Attached is a notification received from Canada of an extension of its bilateral agreement with Brazil for the period 1 January to 31 December 1992.¹

¹The bilateral agreement is contained in COM.TEX/SB/1574.

*English only/Anglais seulement/Inglés solamente
Dear Ambassador Raffaelli:

Further to my note of 30 December, 1991, and pursuant to (i) Article 4 of the Arrangement Regarding International Trade in Textiles (MFA), done at Geneva on December 20, 1973; (ii) the Protocol extending the MFA, done at Geneva on July 31, 1986; and (iii) the Protocol Maintaining in Force the MFA, done at Geneva on July 31, 1991, I have the honour to notify you that, through bilateral negotiations, an extension to the existing Memorandum of Understanding has been agreed between the Governments of Canada and Brazil. The relevant exchange of diplomatic notes is attached.

Exports to Canada of the Brazilian products covered by the Memorandum of Understanding are subject to restraint through December 31, 1992. Otherwise, the terms of the Memorandum of Understanding, including those relative to growth rates and flexibility, remain unchanged.

As noted in the exchange of diplomatic notes, this extension is without prejudice to any agreement which may be reached as a result of the current Multilateral Trade Negotiations.

Yours sincerely,

John F. Doig
Counsellor
O Ministério das Relações Exteriores cumprimenta a Embaixada do Canadá e tem a honra de referir-se à Nota nº B-149, de 1º de novembro corrente, pela qual a Embaixada reitera proposta de extensão, até 31 de dezembro de 1992, do Memorando de Entendimento (MOU) firmado entre o Governo do Canadá e a República Federativa do Brasil com o objetivo de disciplinar o comércio bilateral de determinados produtos têxteis.

2. O Ministério das Relações Exteriores informa, em resposta, que o Governo brasileiro concorda com a proposta canadense. No entendimento de que, de acordo, assim, com a formulação da citada proposta - permanecerão em vigor os termos e condições do MOU sobre o comércio têxtil bilateral vigente, inclusive no que diz respeito a taxas de crescimento e flexibilidades.

Brasília, em 22 de novembro de 1991.
THE HONOUR TO REFER TO NOTE

TFC/5*/X/91-LOC-108 OF SEPTEMBER 26, 1991 PROPOSING THAT THE
"MUTUAL" UNDERSTANDING BETWEEN THE GOVERNMENT OF CANADA AND
THE GOVERNMENT OF BRAZIL RELATING TO THE EXPORT FROM BRAZIL OF
CERTAIN TEXTILES AND TEXTILE PRODUCTS FOR IMPORT INTO CANADA
("MOU") NOT BE EXTENDED TO DECEMBER 31, 1992.

AT PRESENT, CANADA HAS REACHED ONE-YEAR EXTENSION AGREEMENTS
WITHOUT CHANGES (I.E. SIMPLE ROLL-OVER) WITH EXPORTING COUNTRIES
REPRESENTING OVER EIGHTY PERCENT OF ITS IMPORTS OF TEXTILES AND
CLOTHING. THE EXPIRY OF THE CURRENT MOU AT THE END OF THIS YEAR
CONTINUES TO CAUSE CONSIDERABLE UNCERTAINTY IN THE TEXTILE AND
CLOTHING INDUSTRIES IN BOTH CANADA AND BRAZIL. BRAZILIAN
AUTHORITIES WILL RECALL THAT CIRCUMSTANCES SURROUNDING CONCLUSION
OF MOU IN 1989 WERE HIGHLY CONTROVERSIAL, AND THAT "THIS CREATED
SIGNIFICANT UNCERTAINTY."

ALTHOUGH IN 1991 BRAZILIAN IMPORTS OF BEDSHEETS AND
PILOWSCASES INTO CDA HAVE DECLINED TEMPORARILY, IN 1990 BRAZIL
WAS THE THIRD LARGEST LOW-COST SUPPLIER AND CONTINUES TO HOLD THE
SECOND LARGEST EXPORT RESTRAINT LEVEL TO CANADA FOR BEDSHEETS AND
PILOWSCASES. IN 1991, TERRY TOWELS IMPORTS FROM BRAZIL REMAIN
STRONG AND CLO REACH 100/100 PERCENT QUOTA UTILIZATION. BRAZIL
IS THE SECOND LARGEST SUPPLIER OF LOW-COST IMPORTS OF COTTON
TERRY TOWELS. BRAZIL HOLDS THE LARGEST EXPORT RESTRAINT LEVEL TO
CANADA FOR TERRY TOWELS.

THEREFORE, IN ORDER TO MINIMIZE ANY UNCERTAINTY IN TRADE IN
TEXTILES AND CLOTHING BETWEEN BRAZIL AND CANADA, CANADIAN
AUTHORITIES REITERATE THEIR PROPOSAL THAT THE MOU GOVERNING OUR
BILATERAL TEXTILE TRADE BE EXTENDED FOR A PERIOD OF ONE YEAR,
UNTIL DECEMBER 31, 1992. THIS EXTENSION WOULD APPLY TO ALL TERMS
AND CONDITIONS CONTAINED IN THE CURRENT MOU, INCLUDING GROWTH
RATES AND FLEXIBILITY PROVISIONS. THE EXTENSION WILL BE WITHOUT
PREJUDICE TO ANY CHANGES WHICH MAY BE NEGOTIATED IN THE URUGUAY
ROUND GOVERNING TEXTILE TRADE BEYOND 1991."