

**SUMMARY OF
CANADA'S BILATERAL RESTRAINT ARRANGEMENTS:
TEXTILES AND CLOTHING**

In December 1985, the Textile and Clothing Board published a report following a one-year inquiry into the situation of the domestic textile and clothing industries. In its report, the Board recommended that Canada pursue solutions to the escalating problem of import competition through the international negotiating process.

At the same time, the Government was conducting an in-depth review of the broad policy framework for the textile and clothing sectors in the context of the expiry of Canada's bilateral textile restraint arrangements on December 31, 1986. The Board's recommendations were examined closely during this comprehensive review.

On July 30, 1986, the Government announced its new policy for the post-1986 period. The Government re-affirmed its commitment to maintaining a viable level of textile and clothing production in Canada, and to ensuring that these industries have a more stable and secure environment in which to plan their future. This is to be accomplished by finding internationally accepted longer-term solutions to the import-related problems the industries have been experiencing through the negotiation of a more effective restraint regime.

In pursuing these international negotiations, the Government identified three main objectives:

- . a substantial moderation in the import growth rate. The 11% annual growth experienced under the 1981-1986 policy could not be sustained in a market growing by only 2% per year.
- . a better control over import surges. The experience of 1983 and 1984, when imports of low-cost clothing grew by 26% and 17% respectively, was particularly disruptive and was not conducive to an orderly adjustment process.
- . a differentiation between the dominant, newly industrialized suppliers and the smaller, newer entrants. It is essential that those in the latter group, many of whom are among the world's poorest countries, be allowed continued expansion in their market access.

On the basis of these objectives, therefore, officials were instructed to pursue bilateral negotiations with 22 exporting countries, (Bangladesh, Brazil, Bulgaria, Czechoslovakia, Hong Kong, Hungary, India, Indonesia, Republic of Korea, Macau, Malaysia, Pakistan, Philippines, Poland, The