

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL

TEX.SB/389
6 April 1979

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Note by the Chairman

Attached is a notification from Canada regarding a bilateral agreement concluded between Canada and the Philippines, under Article 4 of the Arrangement.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément à l'article 4


Note du Président

On trouvera ci-joint une notification du Canada concernant un accord bilatéral que le Canada et les Philippines ont conclu conformément à l'article 4 de l'Arrangement.

acrylic yarn + handbags

219% growth over 70 in textiles
130% " " " clothing

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ANSWERED	DOC. ISSUED	FORM
12-56/389		
REQ - 2 APR 1979		
		
TRADE POLICY DT:		
Gen. Div.		
Agri. Div.		
Special Prof:		
TRADE DEVELOP. DT.:		
Sp. Asst. Tr. Negs		
Dev. Div.		
Intel. Div.		
CHAIR. TSS	X	
OFFICE OF D-G:		
Consultant (ADG)		
Conf. Div.		
Dir. Ext. Rels/Info.		
Info/Lib. Serv.		
Training		

The Permanent Mission of Canada
to the United Nations

La Mission Permanente du Canada
auprès des Nations Unies

10A, avenue de Budé
1202 Geneva

March 30, 1979

Dear Ambassador WURTH,

With reference to paragraph 4 of Article 4 of the Arrangement Regarding International Trade in Textiles (hereinafter referred to as the ITA), done at Geneva on December 20, 1973, and to the Protocol Extending the ITA, done at Geneva on December 14, 1977, I have the honour to notify the Textile Surveillance Body of the conclusion of a 3-year bilateral textile agreement between the Government of Canada and the Government of the Republic of the Philippines.

This bilateral agreement was concluded having regard to Article 4 of the ITA and to the Protocol of Extension. The provisions of the agreement reflect the particular problems and circumstances in the Canadian textile and clothing market as well as the position of the Philippines as a traditional supplier to that market.

The agreement came into effect on January 1, 1979. However, for a limited number of textile products it was mutually agreed that there would be de facto application prior to this date. It was the view of both parties that the incorporation of all products of concern to both parties into one agreement would provide the exporting signatory with maximum degree of flexibility.

The coverage of the agreement relates to the range of products which fall within the scope of the ITA. The manner in which the product categories were developed during consultations reflects not only the relative product sensitivity with respect to Canadian production but also the desire to provide a significant degree of flexibility for the Philippines. As a result, the product categorization of this agreement is tailored to the bilateral interests of Canada and the Philippines and is not standard to other arrangements/agreements nor to the product classification of Canadian import statistics.

The restraint levels agreed to by the two parties are based upon historical trading patterns. In view of the fact that the product

H.E. Ambassador Paul WURTH
Chairman, Textiles Surveillance Body
Geneva

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categorization is different from the classification of Canadian import statistics, and since complete import statistics for 1977 were not available when discussions were held in 1977 and 1978, the agreed levels are the result of negotiations and thus reflect the interests of both parties. In addition, the product coverage was established on a very selective basis. As a result, a range of clothing and textile products is not subject to any form of restraint. Furthermore certified traditional handloom products of the cottage industry are exempt from restraint.


Provision is made for growth in each product category. The level of growth, which was agreed between the parties based upon the relative import sensitivity and export interest, ranges from 2% to 8%.

The agreement contains provision for flexibility in the form of swing, carry-over and carry-forward, which may be used in combination to achieve an increase of 10% for the most sensitive group products and 15% for the remainder. In the case of Group I products, the increase is made up by swing of up to 7%, and carry-over/carry-forward up to 11% and 6% respectively is available within the aggregate. In addition, unlimited swing is inherent within categories where several products have been grouped e.g. item #6. Finally, at the request of the exporting signatory, clothing products in the O-6X size range were grouped together to provide the maximum degree of flexibility in an area of greatest export interest.

Finally the agreement also contains provisions for, inter alia, consultation, equity, revision and termination. It is believed that this agreement represents a package whose overall provisions are appropriate to the interests of both parties.

The parties to this bilateral agreement believe that it meets the requirements of the ITA as extended, and constitutes an overall liberalization of the Canadian import programme on clothing and textiles. It was concluded for the purpose of avoiding real risk of market disruption and, at the same time, ensuring the orderly development of trade in textiles.

Accept, dear Ambassador Wurth, the renewed assurance of my highest consideration.


