

GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/1674*

30 August 1990

TARIFFS AND TRADE

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Amendment of the Bilateral Agreement Between Canada and Pakistan

Note by the Chairman

Attached is a notification received from Canada of a further amendment of its bilateral agreement with Pakistan. Restraints were agreed on bedsheets and pillowcases for the period 21 December 1988 to 31 January 1991. Adjustments to four existing restraints were also agreed.¹

¹The bilateral agreement and previous amendment are contained in COM.TEX/SB/1307 and 1426.

* English only/Anglais seulement/Inglés solamente

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Director General
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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 November 21, 1988, to December 31, 1991 the restraint coverage of 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 has been amended to include bedsheets and pillowcases and to increase restraint levels for certain products already included in the MOU (see attached).

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The share of the Canadian domestic market for bedsheets and pillowcases held by Canadian producers declined from 79% in 1983 to 49% in 1987, a drop of 30 percentage points. At the same time, employment in the Canadian bedsheet and pillowcase industry declined from 2,380 workers in 1983 to 1,600 workers by the end of 1986, a loss of 780 jobs; in 1987 a further 250 jobs were lost. In 1988, employment fell an additional 23% from the 1987 levels.

Total imports of bedsheets increased by 53% between 1982 and 1985 to a level of 3.3 million units and almost doubled to a level of 6.3 million units in 1986. Imports of bedsheets from exporting developing countries increased from 575,000 units in 1982 to a level of 1.8 million units in 1985 and subsequently more than doubled to a level of 4.7 million units in 1986. During the first ten months of 1988, 6.7 million units were imported into Canada compared to 4.3 million units in the same period in 1987.

Canadian imports of bedsheets from Pakistan increased from 1,200 units in 1983 to 181,405 units in 1987. In the first 10 months of 1988 imports reached 548,498 units, over twice the quantity imported into Canada from Pakistan during the same period in 1987. During the twelve months ending October 31, 1988, imports of bedsheets from Pakistan reached 551,516 units, making Pakistan the fifth largest low-cost supplier of bedsheets to Canada.

Total imports of pillowcases into Canada increased steadily from a level of 2.9 million units in 1982 to 3.1 million units in 1984, and then more than doubled to a level of 6.4 million units in 1987. During the first ten months of 1988, 6.4 million units were imported into Canada compared to 4.5 million units in the same period in 1987.

Imports of pillowcases from Pakistan increased from 4,080 units in 1983 to 112,146 units in 1987. In the first ten months of 1988 imports of pillowcases from Pakistan were 448,557 units, over three times those for the same period in 1987. During the twelve months ending October 31, 1988, imports of pillowcases from Pakistan reached 452,701 units.

The average 1988 unit price for bedsheet and pillowcase sets originating in Pakistan was \$7.80, 50% below the domestic price of \$15.50.

As a result of negotiations on July 20-21, 1988, in Ottawa it was agreed that, effective November 21, 1988, through December 31, 1989, total exports from Pakistan of bedsheets would not exceed 615,125 units, and those of pillowcases would not exceed 526,458 units. The restraints in 1990 for bedsheets and pillowcases would be 588,300 units and 503,500 units respectively and would be accorded 6% growth in 1991. The agreement contains a flexibility provision which allows swing of 7% and carryover/carryforward of 11/6%. Total combined flexibility is 16%. These are the terms of the main agreement.

In addition, adjustments were made to 1989 restraint levels for Categories 1, 2, 3, 3(A), 8, and 8(A) of the Canada/Pakistan Textile Agreement (MOU). Category 1 (Trousers, Shorts MBWGCI) was increased to 601,108 units (i.e., an increase of 55,554); Category 2 (Tailored-Collar Shirts MB) was increased to 343,280 units (i.e. an increase of 31,207); Category 3 (Shirts, Blouses, T-Shirts & Sweatshirts MBWGCI) was increased to 3,630,764 units (i.e., an increase of 253,309), of which Category 3A (Shirts & Blouses MBWG) was increased to 1,145,495 units (an increase of 79,918); Category 8 (Sportswear MBWGCI) was increased to 1,034,935 units (i.e., an increase of 94,085), of which Category 8A (Sportswear MBWG) was increased to 838,310 units (i.e., an increase of 76,210). Growth and flexibility provisions remain the same as in the original agreement.

The Government of Canada believes this agreement 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 program on clothing and textiles.

Yours sincerely,

John Gero
Counsellor

c.c. Mr. M. Ahmad
Counsellor (Economic Affairs)
Permanent Mission of the Islamic Republic
of Pakistan to the United Nations Office
GENEVA

