ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral agreement between Canada and Thailand

Note by the Chairman

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

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1 The previous bilateral agreement and amendments are contained in COM.TEX/SB/819, 932, 980, 1038 and 1086.

*English only/Anglais seulement/Inglés solamente

88-0290
Dear Ambassador Raffaelli,

Pursuant to Article 4:4 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 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 Kingdom of Thailand relating to the export from Thailand 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 expired on December 31, 1986.

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

The arrangement maintains the same simplified classification system of the previous arrangement. In aggregate, there are only 10 clothing categories and 3 textile categories. It maintains the coverage of the previous arrangement and establishes restraint levels for two new clothing categories, sleepwear and swimwear, and one new textile category, nylon fabric, which includes a sublimit on more sensitive finished nylon fabrics. The existing jackets category was amended to establish a specific sublimit for coats, also a more sensitive item.
With respect to sleepwear, imports of sleepwear from Thailand reached a level of 500,261 units in the first eight months of 1986, a 62 per cent increase over the 309,515 units imported from Thailand during the entire 1985 calendar year. The domestic share of the apparent Canadian market, however, has declined each year since 1980 when it was 89 per cent to 1985 when it was 78 per cent.

In the case of swimwear, imports from Thailand in the first eight months of 1986 alone totalled 546,619 units, or more than double the 260,247 units imported in 1985. The domestic share of the apparent Canadian swimwear market has decreased rapidly in recent years, from 63 per cent in the market in 1982 to 36 per cent in 1985.

Before 1985 Thailand was not a supplier of nylon fabric to Canada. Shipments of 44,000 kilograms in 1985, however, made Thailand the third-largest low-cost supplier of this product to Canada, exceeding the performance of three out of five restrained sources. This trend continued in 1986 when shipments in the first seven months exceeded by 79 per cent those over the same period in 1985. In 1985 domestic Canadian shipments of nylon fabrics declined by 7 per cent in volume terms while at the same time low-cost imports rose by 11 per cent.

The annual growth in restraint levels for the ten clothing categories and three textile categories ranges between 4 and 6 per cent. The slightly lower positive growth rate, established in five clothing categories was offset somewhat by establishing the 1987 base levels on sleepwear and swimwear at levels approximately 15 per cent above the minimum MFA level, assuming a formal Canadian request for consultations in October 1986. Similarly, the level established for nylon fabric is approximately 25 per cent above the MFA Annex B level.

Flexibility provisions allow swing for four clothing categories and all textile categories of up to 7 per cent. In six more sensitive clothing categories swing is 5 per cent. Carry over and carry forward have been limited to 10 per cent and 5 per cent respectively.
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 textiles and textile products between the two countries, including consultations on items not covered by restraints in the event of market disruption in Canada, or the threat thereof. 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 per cent between 1981 and 1985. This compares with an estimated annual market growth of approximately 2.3 per cent. As a result, the Canadian clothing industry has seen its share of the domestic market decline, on a unit volume basis, from 69 per cent in 1981 to 57 per cent in 1985. During that period the Canadian Textile and Clothing Board estimates that import growth may have cost as many as 15,000 Canadian jobs. Apparel imports increased by approximately 10 per cent in 1986 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 per cent during 1983 and 1984 respectively. This has seriously affected the ability of the Canadian Government and manufacturers rationally to plan and implement adjustment measures.

The Government of Canada believes this arrangement to be in conformity with the provisions of the MFA and 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 assurances of my highest consideration.

Yours sincerely,

J. Gero
Counsellor
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF CANADA
AND
THE GOVERNMENT OF THE KINGDOM OF THAILAND
RELATING TO THE EXPORT FROM THAILAND
OF
CERTAIN TEXTILES AND TEXTILE PRODUCTS
FOR IMPORT INTO CANADA
Memorandum of Understanding Between the Government of Canada and the Government of The Kingdom of Thailand Relating to the Export from Thailand 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 Thailand regarding the export of certain textiles and textile products from Thailand for import into Canada.