R. Harry Jay
Ambassador and
Permanent Representative

MEMORANDUM OF UNDERSTANDING

Discussions between delegations of the Governments of Canada and the Republic of the Philippines concerning trade in selected textile products were held in Manila from March 27 to April 6, 1978, as a result of which both delegations initialled the attached Agreement on an ad referendum basis.



FOR THE GOVERNMENT
OF CANADA



FOR THE GOVERNMENT
OF THE REPUBLIC OF
THE PHILIPPINES

Manila, Philippines.

April 6, 1978.

AGREEMENT RELATING TO TRADE IN SELECTED TEXTILE PRODUCTS

BETWEEN

CANADA AND THE PHILIPPINES

INTRODUCTION

1. This Agreement sets out the arrangements that have been agreed upon between the delegations of the Government of Canada and the Government of the Republic of the Philippines regarding the export of selected textile products from the Philippines to Canada.
2. This Agreement was entered into taking into consideration the Arrangement Regarding International Trade in Textiles (hereinafter referred to as the ITA), in particular Article 4 thereof as well as paragraphs 5.3, 5.4, 5.6 and paragraph 8 of the Protocol extending the ITA (L/4616).
3. In respect of the products covered by this Agreement, the Government of Canada shall not introduce without prior consultation as provided for in paragraph 24 hereof, quantitative restrictions under Article XIX of the General Agreement on Tariffs and Trade and Article 3 of the ITA in the event it lifts its global quota.
4. During the term of this Agreement, measures having equivalent effect to quantitative restrictions on the importation into Canada of the products covered

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by this Agreement shall not be introduced without prior consultations as provided for in paragraph 24 hereof.

COVERAGE

5. Both Governments recognize and confirm that the conduct of their mutual trade in selected textile products originating and dispatched from the Republic of the Philippines as listed in ANNEX I shall be governed by the provisions of this Agreement.
6. For purposes of this Agreement, "textiles" shall be as defined in Article 12 (1) of the ITA.
7. Traditional folklore items produced by the cottage industry of the Philippines shall be exempted from restraint provided that such items are properly certified in accordance with arrangements to be established before January 1, 1979.
8. For the purpose of classifying textile products in the appropriate item number, the definitions and the footnotes set out in ANNEX I and the explanatory notes set out in ANNEX II hereof shall apply.

RESTRAINT PERIOD

9. This Agreement shall be in effect for three separate calendar year periods commencing January 1, 1979 and terminating December 31, 1981. In respect of acrylic

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yarn and handbags described in ANNEX I, this Agreement shall apply for the 1970 calendar year period and thereafter for the three separate calendar year periods.

RESTRAINT LIMITS

10. The Republic of the Philippines shall regulate its exports to Canada of selected textile products described in ANNEXES I and II to the limits set out therein for the period specified in paragraph 9 above.

ADMINISTRATION

11. This Agreement shall be implemented on the basis of the export allotment system of the Philippines.
12. The Government of Canada shall automatically admit imports of selected textile products described in ANNEX I upon presentation of export license as per specimen shown in ANNEX III. Such license shall be issued by the appropriate Philippine authorities attesting that the Philippine exports covered by the license have been debited to the applicable quantitative limits as set out in ANNEX I.
13. The Government of the Philippines shall endeavour to ensure that exports of all textile products subject to quantitative limits are spaced out as evenly as possible during each restraint period, due account being taken of seasonal factors and having regard to normal channels of trade.

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SWING, CARRYOVER/BORROW FORWARD

14. Swing, carryover and borrow forward shall be allowed as described in ANNEX IV.
15. For the purposes of implementing the swing provisions in paragraph 14, the conversion factors shown in column (F) of ANNEX I shall apply.

EXCHANGE OF STATISTICS

16. Both Governments agree to exchange all useful information concerning their mutual trade in textiles, including information on textile items not covered by this Agreement.
17. The Government of the Philippines shall provide the Government of Canada with monthly statistics relating to exports of selected textile products listed in ANNEX I.
18. The Government of Canada shall provide the Government of the Philippines with monthly statistics of total imports from the Republic of the Philippines and from other suppliers in respect of the textile products subject to this Agreement.

EQUITY

19. Should either Government consider, as a result of this Agreement, that it is being placed in an inequitable position vis-a-vis any third supplier, that Government may request the other to consult with a view to implementing appropriate remedial measures.

