

GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/925*

20 February 1984

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Modification to the Bilateral Agreement
between Canada and Hong Kong

Note by the Chairman

Attached is a notification received from Canada concerning a modification to the bilateral agreement with Hong Kong.¹

¹ The original bilateral agreement is contained in COM.TEX/SB/883.

* English only/Anglais seulement/Inglés solamente.

TS/ 140-4

The Permanent Mission of Canada
to the United Nations



La Mission Permanente du Canada
auprès des Nations Unies

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10A, avenue de Budé
1202 Geneva


February 13, 1984

Ambassador M. Raffaelli
Chairman
Textiles Surveillance Body
GATT Secretariat
Centre William Rappard
154, rue de Lausanne
1211 Geneva 21

Dear Ambassador Raffaelli,

--- I have the honour to forward to you
notification of a modification of the provisions
of the memorandum of understanding between Canada
and the Government of the Kingdom of Thailand and
between Canada and the Government of Hong Kong
respecting certain textile products.

Yours sincerely,


J.L. MacNeil
Minister

ANSWERED	DEC ISSUED	FOLIO	
	TEX. SB/7242.0925		
DEC 15 FEB 1984			
For	Adm.	Comment	Int.
Cabinet of CC			
Info. Service			
OFFICE LEGAL AFF.			
Sess. / Council AM. Div.			
CHAIRMAN TSB			

For	Adm.	Comment	Int.
OPER DEPT. A			
Non Tar. M. Div.			
Development Div.			
Tech. Coop. Div.			
Trade Pol. Div.			
Spec. Proj. Div.			
OPER. DEPT. B			
Econ. R/Anal. Unit			
Agriculture Div.			
Tariff Div.			
Tech. Bar. T. Div.			
Ext. Rel. Div.			
DEPT. CONTR. AFF. / ADM.			
Adm. / Fin. Div.			
Trans. / Doc. Div.			
Training Div.			
Personnel Off.			
Conference Off.			

Short Reasoned Statement to accompany the notification to the Textile Surveillance Body of a modification of the provisions of the Memorandum of Understanding between the Government of Canada and the Government of Hong Kong relating to export from Hong Kong of certain textiles and textile products for import into Canada.

With reference to paragraph 4 of Article 4 of the Arrangement Regarding International Trade in Textiles (hereinafter referred to as the MFA), done at Geneva on December 2, 1973, and to the Protocol extending the MFA, done at Geneva, December 22, 1981, I have the honour to notify the Textile Surveillance Body of an amendment to the provisions of the current restraint arrangement concluded between the Government of Canada and the Government of Hong Kong. Pursuant to Article 42 of the current Memorandum of Understanding, the amendment provides for the conversion of the 1983 restraint level for denim fabric into a specific limit effective from January 1, 1984 to December 31, 1986.

These modifications agreed upon by the two Governments in June 1983, take into consideration the circumstances currently affecting the Canadian textile market and the position of Hong Kong as an established supplier of that market. The textile product subject to the modifications fall within the scope of the MFA. The 1984 base level applicable to denim fabric was established taking into consideration historical trading patterns and other provisions contained in Article 4 of the MFA and its Protocol of Extension.

In line with the MFA guidelines, the amendments contain provisions for an annual growth rate established at 6 percent. The flexibility provisions allow for a 5 percent swing between categories in the current arrangement, and a carry-over/ borrow-forward of 10 percent the sub-limit for borrow-forward being 5 percent.

The Government of Canada believes these modifications in conformity with the provisions of the MFA and its Protocol of Extension and, as such, in keeping with the gradual liberalization of the Canadian import programme on clothing and textiles.

Accept, Sir, the renewed assurance of my highest consideration.

A handwritten signature in dark ink, appearing to be 'J. J. M.' or similar, located at the bottom right of the page.


The Trade Department presents its compliments to the Commission for Canada and has the honour to refer to the Commission's Note No. 169 of 13 December 1983 concerning the election of the Government of Canada, pursuant to Paragraph 42 of the "Memorandum of Understanding (MOU) between the Government of Canada and Government of Hong Kong relating to the export from Hong Kong of certain textiles and textile products for import into Canada", to convert the 1983 restraint level for denim fabric into a specific limit effective from 1 January 1984 to 31 December 1986.

