

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

CONFIDENTIAL
TEX.SB/2050*
17 March 1994

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:8

Proposal by Canada to Jamaica for renewal of restraint

Note by the Chairman

Attached is a notification received from Canada of a request to Jamaica to extend the restraint on underwear for a twelve-month period beginning 16 March 1994.¹

¹The unilateral measure under Article 3:5 is contained in TEX.SB/2048.

*English only/Anglais seulement/Inglés solamente

The Permanent Mission of Canada
to the United Nations



La Mission Permanente du Canada
auprès des Nations Unies

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March 12, 1994

Ambassador Marcello Raffaelli
Chairman
Textiles Surveillance Body
General Agreement on Tariffs and Trade
Centre William Rappard

Dear Ambassador Raffaelli

Further to my letter of February 16, 1994, concerning Canada's Article 3 action on exports of underwear from Jamaica, I am writing to inform you that the Canadian authorities have requested that Jamaica agree to extend the restraint on underwear for a further 12-month period, as provided for under Article 3.8.

In this respect, please find attached copy of a recent diplomatic note to the Jamaican Ministry of Foreign Affairs and Foreign Trade proposing this extension.

Yours sincerely,


Jean Saint-Jacques
Counsellor

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Canadian High Commission



Haut Commissariat du Canada

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No. 0143

The Canadian High Commission presents its compliments to the Ministry of Foreign Affairs and Foreign Trade of Jamaica and wish to express its regret and disappointment that a mutually satisfactory agreement could not be reached in our recently concluded third round of negotiations. As indicated at that time a bilateral agreement would have provided stable and predictable conditions for trade in underwear and T-shirts between Jamaica and Canada up to the implementation of the MTN.

The Canadian High Commission wishes to advise the Jamaican authorities that the situation faced by Canadian manufacturers of underwear has continued to deteriorate since our initial request for consultations on March 15, 1993. Domestic shipments in 1993 have declined by 5.8% to an estimated 59 million units compared to 62 million units in 1992. During the same period total Canadian imports of underwear have increased 36.7% from 47,783,000 units to 65,359,000 units. As a result, the share of the apparent Canadian market for underwear supplied by Canadian manufacturers has declined from 56% in the 1992 to an estimated 45.7% by December 1993. Meanwhile the market share held by imports has increased

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from 44% in the 1992 to an estimated 54.3% in 1993. Jamaica, even while an interim restraint had been implemented, increased its total imports from 2.4% in 1992 to 3.6% by December 1993.

Employment in the underwear industry has continued to decline in 1993. At the end of 1992, level of employment in the sector stood at 3,053. By December 1993 employment had declined by 5.8% to an estimated 2,875.

The average FOB price of underwear sourced in Jamaica in 1993 was .80 dollar Canadian. This compares to an average 2.80 dollars Canadian for domestically produced underwear (1992 warehouse price).

From May 15, 1993 to January 31, 1994 an interim restraint was placed on the imports of underwear originating in Jamaica at a level of 992,404 units (MFA plus 24% prorated). In January 1994 following the second unsuccessful consultation, Canada acted under article 3.5(I) of the MFA to limit the imports of underwear to 141,234 units from February 1, 1994 to March 15, 1994.

The Canadian High Commission continues to be concerned about the very real potential for disruptive impact on the market given

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Jamaica's proven capacity to ship high volumes (as seen in monthly levels of up to 710,100 units in the early months of 1993), its ability for quick delivery across the Canada/U.S. border, as well as indications by Jamaican authorities during third round of discussions their private sector's wish for levels between 7 and 8 million units and ability to export 4.5 million units to Canada given the opportunity.

Article 3.8 of the MFA provides for the extension of unilateral restraint measures taken under article 3. In view of the disruption that continues to prevail in the Canadian market, and the strong potential for exports from Jamaica to exacerbate that disruption Canadian authorities propose that the restraint in effect on underwear, which is due to expire March 15, 1994 be extended for a further 12 month period.

Canada, as expressed a number of times during the last three rounds of consultations, has shown its willingness to favourably consider the potential effect of this restraint on Jamaica, and has been more than generous in establishing the interim restraint. Canada in keeping with its willingness to minimize the uncertainty to the trade, and taking into account Jamaica's particular case,

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would propose a restraint level, under article 3.8 of the MFA, of 3 million units covering the 12 month period ending March 15, 1995.

The Canadian High Commission would appreciate confirmation that this proposal is acceptable to Jamaican authorities, and would require a response to this note by close of business March 11, 1994.

The Canadian High Commission avails itself of this opportunity to renew to the Ministry of Foreign Affairs and Foreign Trade of Jamaica the assurances of its highest consideration.

KINGSTON, 7 March 1994