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CONCENTRATION

20. If, on the basis of export data provided by the Government of the Philippines, the Government of Canada ascertains that there is a sharp and substantial increase in the concentration of exports, other than a concentration attributable to normal seasonal factors, of particular products in any item number subject to quantitative limits, the Government of Canada may request consultations in accordance with the provisions of paragraph 24 below with a view to remedying this situation.

RE-EXPORTS

21. Imports into Canada of those textile products to which this Agreement applies which are for immediate re-export or for inward processing and subsequent re-export outside Canada shall not be subject to quantitative limits established under this Agreement, provided they are entered as such under an administrative system of control in force for this purpose within Canada.
22. The Government of Canada shall inform the Government of the Philippines when imports into Canada of selected textile products subject to this Agreement are subsequently re-exported from Canada. Where such re-exports have been debited by the Government of the Philippines to quantitative limits, it may then credit the amounts involved to the appropriate quantitative limits.

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REVISIONS

23. Either Government may at any time propose revisions to the terms of this Agreement having regard to the provisions of the ITA and to the provisions of paragraph 5.4 of the Protocol extending the ITA (L/4616).

CONSULTATIONS

24. Either Government shall have the right to request consultations with the other Government on any matter arising from the implementation of this Agreement. Such consultations shall be conducted in the following manner:

- any request for consultations shall be notified in writing to the other Government;
- the request for consultations shall be followed within fifteen days by a statement setting out the reasons for such a request;
- both Governments shall enter into consultations within one month from receipt of notification, with a view to reaching agreement or a mutually acceptable solution within one month from start of consultations;
- pending conclusion of such consultations, the Government of Canada agrees not to impose any unilateral restraint on selected textile products which are under consultation.

25. The Government of Canada shall not impose any unilateral restraint on any textile product exported from the Philippines not covered by this Agreement without prior consultations conducted in accordance with Paragraph 24 above.
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26. Consultations held under the foregoing provisions shall be conducted in a spirit of cooperation and with the view of reconciling differences.

ANNEXES

27. The ANNEXES and Explanatory Notes to this Agreement shall be considered as integral parts thereof.

TERMINATION

28. Either Government may terminate this Agreement effective at the end of any restraint period by written notice to the other Government, to be given at least ninety days prior to the end of any restraint period.

TRANSITIONAL ARRANGEMENTS

29. Both Governments agree that any difficulties which may arise as a consequence of the transition from any control arrangements maintained by the Government of Canada upon imports into Canada of products subject to this Agreement to the export allotment system provided for in this Agreement shall be brought immediately

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to the attention of the other Government and that consultations as provided for under paragraph 24 of this Agreement shall be held to resolve such difficulties.

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For the Government
of Canada

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For the Government of
the Republic of the
Philippines

Manila, Philippines
April 6, 1978

Manila, Philippines
April 6, 1978

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ANNEX I

(A)	(B)	(C)	(D)	(E)	(F)
SWING GROWTH NO.	ITEM NO.	ITEM DESCRIPTION	RESTRAINT LIMIT (Pieces unless otherwise stated)	GROWTH RATE	CONVERSION FACTOR (Sq. yds. per unit unless otherwise stated)
I	I	Winter outerwear garments, men's and boys', women's and girls', children's and infants', (commonly referred to as snow-suits, snow-mobile suits, ski-suits, ski-pants and snow-pants, and jackets and vests including parkas, ski-jackets, and similar jacket-type garments) that have an outer shell manufactured substantially by surface area with woven fabrics and that are lined and designed to protect the wearer against cold, e.g. quilted linings, down or fibre filling, etc., but not plain acetate or viscose lining, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, but excluding: all unlined outerwear; all coats three-quarter length or longer, that is, to the knee or below the knee; garments commonly known as squall jackets, windbreakers or similar jacket-type garments where there is no thermal insulation; bona fide industrial end-use clothing, although they meet the requirements of the above description; and ski-pants and cross-country ski-suits which do not meet the above description (e.g. constructed entirely from knitted fabric). (CANADIAN IMPORT CONTROL LIST NO. 32)	1979: 60,000 1980: 61,200 1981: 62,424	2%	3.50

FOOTNOTES:

A unit includes garments which have been designed to be sold as a set, e.g. matching or co-ordinated ski-jackets and ski-pants comprising a ski-suit will be counted as one unit if packed and shipped as a set. Vests are to be counted separately.

