

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

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CONFIDENTIAL

TEX.SB/1874/Add.1\*  
4 June 1992

Textiles Surveillance Body

### ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

#### Notification under Article 4:4

#### Amendment of the bilateral agreement between Canada and Thailand

#### Note by the Chairman

Attached is a notification received from Canada of an amendment of its bilateral agreement with Thailand. A restraint was agreed on cotton terry towels, washcloths<sup>1</sup> and sets for the period 1 December 1990 to 31 December 1991.

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<sup>1</sup>The bilateral agreement is contained in COM.TEX/SB/1380.

\*English only/Anglais seulement/Inglés solamente

The Permanent Mission of Canada  
to the United Nations



La Mission Permanente du Canada  
aupres des Nations Unies

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REC - 1 JUN 1992 27 May, 1992	
For	
Direction Générale	37-10-3-ASEAN
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Ambassador M. Raffaelli  
Chairman  
Textiles Surveillance Body  
General Agreement on Tariffs and Trade  
Centre William Rappard  
Rue de Lausanne, 154  
1211 Genève,  
SUISSE

Dear Ambassador Raffaelli:

Further to my letter of 6 April 1992 and to my request at last week's Textiles Surveillance Body meeting to delay consideration of the documentation attached to that letter, I am enclosing additional information which, through an oversight, was not notified earlier. I would appreciate it if the two communications could be reviewed concurrently.

Pursuant to Article 4.4 of the Arrangement Regarding International Trade in Textiles (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 inform you that the Governments of Canada and the Kingdom of Thailand have agreed to amend the restraint coverage of their Memorandum of Understanding relative to the export from Thailand of certain textiles and textile products for import into Canada (MOU). This amendment adds a restraint for cotton terry towels, washcloths and sets ("terry towels"). The restraint level for 1990, pursuant to paragraphs 29-33 of the MOU, is set out in the agreed record of discussions dated 30 January 1990. The agreed restraint level for 1991, along with relevant flexibility provisions, is specified in Appendix I to the agreed record of discussions dated 21 March 1991.

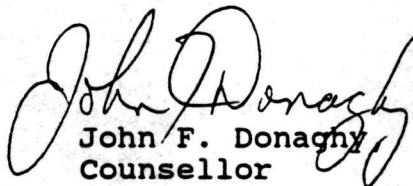
This modification of the MOU covers textile products which fall within the scope of the MFA and takes into account circumstances facing Canadian textile producers and the position of Thailand as an established supplier to the Canadian market. The restraint levels applicable to exports of terry towels from Thailand for import into Canada were established taking into consideration historical trading patterns and provisions contained in the MFA and in its 1986 Protocol of extension.

In 1988, the apparent Canadian market (ACM) for terry towels reached 10,936,00 kgs, an increase of 10 % over the previous year's total of 9,970,000 kgs. In both relative and actual terms, growth in imports exceeded growth in ACM, reaching 6,256,000 kgs in 1988, up by 29 % over the previous year's total of 4,844,000 kgs. Over the same period, domestic shipments fell by 9 %, to 4,680,000 kgs, down from 5,126,000 kgs in 1987. Share of ACM held by domestic producers fell from 51 % in 1987 to 43 % in 1988. The situation deteriorated further in the first six months of 1989: (i) imports grew by 20 % to reach 3.8 million kgs; (ii) domestic shipments dropped by 13 % to 2.5 million kgs; and (iii) share of ACM held by Canadian producers fell to 40 %. 1988 imports of terry towels from Thailand were 188,000 kgs, up by 900 % from 1987, and grew further in the first six months of 1989, reaching 131,000 kgs, up 100 % over the same period of 1988. For the twelve months ending July 31, 1989, terry towel imports from Thailand totalled 278,000 kgs, thereby exceeding restraint levels in place with three other major sources: ie. Czechoslovakia, Hong Kong and Taiwan. The average price of terry towels sourced in Thailand in 1989 was Cdn\$10.42 per kg; the corresponding price of Canadian produced terry towels was Cdn\$12.00 per kg. At the beginning of 1988, employment in the Canadian terry towel industry stood at 700, but declined by 23 % during the year to reach 540. There was also a significant downward adjustment in total person-hours worked, especially at the major remaining Canadian producer.