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 July 20-21, 1989, in Ottawa to discuss the export of bedsheets and pillowcases from Pakistan to Canada in accordance with the provisions of paragraphs 26-33 of the Memorandum of Understanding between the Government of Canada and the Government of the Islamic Republic of Pakistan of Certain Textiles and Textile products for Import in Canada (MOU).
2. During the discussions, the Canadian delegation proposed that Pakistani authorities restrain, effective November 21, 1988, and for the term of the MOU, ending on December 31, 1991, exports from Pakistan of bedsheets and pillowcases, defined in Section 17 of Annex II of the MOU, to Canada through the issuance of an "Export Licence" issued and endorsed by the proper Pakistani authority in accordance with the administrative provisions of paragraphs 7-13 of the MOU. It proposed that during the period November 21, 1988, through December 31, 1989, exports of bedsheets and pillowcases, which would be specified as Group B, Items 9 and 10 of Annex I of the MOU for purposes of identification (as indicated in the attached appendix), be restrained to the level of 615,125 units and 526,458 units respectively. The restraints for 1990 for bedsheets and pillowcases would be 588,300 units and 503,500 units respectively and be accorded 6 percent growth in 1991. The provision for swing (MOU paragraph 14) to be 7 percent, carryover/ carryforward (MOU paragraphs 15-18) of 11/6 percent. Total combined flexibility of 16 percent. Conversion factors for bedsheets of 6.25 M²/unit and for pillowcases of 1.25 M²/unit. No swing between products in Group A and products in Group B. The provisions of the MOU would therefore be read as including bedsheets and pillowcases, Group B, Items 9 and 10 respectively of the MOU.
3. The Canadian side also proposed that for the period January 1, 1989, to December 31, 1991, the restraint levels for categories 1, 2, 3 and 8 be as set out in the attached Appendix The Agreed Record of Discussions and accompanying appendices would be considered as Annex V to the MOU.

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4. It was agreed that Pakistani authorities shall indicate to the Canadian delegation by Friday, August 4, 1989, their acceptance or rejection of the Canadian delegation's offer set out in paragraphs 2 and 3 above. It was agreed that until that time Pakistani authorities shall restrict their exports of bedsheets and pillowcases to Canada for the period 21 November, 1988, to 4 August, 1989, to 468,788 and 401,674 units respectively.

5. 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.


J. Saint-Jacques
for the Government of
Canada


M. Naseem Qureshi
for the Government of the
Islamic Republic of Pakistan

Ottawa, July 21, 1989

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APPENDIX

RESTRAINT LEVELS

CALENDAR YEARS

		<u>1989</u>	<u>1990</u>	<u>1991</u>
CATEGORY	1	601,108	637,175	675,405
	2	343,280	363,877	385,709
	3	3,630,764	3,848,610	4,079,526
	3(A)	1,145,495	1,214,225	1,287,078
	8	1,034,935	1,097,031	1,162,853
	8(A)	838,310	888,609	941,925

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A) <u>Category No.</u>	(B) <u>Short Description</u>	(C) <u>Restraint Level</u>	<u>RESTRAINT LEVELS</u>		<u>Appendix</u>		(H) <u>Conversion Factor (M2/unit)</u>
			(D) <u>Growth</u>	(E) <u>Swing</u>	(F) <u>Carry-over/ Carry Forward</u>	(G) <u>Combined Flexibility</u>	
<u>ap B</u> 9	Bedsheets	615,125 (21 NOV 88 - 31 DEC 89)	6%	7%	11%	6%	6.25
		588,300 (1990)					
10	Pillowcases	526,458 (21 NOV 88 - 31 DEC 89)	6%	7%	11%	6%	1.25
		503,500 (1990)					

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No. EST1299

The Department of External Affairs presents its compliments to the Islamic Republic of Pakistan and has the honour to refer to its note No. ECO.I/13/89 dated August 8, 1989, and to the Agreed Record of Discussions signed by representatives of Canada and Pakistan in Ottawa on July 21, 1989, relating to the export from Pakistan of bedsheets and pillowcases for import into Canada.

Canadian authorities wish to confirm acceptance of the provisions contained in the Agreed Record and propose that this note, together with the above-mentioned note from Pakistani authorities confirming acceptance by their government, give effect to the agreement outlined in the Agreed Record.

The Department of External Affairs avails itself of this opportunity to renew to the Islamic Republic of Pakistan the assurances of its highest consideration.

Ottawa, September 11, 1989



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EMBASSY OF PAKISTAN
151 Slater Street, Suite 608
OTTAWA, CANADA
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CABLES "PAREP"
TELEPHONE 238-7881

No. ECO.I/13/89

August 8, 1989

The Embassy of Pakistan presents its compliments to the External Affairs and International Trade Canada and with reference to the discussions held in Ottawa between the delegations of the Government of Canada and the Government of Pakistan from 20th to 21st July, 1989 regarding the export of bedsheets and pillowcases from Pakistan to Canada in accordance with the provisions of paragraph 26 to 33 of the Memorandum of Understanding between the Government of Canada and the Government of Pakistan of certain textiles and textile products for import in Canada has the honour to convey acceptance of the Government of Pakistan to the agreed record of discussions which was signed on 21st July, 1989 by Mr J. Saint-Jacques on behalf of the Government of Canada and Mr M. Naseem Qureshi on behalf of the Government of Pakistan.

The Embassy of Pakistan avails itself of this opportunity to renew to the External Affairs and International Trade Canada the assurances of its highest consideration.

External Affairs and
International Trade Canada,
(Mr J. Saint Jacques, Director),
Import Controls I Division,
(Textiles and Clothing) (EST),
125 Sussex Drive,
Ottawa.