2. The Trade Department wishes to record that, pursuant to Paragraph 42 of the MOU, the restraint limit for denim fabric for 1984 will be 3,816,000 square metres and that this will be subject to an annual growth rate of 6 per cent in the remainder of the MOU. The Trade Department agrees with the Canadian authorities that the following flexibility provisions, as set out in Paragraph 2 of the "agreed record of consultations" initialled in Hong Kong on 22 June 1983, will apply to denim fabric as from 1 January 1984 :

<u>Swing</u>	<u>Carryover/ Carryforward</u>	<u>Combined flexibility</u>
5%	10% (5%)	11%

3. The Trade Department further agrees with the Canadian authorities that this Note and the Commission's Note No. 169 of 13 December 1983 shall constitute an amendment to the MOU between our two Governments for denim fabric exports from Hong Kong to Canada.

4. The Trade Department avails itself of this opportunity to renew to the Commission for Canada the assurance of its highest consideration.


Trade Department
Hong Kong
16 December 1983

Commission for Canada



La Commission du Canada

Confidential

No.: 169

The Commission for Canada presents its compliments to the Hong Kong Trade Department and has the honour to refer to consultations held in Hong Kong on June 21 and 22, 1983 between a delegation from the Government of Canada and a delegation from the Government of Hong Kong pursuant to provisions of the "Memorandum of Understanding between the Government of Canada and Government of Hong Kong relating to the export from Hong Kong of certain textiles and textile products for import into Canada" concerning exports of denim fabric from Hong Kong to Canada.

The Canadian authorities have further the honour to refer to the "agreed record of consultations" which was initialled in Hong Kong on June 22, 1983 and to Paragraph 2 of the record which notes that, pursuant to Paragraph 42 of the Memorandum of Understanding, either Government may, prior to the start of 1984, elect to convert the 1983 restraint level for denim fabric into a specific limit effective from January 1, 1984 to December 31, 1986. In this regard, the Government of Canada wishes to advise the Government of Hong Kong of its election to convert the 1983 restraint level for denim fabric into a specific limit effective from January 1, 1984 to December 31, 1986. The Canadian authorities also note that, pursuant to Paragraph 40 of the Memorandum of Understanding, the annual growth rate is 6 percent.

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The Canadian authorities further wish to refer to the corresponding flexibility provisions provided for in Paragraph 2 of the record which apply in the event of an election to convert the 1983 restraint level for denim fabrics into a specific limit. In this regard, the flexibility provisions are swing, 5 percent; carryover/carryforward 10 percent (5 percent), and combined flexibility 11 percent.

Accordingly, the Canadian authorities wish to propose that this Note and the reply thereto, confirming acceptance by the Government of Hong Kong, shall constitute an amendment to the Memorandum of Understanding between our two Governments for denim fabrics exports from Hong Kong to Canada.

The Commission for Canada avails itself of this opportunity to renew to the Trade Department the assurance of its highest consideration.

December 13, 1983

Hong Kong



Agreed Record of Consultations

Consultations were held in Hong Kong on 21 and 22 June 1983 between a delegation from the Government of Canada and a delegation from the Government of Hong Kong on the export of denim fabric from Hong Kong to Canada, pursuant to paragraphs 35 and 36 of the Memorandum of Understanding between the Government of Canada and the Government of Hong Kong Relating to the Export from Hong Kong of Certain Textiles and Textile Products for Import into Canada (MOU). It was agreed that :-

- (i) on the basis of a reconciliation of the respective trade data, the quantity of denim fabric exported from Hong Kong to Canada in 1982 amounted to 3,126,334 m²; and
- (ii) having regard to paragraph 38 of the MOU, the Government of Hong Kong would limit exports of denim fabric to Canada in 1983 to a level of 3,600,000 m².

2. It was noted that, pursuant to paragraph 42 of the MOU, either Government may, prior to the start of 1984, elect to convert that limit into a specific limit, effective from 1 January 1984 to 31 December 1986. In the event that either Government were so to elect, it was agreed that the following flexibility provisions would apply in each of these calendar years :-

<u>Swing</u>	<u>Carryover/ Carry forward</u>	<u>Combined flexibility</u>
5%	10% (5%)	11%

3. The agreement described in paragraph 2 will become effective immediately upon an exchange of notes between the two Governments confirming their acceptance of it.

Hong Kong

22 June 1983

For the Government of Canada

For the Government of Hong Kong

Michael D. Moore

Michael Moore

M.D. Cartland
M.D. Cartland