

No. 24877

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**CANADA  
and  
PHILIPPINES**

**Exchange of notes constituting an agreement concerning  
trade in selected textile products (with schedule,  
annexes, exchange of notes and record of discussions).  
Manila, 8 and 19 February 1979**

*Authentic texts: English and French.*

*Registered by Canada on 16 July 1987.*

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**CANADA  
et  
PHILIPPINES**

**Échange de notes constituant un accord relatif au commerce  
de certains produits textiles (avec tableau, annexes,  
échange de notes et compte rendu des pourparlers).  
Manille, 8 et 19 février 1979**

*Textes authentiques : anglais et français.*

*Enregistré par le Canada le 16 juillet 1987.*

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF CANADA AND THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES CONCERNING TRADE IN SELECTED TEXTILE PRODUCTS BETWEEN CANADA AND THE REPUBLIC OF THE PHILIPPINES

I

*The Ambassador of Canada to the Minister of Foreign Affairs*

Manila, February 8, 1979

Note No. 26

Excellency,

I have the honour to refer to discussions between the delegations of the Government of Canada and the Government of the Republic of the Philippines in Manila from March 27 to April 6, 1978, concerning trade in selected textile products between Canada and the Republic of the Philippines.

I have further the honour to inform your Excellency that as a result of these discussions, the Agreement set forth in the Schedule to this Note was initialled *ad referendum* in Manila on April 6, 1978.

Accordingly, I have the honour to propose to your Excellency that this Note, together with the attached Schedule, which are authentic in English and French, and your reply to that effect shall constitute an Agreement between our two Governments which shall enter into force on January 1, 1979 and remain in force for three calendar year periods until December 31, 1981, subject to the right of either Government to terminate it at the end of any calendar year period by written notice to the other given not less than ninety days prior to the end of any such restraint period. This is subject to the understanding that restraint limits shall apply to acrylic yarn and handbags, as set out on page 6 of Annex I of the Agreement in the Schedule, for the calendar year 1978, with effect from April 6, 1978.

Accept, Excellency, the renewed assurances of my highest consideration.

JOHN A. IRWIN  
Ambassador

His Excellency Carlos P. Romulo  
Minister of Foreign Affairs  
Manila

<sup>1</sup> Came into force on 19 February 1979, the date of the note in reply, with retroactive effect from 1 January 1979, in accordance with the provisions of the said notes.

## SCHEDULE

### 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 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 1978 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-à-vis* any third supplier, that Government may request the other to consult with a view to implementing appropriate remedial measures.

### *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.

#### *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.

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:

C. D. ARTHUR  
Manila, Philippines  
April 6, 1978

For the Government  
of the Republic of the Philippines:

CONRADO E. SANCHEZ  
Manila, Philippines  
April 6, 1978

ANNEX I<sup>1</sup>

## 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.

## ANNEX III

REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF TRADE  
GARMENTS AND TEXTILE EXPORT OFFICE  
7th FLOOR, FILCAPITAL BLDG.  
AYALA AVE., MAKATI, METRO MANILA

SPECIAL EXPORT LICENSE

SERIAL NO. \_\_\_\_\_

(Read Instruction Carefully)

**I. This Section To Be Filled In For Every Shipment**

1. 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**

Marks and Numbers On Shipping Packages	Quantity (Separate Adults and Children)	Full Description Of Goods (Including Gender)	Invoice Unit Price (Dollar)	Total Invoice Dollar Value (Show Separately Packing Cost)

SWING GROUP NO. \_\_\_\_\_

ITEM NO. \_\_\_\_\_

<sup>1</sup> Not published herein in accordance with article 12 (2) of the General Assembly regulations to give effect to Article 102 of the Charter of the United Nations as amended in the last instance by General Assembly resolution 33/141 A of 19 December 1978.

