

# GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/2007\*

5 April 1993

## TARIFFS AND TRADE

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### Textiles Surveillance Body

#### ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

##### Notification under Articles 7 and 8

##### Agreement between Canada and the Slovak Republic

##### Note by the Chairman

Attached is a notification received from Canada of an agreement with the Slovak Republic converting the restraints of the pre-existing Canada/Czech and Slovak Federal Republic to apply to the Slovak Republic for the period 1 January 1993 to 31 December 1993.<sup>1</sup>

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<sup>1</sup>The Canada/Czech and Slovak Federal Republic agreement and extension are contained in COM.TEX/SB/1445 and 1759.

\*English only/Anglais seulement/Inglés solamente

TS/140-2

The Permanent Mission of Canada  
to the United Nations



199  
La Mission Permanente du Canada  
aupres des Nations Unies

158/2007

25 March, 1993

37-10-3-3-E.EUR

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Ambassador Marcelo Raffaelli  
Chairman  
Textiles Surveillance Body  
General Agreement on Tariffs and Trade  
154 rue de Lausanne  
1211 Genève  
SUISSE

Dear Ambassador Raffaelli:

Pursuant to Articles 7 & 8 of the Arrangement Regarding International Trade in Textiles (MFA), done at Geneva, December 20, 1973, and to its 1986, 1991 and 1992 Protocols of Extension or Maintenance in Force, I have the honour to provide you with documentation pertaining to the Memorandum of Understanding (MOU) between the Governments of Canada and the Slovak Republic relative to the export of certain textile products from the Slovak Republic to Canada. The relevant texts of two separate exchanges of Diplomatic Notes are attached.

In essence, these exchanges have the effect of transposing an extension and modification of the pre-existing Canada/Czech and Slovak Federal Republic (CSFR) MOU to govern ongoing textile and clothing trade relations between Canada and the Slovak Republic. This has been achieved via a mutually agreed (first as between the Czech and Slovak Republics, themselves, then accepted by Canada) sub-division of the 1993 restraint levels which had been agreed with the CSFR. The term of validity of restraints pursuant to this MOU runs through the end of this year. Compared to the pre-existing Canada/CSFR MOU, the product coverage remains unchanged, although it is now structured on the HS based categorization system which, as of January 1, 1993, is characteristic of all of Canada's bilateral textile and clothing agreements. As for growth, flexibility and other provisions, these remain the same as had previously been a part of the Canada/CSFR MOU.

Yours sincerely,

John F. Donaghy,  
Counsellor



No. KPT0197

The Department of External Affairs presents its compliments to the Embassy of the Slovak Republic and has the honour to refer to the Embassy's Note no. 3/93 of January 13, 1993 which reads as follows:

" On December 14, 1992 the Authorities of the former Czech and Slovak Federal Republic and its succession states - the Czech Republic and the Slovak Republic agreed on the division of restraint levels between the two Republics, respecting the total volumes and structures of the original restraint levels for Czecho-Slovakia, as stipulated in the extension for 1993. The division has been agreed as follows:

| AGREEMENT<br>ITEM NO. | UNIT | ORIGINAL<br>1993<br>RESTRAINT<br>level for<br>CSFR | DIVISION OF RESTRAINT<br>LEVEL |                    |
|-----------------------|------|--|--------------------------------|--------------------|
|                       |      |  | CZECH<br>REPUBLIC              | SLOVAK<br>REPUBLIC |
| 5 (1)                 | pce  | 328,614  | 131,446<br>(40%)               | 197,168<br>(60%)   |
| 3a (2)                | pce  | 69,870   | 1,397<br>(2%)                  | 68,473<br>(98%)    |
| 31a (3)               | Kgm  | 208,306  | 124,984<br>(60%)               | 83,322<br>(40%)    |
| 42a (4)               | Kgm  | 273,813  | 268,337<br>(98%)               | 5,476<br>(2%)      |

In the Slovak Republic, the body authorized to issue respective export licences is the Ministry of Economy of the Slovak Republic, Division of Trade, Mierová 19, Slovak Republic (Director of Licence Dept. Mr. Ladislav Sandtner).

The export licences will be signed by authorized persons and stamped by the official seal of the Slovak Ministry of Economy as shown in the enclosure.

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Export licences issued by the above Ministry will be marked SK/481/3 digit number."

The Department has received a similar communication from the Trade Commission of the Czech Republic.

The Department of External Affairs is pleased to confirm to the Embassy of the Slovak Republic its agreement with the measures, including the division of restraint levels, described in the Embassy's note for the implementation of the "Memorandum of Understanding between the Government of the Czech and Slovak Federal Republic and the Government of Canada relating to the export from the CFSR of certain textiles and textile products for import into Canada" MOU and the exchange of notes leading to the extension of the MOU for the period of 1993.