(A) SWING GROUP NO.	(B) ITEM NO.	(C) ITEM DESCRIPTION	(D) QUANTITIES BY UNIT (Pieces unless otherwise stated)	(E) GROSS RATE	(F) CONVERSION FACTOR (Sq. yds. per unit unless otherwise stated)
I	2	<u>Shirts with tailored collars, men's and boys', wholly or mainly by weight of cotton, man-made fibres or wool or blends thereof, knitted or woven, being garments covering the upper part of the body normally worn next to the skin or directly over underwear and with a full or partial front opening which may include a zipper. Included are all men's and boys' shirts meeting this description whether exported separately or as part of a set. (CANADIAN IMPORT CONTROL LIST NO. 49)</u>	1979: 85,000 1980: 86,700 1981: 68,434	27	2.10
I	3	<u>Shirts, men's and boys', other than with tailored collars, including those with full fashioned collars, wholly or mainly by weight of cotton, man-made fibres or wool or blends thereof. For a full description of "shirts" see description for Item 2 above. (CANADIAN IMPORT CONTROL LIST NO. 49)</u> AND <u>Blouses and shirts, women's and girls' wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, knitted or woven, being garments with complete or partial front or back opening covering the upper part of the body, excluding underwear, jackets, T-shirts, sweat-shirts and sweaters. (CANADIAN IMPORT CONTROL LIST NO. 39)</u>	1979: 260,000 1980: 270,400 1981: 281,216	43	2.00

FOOTNOTES:

- (1) A "tailored collar" consists of one or more pieces of material which are cut and sewn or cut and fused and designed with two pointed or rounded ends.
- (2) A "full-fashioned collar" consists of one piece knitted-to-shape collar.

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(A)	(B)	(C)	(D)	(E)	(F)
SWING GROUP NO.	ITEM NO.	ITEM DESCRIPTION	RESTRAINT LIMIT (pieces unless otherwise stated)	GROWTH RATE	CONVERSION FACTOR (Sq. yds. per unit unless otherwise stated)
I	4	<u>T-shirts and sweat-shirts, men's and boys', women's and girls', wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. T-shirts are knitted garments without front opening covering the upper part of the body of construction 19 cut or finer, i.e. 19 or more vertical stitches per inch. Sweat-shirts are garments, at least one side of which is brushed or fleeced, covering the upper part of the body. Sweaters are not included.</u> (CANADIAN IMPORT CONTROL LIST NOS. 39 AND 49)	1979: 170,000 1980: 180,200 1981: 191,012	6%	1.70
I	5	<u>Sweaters, pullovers and cardigans (including knitted ponchos), men's and boys', women's and girls', wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof, being knitted garments covering the upper part of the body, of construction coarser than 19 cut, i.e. less than 19 vertical stitches per inch. Included are such items with co-ordinating or matching accessories, e.g. hats, scarves, gloves, mittens, booties, etc. A garment in this item when shipped with such co-ordinating or matching accessories will be considered a set and counted as one unit.</u> (CANADIAN IMPORT CONTROL LIST NO. 50)	1979: 90,000 1980: 91,800 1981: 95,636	2%	1.40

FOOTNOTE:

The definitions of T-shirts and sweat-shirts for men and boys are subject to the over-riding definitions of men's and boys' shirts with tailored or full-fashioned collars.

(A)	(B)	(C)	(D)	(E)	(F)
SWING GROUP NO.	ITEM NO.	ITEM DESCRIPTION	RESTRAINT LIMIT (Pieces unless otherwise stated)	GROWTH RATE	CONVERSION FACTOR (sq. yards per unit unless otherwise stated)
II	6	<p><u>Suits, women's and girls', co-ordinated and outerwear sets, including athletic sets or suits, men's and boys', women's and girls', wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. Suits are garments comprising two or more matched or co-ordinated pieces, covering both the upper and lower parts of the body, packed and shipped as a set. Co-ordinates include: coat and dress sets, blouse or women's shirt and pant or skirt sets, cabana sets, beach pyjamas, lounging pyjamas, short sets, and beachwear. Athletic sets or suits are garments normally comprising two or more matched or co-ordinated pieces covering both the lower and upper parts of the body, packed and shipped as a set, normally worn for participation in athletic activities and not covered by any other definition in these arrangements, including leotards covering the trunk of the body, judo sets, track suits, jogging suits, cross country ski-suits (subject to the description in Item 1).</u></p> <p>AND</p> <p><u>Dresses and skirts, women's and girls', wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. Dresses are one piece garments extending above the waist, including jumpers, evening gowns, dusters, house dresses and caftans (other than sleepwear). Skirts are one piece garments not extending above the waist, including golf skirts, kilts (including men's and boys') and culottes.</u></p> <p>(CANADIAN IMPORT CONTROL LIST NO. 42)</p>	<p>1979: 275,000</p> <p>1980: 291,500</p> <p>1981: 308,990</p>	6%	3.5