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

Restraint periods

3. These arrangements will apply for the periods commencing on January 1, 1987 and ending on December 31, 1991; of which the first restraint period will commence on January 1, 1987 and end on December 31, 1987 and the four (4) subsequent restraint periods will be for the calendar years 1988, 1989, 1990 and 1991.

Restraint levels

4. Except as provided for in paragraphs 15 to 19 below, the Government of Thailand will restrain its exports to Canada of the textiles and textile products described in Annex I for the first period as defined in paragraph 3 to the limits specified in column (C) therein.

5. Except as provided for in paragraphs 15 to 19 below, for the four calendar year periods commencing January 1, 1986 and ending on December 31, 1991, the Government of Thailand will restrain its exports to Canada of the textile products described in Annex I to the limits specified in column (C) 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.
7. With reference to Article 12.3 of the MFA, these Arrangements will not apply to bona fide handmade clothing and textile products of handloomed fabric as described in Annex III when accompanied on importation by a certificate validated by the Thai authority.

Administration

8. These arrangements will be implemented on the basis of the export control system operated by the Government of Thailand.

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

10. For the purpose of implementing these arrangements, the date of export from Thailand will be used to determine within which restraint period any textiles or textile products will be counted.

11. The export certificates issued by the Government of Thailand in respect of products covered by Annex I will contain the following information:

1. Country of destination;
2. Country of origin;
3. Certificate 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;
8. F.O.B. or C.I.F. value;
9. Certification by the proper authority (paragraph 9);
10. Restraint Period (year).
12. In the event any quantity covered by an export certificate is not shipped, or any part of it is returned, regardless of the reason, the Government of Thailand will notify the Government of Canada of such quantity which may be credited by the Government of Thailand to the appropriate restraint level.

13. The Government of Thailand will endeavour to ensure that exports of all textiles and textile products which are listed in Annex II and are subject to restraint levels in 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.

14. If, on the basis of Canadian import data, 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 and normal channels of trade, it may request consultations in accordance with the provisions of paragraph 27 with a view to reaching a mutually acceptable conclusion.

Swing

15. Subject to the specific limitations set out in Annex I, and following notification to the Government of Canada, any restraint level may be exceeded by the percentage shown in column (E) provided that an equivalent amount, through application of the conversion factors shown in column (G), is deducted from any other restraint level in the same group. When any restraint level is exceeded by the application of swing, the Government of Thailand will so indicate in subsequent monthly statistical reports.

Carry-Over/Carry-Forward

16. 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 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.

17. Following notification to the Government of Canada of the quantities involved, any restraint level 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.

18. No carry-over shall be available for application in the first restraint period. No carry-forward shall be available for application in the final restraint period.

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.

Exchange of Statistics

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

21. The Government of Thailand will provide the Government of Canada with monthly statistics relating to exports of the textile products listed in Annex II which are licensed for export to Canada and debited against restraint levels for each restraint period as per Annex I.

22. When submitting the monthly statistics mentioned in paragraph 21, the Government of Thailand 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. Indication of any utilization of swing, carry-over or carry-forward provisions and the quantities involved as provided for in paragraphs 15 to 19 above.

This information will be provided as soon as possible following the end of each month.
23. The Government of Canada will provide the Government of Thailand with monthly statistics relating to import permits issued for imports originating in Thailand of the textiles and textile products listed in Annex I.

24. Both Governments reserve the option of requesting, should it be necessary, more specific and detailed information.

Equity

25. Should either Government consider, as a result of this arrangement, that it is placed in an inequitable position compared with any third party, that Government may request the other to consult as provided in paragraph 27 with a view to implementing appropriate remedial measures.

Re-Exports

26. The Government of Canada will, so far as possible, inform the Government of Thailand 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 Thailand to quantitative limits, the Government of Thailand may then credit the amount involved to the appropriate quantitative limits.

Consultations

27. 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 germane thereto. 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 thirty days of the date on which actual consultations commence.

28. 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.

