

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/946^{*}
2 April 1984

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4:4

Bilateral Agreement between Canada and Hungary

Note by the Chairman

Attached is a notification received from Canada concerning a new bilateral agreement concluded under Article 4 of the MFA with Hungary, valid for the period 1 January 1983 to 31 December 1986. Also attached is an interim arrangement for 1982.

* English only/Anglais seulement/Inglés solamente.

The Permanent Mission of Canada
to the United Nations



La Mission Permanente du Canada
auprès des Nations Unies

ANSWERED	DGC. ISSUED	FOLIO
	TEX. SB/146	
REG 2 2 MAR 1984		
For	Subject	Comment Int.
Cabinet of DG		
Info. Service		
Gen. Sec. Aff.		
Spec. Proj. Div.		

Ambassador M. Raffaelli
Chairman
Textiles Surveillance Body
General Agreement on Tariffs
and Trade
Centre William Rappard
154, rue de Lausanne
1211 Geneva 21

Dear Ambassador Raffaelli,

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 20, 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 the conclusion of a four-year bilateral arrangement between the Government of Canada and the Government of the Hungarian Peoples' Republic.

This bilateral arrangement which became effective January 1, 1983 takes into account exceptional circumstances in the Canadian clothing market and the position of Hungary as an established supplier to that market. This new arrangement covers a clothing product which falls within the scope of the MFA. The 1983 base level was established on the basis of the restraint level previously agreed upon between the two countries in the 1982 restraint arrangement. This latter one year arrangement was concluded pending negotiation of a longer term arrangement and was without prejudice to the provisions of such an arrangement.

10A, avenue de Bude
1202 Geneva

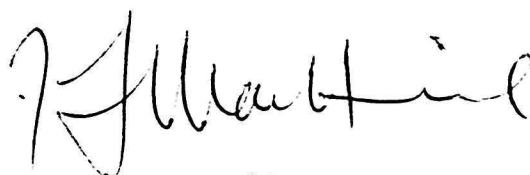
March 20, 1984

For	Action	Comment	Int.
OPÉR. DEPT. A			
Non Tar. M. Div.			
Development Div.			
Techn. Coop. Div.			
Trade Pol. Div.			
Spec. Proj. Div.			
OPÉR. DEPT. B			
Econ. R. Anal. Unit			
Agriculture Div.			
Text. Div.			
Techn. Bar. T. Div.			
Ext. Rel. Div.			
Adm. / Fin. Div.			
Trans. / Doc. Div.			
Training Div.			
Personnel Off.			
Conference Off.			

In line with MFA guidelines, the arrangement provides for annual growth rates for the 1983-1986 period. In view of the fact that fine suits, sportcoats and blazers are considered sensitive in the Canadian market, the annual growth rate has been established at three percent. The flexibility provision allows for a carry-over/borrow-forward between restraint periods of 10 percent; the sub-limit for borrow-forward being five percent. The arrangement also contains provision for exchange of statistics, re-exports, consultations, and revision and termination. This arrangement became effective on January 1, 1983 and will continue until December 31, 1986.

The Government of Canada believes this arrangement conforms with the provisions of the MFA and its Protocol of extension and, as such, it is in keeping with the gradual liberalization of the Canadian import programme on clothing and textiles. It will also assist in avoiding the real risk of Canadian market disruption while at the same time ensuring orderly development of world trade.

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

A handwritten signature in dark ink, appearing to read 'J.L. MacNeil', written in a cursive style.

J.L. MacNeil
Minister

Department of External Affairs



Ministère des Affaires extérieures

Canada

Ottawa, Ontario
K1A 0H5

April 14, 1983

Mr. E. Sziklai
Trade Commissioner, Hungarian
People's Republic
Hungarian Trade Commission
1350 Sherbrooke Street West
Montreal, Quebec

Dear Mr. Sziklai:

I have the honour to refer to discussions held in Budapest between representatives of the Government of the Hungarian People's Republic and the Government of Canada on December 6 and 7, 1982 on trade in men's and boys' fine suits, sportscoats and blazers between our two countries.

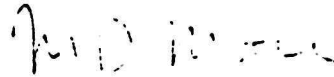
I have further the honour to refer to the "Arrangement between the Government of Canada and the Government of the Hungarian People's Republic relating to the export from Hungary of certain textile products for import into Canada" (copy attached) which was initialled ad referendum in Budapest on December 7, 1982 and to confirm that the arrangement is acceptable to the Government of Canada.

