

GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/1494*

21 July 1988

TARIFFS AND TRADE

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Amendment of the bilateral agreement between Canada and Pakistan

Note by the Chairman

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

* English only/Anglais seulement/Inglés solamente

¹ The bilateral agreement is contained in COM.TEX/SB/1307.

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Canada



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Canada

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July 14, 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

For					
OPER. DEPT. A					
NTM & Serv. Div.					
Development Div.					
Trade & Fin. Div.					
Tech. Coop. Div.					
Spec. Proj. Div.	α				
GNG 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.					
Conference Div.					

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 of the conclusion of an amendment (see attached) to the Memorandum of Understanding (MOU) between the Government of Canada and the Government of the Islamic Republic of Pakistan relating to the export from Pakistan of certain textiles and textile products for import into Canada effective from November 20, 1987 to December 31, 1991.

The modification of the MOU provides for the establishment of a restraint on Pakistan's shipments of certain sportswear coordinates to Canada for the period commencing November 20, 1987, and ending December 31, 1991. The modification 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 Pakistan as an established supplier to that market. The level applicable to exports of sportswear and coordinates from Pakistan for imports 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 sportswear coordinates in question held by Canadian

producers fell from 66 per cent in 1982 to 46 per cent in 1986, a drop of 20 percentage points. At the same time there has been a 15 per cent decrease in employment since the early 1980's. During the same time period, 20 firms manufacturing sportswear coordinates closed, resulting in over 2,800 job losses. In 1986 alone, 10 firms representing 455 jobs ceased to operate. The average price for sportswear coordinates in 1986 was \$5.98 for imports from Pakistan as opposed to \$36.39 for similar products of Canadian domestic production.

Imports of sportswear coordinates from Pakistan increased from 16,000 units in 1981 to 318,000 units in 1986. In the 12 months prior to the request for consultations (September, 1987), imports of sportswear coordinates rose to 692,943 units. Imports of this item from Pakistan for the first eight months of 1987 exceeded restraint levels in place for the full calendar year with three other major low-cost suppliers, and as well, exceeded import levels of 11 countries with which Canada has bilateral restraint arrangements.

In line with MFA guidelines, the arrangement contains a flexibility provision which allows swing of 7 per cent at a conversion factor of 3.5 square metres per unit. Carry-over and carry-forward are set at 11 per cent and 6 per cent respectively, with a combined, maximum flexibility of 16 per cent. Annual growth is set at 6 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.

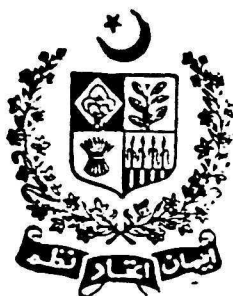
Yours sincerely,



J. Gero
Counsellor

حكومة پاکستان

No. 1(49)/87-E.I
GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE



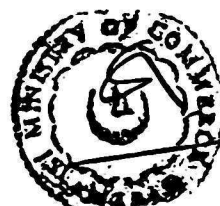
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Islamabad, 5th FEBRUARY 1988.	

The Ministry of Commerce of Government of the Islamic Republic of Pakistan presents its compliments to the Canadian Embassy in Islamabad and has the honour to acknowledge the receipt of its diplomatic Note No.GRO500, dated 4-1-1988 regarding agreement on sportswear coordinates. The Ministry is pleased to confirm its acceptance to give effect to the agreement outlined in the agreed Record of discussions signed by the representatives of the Governments of Canada and Pakistan in Islamabad on 19th November, 1987 relating to the exports of sportswear coordinates from Pakistan to Canada.

2. The Ministry of Commerce of Government of the Islamic Republic of Pakistan avails itself of this opportunity to renew to the Canadian Embassy the assurances of its highest consideration.

The Canadian Embassy,
Islamabad.



Canadian Embassy



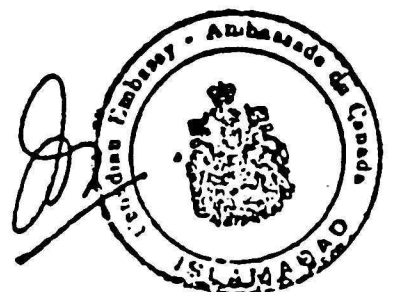
Ambassade du Canada

NOTE NO. GR0500

The Canadian Embassy presents its compliments to the Ministry of Foreign Affairs of the Islamic Republic of Pakistan and has the honour to refer to the agreed Record of Discussions signed by the representatives of Canada and Pakistan in Islamabad on the 19th of November, 1987 relating to the export from Pakistan of sportswear for import into Canada. In accordance with the final paragraph of the agreed Record, the Canadian authorities wish to confirm acceptance of the provisions contained in the agreed Record and propose that this Note, together with the reply from the Pakistani authorities confirming acceptance by their Government, give effect to the Agreement outlined in the agreed Record.

The Canadian Embassy avails itself of this opportunity to renew to the Ministry of Foreign Affairs of the Islamic Republic of Pakistan the assurances of its highest consideration.

