ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Amendment of the bilateral agreement between Canada and Bangladesh

Attached is a notification received from Canada of an amendment of its agreement with Bangladesh. A restraint was agreed on sportswear coordinates for the period 1 January 1988 to 31 December 1991.

1The bilateral agreement between the parties is contained in COM.TEX/SB/1381.

*English only/Anglais seulement/Inglés solamente
November 4, 1988

Ambassador M. Raffaelli
Chairman
Textiles Surveillance Body
General Agreement on Tariffs and Trade
Centre William Rappard
Rue de Lausanne, 154
CH-1211 Geneva 21

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 an amendment to the Memorandum of Understanding (MOU) between the Government of Canada and the Government of the People’s Republic of Bangladesh relating to the export from Bangladesh of certain textiles and textile products for import into Canada effective from January 1, 1988 to December 31, 1991.

The modification of the MOU provides for the establishment of a restraint on Bangladesh shipments of sportswear coordinates to Canada at an annual level of 1,350,000 units, of which adult garments will not exceed 900,000 units, for the period commencing January 1, 1988, and ending December 31, 1991. The modification covers clothing products which fall within the scope of the MFA and takes into account circumstances facing the Canadian clothing market and the position of Bangladesh as an established supplier to that market. The level applicable to exports of sportswear coordinates from Bangladesh for import into Canada was established taking into consideration historical trading patterns and other provisions contained in Article 4 of the MFA and its Protocol of Extension.
The share of the Canadian domestic market for sportswear coordinates held by Canadian producers fell from 66 per cent in 1982 to 46 per cent in 1986, a drop of 20 percentage points. At the same time there has been a 15 per cent decrease in employment since the early 1980s. During the same period, 20 firms manufacturing sportswear coordinates closed, resulting in over 2,800 job losses. In 1986 alone, 10 firms representing 455 jobs ceased to operate. The average price for sportswear coordinates in 1986 was $5.11 for imports from Bangladesh as opposed to $36.39 for similar products of Canadian domestic production.

Imports of sportswear coordinates from Bangladesh increased from 34,000 units in 1986 to 862,000 units in the first nine months of 1987. During the same time period, they exceeded restraint levels in place for the full calendar year with three other major low-cost suppliers. Imports of sportswear over the same time period have also exceeded import levels of 13 countries with which Canada has bilateral agreements.

In line with MFA guidelines, the arrangement contains a flexibility provision which allows swing of 7 per cent at a conversion factor 3.4 square metres per unit. Carry-over and carry-forward are set at 10 per cent and 5 per cent respectively, with a combined, maximum flexibility of 13 per cent. Annual growth is set at 6 per cent.

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

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

Yours sincerely,

J. Gero
Counsellor
ANNEX IV

Agreed Record
Canada-Bangladesh Consultations
January 24-28, 1986

1. Delegations of the Government of Canada and the Government of the People's Republic of Bangladesh met in Dhaka on January 24-26, 1986 to discuss the matter of Sportswear coordinates from Bangladesh to Canada. These consultations were held pursuant to a request by Canada on November 25, 1985, having regard to Article 4 of the Arrangement Regarding International Trade in Textiles (MFA).

2. During the discussions it was agreed that, having regard to Article 4 of the MFA, Bangladesh would restrain its exports to Canada of Sportswear coordinates, as defined in the attached Appendix A, effective from January 1, 1986 and for the term of the Administrative Provision appended to the Agreed Record concluded between the two Governments on September 29, 1985.

3. In the first restraint period, January 1, to December 31, 1986, exports to Canada of Sportswear coordinates will be restrained to a total level of 1,350,000 units of which adult garments, sized above 6X, will not exceed 900,000 units.

4. Shipments of adults garments will be identified as Category 6A, and shipments of childrens and infants size garments will be identified as Category 6B.

5. It was agreed that the annual growth, swing, carry-over, and carry-forward, combined flexibility and conversion factor indicated in columns (d) through (H) of the attached Appendix B will apply.