Accordingly, I wish to propose that this letter and your letter in reply, confirming on behalf of the Government of the Hungarian People's Republic your acceptance of the arrangement, together with the "Arrangement between the Government of Canada and the Government of the Hungarian People's Republic relating to the export from Hungary of certain textile products for import into Canada", shall constitute an arrangement

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between our two Governments to be effective from January 1, 1983 and to remain in force for four calendar year periods until December 31, 1986, subject to the right of either Government to terminate the arrangement 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 the restraint period.

Yours sincerely,



M.D. Moore
Director
Import Controls Division I
(Textiles & Clothing)
Special Trade Relations Office

Attachment



A MAGYAR NÉPKÖZTÁRSASÁG KERESKEDELMI TANÁCSOSA
TRADE COMMISSIONER FOR THE HUNGARIAN PEOPLE'S REPUBLIC
REPRÉSENTANT COMMERCIAL DE LA RÉPUBLIQUE POPULAIRE HONGROISE

Cables: HUNGEXPORT, MONTREAL

Tel.: 849-9261
849-9262



1350 SHERBROOKE ST. WEST.
SUITE 1510
MONTREAL, QUEBEC H3G 1J1

April 14, 1983

Mr. M.D. Moore
Director
Import Controls Division I
(Textiles & Clothing)
Special Trade Relations Office
Department of External Affairs
235 Queen Street, 10th Floor East
Ottawa, Ontario

Dear Mr. Moore:

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

"I have the honour to refer to discussions held in Budapest between representatives of the Government of the Hungarian People's Republic and the Government of Canada on December 6 and 7, 1982 on trade in men's and boys' fine suits, sportscoats and blazers between our two countries.

I have further the honour to refer to the "Arrangement between the Government of Canada and the Government of the Hungarian People's Republic relating to the export from Hungary of certain textile products for import into Canada" (copy attached) which was initialled ad referendum in Budapest on December 7, 1982 and to confirm that the arrangement is acceptable to the Government of Canada.

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Accordingly, I wish to propose that this letter and your letter in reply, confirming on behalf of the Government of the Hungarian People's Republic your acceptance of the arrangement, together with the "Arrangement between the Government of Canada and the Government of the Hungarian People's Republic relating to the export from Hungary of certain textile products for import into Canada", shall constitute an arrangement between our two Governments to be effective from January 1, 1983 and to remain in force for four calendar year periods until December 31, 1986, subject to the right of either Government to terminate the arrangement 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 the restraint period."

I have further the honour to confirm on behalf of the Government of the Hungarian People's Republic that the Arrangement is acceptable to my Government and to agree that your letter and this letter in reply, together with the "Arrangement between the Government of Canada and the Government of the Hungarian People's Republic relating to the export from Hungary of certain textile products for import into Canada", shall constitute an arrangement between our two Governments to be effective from January 1, 1983 and to remain in force for four calendar year periods until December 31, 1986, subject to the right of either Government to terminate the arrangement 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 the restraint period.

Yours sincerely,



E. Sziklai
Trade Commissioner
Hungarian People's Republic

ARRANGEMENT
BETWEEN
THE GOVERNMENT OF CANADA
AND
THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC
RELATING TO THE EXPORT FROM HUNGARY
OF
CERTAIN TEXTILE PRODUCTS
FOR IMPORT INTO CANADA

*Initiated at government in Budapest
on the 7 December 1982*

MDM

Arrangement between the Government of Canada and the Government of the Hungarian People's Republic relating to the export from Hungary of certain textile products for import into Canada.

Introduction

1. This arrangement sets out the terms that have been agreed between the Governments of Canada and the Hungarian People's Republic regarding the export of certain textile products from Hungary for import into Canada.

2. This arrangement has been agreed upon having regard to the Arrangement Regarding International Trade in Textiles (hereinafter referred as "the MFA") and in particular to Article 4 thereof, and to the Protocol extending the said Arrangement.

Restraint Periods

3. This arrangement will apply for four (4) years commencing on 1 January 1983 and ending on 31 December 1986.

Restraint Levels

4. Except as provided for in paragraphs 13 to 15 below, the Government of the Hungarian People's Republic will restrain its exports to Canada of the textile products described in Annex I for the calendar year commencing 1 January 1983 to the limits specified therein.

5. For the three calendar year periods commencing 1 January 1984 and ending on 31 December 1986, the Government of the Hungarian People's Republic will restrain its exports to Canada of the textile products described in Annex I to the limits specified therein increased on an annual basis by the growth rate specified in column (D).

Coverage

6. For the purpose of this arrangement, the expression "textiles" will have the meaning ascribed to the expression in Article 12.1 of the MFA.