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(A)	(B)	(C)	(D)	(E)	(F)
SWING GROUP NO.	ITEM NO.	ITEM DESCRIPTION	RESTRAINT LIMIT (Pieces unless otherwise stated)	GROWTH RATE	CONVERSION FACTOR (Sq. yds. per suit unless otherwise stated)
II	7	Brassieres (Foundation Garments) (CANADIAN IMPORT CONTROL LIST NO. 43)	1979: 1,300,000 1980: 1,373,000 1981: 1,440,600	6%	.30
II	8	Underwear, men's and boy's, women's and girls, children's and infants', wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. Included are slips and bloomers. (CANADIAN IMPORT CONTROL LIST NO. 45)	1979: 220,000 1980: 233,200 1981: 247,192	6%	.90
II	9	Children's and infants' wear, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof: blouses, shirts, t-shirts, sweatshirts (as defined in Items 2, 3 and 4), sweaters (as defined in Item 5), dresses, skirts, suits, co-ordinates and outerwear sets (as defined in Item 6). Also included are: sunsuits, chris- tening sets, rompers, creepers, rompers and crawlers. (CANADIAN IMPORT CONTROL LIST NOS. 39, 42 AND 50)	1979: 1,700,000 1980: 1,836,000 1981: 1,982,280	8%	2.60

FOOTNOTES:

- (1) In the case of bra sets, the brassieres is to be counted against item number 7, while the panties are to be counted against item number 8.
- (2) Children's and infants' garments are sizes 0 - 6X.

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(A) SWING GROUP NO.	(B) ITEM NO.	(C) ITEM DESCRIPTION	(D) RESTRAINT UNIT (Pieces unless otherwise stated)	(E) GROWTH RATE	(F) VERSION (Sq. yds. per unit unless otherwise stated)
III	10	All types of machine and hand knitting ACRYLIC YARN containing 50% or more by weight of acrylic fibre, except those yarns spun on the cotton system.	1978: 188,679 lbs. 1979: 200,000 lbs. 1980: 212,000 lbs. 1981: 224,720 lbs.	6%	1.0 lb. per unit
III	11	Handbags	1978: 283,019 1979: 300,000 1980: 318,000 1981: 337,000	6%	0.5 lb. per unit

FOOTNOTE:

"Handbags" covered above are made of fabrics, wholly or mainly by weight of cotton, man-made fibres, wool or blends thereof, uncoated, with a body area, excluding handles, between 40 and 190 square inches, in the manufacture of which genuine leather and plastic materials may be used as trim and finish, but not as a major component of the shell.

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Explanatory Notes

- (1) Partially manufactured garments, i.e. garments which have been cut and sewn, or otherwise assembled, but which require further manufacture or processing, are also included in all the foregoing items, and are to be counted against the item number of the end product. For example, outerwear shells which are to be filled or lined are considered as partially manufactured products falling within Item I.
- (2) Garments of indeterminate gender, including unisex garments are to be counted as of male gender.
- (3) A unit includes garments which have been designed to be sold as a set or one unit, e.g. matching or coordinated ski-jackets and ski-pants comprising a ski-suit will be counted as one unit if packed and shipped as a set.

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- GROUP I
- Swing among or into products within Group I may not exceed 5%.
 - No individual product may be increased by more than 10% (including swing, carryover and borrow forward).
 - Carryover and borrow forward cannot exceed 10% (of which borrow forward shall not exceed 5%).
- GROUP II
- Swing among or into products of Group II may not exceed 7%.
 - No individual product may be increased by more than 15% (including swing, carryover and borrow forward).
 - Carryover and borrow forward cannot exceed 11% (of which borrow forward shall not exceed 6%).
- GROUP III
- Swing within Group III may not exceed 7%.
 - No individual product may be increased by more than 15% (including swing, carryover and borrow forward).
 - Carryover and borrow forward cannot exceed 11% (of which borrow forward shall not exceed 6%).

FOOTNOTES:

- (1) The conversion factors appearing in column (F) of Annex I shall be applied in utilizing the Swing provisions.
 - (2) Swing into Groups I and II from III shall not be allowed, and vice-versa.
 - (3) Swing out of children's garments is not permitted.
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