ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Agreement between Canada and Uruguay

Note by the Chairman

Attached is a notification received from Canada concerning a new bilateral agreement concluded with Uruguay. The agreement is valid for the period 1 January 1982 to 31 December 1986.

*English only/Anglais seulement/Inglés solamente.
February 14, 1984

Ambassador M. Raffaelli  
Chairman  
Textiles Surveillance Body  
GATT Secretariat  
Centre William Rappard  
154, rue de Lausanne  
1211 Geneva 21  

Dear Ambassador Raffaelli,  

I have the honour to forward to you  
Notifications of Arrangements between Canada and  
the Government of the Republic of Uruguay and  
between Canada and the Federative Republic of  
Brazil respecting certain textile products.

Yours sincerely,

J.L. MacNeil  
Minister
Short Reasoned Statement to accompany the notification to the Textile Surveillance Body of a Memorandum of Understanding between the Government of Canada and the Government of the Republic of Uruguay relating to the export from Uruguay of certain textiles and textile products for import into Canada.

With reference to paragraph 4 of Article 4 of the Arrangement Regarding International Trade in Textiles (hereinafter referred to as the MFA), done at Geneva on December 2, 1973, and to the Protocol extending the MFA, done at Geneva, December 22, 1981, I have the honour to notify the Textiles Surveillance Body of the conclusion of a five-year bilateral arrangement between the Government of Canada and the Government of the Republic of Uruguay.

This bilateral arrangement, ratified in October, 1983, became effective January 1, 1982, and takes into consideration the exceptional circumstances currently affecting the Canadian textile market and the position of Uruguay as an established supplier to that market. This new arrangement covers a textile product which falls within the scope of the MFA. The 1982 base level was established taking into consideration historical trading patterns and other provisions contained in Article 4 of the MFA and its Protocol of Extension.

In line with MFA guidelines there is provision for annual growth rates for the 1982-1986 period. In view of the fact that worsted fabric is considered sensitive in the Canadian market, this annual growth rate has been established at three percent. The flexibility provision allows for a carry-over/borrow-forward between restraint periods of 10 percent; the sub-limit for borrow-forward being five percent. The arrangement also contains provision for exchange of statistics, re-exports, consultations, and revision and termination. This arrangement became effective on January 1, 1982 and will continue until December 31, 1986.

The Government of Canada believes this arrangement in conformity with the provisions of the MFA and, as such, is in keeping with the gradual liberalization of the Canadian import programme on clothing and textiles. It will also assist in avoiding the real risk of Canadian market disruption while at the same time ensuring orderly development of world trade.

Accept, Sir, the renewed assurance of my highest consideration.
Monsieur l’Ambassadeur,

J’ai l’honneur de me référer d’une part aux pourparlers engagés entre la délégation du gouvernement du Canada et celle du gouvernement de l’Uruguay à Genève du 14 au 16 juillet 1982 sur le commerce de certains textiles et produits de textiles entre l’Uruguay et le Canada, et d’autre part au protocole d’entente paraphé avec la mention "ad referendum" découlant desdits pourparlers.

J’ai en outre l’honneur de proposer que la présente note et la réponse de Votre Excellence, dont le texte espagnol et le texte français font également foi, confirmant le protocole d’entente constituent un accord entre nos deux gouvernements, lequel entrera en vigueur pour une période de cinq années civiles, se terminant le 31 décembre 1986, sous réserve du droit de chaque gouvernement d’y mettre fin à la fin de chaque année civile, sur avis écrit donné à l’autre au moins quatre-vingt-dix jours avant la fin de ladite période de restriction.

Je vous prie de croire, Monsieur l’Ambassadeur, en l’assurance renouvelée de ma très haute considération.

L’Ambassadeur et Représentant permanent

Son Excellence
Monsieur Federico Grundwaldt Ramasso
Ambassadeur
Mission permanente de la République orientale de l’Uruguay auprès de l’Office des Nations Unies à Genève
65, rue de Lausanne
1202 Genève
Señor Embajador:

Tengo el honor de acusar recibo de vuestra nota de esta misma fecha que se refiere por un lado a las conversaciones llevadas a cabo entre la delegación del gobierno del Uruguay y la del gobierno de Canada en Ginebra, del 14 al 16 de julio de 1982, acerca del comercio de ciertos textiles y productos de textiles entre el Uruguay y el Canada, y por otro lado al protocolo de entendimiento rubricado con la mención "ad referendum" derivado de dichas conversaciones.

Tengo el honor de convenir con Vuestra Excelencia que dicha nota y la presente de la misma fecha, cuyos textos en español y en francés son igualmente válidos, confirmando el protocolo de entendimiento, constituyen un acuerdo entre nuestros dos gobiernos, el cual entrará en vigor por un período de cinco años civiles, terminándose el 31 de diciembre de 1986, bajo reserva del derecho de cada gobierno de darlo por terminado al final de cada año civil, mediante aviso escrito dado a la otra parte por lo menos noventa días antes del final de dicho período de restricción.

