></td>
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<tr>
<td>15</td>
<td>Work Gloves (pr.) 1,577,007</td>
<td>6.0%</td>
<td>5%</td>
<td>10% (5%)</td>
<td>12%</td>
<td>0.24</td>
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</tr>
<tr>
<td>16</td>
<td>Handbags 5,187,524</td>
<td>6.0%</td>
<td>5%</td>
<td>10% (5%)</td>
<td>12%</td>
<td>0.4</td>
<td></td>
</tr>
</tbody>
</table>

Notes: 1) of which up to 15% of the applicable restraint level is for children and infants

General Notes: - No swing between Groups I and II
   - Restraint limits specify units unless otherwise indicated.
Annex II
Definitions and Description of Terms

General Notes

1. Gender - Unless otherwise indicated, all definitions of garments apply to garments for men (M), boys (B), women (W), girls (G), children and infants (C&I). Children's and infants' garments include all garments sized 0 - 6X.

2. Unless otherwise indicated, swing is permitted from adult garments to children's and infants' garments at a 3 to 5 ratio.

3. All descriptions include partially manufactured products. Partially manufactured garments include cut-to-shape fabric pieces for garments on which there has been any processing beyond cutting to shape and knit-to-shape pieces for garments, whether or not there has been any processing beyond the knitting to shape.

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

5. Unless otherwise indicated, products covered by restraints under this arrangement in Group I are those which are wholly or mainly (i.e. 50 per cent or more) by weight of cotton, other vegetable fibres, wool, man-made fibres, silk, or blends thereof. Excluded are products containing more than 85 per cent by weight of vegetable fibres other than cotton or more than 70 per cent by weight of silk fibres.

6. Unless otherwise indicated, any reference to fabrics includes both uncoated fabrics and coated fabrics where the coating accounts for 50 per cent or less by weight.

Description of Product Categories

Clothing

1. Winter Outerwear Garments (being wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof)
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.

Trousers, Shorts, Overalls and Coveralls

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.

Note: Men's and boys' garments in this item manufactured of fabric containing five per cent or more by weight of wool or hair are considered to be woollen garments.

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.

Outershorts. Shorts are garments similar to pants but not extending to the knees.
3. Shirts, Tailored Collar (being wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof).

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 as 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

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.

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 also the description for Shirts, Tailored Collar, above.

* 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 cut or finer, i.e., 19 or more vertical stitches per inch.
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 coarser than 19 cut, i.e. 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 (being wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof)

Pyjamas and sleepwear, being garments normally worn for sleeping.

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

7. Dresses and Skirts, Suits, Coordinates and Outerwear Sets

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

* T-Shirts and Sweatshirts being wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof.
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 (divided skirts).

Suits and coordinates are garments comprising two or three matched or coordinated pieces, covering both the upper and lower parts of the body, packed and shipped and sold as a set. Excluded are pieces which are Fine Suits, Winter Outerwear, Underwear, Sleepwear, Swimwear, Foundation Garments, Rainwear, Shirts Tailored-Collar.

Coordinates or matching sets and blazers, men's and boys', children's and infants' and not covered by the definitions in item 11 of this Annex.

Suits, coordinates, or matching sets, and blazers, women's and girls', children's and infants'.

Miscellaneous Garments. Children's and infants' garments not meeting any of the descriptions relating to children's and infants' wear contained elsewhere in this Annex, including sunsuits, christening sets, pram sets, creepers, rompers, crawlers, diaper sets, sleepers, and blanket sleepers where the legs of the garments extend to completely encase the feet.

Athletic Sets or Suits. Suits normally worn for participation in athletic activities and not covered by any other definition in this Annex including leotards covering the trunk of the body, judo sets, track suits, jogging suits, cross-country ski suits (subject to the description of Item 1).

Leisurewear, Coordinates or Sets. Not defined by any other definitions in this Annex. These may include shortsets, beachwear sets and cabana sets.

Underwear (being wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof).

Underwear. Included are slips and bloomers.

Note: In the case of underwear sets, each piece is to be counted separately.
Swimwear and Foundation Garments (being wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof)

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 (or more) pieces must be matched or coordinated, and packed and shipped as a unit, otherwise they are classified under the appropriate item elsewhere in this Annex as individual garments. Coordinated or matched sets comprising garments in addition to those described as meeting the criteria of this item, e.g. beachwear sets, are classified as sets and coordinates.

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

Coats, Jackets and Rainwear

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.

Overcoats and Topcoats. Outerwear garments extending to the knee or below, excluding rainwear.

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

Rainwear. Rainwear are garments of coated, impregnated or treated fabrics, normally worn to protect against rain (including rainsuits, sets, capes and ponchos).
11. **Fine Suits** (being wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof).

*Fine Suits, Sportscoats and Blazers, men's and boys'.*

Note: The suit jacket, sportscoat or 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.

12. **Yarns**

**Acrylic Yarn.** All types of machine and hand knitting yarns containing 50 per cent or more by weight of acrylic fibres, except those yarns composed entirely of fibres not exceeding two and one-half inches in length.

**Polyester Yarn,** comprises all yarns consisting of 100 per cent polyester fibres or filaments or where polyester fibres represent either the chief value or 50 per cent or more by weight.

**Nylon Yarn,** spun or filament, where the total of the nylon fabrics in combination represent either the chief value or 50 per cent or more by weight.

13. **Woven Fabrics**

**Polyester Fabrics:** broadwoven fabrics in which the warp is composed of filament flat or textured polyester yarn.

**Polyester/Cotton Broadwoven Fabric:** woven fabrics made from blends of cotton and polyester fibres, where polyester fibres represent 50 per cent or more by weight.
Worsted Fabrics: woven fabrics having 17% or more by weight of wool in which at least the warp is made from worsted spun yarn.

Nylon Fabrics: broadwoven fabrics in which the nylon fibre accounts for 50 per cent or more by weight or thread count or where the nylon fibres, represent the chief value.

14. Household Textiles

Bedsheets, woven, including flannelette sheets.

Pillowcases, woven.

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 and bath sheets, barmops and towel blanks.

15. Hosiery, is knitted footwear for adults, children and infants. Excluded are ladies' seamless or full fashioned full length hosiery and knee highs produced on machines of 400 needles or above and made from yarn of 30 denier or finer, and panty-hose.

16. Work Gloves, both finished and partially manufactured, that are wholly or mainly of textile fabrics, whether or not impregnated or coated including such gloves manufactured partly of leather. This includes work glove liners or shells, wholly of textile fabrics, which are neither impregnated nor coated and without any other non-textile components, for incorporation in work gloves.

17. Handbags, made of fabrics whether uncoated, coated or bonded or man-made fibres or blends of fibres, with a body area, excluding handles, between 258 to 1226 square centimetres, in the manufacture of which leather and plastic materials may be used as trim and finish but not a major component of the shell.
ANNEX III
CERTIFICATE OF EXPORT LICENCE OF TEXTILE PRODUCTS
TO CANADA FOR 19

ISSUEDATE: 19
SERIAL NO:________

DESTINATION:________________________________________

IMPORTER’S NAME AND ADDRESS: __________________________

EXPORTER’S NAME AND ADDRESS: __________________________

GROUP NO.:________ ITEM NO.:________

DESCRIPTION OF PRODUCTS: (Product Name and gender)

QUANTITY: (ADULTS) (CHILDREN)

VALUE:________________________

This is to certify that the above export has been debited to the applicable quantitative limit for exports to Canada as set out in Annex I of the Agreement between the Republic of Korea and Canada.