ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral agreement between
Canada and Colombia

Note by the Chairman

Attached is a notification received from Canada of a bilateral agreement concluded with Colombia for the period 5 September 1990 to 31 December 1991.

*English only/Anglais seulement/Inglés solamente
Ambassador M. Raffaelli  
Chairman  
Textiles Surveillance Body  
General Agreement on Tariffs and Trade  
Centre William Rappard  
154, rue de Lausanne  
1211 Geneva 21

Mr. 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 that a new restraint arrangement embodied in the enclosed Memorandum of Understanding (MOU) has been concluded between the Government of Canada and the Government of Colombia regarding cotton terry towels, washcloths and sets. This bilateral textile arrangement became effective September 5, 1990 and is in effect until December 31, 1991.

The import restraint covers products which fall within the scope of the MFA. It recognizes equity commitments made by Canada under the MFA and under bilateral agreements pursuant to it. The restraint takes into account circumstances facing the Canadian textile market and the position of Colombia as an established supplier to that market.

In 1988, the apparent Canadian market for terry towels reached 11,007,000 kgs, representing an increase of 12% over the 1987 level of 9,835,000 kgs. Market growth was accounted for entirely by imports which in 1988 totalled 6,295,000 kgs, an increase of 29% over 1987 imports. Domestic shipments fell to 4,712,000 kgs in 1988, a drop of 8% from the 1987 shipment levels of 5,126,000 kgs. Consequently, the share of the market held by domestic manufacturers fell from 53% of the market in 1987 to 42% in 1988. In 1989, domestic shipments continued to decline to 4,485,000 kgs or 37% of the Canadian market share.
In 1988, imports of cotton terry towels from Colombia were 335,407 kgs. This represented an increase of 98% over 1987 when imports from Colombia totalled 169,409 kgs. In 1989, Canada imported 587,504 kgs from Colombia which represents a growth rate of 76%.

Given the decline in Canadian towel production, employment fell by 23% in 1988. Imported cotton terry towels from Colombia are competitive in quality and weight but are substantially lower in price. The average price of Colombian cotton terry towels, washcloths and sets in 1989 was $7.79 per kg. This compares to a price from Canadian sources of $12.00 per kg.

In August, 1989, Canada requested consultations with Colombia under Article 3 of the MFA with the objective of seeking restraints on exports to Canada of cotton terry towels, washcloths and sets. In the twelve months to the end of June, 1989, imports from Columbia were 474,000 kgs. In November 1989, a first round of negotiations was held with the Colombian authorities without an agreement being reached. Canada chose not to exercise its rights under Article 3, at that time. Shipments from Columbia, however, continued to increase. As a result, in September 1990, Canada again requested consultations under Article 3. In the twelve months to the end of June 1990, imports from Columbia were 619,000 kgs. During this twelve month period Columbia was the largest unrestrained developing country supplier and the fourth largest developing country supplier over-all.

Negotiations with Columbia resumed in November 1990, leading to the current agreement which provides for restraints from September 5, 1990 to December 31, 1991 of 960,000 kgs.

The Government of Canada considers that this arrangement conforms with the provisions of the MFA and its Protocol of Extension.

Yours sincerely

John Gero
Counsellor
Nota No. 067

La Embajada de Canadá presenta su más atento saludo al Honorable Ministerio de Relaciones Exteriores de la República de Colombia y se permite informar que las autoridades canadienses desean referirse al Memorando de Entendimiento entre el Gobierno de Canadá y el Gobierno de Colombia, firmado el 1º de marzo de 1991 por representantes autorizados de los Gobiernos de Canadá y Colombia y a la Nota No. AE-OR 18822 de las autoridades colombianas de fecha 6 de marzo de 1991, confirmando la aceptación del Memorando de Entendimiento.

De conformidad con el Artículo 19 del citado Memorando de Entendimiento, las autoridades canadienses desean confirmar su aceptación de las provisiones contenidas en el Memorando de Entendimiento y proponen que esta nota, junto con la nota formal de las autoridades colombianas confirmando su aceptación, pongan en vigencia las provisiones del Memorando de Entendimiento.

La Embajada del Canadá se vale de la oportunidad para renovar al Honorable Ministerio de Relaciones Exteriores las seguridades de su más alta y distinguida consideración.

Bogotá, 21 de marzo de 1991

MINISTERIO DE RELACIONES EXTERIORES
Sección de Correspondencia
CONTROL DE CORRESPONDENCIA
Bogotá, D. C., 22 MAR, 1991
Horo: 
Recibido:
FIRMAS FACULTADAS PARA LA EXPEDICIÓN DE AUTORIZACIÓN DE EXPORTACIÓN TEXTIL

COMPETENT AUTHORITY FOR TEXTILE EXPORT AUTHORIZATION

Luis Ángel Madrid Berroterán
Jefe División Evaluación Operaciones

Lucy Durán Celis
Jefa Sección Comercio Administrado

Margarita Rosa Franco Medina
Jefe División Regional Barranquilla

Amira C. de Peñaloza
Profesional Especializado
Regional Barranquilla
El Ministerio de Relaciones Exteriores saluda muy atentamente a la honorable Embajada del Canada y tiene a bien hacer referencia a su atenta nota CO2, del 4 de enero/91, relativa a las exportaciones colombianas de toallas y limpios de algodón y juegos de los mismos al Canada.