7. For the purpose of classifying textile products in the appropriate category, the definitions and notes set out in Annex II will apply.

Administration

8. This arrangement will be implemented on the basis of the export control system operated by the Government of the Hungarian People's Republic.

9. The Government of Canada will admit imports of the textile products described in Annex II and subject to a specific quantitative limit in Annex I, provided such imports are covered by an original copy of an "Export License" endorsed by the proper Hungarian authority to the effect that the imports covered by the licence have been debited to the applicable quantitative limit as set out in Annex I.

10. The export licences endorsed by the Government of the Hungarian People's Republic in respect of products subject to restraint levels as specified in Annex I of this arrangement will contain the following information:

1. Country of destination
2. Country of origin
3. Licence number
4. Importer's name and address
5. Exporter's name and address
6. Category number and description of product as set out in Annex I of the arrangement
7. Quantity expressed in the units as designated in Annex I of the arrangement
8. Selling price to the purchaser in Canada
9. Certification by the proper Hungarian Authority that the quantity has been debited against the agreed restraint level for exports to Canada
10. Quota year.

11. In the event any quantity covered by an export licence is not shipped, the Government of the Hungarian People's Republic will notify the Government of Canada of such quantity which may be credited by the Government of the Hungarian People's Republic to the appropriate restraint level.

12. If, on the basis of export data provided by the Government of the Hungarian People's Republic, the Government of Canada ascertains that there is a sharp and substantial increase in the concentration of exports of textile products, other than that attributable to normal seasonal factors, it may request consultations in accordance with the provisions of paragraphs 22 and 23 with a view to remedying this situation.

Carry-Over/Carry-Forward

13. Following notification to the Government of Canada of the quantities involved, portions of any quantitative limit set out in Annex I which are not used during the restraint period may be carried over and added to the corresponding quantitative limit for the following restraint period. The restraint level for any such restraint period will be increased within the higher percentage limit set out in column (E) of Annex I.

14. Any restraint level may be increased within the lower percentage limit set out in column (E) of Annex I by an amount advanced from the corresponding restraint level for the following restraint period. The restraint level for any such following restraint period will be reduced by an amount equal to the amount so advanced.

15. Notwithstanding the foregoing, the carry-over/carry-forward provisions may be used in combination only up to the higher percentage limit set out in column (E) of Annex I.

Exchange of Statistics

16. The Government of the Hungarian People's Republic will provide the Government of Canada with monthly statistics relating to exports of the textile products listed in Annex II which are licensed for export to Canada and debited against restraint levels for each restraint period as per Annex I.

17. When submitting the monthly statistics mentioned in paragraph 16, the Government of the Hungarian People's Republic undertakes to include the following information:

- a. Category and description of goods as set out in Annex I.
- b. Original and adjusted restraint level for the restraint period.
- c. Total quantity issued for the restraint period to date in the units designated in Annex I.
- d. Notification of any utilization of carry-over or carry-forward provisions and the quantities involved as provided for in paragraphs 13 to 15 above.

This information will be provided as soon as possible following the end of each month.

18. The Government of Canada will provide the Government of the Hungarian People's Republic with monthly statistics relating to import permits issued for imports originating in Hungary of the textile products listed in Annex II, along lines similar to the statistics to be provided by the Government of the Hungarian People's Republic pursuant to paragraph 16 above.

19. Both Governments reserve the option of requesting, should it be necessary, more specific and detailed information.

Equity

20. Should either Government consider, as a result of this arrangement, that it is placed in an inequitable position compared with any third party, that Government may request the other to consult as provided in paragraphs 22 and 23 with a view to implementing appropriate remedial measures.

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Re-Exports

21. The Government of Canada will, so far as possible, inform the Government of the Hungarian People's Republic when imports into Canada of textile products subject to these arrangements are subsequently re-exported from Canada. Where such re-exports have been debited by the Hungarian Government to quantitative limits the Government of the Hungarian People's Republic may then credit the amount involved to the appropriate quantitative limits.

Consultations

22. Either Government has the right to request consultations with the other Government on any matter arising from the implementation or operation of these arrangements or on any matter germane thereto. Such consultations will be governed by the following:

- Any request for consultations will be notified in writing to the other Government;
- The request for consultations will be accompanied by or followed within a reasonable period (and in any case not later than twenty-one days following the request) by a statement setting out the reasons and circumstances which, in the opinion of the requesting Government, justify the submission of such a request;
- The other Government will accept such a request and such consultations will be held within thirty days of the date of notification of the request;
- Both Governments will enter into consultations with a view to reaching a mutually acceptable conclusion within thirty days of the date on which actual consultations commence.