In November 1989, Canada requested consultations with Thailand pursuant to the provisions of the MOU (paragraphs 29-33). These took place in Bangkok at the end of January 1990 and resulted in the agreed record of discussions dated 30 January 1990. Consultations resumed in March 1991, with agreement being reached on the basis of the record of discussions dated 21 March 1991.

The Government of Canada considers that this arrangement conforms with the provisions of the MFA and with its 1986 Protocol of extension.

Yours sincerely,

  
John F. Donaghy  
Counsellor

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## AGREED RECORD OF DISCUSSIONS

1. Delegations representing the Government of Canada and the Government of the Kingdom of Thailand met from January 29-30, 1990, in Bangkok to discuss the export of cotton terry towels, washcloths and sets from Thailand 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 Kingdom of Thailand relating to the Export from Thailand of Certain Textiles and Textile Products for Import into Canada (MOU).
2. The two delegations were unable to reach agreement on a restraint level for the export of cotton terry towels, washcloths and sets from Thailand to Canada. Both sides agreed to enter into further consultations to find mutually satisfactory resolution at a convenient time.
3. In the absence of an agreement the provisions of the Article 31 of the MOU shall apply for the period from 1 December 1989 to 28 February, 1990. In this regard the level to be applicable during this period will be 105,005 kgs. For the remaining period beginning 1 March 1990 to 30 November 1990 the provisions of Article 32 of the MOU will apply. The annual level of 324,926 kgs will be prorated over this period (243,694 kgs).

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4. Effective 1 March, 1990, imports into Canada of cotton terry towels, washcloths and sets from Thailand will be governed by paragraph 8 to 14 of the MOU, and will be described as category 14.

  
(Mr. Jean Saint-Jacques)  
Head of the  
Delegation of Canada

  
(Mrs. Oranuj Osatananda)  
Head of the  
Delegation of Thailand

Bangkok, Thailand  
January 30, 1990

## AGREED RECORD OF DISCUSSIONS

1. Delegations representing the Government of Canada and the Government of the Kingdom of Thailand met on March 21, 1991, in Bangkok to discuss the export of cotton terry towels, washcloths and sets from Thailand to Canada pursuant to paragraph 2 of the Agreed Record of Discussions of January 30, 1991, and to the Memorandum of Understanding between the Government of Canada and the Government of the Kingdom of Thailand relating to the Export from Thailand of Certain Textiles and Textile Products for Import into Canada (MOU).
2. The two delegations agreed that exports of terry towels, washcloths and sets from Thailand to Canada will be subjected to restraint for the period December 1, 1990, to December 31, 1991. The restraint level and flexibility provisions are contained in Appendix I to this Agreed Record.
3. Cotton terry towels, washcloths and sets are defined in Section 17 of Annex II of the MOU. These products shall be specified as Category 14 of the MOU.



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4. This Agreed Record of Discussions and accompanying appendix will be considered Annex IV of the MOU.

5. The two delegations noted that their signatures to this Agreed Record were on an ad referendum basis subject to an exchange of letters between the two Governments confirming their acceptance of this Agreed Record of Discussions.

For the Government of Canada

For the Government of the  
Kingdom of Thailand

  
Mr. Jean Saint-Jacques

  
Mr. Charae Chutharatkul

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APPENDIX I

(A)	(B)	(C)	(E)	(F)	(G)
Category No.	Short Description	Period	Restraint Level	Swing Carry over/ Carry forward	Conversion Factor
14	Cotton Terry Towels, Washcloths and Sets	1 Dec. 1990 to 31 Dec. 1991	395,511 kg. <sup>(1)</sup>	7% 10% (5%)	2.8 M <sup>2</sup> /Kg.

(1)  
(Based on an Annual Level of 365,087 Kg. for calendar year 1991 which includes  
6% growth)

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