

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/1675\*

30 August 1990

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Textiles Surveillance Body

### ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

#### Notification under Article 4:4

#### Amendment of the Bilateral Agreement Between Canada and Indonesia

#### Note by the Chairman

Attached is a notification received from Canada of a further amendment of its bilateral agreement with Indonesia, affecting restraints on trousers, pants, slacks, jeans and outershorts for the period 1 January 1990 to 31 December 1991, following overshipments in 1989.<sup>1</sup>

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<sup>1</sup>The bilateral agreement is contained in COM.TEX/SB/1330.

\* English only/Anglais seulement/Inglés solamente

The Permanent Mission of Canada  
to the United Nations



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La Mission Permanente du Canada -  
auprès des Nations Unies

1, rue du Pré-de-la-Bichette  
1202 Geneva

28 August 1990

Ambassador M. Raffaelli  
Chairman  
Textiles Surveillance Body  
General Agreement on Tariffs  
and Trade  
Centre William Rappard  
154, rue de Lausanne  
1211 Geneva 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 January 1, 1990, 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 Indonesia relating to the export from Indonesia of certain textiles and textile products for import into Canada has been amended (see attached).

The modification to the MOU follows overshipments in 1989 by Indonesia for restraint Categories 2A (pants) and 2C (shorts). Canada first notified Indonesian authorities of the overshipment situation in early September, 1989. Overshipments eventually reached 419,791 units for pants and 116,083 units for shorts. In order to minimize undue hardship on Canadian importers and to Indonesian exporters, Canadian authorities provided extraordinary carry-forward at the request of Indonesian authorities.

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Negotiations were held on April 11 and 12, 1990, in Ottawa with a view to explore a means to deal with the overshipment problem. It was agreed to combine, for calendar years 1990 and 1991, Categories 2A and 2C of the Canada/Indonesia textile restraint arrangement into a single Category 2AC. The restraint levels for Category 2AC should not exceed 1,042,092 units in 1990 and 993,821 units in 1991. The Government of Indonesia also undertook to provide Canadian authorities with information regarding the possibility that a significant number of Indonesian export licenses may have been issued fraudulently. The Government of Indonesia agreed to take the necessary steps to correct the problems that have occurred as a result of the over-allocation of quotas and to ensure that the restraint levels in the MOU, as amended by the Agreed Record, are not exceeded.

The arrangement contains a flexibility provision which provides for swing of 6.5 percent at a conversion factor of 1.2 square metres per unit. Carry-over is set at 7 percent for both years and carry-forward is set at 5 percent for 1990, the terms of the main agreement.

The Government of Canada believes that 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 program on clothing and textiles.

Yours sincerely,

John Gero  
Counsellor

c.c. Ambassador H.S. Kartadjoemena  
Permanent Mission of Indonesia

## AGREED RECORD

Delegations representing the Government of Canada and the Government of the Republic of Indonesia met in Ottawa on April 11-12, 1990, pursuant to the Arrangement between the Government of Canada and the Government of Indonesia relating to the export from Indonesia of certain textile and textile products for import into Canada (MOU).

Consultations were held with a view to explore a means to facilitate trade within the parameters of the MOU and to deal with overshipments of products in Categories 2A and 2C as described in Annex I of the MOU. The two delegations agreed to combine, for calendar years 1990 and 1991, the restraint levels of Categories 2A and 2C as outlined in the attached Annex. The coverage of this combined category includes the products covered under Categories 2A and 2C as described in Annex II of the MOU. The effective restraint levels for 1990 and 1991 are the "Adjusted Restraint Levels".

The Government of Indonesia agrees to take appropriate steps to correct the problems that have occurred as a result of over-allocation of quotas. The Government of Indonesia will also take the necessary steps to ensure that the restraint levels in the MOU, as amended by this Agreed Record, are not exceeded.


The delegation of Indonesia indicated that there exists the possibility that a significant number of export licenses (Form K) may have been issued fraudulently. The delegation of Indonesia undertook to provide Canadian authorities with further information on this matter. The two sides agreed to cooperate with a view to eliminating the use of such fraudulent documents, including if necessary, consultations with third parties that may be implicated.

*JSL*

The Canadian delegation agreed to examine the possibility of the establishment of an automated visa verification system under which data on export license issuance would be transmitted from Indonesia to Ottawa.

The delegation of Indonesia undertook to provide Canadian authorities with monthly statistics on the issuance of export licenses (Form K), including a list of all Form Ks issued.

The delegation of Canada undertook to provide Indonesian authorities with monthly statistics on the issuance of import permits.

  
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For the Government of  
Canada  
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For the Government of  
the Republic of  
Indonesia

Ottawa, Canada  
April 12, 1990

# ANNEX I RESTRAINT LEVELS

(A)	(B)	(C)		(D)	(E)	(F)	(G)	(H)
<u>Cate- gory</u>	<u>Short Description</u>	<u>Restraint Level</u>	<u>Adjusted Restraint</u>	<u>Year</u>	<u>Swing</u>	<u>Carry Over/ Carry Forward</u>	<u>Combined Flexibility (E) + (F)</u>	<u>Conversion Factor (M<sup>2</sup>/UNIT)</u>
<u>GROUP A</u>								
2A/C	Trousers, Pants, Slacks, Jeans and Outershorts	1,120,139	1,042,092	1990	6.5%	7% C-O; 5% C-F	15%	1.7
		1,187,347	993,821	1991	6.5%	7% C-O	13.5%	1.7

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