

GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/1444*

4 March 1988

TARIFFS AND TRADE

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral agreement between Canada and Bangladesh

Note by the Chairman

Attached is a notification received from Canada of a bilateral agreement concluded with Bangladesh for the period 1 January 1987 to 31 December 1991.¹

¹ The previous bilateral agreements between the parties are contained in COM.TEX/SB/1156 and 1227.

* English only/Anglais seulement/Inglés solamente

Imports of winter outerwear from Bangladesh, which were 7,000 units in 1985, reached a level of 253,000 units in 1986. Bangladesh has thus become the fourth largest supplier of winter outerwear to Canada in 1986 and has exceeded the calendar year restraints in place with six other major low-cost suppliers out of a total of twelve restrained sources. Imports in 1986, at 4.2 million units, accounted for 57% of the market. Domestic production has been on a declining trend, and the domestic share of the market supply has dropped drastically from 60% in 1982 to 43% in 1986.

Similarly, imports of blouses and shirts from Bangladesh, which were 416,000 units in 1985, have reached a level of 753,000 units in 1986. Imports of blouses from Bangladesh have exceeded three restraint levels out of a total of 18 which Canada has in place covering this category. Imports in 1986, at 24 million units, accounted for 52% of the market. The Canadian manufacturers share of the apparent Canadian market is on a declining trend, with domestic shipments falling from 57% in 1981 to 48% in 1986. As a result the number of firms manufacturing blouses has decreased from 50 in 1982 to only 35 in 1986.

Base levels were increased for category 3 (trousers, shirts, overalls and coveralls) and sub-category 3A (adult trousers).

Growth and flexibility provisions have been agreed with regard to the provisions of paragraph 13 of the Protocol. The annual growth rates in the current arrangement range from 6% to 7.5%. Flexibility provisions are generally along the lines contained in the previous arrangements. The swing provision is 7%, carry over and borrow forward provisions 10% and 5% and combined flexibility is 13%.

As in the past, there are provisions for the exchange of statistics and the crediting back to quantitative limits of re-exports from Canada of restrained items.

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 to rationally 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.

Copies of the arrangement and related documents are attached.

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

Yours sincerely,



J. Gero
Counsellor

AGREED RECORD OF DISCUSSIONS

Delegations of the Governments of Canada and the People's Republic of Bangladesh met in Dhaka on September 27-28, 1986 to discuss the export of certain textile products from Bangladesh to Canada in the period from January 1, 1987 to December 31, 1991.

2. The Canadian delegation sought agreement on a Memorandum of Understanding to govern exports of textiles and textile products from the People's Republic of Bangladesh to Canada in the period from January 1, 1987 to December 31, 1991, which included specific provision for licensing of exports of all clothing products, a consultation mechanism based on Article 3 of the MFA, anti-surge provisions, quota administration in Canada, and specific restraint levels on five product categories.

3. The Bangladesh delegation was not prepared to conclude a broadly based Memorandum of Understanding of the type proposed by Canada.

4. Subject to the reservation that the Canadian delegation had no authority to conclude an arrangement without quota allocation in Canada, the two delegations, in the spirit of mutual cooperation and understanding, proceeded to consider specific restraint levels on pants, shorts, overalls and coveralls; tailored collar shirts; and jackets as well as a request by Canada to extend restraint coverage to winter outerwear and blouses, shirts and shirts other than with tailored collars. The two delegations were able to reach an understanding concerning the appropriate restraint levels and flexibility provisions for these products as summarized in Annex I and defined in Annex II. The two delegations also agreed that the appropriate Bangladeshi authorities would issue export licences for all clothing products under restraint. For other items, procedures and modalities in respect of issuance of licences would be worked out at a convenient time.

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5. With a view to ensuring an orderly development of trade in this sector between the two countries, both sides agreed to endeavour to meet together twice yearly to exchange statistics and to review the performance of exports of textile products from Bangladesh to Canada.

6. With regard to the administration of the specific restraints provided for in Annex I, the two sides agreed to provisions as detailed in Annex III.

7. The Bangladesh delegation was not agreeable to the Canadian proposal with respect to quota allocation in Canada. The Canadian delegation undertook to place before its authorities the objections of the Bangladesh delegation with respect to this issue.