29. In the event that the Government of Canada believes that imports from Thailand of products listed in Annex II not covered by specific limits are, due to market disruption or the threat thereof, threatening to impede the orderly development of trade between the two countries, the Government of Canada may request consultations with the Government of Thailand with a view to easing or avoiding such market disruption. The Government of Canada will provide the Government of Thailand at the time of the request with available data which are indicative of the market situation and in the opinion of the Government of Canada show:

A. The existence of market disruption, or the threat thereof, and

B. the role of exports from Thailand in that disruption.

30. The Government of Thailand 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.

31. During the 90-day period, the Government of Thailand agrees to hold its exports to Canada of the products concerned to a level no greater than 35 percent of the amount entered into Canada, as recorded by Canadian import permit statistics, where available, during the
latest 12 months prior to the month in which the request for consultations was made.

32. If no mutually satisfactory solution is reached during these consultations, the Government of Canada may establish a specific limit for the duration of this agreement for shipments of the product concerned exported on and after the conclusion of the 90-day period referred to above. This limit will not be less than the amount of imports which are entered into Canada during the first 12 of the most recent 14 months preceding the month in which the request for consultations was made, plus 20 percent.

33. If a specific limit is established under paragraph 32 in the course of a calendar year, it will be prorated to correspond to the time period between the date on which the limit is established and the end of the calendar year in which the request is made. Flexibility (swing, carry-over and carry-forward) and growth will be provided taking into account the provisions of the MFA.

MFA Rights

34. Each Government reserves its rights under the MFA with respect to textiles and textile products not subject to specific quantitative limits in this arrangement. For textiles and textile products covered by this arrangement, 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 this arrangement as long as this arrangement remains in effect.

Revisions and Termination

35. 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.

36. Either Government may terminate this arrangement 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

37. The annexes to this arrangement will be considered an integral part of it.
Transitional Arrangements

38. Any difficulties which may arise as a consequence of the transition to these arrangements 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

39. This Memorandum of Understanding will become effective on January 1, 1987 subsequent to an exchange of letters between the two Governments confirming their acceptance of the arrangement.

Chiang Mai, Thailand
October , 1986

For the Government of Canada For the Government of the Kingdom of Thailand

T.A. Macdonald Oranuj Osatananda
<table>
<thead>
<tr>
<th>A</th>
<th>CATEGOR Y NO.</th>
<th>SHORT DESCRIPTION</th>
<th>C B</th>
<th>RESTRAINT LEVEL</th>
<th>GROWTH</th>
<th>SWING</th>
<th>CARRY-OVER/ CARRY-FORWARD</th>
<th>CONVERSION FACTOR (M2/UNIT)</th>
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<tr>
<td>Group A (CLOTHING)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td>1.</td>
<td>Winter Outerwear</td>
<td>80,294</td>
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<td>6%</td>
<td>5%</td>
<td>10% (5%)</td>
<td>3.50</td>
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<td>2.</td>
<td>Shirts with Tailored Collars</td>
<td>535,290</td>
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<td>6%</td>
<td>5%</td>
<td>10% (5%)</td>
<td>2.10</td>
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<td>3.</td>
<td>Shirts, Blouses, T-Shirts, Sweatshirts</td>
<td>802,935</td>
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<td>6%</td>
<td>7%</td>
<td>10% (5%)</td>
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<td>4.</td>
<td>Trousers, Shorts, Overalls, Coveralls</td>
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<td>5%</td>
<td>10% (5%)</td>
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<td>5.</td>
<td>Dresses, Skirts, Suits</td>
<td>2,262,930</td>
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<td>4%</td>
<td>7%</td>
<td>10% (5%)</td>
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<td>Coordinates, Outerwear Sets</td>
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<td>6.</td>
<td>Jackets, Coats</td>
<td>757,487</td>
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<td>5%</td>
<td>10% (5%)</td>
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<tr>
<td>6.a. (of which Coats)</td>
<td></td>
<td>(85,000)</td>
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<td>5%</td>
<td>5%</td>
<td>10% (5%)</td>
<td>3.20</td>
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<td>7.</td>
<td>Underwear</td>
<td>1,091,800</td>
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<td>4%</td>
<td>5%</td>
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<td>8.</td>
<td>Sweaters</td>
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<td>5%</td>
<td>10% (5%)</td>
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<td>9.</td>
<td>Sleepwear</td>
<td>570,000</td>
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<td>7%</td>
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<td>10.</td>
<td>Swimwear</td>
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<td>7%</td>
<td>10% (5%)</td>
<td>1.30</td>
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<td>Group B (TEXTILES)</td>
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<td></td>
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<td>11.</td>
<td>Work Gloves (prs)</td>
<td>1,472,049</td>
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<td>6%</td>
<td>7%</td>
<td>10% (5%)</td>
<td>2.90 M^2/DOZ PR</td>
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<td>Hosiery (Prs)</td>
<td>2,477,313</td>
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<td>7%</td>
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<td>0.05 M^2/PR</td>
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<td>13.</td>
<td>Nylon Fabrics (Kqs)</td>
<td>75,000</td>
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<td>6%</td>
<td>7%</td>
<td>10% (5%)</td>
<td>14.50 M^2/KG</td>
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<td>13.a (of which Finished Fabrics)</td>
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<td>(30,000)</td>
<td></td>
<td>6%</td>
<td>7%</td>
<td>10% (5%)</td>
<td>14.50 M^2/KG</td>
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</table>