Me valgo de esta oportunidad para reiterar a Vuestra Excelencia las seguridades de mi más alta consideración.

Federico Grunwaldt Ramasso
Embajador
Representante Permanente

Ginebra, 31 de octubre de 1983
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE GOVERNMENT OF CANADA
AND
THE GOVERNMENT OF URUGUAY
RELATING TO THE EXPORT FROM URUGUAY OF
CERTAIN TEXTILES AND TEXTILE PRODUCTS
FOR IMPORT INTO CANADA
Memorandum of Understanding between the Government of Canada and the Government of Uruguay relating to the export from Uruguay 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 Uruguay regarding the export of certain textiles and textile products from Uruguay for import into Canada.

2. These arrangements have been made having regard to the Arrangement Regarding International Trade in Textiles (hereinafter referred to 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 (5) years commencing on January 1, 1982 and ending on 31 December 1986.

Restraint Levels

4. Except as provided for in paragraphs 14 to 16, the Government of Uruguay will restrain its exports to Canada of the textiles and textile products described in Annex I for the calendar year commencing January 1, 1982 to the limits specified therein.

5. For the four calendar year periods commencing January 1, 1983 and ending on 31 December 1986, the Government of Uruguay 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 these arrangements, the expression "textiles" will have the meaning ascribed to the expression in Article 12.1 of the MFA.

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

Administration

8. These arrangements will be implemented on the basis of the export control system operated by the Government of Uruguay.
9. The Government of Canada will admit imports of the textiles and 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 an "Export Licence" endorsed and issued by the proper Uruguayan authority 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 Uruguay 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.
8. F.O.B. or C.I.F. value except for non-commercial consignments
9. Certification by the Government of Uruguay that the quantity has been debited against the agreed restraint level for exports to Canada.
10. Quota year.

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

12. The Government of Uruguay 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 Uruguay, 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 24 and 25 with a view to remedying this situation.
Carry-Over/Carry-Forward

14. 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.

15. 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.

16. 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

17. 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.

18. The Government of Uruguay 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 as per Annex I.

19. When submitting the monthly statistics mentioned in paragraph 18, the Government of Uruguay 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 carry-over or carry-forward provisions and the quantities involved as provided for in paragraphs 14 to 16 above.

This information would be provided as soon as possible following the end of each month.
20. The Government of Canada will provide the Government of Uruguay with monthly statistics relating to import permits issued for imports originating in Uruguay of the textiles and textile products listed in Annex II, along lines similar to the statistics to be provided by the Government of Uruguay pursuant to paragraph 18 above. In addition, the Government of Canada will provide the Government of Uruguay with monthly statistics of total imports and imports from other significant suppliers in respect of textiles and textile products categorized in Annex I.

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

Equity

22. 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 24 and 25 with a view to implementing appropriate remedial measures.

Re-Exports

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

Consultations

24. 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.

25. 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.

MFA Rights

26. Each Government reserves its rights under the MFA with respect to textiles and textile products not subject to these arrangements.

Revisions and Termination

27. 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.

28. 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

29. The annexes to this Memorandum of Understanding will be considered an integral part of it.

Transitional Arrangements

30. Any difficulties which may arise as a consequence of the transition to this 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

31. This Memorandum of Understanding will become effective on January 1, 1982 subsequent to an exchange of notes between the two Governments confirming their acceptance of these arrangements.
32. This Memorandum of Understanding has been prepared in duplicate in the English and Spanish languages, each version being equally authentic.

For the Government of Uruguay

For the Government of Canada

Frederico Grunwaldt Ramasso

Pierre J. Gosselin
<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>SHORT DESCRIPTION</th>
<th>(C) RESTRAINT LEVEL</th>
<th>(D) GROWTH</th>
<th>(E) SWING</th>
<th>(F) CARRY-OVER/ CARRY-FORWARD</th>
<th>(G) COMBINED FLEXIBILITY (E) &amp; (F)</th>
<th>(H) CONVERSION FACTOR (M2/UNIT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Worsted Fabric</td>
<td>(1982) 151,000 kg</td>
<td>3%</td>
<td>N.A.</td>
<td>10% (5%)</td>
<td>N.A.</td>
<td>N.A.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1983) 155,530 kg</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1984) 160,195 kg</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1985) 165,000 kg</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1986) 169,950 kg</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Description of Product Categories