6. It was agreed that exports of childrens and infants garments in Category 6B will be debited against the restraint at a 3 to 5 ratio, that is, for every five units shipped, three units are counted against restraint.

7. It was further agreed that, having regard to Article 4 of the MFA and in respect of Categories 2 to 5 of the Agreed Record of September 29, 1985, swing is permitted from adult garments to childrens and infants garments at a 3 to 5 ratio effective as of January 1, 1986.

8. This Agreed Record and the accompanying Appendix A and Appendix B will be considered as Annex IV to the Agreed Record of September 29, 1985 and all the provisions in the latter Agreed Record and its annexes will be read to include this Annex IV.

[Signature]
9. Both delegations noted that their signature of this Agreed Record was ad referendum and subject to confirmation by means of an exchange of diplomatic notes indicating acceptance of these arrangements.

Dhaka, January 28, 1988

For the Government of Canada

For the Government of the People's Republic of Bangladesh
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', 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. Suits normally worn for participation in athletic activities and not covered by any other definition including leotards covering the trunk of the body, judo sets, track suits, jogging suits, cross-country ski suits other than Winter Outerwear.

Leisurewear. Coordinates not defined by any other definitions in this Annex. These may include shortsets, beachwear sets and cabana sets.
<table>
<thead>
<tr>
<th>CATEGORY NO.</th>
<th>SHORT DESCRIPTION</th>
<th>RESTRAINT LEVEL (units)</th>
<th>GROWTH</th>
<th>SWING</th>
<th>CARRY-OVER/ CARRY-FORWARD</th>
<th>COMBINED FLEXIBILITY (E) &amp; (F)</th>
<th>CONVERSION FACTOR (M2/UNIT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Sportswear coordinates MBWGC</td>
<td>1,350,000</td>
<td>6%</td>
<td>7%</td>
<td>10%/5%</td>
<td>13%</td>
<td>3.4</td>
</tr>
<tr>
<td>6A</td>
<td>Sportswear coordinates MBWG not more than</td>
<td>900,000</td>
<td>6%</td>
<td>7%</td>
<td>10%/5%</td>
<td>13%</td>
<td>3.4</td>
</tr>
</tbody>
</table>

**NOTE:**
Shipments of MBWG (adult size) garments to be identified as Category 6A.
Shipments of CI (size 0-6X) garments to be identified as Category 6B.
The Canadian High Commission presents its compliments to the Ministry of Foreign Affairs of the People's Republic of Bangladesh and has the honour to refer to the Agreed Record of discussions signed by representatives of Canada and Bangladesh in Dhaka on January 19, 1988 relating to the export from Bangladesh of sportswear for import into Canada.

In accordance with the final paragraph of the Agreed Record, Canadian authorities wish to confirm acceptance of the provisions contained in the Agreed Record and propose that this Note, together with the reply from Bangladesh authorities confirming acceptance by their Government, give effect to the agreement outlined in the Agreed Record.

The Canadian High Commission avails itself of this opportunity to renew to the Ministry of Foreign Affairs of the People's Republic of Bangladesh the assurances of its highest consideration.

DHAKA - 24 April 1988
The Ministry of Foreign Affairs, Government of the People's Republic of Bangladesh represents its compliments to the Canadian High Commission in Dhaka and has the honour to refer to the High Commission Note Number 047 dated 24th April, 1988 regarding the Agreed Record of Discussions signed by the representatives of Canada and Bangladesh in Dhaka on 28 January 1988 in respect of export of sportswear coordinates from Bangladesh to Canada.

2. Pursuant to the provision of paragraph 3 of the said Agreed Record, Bangladesh authorities wish to confirm that the Government has given approval to the provisions contained in the said Agreed Record together with its Appendix - A&B.

The Ministry of Foreign Affairs avails itself of this opportunity to renew to the Canadian High Commission in Dhaka the assurances of its highest consideration.

The Canadian High Commission in Bangladesh, Dhaka.