8. Subject to the resolution of the issue of quota allocation, the arrangements outlined herein, if approved by both governments, will be confirmed by means of an exchange of diplomatic notes.



W.V. Turner
Government of Canada



A.B.M. Ghulam Mostafa
Government of the People's
Republic of Bangladesh

DHAKA, September 29, 1986

(A) CATE- GORY NO.	(B) SHORT DESCRIPTION	(C) RESTRAINT LEVEL	(D) GROWTH	(E) SWING	(F) CARRY-OVER/ CARRY-FORWARD	(G) COMBINED FLEXIBILITY (E) & (F)	(H) CONVERSION (FACTOR (M2/UNIT)
1.	Tailored Collar Shirts, MB	1,070,000 units	7%	7%	10/5%	13%	1.8
2.	Jackets, MBWGCI	616,000 units	7%	7%	10/5%	13%	2.9
3.	Trousers, shorts, overalls and coveralls, MBWGCI	887,000 units	7.5%	7%	10/5%	13%	1.9
	a)-of which trousers, pants, slacks and jeans, MBWG	242,000 units	7.5%	7%	10/5%	13%	1.9
4.	Winter outerwear, MBWGCI	150,000 units	6%	7%	10/5%	13%	3.5
5.	Blouses and shirts, WGCI, shirts other than with tailored collars, MBCI	1,000,000 units	7%	7%	10/5%	13%	1.7

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. 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.
3. Garments of indeterminate gender, including unisex garments, are to be counted as of male gender.
4. 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 per cent or more.

Description of Product Categories

Clothing

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.

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 of 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.

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.

Shirts, Blouses

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.

Jackets

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.

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ANNEX III

Administrative Provision relating to the export from the People's Republic of Bangladesh of certain textile products for import into Canada.

Restraint Periods

1. 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

2. Except as provided for in paragraphs 10 to 13 below, the Government of the People's Republic of Bangladesh will restrain its exports to Canada of the textile products described in Annex I for the first period as defined in paragraph 1 to the limits specified in column (C) therein.

3. Except as provided for in paragraphs 10 to 13 below, for the four calendar year periods commencing January 1, 1988 and ending on December 31, 1991, the Government of the People's Republic of Bangladesh 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

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

Administration

5. The Government of Canada will admit imports of the 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 Bangladesh "Export Licence" certified and issued by the proper authority, including a statement 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. The Government of Canada will admit imports of textile products described in Annex II provided such imports are covered by an original copy of a Bangladesh "Export Licence" certified and issued by the proper authority.

7. For the purpose of implementing these arrangements, the date of export from the People's Republic of Bangladesh will be used to determine within which restraint period any textile products will be counted.

8. The export licences issued by the Government of the People's Republic of Bangladesh in respect of products covered by Annex I and II 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 or II,
7. Quantity expressed in the units as designated in Annex I or II,
8. F.O.B. or C.I.F. value,
9. Certification by the proper authority (paragraph 5 or 6),
10. Restraint Period (year).

9. 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 the People's Republic of Bangladesh will notify the Government of Canada of such quantities which may be credited by the Government of the People's Republic of Bangladesh to the appropriate restraint level.

Swing

10. Subject to the specific limitations set out in Annex I, and following notification to the Canadian authorities, 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 (H), 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 the People's Republic of Bangladesh will so indicate in subsequent quarterly statistical reports.

Carry-Over/Carry-Forward

11. Following notification to the Canadian authorities 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.

12. Following notification to the Canadian authorities 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.

13. 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.

14. Further to paragraphs 10 to 13 above, where applicable, the restraint levels in column (C) of Annex I may not be increased by the combined use of swing, carry-over and carry-forward by more than the percentage indicated in column (G) of Annex I.

Exchange of Statistics

15. The Government of the People's Republic of Bangladesh will provide the Government of Canada with quarterly 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. This information will be provided as soon as possible following the end of each quarter.

16. The Government of the Canada will provide the Government of the People's Republic of Bangladesh with monthly statistics relating to import permits issued for imports originating in the People's Republic of Bangladesh of the textiles and textile products listed in Annex I.

Re-Exports

17. The Government of Canada will, so far as possible, inform the Government of the People's Republic of Bangladesh 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 the People's Republic of Bangladesh to quantitative limits, the Government of the People's Republic of Bangladesh may then credit the amount involved to the appropriate quantitative limits.

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