Note: With regard to item 13.a., finished nylon fabric is defined as any fabric advanced beyond the loom state (i.e. greige), including fabric which has been scoured, bleached, coloured and/or coated.
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 are those which are wholly or mainly by weight of cotton, wool, man-made fibres or blends thereof. Wholly or mainly means 50 percent or more.

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

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 percent or more by weight of wool or hair are considered to be woolen 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

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

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 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, 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

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

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).

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).

8. Sportswear (Suits, Coordinates, Athletic and Leisure Sets)

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, men's and boys', children's and infant's.

Suits, coordinates, or matching sets, and blazers, women's and girls', childrens 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. 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 in Item 1).

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

9. Underwear

Underwear. Included are slips and bloomers.

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

10. 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 (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.

11. Foundation Garments

Foundation garments. Included are: Brassieres, girdles, corselettes, and panty girdles.
12. **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,** being 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).

13. **Fine Suits**

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

*Note:* The suit-jacket, sportscoat or blazers 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.

**TEXTILES**

14. **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.

**Work Glove Liners**, liners or shells wholly of textile fabrics which are neither impregnated or coated and without any other non-textile components, for incorporation in work gloves.
15. Hosiery, is knitted footwear for adults, children and infants. Excluded are men’s and boys’ woollen hosiery (over 50% of wool by weight) and 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. 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.

17. Household Textiles

Bedsheets, woven, including flannelette sheets.

Pillowcases, woven.

Bedding, other than bedsheets, and pillowcases.

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.

Towels, other than cotton terry towels, wholly or mainly by weight of cotton, man-made fabrics or blends thereof.

18. Yarns

Cotton Yarn, comprises all yarns consisting of 100 per cent cotton fibres either combed or carded, in a state ready for further processing.

Acrylic Yarn. All types of yarns containing 50 per cent or more by weight of acrylic fibres.
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% or more by weight.

Polyester/Cotton Yarn, comprises all yarns consisting of blended polyester and cotton fibres in which the combination of polyester and cotton fibres represent either the chief value or 50% or more by weight.

Rayon Yarn, spun or filament, where the total of rayon fibres in combination represent either the chief value or 50% or more by weight.

Nylon Yarn, spun or filament, where the total of the nylon fibres in combination represent either the chief value or 50% or more by weight.

Mixed Fibre Yarns, spun or filament, containing 50% or more by weight of man-made fibre, nes.

19. Fabrics

Polyester Fabrics, are woven fabrics in which the warp is composed of filament flat or textured polyester yarn.

Polyester/Cotton Broadwoven Fabric, are fabrics made from blends of cotton and polyester fibres, where polyester fibres represent 50 per cent or more by weight.

Polyester Fabrics, nes.

Worsted Fabrics, are woven fabrics having 17% or more by weight of wool in which at least the warp is made from worsted spun yarn.

