

GENERAL AGREEMENT ON

CONFIDENTIAL

TARIFFS AND TRADE

TEX.SB/1493*
21 July 1988

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Amendment of the bilateral agreement between Canada and the Philippines

Note by the Chairman

Attached is a notification received from Canada of an amendment of its bilateral agreement with the Philippines.¹

* English only/Anglais seulement/Inglés solamente

¹ The bilateral agreement is contained in COM.TEX/SB/1384.

1140-4

The Permanent Mission of Canada
to the United Nations



La Mission Permanente du Canada
auprès des Nations Unies

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| ANSWERED | DOC. ISSUED | FOLIO |
| | 14.58/14.93 | |
| REG 18 JUL. 1988 | | |
| For | Action | Comment |
| DIRECTOR GENERAL | | |
| Info. Service | | |
| OFFICE LEGAL AFF. | | |
| Spec. / Council Aff. Div. | | |
| CHAIRMAN TSB | <input checked="" type="checkbox"/> | |
| EMB/6411 Pol. Aff. Div. | | |

10A, avenue de Budé
1202 Genève

July 13, 1988

Ambassador M. Raffaelli
Chairman
Textiles Surveillance Body
General Agreement on Tariffs
and Trade
Centre William Rappard
Rue de Lausanne, 154
CH-1211 Genève 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 that effective from January 1, 1988 to December 31, 1991 the restraint coverage of the Memorandum of Understanding (MOU) between the Government of Canada and the Government of the Republic of the Philippines Relating to the Export from the Philippines of Certain Textiles and Textile Products for Import into Canada has been amended to include sweaters (see attached).

The modification of the MOU 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 the Philippines as an established supplier to that market. The level applicable to exports of sweaters from the Philippines 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 sweaters held by Canadian producers fell from 46 per cent in 1980 to 35 per cent in 1987, a drop of 11 percentage points. At the same time there has been a 21 per cent decrease in

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| OPER. DEPT. A | | | |
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| Trade & Fin. Div. | | | |
| Tech. Coop. Div. | | | |
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| GRIS Div. | | | |
| OPER. DEPT. B | | | |
| Econ. R. Anal. Unit. | | | |
| Agriculture Div. | | | |
| Tariff Div. | | | |
| Tech. Bar. T. Div. | | | |
| Ext. Rel. Div. | | | |
| Training Div. | | | |
| Coord. / Admin. | | | |
| Trans./Doc. Div. | | | |

employment since the early 1980's, from 4,300 employees in 1982 to only 3,400 in 1986. Moreover, by December, 1987, the Canadian sweater industry was working at one-third below its normal rate for that time of year, with firms reporting widespread lay-offs of workers.

Imports of sweaters from the Philippines reached 939,335 units in the first eleven months of 1987. During the same time period, they exceeded restraint levels in place for the full calendar year with twelve other major low-cost suppliers, making the Philippines the seventh largest exporter of sweaters to Canada overall. The average price for sweaters in 1986 was \$5.08 for imports from the Philippines as opposed to \$14.08 for similar products of Canadian domestic production.

In the negotiations held February 23 and 24, 1988 it was agreed that total exports of sweaters to Canada should not exceed 1,150,000 units, of which adult size sweaters are not to exceed 1,050,000 units.

In line with MFA guidelines, the arrangements contains a flexibility provision which allows swing of 7 per cent at a conversion factor 1.2 square metres per unit. Carry-over and carry-forward are set at 10 per cent and 5 per cent respectively. Annual growth is set at 5 per cent.