El Ministerio de Relaciones Exteriores hace igualmente referencia al "Memorando de Entendimiento entre el Gobierno de Colombia y el Gobierno de Canada en relación con la exportación de Colombia de algunos textiles y productos textiles para importación a Canada", firmado el 1° de Marzo en Bogotá por Representantes autorizados de los Gobiernos de Colombia y Canada, cuyo texto se adjunta a la presente en sus versiones española e inglesa.

De conformidad con el Artículo 19 del citado memorando de Entendimiento esta nota y la nota de aceptación en nombre del Gobierno de Canada, constituyen un compromiso entre los Gobiernos de Colombia y Canada, el cual tendrá vigencia retroactiva al 5 de septiembre de 1990.

El Ministerio de Relaciones Exteriores queda a la espera de la respuesta a la honorable Embajada del Canada y, entretanto, aprovecha la oportunidad para reiterarle las seguridades de su más alta y distinguida consideración.

MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF COLOMBIA
AND
THE GOVERNMENT OF CANADA
RELATING TO THE EXPORT FROM COLOMBIA
OF
CERTAIN TEXTILE PRODUCTS
FOR IMPORT INTO CANADA
Delegations representing the Government of Canada and the Government of Colombia met to discuss an arrangement to govern trade in certain textiles products between Colombia and Canada in accordance with the provisions of the Arrangement regarding International Trade and Textiles (MFA), and in particular Article 4 thereof.

Objective and Coverage

1. It was agreed that the Colombian authorities will restrain the exports to Canada of cotton terry towels, washcloths and sets (as defined in Annex II).

Restraint Period

2. The restraint will apply for the period commencing on September 5, 1990, and ending on December 31, 1991.

Restraint Level

3. The Government of Colombia will restrain the exports of the textile products described in Annex II to the limits specified in Annex I.

Administration

4. This arrangement will be implemented on the basis of an export control system operated by the Government of Colombia.

5. The Government of Canada will admit imports of the textile products described in Annex II and subject to a specific quantitative limit in Annex I, provided such imports are covered by an original copy of a Colombian "Export Licence" certified and issued by the competent Colombian authorities, to the effect that the imports covered by the licence have been debited to the applicable quantitative limit (restraint) as set out in Annex I.

6. For the purpose of implementing these arrangements, the date of export from Colombia will be used to determine whether the textile products exported will be counted against the restraint level specified in Annex I.

7. The export licenses issued by the Government of Colombia in respect of products covered by Annex I 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,
   7. Quantity expressed in kilograms as designated in Annex I,
   8. F. O. B or C. I. F. value,
9. Certification by the proper authority (paragraph 5).

8. In the event any quantity covered by an export licence is not shipped, or any part of it is returned, regardless of the reason, the Government of Colombia will notify the Government of Canada of such quantities which may be credited by the Government of Colombia to the appropriate restraint level.

Re-exports

9. The Government of Canada will, so far as possible, inform the Government of Colombia when imports into Canada of 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 Colombia to quantitative limits, the Government of Colombia may then credit the amount involved to the appropriate quantitative limits.

Spacing

10. The Government of Colombia shall use its best efforts to space exports to Canada evenly throughout the agreement period taking into consideration normal seasonal factors.

Exchange of Statistics

11. Upon request, either Government shall promptly supply the other Government with data on imports and exports of the product under restraint. Each Government agrees to supply promptly any other available statistical data necessary for the implementation of this agreement.

Equity

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

Consultations

13. Either Government has the right to request consultations with the other Government on any matter arising from the implementation or operation of these arrangements. 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 no later than fifteen 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 sixty days of the date on which actual consultations commence.

14. 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.

Transshipments

15. Both Governments shall take actions as are necessary to ensure compliance with this Agreement, with particular reference to Article 8 of the MFA and paragraph 16 of the 1988 Protocol Extending the MFA.

Revisions

16. Either Government may at any time propose revisions to the terms of this MOU having regard to the MFA and to the Protocol extending it.

Annexes

17. The Annexes to this MOU will be considered an integral part of it.

Transitional Arrangements

18. Any difficulties which may arise as a consequence of the transition to this MOU will be brought immediately to the attention of 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

19. This MOU will become effective on April 1, 1991, subsequent to our exchange of notes between the two Governments confirming their acceptance of these arrangements, retroactively to September 5, 1990.
## ANNEX I

### Restraint Levels

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Description</th>
<th>Period</th>
<th>Restraint Levels</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cotton, Terry Towels, Washcloths and Sets</td>
<td>Sept. 5/90 to Dec. 31/91</td>
<td>960,000 kg</td>
</tr>
</tbody>
</table>

*(Based on an annual restraint level of 720,000 kg for calendar year 1991)*
ANNEX II

Definitions and Description of Terms

Cotton terry towels, washcloths and sets containing 50 per cent or more by weight of cotton, whether greige, bleached, dyed or printed, including tea, hand, beach and bath towels (bath/tubmats), bath sheets, beach blankets, barmops and towel blanks (hemmed white towels).