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

Ottawa, February 18, 1993

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VEĽVYSLANECTVO  
SLOVENSKEJ REPUBLIKY

EMBASSY  
OF THE SLOVAK REPUBLIC

Note No: 3/93

JAN 14 1993  
MIRN mac

The Embassy of the Slovak Republic presents its compliments to the Department of External Affairs and International Trade of Canada and with reference to the Arrangement concerning the export of certain textile products from Czecho-Slovakia to Canada and the exchange of Notes leading to its extension for the period of 1993 has honour to inform that the following measures with the aim to ensure the implementation of the Arrangement have been made:

1. On December 14, 1992 the Authorities of the former Czech and Slovak Federal Republic and its succession states - the Czech Republic and the Slovak Republic agreed on the division of restraint levels between the two Republics, respecting the total volumes and structures of the original restraint levels for Czecho-Slovakia, as stipulated in the extension for 1993. The division has been agreed as follows:

| Agreement | Unit | Original       | <u>Division of Restraint Levels</u> |                 |
|-----------|------|----------------|-------------------------------------|-----------------|
| Item No.  |      | 1993 Restraint | Czech Rep. (%)                      | Slovak Rep. (%) |
|           |      | Level for ČSFR |                                     |                 |

|     |     |     |         |               |               |
|-----|-----|-----|---------|---------------|---------------|
| 5   | (1) | Pce | 328,614 | 131,446 (40%) | 197,168 (60%) |
| 3a  | (2) | Pce | 69,870  | 1,397 (2%)    | 68,473 (98%)  |
| 31a | (3) | Kgm | 208,306 | 124,984 (60%) | 83,322 (40%)  |
| 42a | (4) | Kgm | 273,813 | 268,337 (98%) | 5,476 (2%)    |

Department of External Affairs  
and International Trade

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2. In the Slovak Republic, the body authorized to issue respective export licences is:

Ministry of Economy of the Slovak Republic

Division of Trade

Mierová 19

827 15 Bratislava

Slovak Republic

(Director of Licence Dept.: Mr. Ladislav Sandtner)

3. The export licences will be signed by authorized persons and stamped by the official seal of the Slovak Ministry of Economy as shown in the enclosure. (The original list of signature and stamp samples will be presented as soon as obtained by mail.)

4. Export licences issued by the above mentioned Ministry will be marked: SK/481/3 digit number.

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

January, 13 1993

Enclosure

*thz/mj*

Persons authorized for signing the slovak export licences  
issuing by Ministry of Economy of the Slovak Republic, Division  
of Trade, Mierová 19, 827 15 Bratislava, for the export of texti-  
le products to Canada

Mr. Ladislav Sandtner ..... 

Mr. Vladimír Vilček ..... 

Mrs. Anna Kurilová ..... 

Those persons will be using the following stamp.



No. 150/92

The Embassy of the Czech and Slovak Federal Republic presents its compliments to the Department of External Affairs and International Trade and has the honour to refer to the Department's Note No. KPT-1590 dated October 8, 1992, regarding the proposed extension of the Memorandum of Understanding between the Government of the Czech and Slovak Federal Republic and the Government of Canada relating to the export from the CSFR of certain textiles and textile products for import into Canada /MOU/.

The Embassy has the honour to inform that the Czech and Slovak authorities are agreeable to the proposal that the MOU would apply to all terms and conditions of the MOU.

The Czech and Slovak authorities further agree that the attached documents, which represent the conversion of the structure of restraints on imports of clothing into Canada from the CSFR to one based on the Harmonized System, replace the Annexes I and II appended to the MOU, effective January 1, 1993.

Department of External Affairs  
and International Trade  
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Being in agreement with the proposals of the Canadian authorities, the Czech and Slovak authorities understand that the Department's Note No. KPT-1590 and this reply constitute an agreement extending the MOU based on the HS until December 31, 1993.

The Embassy of the Czech and Slovak Federal Republic avails itself of this opportunity to renew to the Department of External Affairs and International Trade of Canada the assurances of its highest consideration.

Ottawa, December 7, 1992

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No. KPT1590

The Department of External Affairs presents its compliments to the Embassy of the Czech and Slovak Federal Republic and has the honour to refer to the Memorandum of Understanding between the Government of Canada and the Government of Czech and Slovak Federal Republic relating to the export from Czechoslovakia of certain textiles and textile products for import into Canada (MOU).

In light of the continued delay in the completion of the Uruguay round of Multilateral Trade Negotiations, it is clear that the MTN results on textiles and clothing will not be implemented on January 1, 1993, as was expected last year when the MOU was extended until December 31, 1992. To date, the Textiles Committee of the GATT has not taken a decision on the extension of the Arrangement regarding International Trade in Textiles (MFA) beyond its expiry date of 31 December, 1992. It is likely that a decision in this respect will not be made until much later in 1992.