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

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

Yours sincerely,



J. Gero
Counsellor



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF TRADE AND INDUSTRY
GARMENTS AND TEXTILE EXPORT BOARD
NEW SOLID BUILDING, 357 GIL J. PUYAT AVE.
EXTENSION, MAKATI, METRO MANILA
PHILIPPINES • P.O. BOX 1771 MCC, MAKATI,
METRO MANILA • TELEX: 14706 GTEB PS •
60215 GTDRD PN • CABLE: GTBO RD •
TELS: 815-1931 • 817-43 21 • 817-42 65 •
817 49-50 • 817-49-20

5 May 1988

Mr. David W. Brown
Commercial Counsellor
Canadian Embassy
9/F Allied Bank Center
6754 Ayala Avenue
Makati, Metro Manila

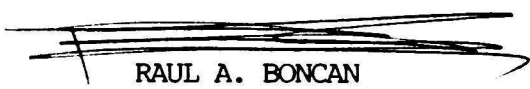
Dear Mr. Brown:

This has reference to your letter of 26 April 1988 regarding the Agreed Record of Discussion signed by the representatives of the Philippines and Canada in Manila on 24 February 1988 relating to the export from the Philippines of sweaters for import into Canada.

This is to confirm our acceptance of the provisions contained in the Agreed Record of Discussion. It is understood that this reply and your letter of 26 April 1988 shall give effect to the agreements outlined in the agreed record.

Thank you for your usual cooperation.

Very truly yours,


RAUL A. BONCAN
Undersecretary

FOR THE SECRETARY

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ANNEX IV

CANADA-PHILIPPINES TEXTILE CONSULTATIONS AGREED RECORD OF DISCUSSIONS

1. Delegations representing the Government of Canada and the Government of the Republic of the Philippines met on February 23-24, 1988 in Manila to discuss the export of sweaters from the Philippines to Canada. These discussions were held pursuant to a request made by Canada in accordance with paragraphs 28-32 of the Memorandum of Understanding between the Government of Canada and the Government of the Republic of the Philippines relating to the Export from the Philippines of Certain Textiles and Textile products for Import into Canada (MOU).
2. Sweaters, as noted above, include sweaters, pull-overs and cardigans as defined in paragraph 5 of Annex II of the MOU.
3. During the discussions it was agreed that, having regard to Article 4 of the Arrangement Regarding International Trade in Textiles (MFA), exports from the Philippines to Canada of sweaters shall be subject to restraint effective from January 1, 1988 and for the term of the MOU ending on December 31, 1991.
4. It was further agreed that during the period January 1, 1988 to December 31, 1988, total exports of sweaters shall not exceed 1,150,000 units of which exports of adult size (MBWG) sweaters (i.e. above size 6X) shall not be more than 1,050,000 units, and that the provisions for annual growth, swing, carry-over and carry-forward and conversion factor indicated in Columns (D) through (G) of the attached appendix will apply.
5. For purposes of administration, shipments of adult size sweaters shall be identified as Category 5A and shipments of childrens' and infants (CI) garments (i.e. sizes 0-6X) shall be identified as Category 5B.
6. This Agreed Record of Discussions and Appendix shall be considered as Annex IV to the MOU and forms an integral part of the MOU.
7. The two delegations noted that their signature of this Agreed Record was on an ad referendum basis subject to confirmation by their Governments through an exchange of letters indicating acceptance.

MANILA, February 24, 1988


For the Government of Canada


For the Government of the
Republic of the Philippines

RESTRAINT LEVELS

| (A) Category No. | (B) Short Description | (C) Restraint Levels (Units) | (D) Growth | (E) Swing | (F) Carry-Over/ Carry-Forward | (G) Conversion Factor M ² /Unit |
|---------------------|------------------------------|---------------------------------------|---------------|--------------|-------------------------------------|--|
| 5 (5A+5B) * | Sweaters MBWGCI, of which | 1,150,000 | 5% | 7% | 10%/5% | 1.2 |
| 5A | Sweaters MBWG | 1,050,000 | 5% | 7% | 10%/5% | 1.2 |

NOTE:

*Shipments of Sweaters MBWG to be identified as Category 5A

*Shipments of Sweater CI (0-6X) to be identified as Category 5B