**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 is true and correct.

\_\_\_\_\_  
Print and Sign Name of Seller

\_\_\_\_\_  
Date Signed

**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

**ANNEX IV***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.



## II

*The Minister of Foreign Affairs to the Ambassador of Canada*

Manila, 19 February, 1979

No. 4829

Excellency,

I have the honor to acknowledge receipt of your Excellency's Note No. 26 dated 8 February 1979 which reads as follows:

[See note I]

I have the honor to confirm on behalf of the Government of the Republic of the Philippines that this Note in reply to your Note together with the attached Schedule initialled *ad referendum* in Manila on April 6, 1978 both of which are authentic in English and French shall constitute an Agreement between our two Governments which shall enter into force on January 1, 1979 and remain in force for three calendar year periods until December 31, 1981, subject to the right of either Government to terminate it at the end of any calendar year period by written notice to the other given not less than ninety days prior to the end of any such restraint period. This is subject to the understanding that restraint limits shall apply to acrylic yarn and handbags, as set out on page 6 of Annex I of the Agreement in the Schedule, for the calendar year 1978, with effect from April 6, 1978.

Accept, Excellency, the renewed assurances of my highest consideration.

CARLOS P. ROMULO  
Minister of Foreign Affairs

His Excellency John A. Irwin  
Ambassador  
Canadian Embassy  
Manila

## [ANNEXED EXCHANGE OF NOTES]

## I

*The Canadian Embassy to the Ministry of Foreign Affairs*

Manila, April 9, 1979

Note No. 65

Excellency,

I have the honour to refer to discussions between the delegations of the Government of Canada and the Government of the Republic of the Philippines in Manila on December 11, 1978, concerning trade in traditional folklore and

handicraft textile products of the cottage industry between Canada and the Republic of the Philippines, as referred to in Article 7 of the Canada/Philippines Textile Agreement initialled on April 6, 1978.

I have further the honour to inform your Excellency that as a result of these discussions the attached Annexes to this Note were initialled *ad referendum* in Manila on December 11, 1978.

Accordingly, I have the honour to propose to your Excellency that this Note, together with the attached Annexes, which are authentic in English and French, and your reply to that effect shall constitute integral parts of the Textile Agreement between our two Governments which entered into force on January 1, 1979 and shall remain in force for three calendar year periods until December 31, 1981.

Accept, Excellency, the renewed assurances of my highest consideration.

G. F. F. REYNOLDS  
For Ambassador

His Excellency Carlos P. Romulo  
Ministry of Foreign Affairs  
Manila

#### RECORD OF DISCUSSIONS

Discussions between delegations of the Governments of Canada and the Republic of the Philippines concerning the administrative procedures to apply to traditional folklore and handicraft textile products of the cottage industry, as referred to in Article 7 of the Textile Agreement initialled on April 6, 1978, were held in Manila on December 11, 1978. As a result of these discussions, both delegations initialled the attached Annexes IV and V which will form integral parts of the Textile Agreement between Canada and the Philippines upon an Exchange of Notes between the appropriate Canadian and Philippine authorities.

For the Government  
of Canada:  
C. D. ARTHUR  
Chairman  
Canadian Textile Delegation  
Manila, December 11, 1978

For the Government  
of the Republic of the Philippines:  
Governor CONRADO E. SANCHEZ  
Co-Chairman  
Philippine Textile Delegation  
Manila, December 11, 1978

Manila, December 11, 1978

Dear Governor Sanchez,

This will confirm that, in the context of the Textile Agreement between the Governments of Canada and the Republic of the Philippines initialled on April 6, 1978, any shipment of clothing or textiles from the Philippines to Canada valued at

less than \$250 (Canadian) f.o.b. does not require an export license and shall not be subject to the agreed restraint levels. In addition, export licenses are not required for shipment of bona fide commercial samples that meet Canadian Customs requirements.

Yours sincerely,

C. D. ARTHUR  
Chairman, Canadian Delegation

Governor Conrado E. Sanchez  
Co-Chairman, Philippine Delegation

Manila, December 11, 1978

Dear Governor Sanchez,

I have the honor to refer to discussions between representatives of the Governments of Canada and the Republic of the Philippines held in Manila on December 11, 1978 respecting the coverage and administrative procedures to apply to Philippine exports of traditional folklore and handicraft textile products of the cottage industry, as referred to in Article 7 of the Textile Agreement initialled on April 6, 1978.

During the course of these discussions both sides agreed upon a list of traditional Philippine handicraft textile products, to be set out in Annex IV to the Agreement, which will be exempt from restraint. This list of traditional handicraft products is not conditional upon the criteria established in sections 1 (a) and 1 (b) of Annex IV, and is in addition to any fabric, garments or other textile articles which may be exempt under sections 1 (a) and 1 (b) of that Annex.