Wool Blend Fabrics, nes. 17% or more by weight of wool.

Nylon Fabrics, are fabrics in which the nylon fibre accounts for 50 per cent or more by weight or thread count or where the nylon fibres in combination with other fibres represents the chief value.

Nylon Fabric, nes.

Cotton Fabric, are woven fabrics wholly or mainly by weight of cotton and include the following:
- Duck and allied fabrics, including awning fabric, tent cloth and canvas
- Drill, twill and warp sateen including gabardine, and cord fabric
- Flannel, napped, bleached, unbleached and coloured including billiard cloth, blanket cloth and flannelette
- Denim and corduroy
- Pile fabric, n.e.s. including plush fabric, velour, velveteens, velvet and flocked fabrics
- Print cloth and sheeting
- Terry cloth
- Cotton fabric nes.

Broadwoven Fabrics, nes which include the following:
- Rayon
- Rayon/polyester
- Rayon blend nes
- Mixed fibre nes
- Broadwoven fabrics nes

20. Miscellaneous Textiles nes, which include the following:
- Vinyl and polyurethane coated fabrics, nes
- Cordage, rope and twine
ANNEX III: THAILAND ITEMS

"Thailand Items" are those items that are uniquely and historically traditional Thai products, sewed, embroidered, woven or otherwise produced by hand in Thai cottages, units of handicraft commonly known as cottage industries. They are comprised of the items listed below and any such others as may be agreed upon from time to time.

List of Thailand Items

Meo Applique
A finely-detailed applique about six inches square used to adorn backs of collars and front waists of garments. Composed of a centre of dark cotton decorated with a scroll design of bright chair-stitch and cross-stitch embroidery, surrounded by multiple bands of corded cotton sewed together.

Yao Wall Hanging
A rectangular panel of homespun cotton having a geometric design of several collars closely filled in with tiny embroidered cross-stitches. The hanging is attached to a small bamboo stick with ornamental ends and hung by a braided woolen cord which continues downward to form an edging for the pane.

Yao Man's Shirt
A loose-fitting garment of coarse dark homespun with kimono sleeves and an unusual front closing which laps to the left of the neckline and then curves in an area to the side seam, secured by braided loops and tiny bells which serve as buttons. Edges of the lap line and the cotton of the front and sleeves are trimmed with multiple rows of narrow piping in contrasting colors, and the latter left front is adorned with a geometric design of minute cross-stitches.
Yao Child's Cap

A small, firm "beanie" type cap constructed of fabric with straight rows of three-eights inch corded quilting. The corded rows circle the base and run perpendicularly on the triangular shaped upper sections which form the dome. The cap is usually of several colors and is topped by a wool pom-pom.

Meo Man's Jacket

Similar to the Yao shirt or jacket, but of a short midriff length, fastening in a straight lap at the mid-left front with bells and braid loops ending in small woolen tufts. The rows of contrast trim, beginning in a seam off centre and continuing around the lap to the side seam, are narrow bands of fabric pieced together, more pronounced than the Yao piping. Line-thin bands of dark accent the colors, especially in the mitered corners. Sleeves are trimmed by plain bands of contrast.

Akha Shoulder Bag

Coarse woven cotton with wide colored bands at the sides extending in a loop to form a shoulderstrap. The bands end with cotton string pom-poms dangling from three-inch strands of tiny Job's tear beads. The bag has an embroidered center square of thin cotton applique surrounded by rows of running-stitch embroidery. Profusely decorated with buttons, medallions, clumps of feathers and silver discs.

Akha Hat

A very elaborate accessory formed of a semi-cylindrical shield of thin bamboo tied around the head and extending about six inches from the forehead where it joins a circular top. The shield is covered with black cotton bound in red and ornamented with alternating rows of silver discs and double strands of Job's tear beads, the rows ending in clumps of feathers. Matching tabs are sewed at the ends of the bottom row for fastening to the head, and
medallions are sewed on here and across the bottom to dangle on the forehead. At the top of the shield is a circular band of bamboo on which rests a square with diagonal braces strung with rows of colored thread and secured by a metal disc at the center. The corners of the square are trimmed with feather clumps and thin tassels of dyed jute.