1. Worsted Fabric

Worsted Fabrics are woven fabrics having 17% or more by weight of wool and in which at least the warp is made from worsted spun yarn. Both governments will exchange notes listing their import/export control categories for the above described product.
<table>
<thead>
<tr>
<th>Entry</th>
<th>Original</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Exporter (name, full address, country)</td>
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<td></td>
</tr>
<tr>
<td>Exportateur (nom, adresse complète, pays)</td>
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<td></td>
</tr>
<tr>
<td>2 Consignee (name, full address, country)</td>
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<td></td>
</tr>
<tr>
<td>Destinataire (nom, adresse complète, pays)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Quota year</td>
<td>Année contingentaire</td>
<td></td>
</tr>
<tr>
<td>4 Category number</td>
<td>Numéro de catégorie</td>
<td></td>
</tr>
<tr>
<td>5 Place and date of shipment—Means of transport</td>
<td>Lieu et date d'embarkement—Moyen de transport</td>
<td></td>
</tr>
<tr>
<td>6 Supplementary details</td>
<td>Détails supplémentaires</td>
<td></td>
</tr>
<tr>
<td>7 Country of origin</td>
<td>Pays d'origine</td>
<td></td>
</tr>
<tr>
<td>8 Country of destination</td>
<td>Pays de destination</td>
<td></td>
</tr>
<tr>
<td>9 Designation of goods</td>
<td>Designation des marchandises</td>
<td></td>
</tr>
<tr>
<td>10 Marks and numbers—Number and kind of packages</td>
<td>Marques et numéros—Numéro et nature des caisses</td>
<td></td>
</tr>
<tr>
<td>11 Quantity</td>
<td>Quantité</td>
<td></td>
</tr>
<tr>
<td>12 FOB Value</td>
<td>Valeur FOB</td>
<td></td>
</tr>
</tbody>
</table>

**ANNEX III**

### EXPORT CERTIFICATE

**Textile products**

**CERTIFICAT D'EXPORTATION**

**Produits textiles**

<table>
<thead>
<tr>
<th>Entry</th>
<th>Original</th>
<th>No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Description</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exporter</td>
<td>Exportateur</td>
<td></td>
</tr>
<tr>
<td>Consignee</td>
<td>Destinataire</td>
<td></td>
</tr>
<tr>
<td>Place and date of shipment</td>
<td>Lieu et date d'embarkement</td>
<td></td>
</tr>
<tr>
<td>Supplementary details</td>
<td>Détails supplémentaires</td>
<td></td>
</tr>
<tr>
<td>Country of origin</td>
<td>Pays d'origine</td>
<td></td>
</tr>
<tr>
<td>Country of destination</td>
<td>Pays de destination</td>
<td></td>
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<tr>
<td>Designation of goods</td>
<td>Designation des marchandises</td>
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<tr>
<td>Marks and numbers—Number and kind of packages</td>
<td>Marques et numéros—Numéro et nature des caisses</td>
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</tr>
<tr>
<td>Quantity</td>
<td>Quantité</td>
<td></td>
</tr>
<tr>
<td>FOB Value</td>
<td>Valeur FOB</td>
<td></td>
</tr>
</tbody>
</table>

### CERTIFICATION BY THE COMPETENT AUTHORITY—VISA DE L'AUTORITE COMPETENTE

I, the undersigned, certify that the goods described above have been charged against the quantitative limit established for the year shown in box No. 3 in respect of the category shown in box No. 4 by the provisions regulating trade in textile products with the Government of Canada.

Je soussigné certifie que les marchandises désignées ci-dessus ont été imputées sur la limite quantitative fixée pour l'année indiquée dans la case No. 3 pour la catégorie désignée dans la case No. 4 dans le cadre des dispositions régissant les échanges de produits textiles avec le gouvernement du Canada.

Signature: [Signature]

Stamp: [Stamp]
This Agreed Minute sets out the understanding that has been reached between the delegations of Uruguay and Canada during consultations which took place in Geneva from July 14 to 16, 1982.

The delegations concluded an "ad referendum" arrangement that will govern their trade in worsted fabrics during the period 1 January, 1982 until 31 December, 1986. The arrangement that will be initialled at the earliest opportunity provides that the Government of Uruguay will limit its exports of worsted fabric to Canada to 151,000 kilograms during calendar year 1982. It is agreed that shipments of worsted fabric that have already entered Canada in 1982 will be debited from the aforementioned base level. In subsequent years ie 1983-1986 this base level will be advanced by three percent per annum. The arrangement also includes flexibility provisions of 10 percent carry-over and five percent carry-forward.

It was further agreed that the temporary cessation of shipments of worsted fabric requested by the Canadian authorities in their note of 28 May, 1982 would be lifted immediately. Accordingly, exports of worsted fabric from Uruguay will be accepted up to the levels provided for in the arrangement, due account being taken of previous shipments in 1982.

For the Government of Canada
Mr. P. J. Gosselin
A/Assistant Under-Secretary,
Department of External Affairs,
Ottawa, Canada.

Geneva, Switzerland

For the Government of Uruguay
Mr. Federico Greemwaldt Ramasso
Ambassador,
Embassy of Uruguay,
Geneva, Switzerland.