I would appreciate your acknowledgement that this is in keeping with the understanding reached during our discussions.

Yours sincerely,

C. D. ARTHUR  
Chairman, Canadian Delegation

Governor Conrado E. Sanchez  
Co-Chairman, Philippine Delegation

#### ANNEX IV

##### COTTAGE INDUSTRY PRODUCTS

1. The exemption provided for in Article 7 in respect of cottage industry products shall apply only to the following products:

- a) Handloom textile fabrics, containing not more than 5% by weight of man-made fibres, being fabrics woven on looms operated solely by hand or foot and of a kind traditionally made in the cottage industry:

- b) *Garments or other textile articles, of a kind traditionally made in the cottage industry, having been cut, sewn and embroidered if applicable solely by hand from handloom textile fabrics as described above without the aid of any machine;*
- c) *Traditional folklore and handicraft textile products made by hand in the cottage industry described in the list attached to this Annex.*

2. The exemption shall apply only in respect of products covered by a certificate issued by the competent Philippine authorities conforming to the specimen in Annex V. Such certificates shall indicate the grounds on which exemption is based.

3. Additional items may be subsequently added to the list by mutual agreement.

*Philippine traditional folklore and handicraft textile products*

The following are traditional Philippine products of the cottage industry under Annex IV, sec. 1(c) of the Agreement:

1. Batik and Hablon fabrics — hand woven fabrics of the cottage industry.
2. Banaue and Muslim cloth — traditional handloom fabrics in multicolors.
3. Other hand-woven and handloom fabrics of the cottage industry and textile articles made of handloom fabrics.
4. Garments made from hand woven and handloom fabrics which involve ethnic designs or are heavily crocheted or hand-embroidered.
5. Hand-crocheted and hand-embroidered garments, shawls, hats and accessories, including the "catsa group" type garments (heavily hand-crocheted and hand-embroidered work in combination with coarse greige or dyed cotton fabric of batik fabric).
6. National Costumes.
7. Hand-plied or braided and hand-tied macrame handicraft articles.

## II

*The Acting Minister of Foreign Affairs  
to the Canadian Ambassador*

Manila, 19 April 1979

No. 8839

Excellency,

I have the honor to acknowledge receipt of your Excellency's Note No. 065 dated 9 April 1979 which reads as follows:

*[See note I of 9 April 1979]*

I have the honor to confirm on behalf of the Government of the Republic of the Philippines that this Note in reply to your Note together with the attached Annexes, which are authentic in English and French, shall constitute integral

parts of the textile Agreement between our two Governments which entered into force on 1 January 1979 and shall remain in force for three calendar year periods until December 1981.

Accept, Excellency, the renewed assurances of my highest consideration.

MANUEL COLLANTES  
Acting Minister for Foreign Affairs

His Excellency John A. Irwin  
Ambassador  
Embassy of Canada  
Manila

ANNEX V

Republic of the Philippines  
Office of the President  
GARMENT & TEXTILE EXPORT BOARD  
Manila

1. Exporter (name, full address)

2. CERTIFICATE in regard to HANDLOOMS, TEXTILE  
HANDICRAFTS and TRADITIONAL TEXTILE PRODUCTS  
OF THE COTTAGE INDUSTRY

3. Importer (name, full address)

4. Country of origin

5. Country of destination

6. Place and date of shipment —  
Means of transport

7. Supplementary details

8. Marks and numbers — Number and kind of  
packages — DESCRIPTION OF GOODS

9. Quantity

10. FOB Value

11. Certification by the competent authority

I, the undersigned, certify that the consignment described above includes only the following textile products of the cottage industry of the country shown in box No. 4:

- handloom textile fabrics, containing not more than 5% by weight of man-made fibres, being fabrics woven on looms operated solely by hand or foot and of a kind traditionally made in the cottage industry.
- garments or other textile articles, of a kind traditionally made in the cottage industry, having been cut, sewn and embroidered, if applicable, solely by hand from handloom textile fabrics as described above without the aid of any machine.
- traditional folklore and handicraft textile products made by hand in the cottage industry.

Competent authority (name, full address,  
country)

At— ..... On— .....