Akha Sashes

Can be of bright coarse homespun with contrasting stripes woven at the ends or a more elaborate type which is more draped in front over a dark plain sash, somewhat like a square scarf hung diagonally with the points to the centre. This type comprises an intricately woven design of an all-over pattern with a wide decorative border and is woven in many colors. An excellent example of skillful weaving.

Akha Women's Blouses

Kimona-style garment with diagonal laps edged by a wide border of intricate rows of colour and geometric design, the V-necked lap fastened with a long silver brooch. Homespun cotton with woven design.

Karen Jackets and Blouse

Handwoven, straight-cut garments with a lengthwise slit in the middle long enough to slip over the head, and with edges sewed together to form a seam below the armpits. The next slit is trimmed with cord edging made of two-tone twisted fibers, looped together in a simple knot with fringe ends at the bottom of the slit. Garments can be of varying length and either of plain or striped fabric. Contrasting stripes are often woven crosswise to form a wide border at the bottom, the threads being left six to ten inches long for fringe at the side seams, sometimes used likewise as trim at the center front. Worn with long-sleeved blouses or shifts beneath.
| **Karen Sashes** | Narrow bands of plain color homespun with a ten inch fringe. Cross stripes are woven at the ends from a much heavier cord, left hanging at the sides as fringe. |
| **Lahu Sashes** | Narrow woven homespun bands with lengthwise stripes of color, ending in long braided strands to which are attached brilliantly colored small ball pom-poms of thread. |
| **Lahu Shoulder Bags** | Durable bags of coarse heavy homespun with woven geometric designs in bands with lengthwise borders, almost as though sashes had been joined together. The borders, but not the designs, extend up along the shoulderstrap. Trimmed with braided cotton threads along the top of the bag ending in fringe, and with braided fringe at the bottom of the mid panels attached to thread ball pom-poms. |
| **Lahu Blouses** | A variation of the kimona with wider sleeves, often of brilliant stripes on the upper section. The front of the blouse laps to the right, secured at the next edge and then curving down to below the armpit, the lap bordered by a three-inch striped band. |
| **Northeast Skirts** | Characterized by wide, woven skirt borders with an embroidered look attained by inserting thread into the loom with a needle to change colors. Geometric patterns are predominant, but there are birds, flowers and animals. It is a highly skilled handicraft of great beauty, and can be bordered only by borders woven onto skirt lengths of vertical striped or plain material. |
Hilltribe Jackets
or Blouses
Patterned after the karen straight-cut garment, but without the long fringe. The hilltribe garment has a heavier-patterned, deeper-bordered design ending in a one-inch fringe around the bottom. Woven homespun with braided cord trim at neck and arms.

Chiengmai Jackets
and Blouses
Traditional Kimona style with round neck, meeting in the center front with an underlap, and secured by a series of narrow self-tie strings. The style varies from very coarse plain homespun fabric for most jackets to printed medium cotton for most shirts and to plain medium cotton with decorative border for women's dress garments.

Chiengmai Shoulder
Bags
Made of striped woven homespun with end bands terminating in tassel fringe. Two-inch pieces of heavy cotton yarn are often sewed like tassels in rows on the end bands. The bag itself has woven designs trimmed with interspersed sequins.

Chiengmai
Commercial Bags
Commercial shoulder bags are those of modified tradition which have been found to sell well. Of two types, one being of woven design, plastic lined, with a twisted five-eighths inch cord at the side, extending upward to form the shoulderstrap. The other style features traditional end bands of dark homespun forming the strap, with a body of foam-lined plain color, woven with metallic thread trim.

