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.

219% on yarns, crepe in textiles
130% on clothing

acrylic yarn + handbags
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
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, cloth­
ing products in the 0-6X 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 liberal­
ization 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 thereof, 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
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
yarn and handbags described in Annex I, this Agreement shall apply for the first 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.
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.
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...
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.
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...
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.

For the Government of Canada

For the Government of the Republic of the Philippines

Manila, Philippines
April 6, 1978

Manila, Philippines
April 6, 1978
<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>ITEM DESCRIPTION</th>
<th>RESTRAINT LIMIT</th>
<th>GROWTH</th>
<th>CUSTOMS VICTIM</th>
</tr>
</thead>
</table>
|         | Winter outerwear garments, men's and boys', women's and girls', children's and infant's; (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, non-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; basic industrial end-use clothing, although they meet the requirements of the above description; ski-pants and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country ski-suits and cross-country 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<table>
<thead>
<tr>
<th>ITEM NO.</th>
<th>ITEM DESCRIPTION</th>
<th>1979</th>
<th>1980</th>
<th>1981</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Shirts with tailored collar, 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 Export Control List No. 49)</td>
<td>250,000</td>
<td>260,000</td>
<td>250,000</td>
</tr>
</tbody>
</table>

**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.
<table>
<thead>
<tr>
<th>A1</th>
<th>B1</th>
<th>C1</th>
<th>D1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ITEM DESCRIPTION</strong></td>
<td><strong>UNIT PRICE</strong></td>
<td><strong>GROWTH RATE</strong></td>
<td><strong>CONTINUATION RATES</strong></td>
</tr>
<tr>
<td><a href="#">Men's and boys' T-shirts and sweat-shirts</a></td>
<td><a href="#">Fibres unless otherwise noted</a></td>
<td><a href="#">Per cent unless otherwise stated</a></td>
<td><a href="#">Per cent unless otherwise stated</a></td>
</tr>
<tr>
<td>4</td>
<td>1979: 170,000</td>
<td>1979: 170,000</td>
<td>6%</td>
</tr>
<tr>
<td>5</td>
<td>1980: 180,200</td>
<td>1980: 180,200</td>
<td>1.70</td>
</tr>
</tbody>
</table>

** фута: Sweaters, pullovers, cardigans (including knitted pockets), men's and boys' T-shirts and sweat-shirts, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof. **

Sweaters are knitted garments without front opening covering the upper part of the body of construction of 19 or more vertical stitches per inch. Sweaters include garments, at least one side of which is flocked or fringed to appear that part of the body. Sweaters are not included.

(CANADIAN IMPORT CONTROL LIST NO. 30 AND 40)

| 1 | 1979: 90,000 | 1979: 90,000 | 2% |
| 5 | 1981: 93,636 | 1981: 93,636 | |

** Footnotes:**

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

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Note: The table above lists data for the years 1979, 1980, and 1981. The definitions of T-shirts and sweat-shirts are subject to specific regulations outlined in the footnotes.
(A) (B) (C) (D) (E) (F) (G) (H)

<table>
<thead>
<tr>
<th>SWING</th>
<th>GROUP</th>
<th>NO.</th>
<th>ITEM DESCRIPTION</th>
<th>HTR</th>
<th>GROWTH RATE</th>
<th>EXPLANATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>II 6</td>
<td></td>
<td></td>
<td><strong>Suits, women's and girls', co-ordinated and outerwear</strong>&lt;br&gt;body, 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 coat, blouses or men's shirt and pant or skirt sets, chambray 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).&lt;br&gt;&lt;br&gt;<strong>Dresses and skirts, women's and girls', wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof.</strong>&lt;br&gt;Dresses are one piece garments extending above the waist, including jumpers, evening gowns, dusters, house dresses and costumes (other than sleepwear). Skirts are one piece garments not extending above the waist, including golf skorts, kilts (including men's and boys') and culottes.</td>
<td>1979: 575,000</td>
<td>6%</td>
<td>3.5</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1980: 291,500</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>1981: 300,990</td>
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<td></td>
</tr>
</tbody>
</table>