Under these circumstances, there is already considerable uncertainty among producers, exporters and importers in Canada and in Czechoslovakia with respect to the rules which will govern our bilateral trade in clothing in 1993. Orders have already been placed for delivery in 1993. Manufacturers in Canada and in

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Czechoslovakia will soon have to purchase products to meet their 1993 delivery commitments. Canadian importers also have committed themselves to meet increasingly stringent deadlines for delivery to their Canadian customers. In the absence of the extension of the MOU, the Canadian authorities are not in a position at this time to counsel Canadian importers on whether the current import regime would continue into 1993.

Canadian authorities remain committed to maintaining an effective import control policy for the textile and clothing industries in order to ensure a moderate growth in low-cost imports and to provide the Canadian industry with a climate that is conducive to an orderly adjustment process. The current bilateral textile agreement between Czechoslovakia and Canada has served to ensure secure terms of access for exports of textile products from Czechoslovakia.

The Canadian authorities propose that the MOU be extended until 31 December, 1993, or if the Czech and Slovak authorities are agreeable, to 31 December, 1994. This extension would apply to all terms and conditions of the MOU, including growth rate and flexibility provisions. It would also be without prejudice to any changes that may be required to be implemented as a result of a successful conclusion of the Uruguay Round. Therefore, in the event that the MTN results are implemented in 1994, the second year of

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this extension would be superseded by the restraint structure contained in the MTN agreement.

If the authorities of the Czech and Slovak Republic are in agreement with the proposed extension of the MOU, the Canadian authorities propose further that the attached documents, which represent the conversion of the structure of restraints on imports of clothing into Canada from Czechoslovakia to one based on the Harmonized System, replace the Annexes I and II appended to the MOU, effective January 1, 1993.

The Canadian authorities would appreciate an early response to these proposals. In the event that the Czech and Slovak authorities are in agreement with these proposals, the Canadian authorities would propose that this note, along with the reply from the Czech and Slovak authorities, constitute an agreement extending the MOU based on the HS until the date on which we mutually agree.

The Department of External Affairs avails itself of this opportunity to renew to the Embassy of Czech and Slovak Federal Republic the assurances of its highest consideration.

Ottawa, October 8, 1992

A handwritten signature, possibly reading 'CH', is located below the date.

**ANNEX I - RESTRAINT LEVELS****CZECHOSLOVAKIA****GROUP I**

| A)<br>Agreement<br>item<br>No. | (B)<br>Product Coverage |                                | (C)<br>1993<br>Restraint<br>Level(NMB) | (D)<br>Growth | (E)<br>Swing | (F)<br>Carry-over/<br>Carry<br>Forward | (G)<br>Combined<br>Flexibility<br>(E) & (F) | (H)<br>Conversion<br>Factor<br>(m2/unit) |
|--------------------------------|-------------------------|--------------------------------|--|---------------|--------------|--|---|--|
|                                | Category                | Short Description              |  |               |              |  |   |  |
| a (Note 1)                     | 3.1                     | Suits, MB;                     | 69,870                                 | 4%            | 7%           | 10%(5%)                                | 15%   | 3.6                                      |
|                                | 3.3                     | Jackets & blazers, MB          |  |               |              |  |   |  |
|                                | 5.0                     | Trousers, overalls &<br>shorts | 328,614                                | 6%            | 7%           | 10%(5%)                                | 15%   | 1.4                                      |

note 1: HS codes for C are excluded for categories 3.1 & 3.3

**ANNEX I - RESTRAINT LEVELS**

**CZECHOSLOVAKIA**

**GROUP II**

| (A)<br>Agreement<br>Item<br>No. | (B)<br>Product Coverage |  | (C)<br>1993<br>Restraint<br>Level(KGM) | (D)<br>Growth | (E)<br>Swing | (F)<br>Carry-over/<br>Carry<br>Forward | (G)<br>Combined<br>Flexibility<br>(E) & (F) | (H)<br>Conversion<br>Factor<br>(m2/unit) |
|---------------------------------|-------------------------|--|--|---------------|--------------|--|---|--|
|                                 | Category                | Short Description                              |  |               |              |  |   |  |
| 31a                             | 31.1                    | Combed wool fabric                             | 208,306                                | 3%            | 7%           | 10%(5%)                                | 15%   | 3.8                                      |
| 42a                             | 42.1                    | Toilet & kitchen linen,<br>cotton terry, woven | 273,813                                | 6%            | 7%           | 10%(5%)                                | 15%   | 2.8                                      |

Note: No swing between products in Group I and products in Group II.