Chiengmai
Embroidered
Garments
Originating in Chiengmai but not of Chiengmai tradition as a garment. However, it is a popular Thai handicraft. Simple --- garments of dark, plain medium weave, cotton, straight-cut but with shaped armholes and neckline. Trimmed at edges, around bottom, on pockets and/or down front with bright embroidered flowers. The garment can be of any length and may zip in front or back.
<table>
<thead>
<tr>
<th>Traditional Thai Skirts</th>
<th>A wrap-around cylindrical skirt made of approximately two yards of fabric seamed into a tube and lapped to fit the wearer as a long skirt. It can be of plain or striped fabric or woven metallic thread in fabric with decorative border.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional Thai Wall Hangings</td>
<td>Rectangles of Thai medium-woven cotton with one-half inch fringed edge, fastened to painted wooden poles. The hangings are trimmed with classical Thai motives such as Thai dancers, elephants or royal barge painted on the cotton in one or several colors.</td>
</tr>
<tr>
<td>Wall Hangings</td>
<td>Skillful paintings on textile fabric of Buddhas, elephants, or Thai scenery, or Thai design.</td>
</tr>
<tr>
<td>Traditional Thai Pillows</td>
<td>The traditional pillow is triangular in shape made by the attractive grouping of six small triangular tubes stacked in diminishing order with three open spaces the whole being covered by fabric to form a larger composite triangle. The pillows are covered with plain and print, making effective use of the Thai design in print. Another form is the rectangular pillow made of eight rectangular tubes joined around an open space. This type is used as a hand warmer in cooler areas.</td>
</tr>
<tr>
<td>Akha Man's Jacket</td>
<td>Made of black homespun cotton, the Akha man's shirt has a Mandarin style collar. The shirt is trimmed in contrasting colors and is decorated with rows of silver or aluminum studs and/or coins. There are usually rows of cross-stitch embroidery.</td>
</tr>
<tr>
<td>Akha Women's Jacket</td>
<td>The Akha woman's is similar to the man's except that it is collarless and there is usually more of the contrasting colored material used to decorate it.</td>
</tr>
<tr>
<td>Item</td>
<td>Description</td>
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</tr>
<tr>
<td>Meo Skirt</td>
<td>A Meo skirt consists of six yards of pleated Meo Batik. The border is an embroidered strip of material approximately the same length. The Meo Batik is white and navy blue. The trim is an infinite variety of colors and design. It usually has strips of material appliqued on breaking the pattern of embroidery.</td>
</tr>
<tr>
<td>Meo Apron</td>
<td>The Meo apron is purely decorative. It consists of embroidery and applique done on a strip of material approx. 10&quot; x 30&quot;.</td>
</tr>
<tr>
<td>Lahu Wall Hanging</td>
<td>Handwoven, the Lahu Wall Hangings consist of several rows of a traditional Lahu design interspersed with rows of pom-poms or a solid row of wool woven in to another design. Attached to a bamboo arrow the Lahu wall hanging is hung by a braided wool sash. The bottom of the wall hanging ends in a row of either wool or cotton fringe.</td>
</tr>
<tr>
<td>Yao Bags</td>
<td>Yao bags are a traditional item worn inside the shirt or jacket and used for carrying small objects such as needles, coins, etc. They are usually from 3&quot; - 4&quot; x 3&quot; - 4&quot; in size and are a draw-string type bag. They are usually embroidered on both sides but there is a larger type embroidered on only one side. They are decorated with woolen tassels on either side. The embroidery as with other Yao items is of an infinite variety. The other Yao bag is embroidered on one side and applique on the other. It is fastened with two round silver buttons. It is approx. 6&quot; x 6&quot; in size.</td>
</tr>
<tr>
<td>Karen Blankets</td>
<td>Karen Blankets consist of 3 or 4 panels of Karen backstrap loom woven material sewn together. They are woven of cotton and are usually striped. One end has a row of fringe 3&quot; x 5&quot; long. The material used in the blankets is similar to the jackets and blouses.</td>
</tr>
</tbody>
</table>
Traditional Thai handicraft batik fabrics and clothing products made by hand from such batik fabrics. Handicraft batik is produced by a process which involves the following three operations, carried out by hand, for each of the colours or shades applied to the fabric:

i) Waxing (Application of wax by hand to the fabric)
ii) Dyeing/Printing (Application of colour either by the traditional cottage method of dyeing or handprinting)
iii) Dewaxing (Boiling the fabric to remove the wax)