23. Any consultations held under these provisions will be approached by both Governments in a spirit of cooperation and with a desire to reconcile the differences between them.

MFA Rights

24. Each Government reserves its rights under the MFA with respect to textiles and textile products not subject to this arrangement.

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Revisions and Termination

25. Either Government may at any time propose revisions to the terms of this arrangement having regard to the MFA and to the Protocol extending it.

26. Either Government may terminate this arrangement 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.

Annexes

27. The annexes to this arrangement will be considered an integral part of it.

Transitional Arrangements

28. Any difficulties which may arise as a consequence of the transition to this arrangement will be brought immediately to the attention of the one Government by the other Government and efforts will be made by both Governments, through consultations or other means, to resolve such difficulties to their mutual satisfaction.

Final Provisions

29. This arrangement will become effective on 1 January 1983 subsequent to an exchange of letters between the two Governments confirming their acceptance of the arrangement.

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ANNEX I - RESTRAINT LEVELS

(A)	(B)	(C)	(D)	(E)
ITEM NO.	SHORT DESCRIPTION	RESTRAINT LEVEL	GROWTH	CARRY-OVER/ CARRY- FORWARD

1. Fine suits, sportscoats
and blazers, MB

41 212

3%

10 (5)
fine Cforward.
+ Comb.

1/

ANNEX II - DEFINITIONS AND DESCRIPTION OF
TERMS USED IN ANNEX I

General Notes

1. All garment items include partially manufactured garments, i.e., garments which have been cut and sewn, or otherwise assembled, but which require further manufacture or processing.
2. "Wholly or mainly" is 50 percent or more by weight in all items unless otherwise indicated.

Description of Product Categories

1. Fine suits, sportscoats and blazers, men's and boys', wholly or mainly by weight of cotton, man-made fibres, or wool or blends thereof.

Note: The suit-jacket, sportscoat or blazer may include lapels, lining, shoulder padding, and front stiffening and would normally be worn over another outer-garment.

Note: A unit is either a jacket, sportscoat or a suit. A suit is a two or three-piece garment consisting of matching or coordinated jacket/pants or jacket/vest/pants packed and shipped and sold as a set.

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A MAGYAR NÉPKÖZTÁRSASÁG KERESKEDELMI TANÁCSOSÁNAK HIVATALA
TRADE COMMISSIONER'S OFFICE OF THE HUNGARIAN PEOPLE'S REPUBLIC
BUREAU DU DÉLÈGUE COMMERCIAL DE LA RÉPUBLIQUE POPULAIRE HONGROISE

CABLES: HUNGEXPORT, MONTREAL
TELEX: 08-28188
TEL: 848-2261*

BRANCH OFFICE IN TORONTO:
102, BLOOR STREET, W.
TEL. 932-3886, 97

1350 SHERBROOKE STREET W.
SUITE 1510
MONTREAL

Mr. P.J. Gosselin
Director
Office of Special Trade Relations
Department of Industry, Trade
and Commerce
235 Queen Street, 10th floor East
Ottawa, Ontario
K1A 0H5

December 18, 1981

Dear Mr. Gosselin:

I have the honour to acknowledge receipt of your letter of today's date which reads as follows:

"I have the honour to refer to discussions held in Budapest between representatives of the Government of the Hungarian People's Republic and the Government of Canada on October 8 and 9, 1981 on trade in men's and boys' fine suits, sportscoats and blazers between our two countries.

I have further the honour to confirm, on behalf of the Government of Canada, the following understanding reached as a result of the above-mentioned discussions in accordance with the provisions of the Arrangement Regarding International Trade in Textiles:

- 1/ The Government of the Hungarian People's Republic will limit its exports to Canada, during the 12 month period 1 January 1982 to 31 December 1982, of men's and boys' fine suits, sportscoats and blazers as defined in the Annex attached hereto to 41,212 units
- 2/ The Hungarian authority will issue certificates of authorization for export for each shipment to Canada of men's and boys' fine suits, sportscoats and blazers, certi-

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- 2 -

fying that the quantity is within the agreed limit. The Canadian authority will issue automatically import permits for each original export authorization.

- 3/ The Hungarian authority agrees to furnish the Canadian authority with precise statistical information, on a quarterly basis, at the latest two months after the ending of the quarter, of all export licences issued by them for all categories of clothing product exports to which this arrangement applies.
- 4/ The two Governments will consult with each other at the request of either Government in respect of any problem arising from this arrangement or any other matter relating to trade in textile products between our two countries.