*(CANADIAN IMPORT CONTROL LIST NO. 42)*
<table>
<thead>
<tr>
<th>(A)</th>
<th>(B)</th>
<th>(C)</th>
<th>(D)</th>
<th>(E)</th>
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</thead>
<tbody>
<tr>
<td>ITEM</td>
<td>NO.</td>
<td>ITEM DESCRIPTION</td>
<td>RESTRICTION LIMITS (Ricews unless otherwise stated)</td>
<td>GROWTH RATE</td>
</tr>
<tr>
<td>II 7</td>
<td>Brasieres (Foundation Garments)</td>
<td>1979: 1,700,000</td>
<td>6%</td>
<td>.50</td>
</tr>
<tr>
<td></td>
<td>(Canadian Import Control List No. 43)</td>
<td>1980: 1,773,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1981: 1,770,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>II 8</td>
<td>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.</td>
<td>1979: 270,000</td>
<td>6%</td>
<td>.50</td>
</tr>
<tr>
<td></td>
<td>(Canadian Import Control List No. 45)</td>
<td>1980: 273,200</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>1981: 247,192</td>
<td></td>
<td></td>
</tr>
<tr>
<td>II 9</td>
<td>Children's and infants' wear, wholly or mainly by weight of cotton, man-made fibres or wool, or blends thereof: blouses, shirts, dressshirts, menshirts (as defined in Items 2, 3 and 4), sweaters (as defined in Item 5), dresses, blouses, suits, co-ordinates and outerwear sets (as defined in Item 6). Also included are shorts, short-sleeved sets, overcoats, sweepers, overcoats and snowsuits.</td>
<td>1979: 1,700,000</td>
<td>6%</td>
<td>.50</td>
</tr>
<tr>
<td></td>
<td>(Canadian Import Control List NOS. 39, 42 and 50)</td>
<td>1980: 1,825,000</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>1981: 1,902,200</td>
<td></td>
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</tbody>
</table>

FOOTNOTES:

(1) In the case of bra sets, the brassiere 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 given 0 - 6%.
<table>
<thead>
<tr>
<th>(A)</th>
<th>(B)</th>
<th>(C)</th>
<th>(D)</th>
<th>(E)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>ITEM DESCRIPTION</td>
<td>RESTRAINT UNIT</td>
<td>GROWTH</td>
</tr>
<tr>
<td>III</td>
<td>10</td>
<td>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.</td>
<td>1978: 108,679 lbs.</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1979: 200,000 lbs.</td>
<td></td>
</tr>
<tr>
<td>III</td>
<td>11</td>
<td>Handbags</td>
<td>1980: 212,000 lbs.</td>
<td>1.1 lb. per unit</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>1981: 224,700 lbs.</td>
<td></td>
</tr>
</tbody>
</table>

**FOOTNOTE:**

"Handbags" covered above are made of fabric, 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."
ANNEX II

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.
(Read Instructions Carefully)

| I. Name and Address of Importer: |
| 2. Name and Address of Exporter: |
| 3. Name of Carrier: |
| 4. Date of Shipment: | 5. Final Destination: |

II. This Section To Be Filled in For Every Shipment

<table>
<thead>
<tr>
<th>Goods On</th>
<th>Quantity</th>
<th>Full Description</th>
<th>Invoice Unit Price</th>
<th>Total Invoice Dollar Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipping</td>
<td>(Separate Adults:</td>
<td>(Including Gender)</td>
<td>(Dollar)</td>
<td>(Show Separately:</td>
</tr>
<tr>
<td>Included</td>
<td>and Children)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

III. Declaration:

I declare that the merchandise described in this License is shipped, sold or agreed to be sold, and that all the information contained herein is true and correct.

Print and Sign Name of Seller

IV. Certification:

This is to certify that the merchandise described in this License is authorized for export to Canada and that the quantity has been debited against the applicable quantitative limits set out in ANNEX I of the Agreement between the Philippines and Canada.

Certified by:

Print Name and Designation

Date Certified
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.