ISLAMABAD, January 4, 1988



6. The restraints for 1989 will be accorded annual growth of 6 percent in 1990 and 1991. The provision for swing (MOU paragraph 14) shall be 7 percent, carryover/ carryforward (MOU paragraphs 15-17) 11% / 6% and combined flexibility (MOU paragraph 18) 16%. Swing in accordance with MOU paragraph 14 will be based on the appropriate conversion factor of 3.5 square metres per unit, as shown in the attached appendix.

7. This Agreed Record of Discussions and accompanying appendix will be considered as Annex IV to the MOU. The provisions of the MOU will therefore be read as including Sportswear, Items 8 and 8A of the MOU.

8. The Canadian delegation noted that its signature of this Agreed Record was on an ad referendum basis subject to confirmation by means of a diplomatic note indicating acceptance.

Islamabad, November 19, 1987.

For the Government of Canada


MICHAEL CAPLAN
DEPUTY DIRECTOR
IMPORT CONTROLS DIVISION 1
SPECIAL TRADE RELATIONS, BUREAU
EXTERNAL AFFAIRS

For the Government of the
Islamic Republic of Pakistan


M. NASEEM QURESHI
JOINT SECRETARY
MINISTRY OF COMMERCE

CANADA - PAKISTAN CONSULTATIONS

AGREED RECORD OF DISCUSSIONS

1. Delegations representing the Government of Canada and the Government of the Islamic Republic of Pakistan met on November 18-19, 1987, in Islamabad, to discuss the export of sportswear coordinates from Pakistan to Canada in accordance with the provisions of paragraphs 29-33 of the Memorandum of Understanding between the Government of Canada and the Government of the Islamic Republic of Pakistan relating to the Export from the Islamic Republic of Pakistan of Certain Textiles and Textile Products for Import into Canada (MOU).

2. During these discussions it was agreed that Pakistani authorities will begin to restrain, effective November 20, 1987 and for the term of the MOU, ending on 31st December, 1991 exports from Pakistan of Sportswear to Canada through the issuance of an "Export License" issued and endorsed by the proper Pakistani authority in accordance with the administrative provisions of paragraphs 8 - 10 of the MOU.

3. Sportswear is defined in Section 8 of Annex II of the MOU. However, for purposes of this Agreed Record, Sportswear does not include Miscellaneous Garments for children and infants and Athletic Sets as defined in Section 8 of Annex II.

4. It was agreed that during the period November 20, 1987 through December 31, 1988, exports of Sportswear, which shall be specified as Group A, Item 8 of Annex I for purposes of identification (as indicated in the attached appendix), will be restrained to the level of 987,300 units, of which adult size garments (Sportswear excluding sizes in the range 0-6X), which shall be specified as Group I, Item 8A for purposes of identification, will be restrained to the level of 799,700 units.

5. It was further agreed that in the subsequent calendar year 1989, exports of Sportswear (Group A, Item 8) will be restrained to the level of 940,850 units of which adult size garments (Group A, Item 8A) will be restrained to the level of 762,100 units.

6. The restraints for 1989 will be accorded annual growth of 6 percent in 1990 and 1991. The provision for swing (MOU paragraph 14) shall be 7 percent, carryover/ carryforward (MOU paragraphs 15-17) 11% / 6% and combined flexibility (MOU paragraph 18) 16%. Swing in accordance with MOU paragraph 14 will be based on the appropriate conversion factor of 3.5 square metres per unit, as shown in the attached appendix.

7. This Agreed Record of Discussions and accompanying appendix will be considered as Annex IV to the MOU. The provisions of the MOU will therefore be read as including Sportswear, Items 8 and 8A of the MOU.

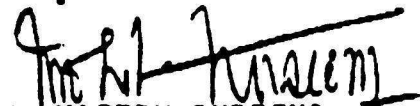
8. The Canadian delegation noted that its signature of this Agreed Record was on an ad referendum basis subject to confirmation by means of a diplomatic note indicating acceptance.

Islamabad, November 19, 1987.

For the Government of Canada


MICHAEL CAPLAN
DEPUTY DIRECTOR
IMPORT CONTROLS DIVISION 1
SPECIAL TRADE RELATIONS, BUREAU
EXTERNAL AFFAIRS

For the Government of the
Islamic Republic of Pakistan


M. NASEEM QURESHI
JOINT SECRETARY
MINISTRY OF COMMERCE

Appendix

<u>RESTRAINT LEVELS</u>								
(A) CATEGORY NO.	(B) SHORT DESCRIPTION	(C) RESTRAINT LEVEL	(D) GROWTH	(E) SWING	(F) CARRY- OVER CARRY- FORWARD		(G) COMBINED FLEXIBILITY	(H) CONVERSION FACTOR (M2/UNIT)
<u>GROUP-A</u>								
8	Sportswear (1) MBWGCI	987,300 (20 Nov.87- 31 Dec.88)						
		940,850 (1989)	6%	7%	11%	6%	16%	3.5
8a	of which Sportswear (1) MBWG	799,700 (20 Nov.87- 31 Dec.88)						
		762,100 (1989)	6%	7%	11%	6%	16%	3.5

(1) Sportswear (Item 8, 8a) consists of sportswear as defined in Section 8 of Annex-II, excluding Miscellaneous Garments CI and Athletic Sets MBWGCI as defined therein.

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