I have further the honour to propose that this letter together with the Annexes, hereto, and your letter in reply confirming on behalf of the Government of the Hungarian People's Republic the foregoing understanding shall constitute an arrangement between our two Governments, which shall become effective on the date of your reply and will apply for the calendar year period commencing January 1, 1982."

I have further the honour to confirm on behalf of the Government of the Hungarian People's Republic the foregoing understanding and to agree that your letter and this reply shall constitute an arrangement between our two Governments, which shall enter into effect on the date of this reply.

Yours sincerely,

E. Sziklai
Trade Commissioner
Hungarian People's Republic



Government
of Canada

Gouvernement
du Canada

Industry, Trade
and Commerce

Industrie
et Commerce

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Your file Votre référence

Our file Notre référence

December 18, 1981

Mr. E. Sziklai
Trade Commissioner, Hungarian
People's Republic
Hungarian Trade Commission
1350 Sherbrooke Street West
Montreal, Quebec

Dear Mr. Sziklai:

I have the honour to refer to discussions held in Budapest between representatives of the Government of the Hungarian People's Republic and the Government of Canada on October 8 and 9, 1981 on trade in men's and boys' fine suits, sportcoats and blazers between our two countries.

I have further the honour to confirm, on behalf of the Government of Canada, the following understanding reached as a result of the above-mentioned discussions in accordance with the provisions of the Arrangement Regarding International Trade in Textiles:

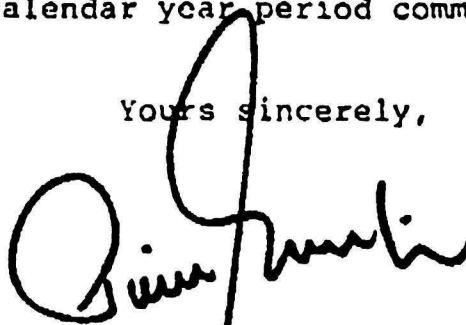
- 1) The Government of the Hungarian People's Republic will limit its exports to Canada, during the 12 month period 1 January 1982 to 31 December 1982, of men's and boys' fine suits, sportcoats and blazers as defined in the Annex attached hereto to 41,212 units.

.. / 2

- 2) The Hungarian authority will issue certificates of authorization for export for each shipment to Canada of men's and boys' fine suits, sportscoats and blazers, certifying that the quantity is within the agreed limit. The Canadian authority will issue automatically import permits for each original export authorization.
- 3) The Hungarian authority agrees to furnish the Canadian authority with precise statistical information, on a quarterly basis, at the latest two months after the ending of the quarter, of all export licences issued by them for all categories of clothing product exports to which this arrangement applies.
- 4) The two Governments will consult with each other at the request of either Government in respect of any problem arising from this arrangement or any other matter relating to trade in textile products between our two countries.

I have further the honour to propose that this letter together with the Annexes, hereto, and your letter in reply confirming on behalf of the Government of the Hungarian People's Republic the foregoing understanding shall constitute an arrangement between our two Governments, which shall become effective on the date of your reply and will apply for the calendar year period commencing January 1, 1982.

Yours sincerely,



P.J. Gosselin
Director
Office of Special Trade Relations

Attachments

ANNEX - I - RESTRAINT LEVELS

(A)	(B)	(C)	(D)	(E)	(F)	(G)
ITEM NO.	SHORT DESCRIPTION	CONVERSION FACTOR (M ² /UNIT)	RESTRAINT LEVEL UNITS	GROWTH	CARRYOVER/ CARRYFORWARD	COMBINED FLEXIBILITY (E) & (F)
GROUP A						
1.	Fine suits, sports coats and blazers	3.5	41,212	NA	NA	1% (NA)
	M3					1%

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Annex II - Definitions and Descriptions of Terms
used in Annex I

General Notes

1. All garment items include partially manufactured garments, i.e., garments which have been cut and sewn, or otherwise assembled, but which require further manufacture or processing.
2. "Wholly or mainly" is 50 percent or more in all items unless otherwise indicated.

Description of Product Categories

1. Fine Suits

Fine Suits, sportscoats & blazers, men's and boys', wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof.

Note: The suit-jacket, sportscoat or blazer may include lapels, lining, shoulder padding, and front stiffening and would normally be worn over another outer-garment.

Note: A unit is either a jacket, sportscoat or a suit. A suit is a two-or-three piece garment consisting of matching or co-ordinated jacket/pants or jacket/vest/pants packed and shipped and sold as a set.