

CANADIAN TEXTILE AND CLOTHING POLICY - KOREA

ISSUE

Canada, like most other industrialized countries, maintains special measures of protection for its textile and clothing industry, usually in the form of bilateral export restraint agreements with major low-cost suppliers. These were due to expire on December 31, 1991, but, for many countries, including Korea, agreement was reached to extend them to the end of 1992. Canada has been taking steps to have items under restraint in its agreements described according to the Harmonized System (HS) of nomenclature, effective January 1, 1993.

BACKGROUND

Canada's restraint agreements have been negotiated under rules established by the Multi-Fibre Arrangement (MFA). In late 1986, a restraint agreement was concluded with Korea for the five year period beginning January 1, 1987. Agreement was reached in the summer of 1991 to extend this arrangement to the end of 1992, corresponding with the end of the further extension of the MFA, and in order to provide some certainty to the trade for the forthcoming year. In addition to Korea, Canada has negotiated bilateral restraint agreements with 27 low-cost suppliers and has imposed restraints unilaterally on two other suppliers.

The MFA is expected to be replaced by a multilateral transitional regime leading to normal GATT rules and disciplines as a result of the Uruguay Round negotiations. Canada's bilateral arrangements would be governed accordingly.

As of the beginning of 1993, it is planned that items covered by Canada's bilateral arrangements will be described in terms of the Harmonized System (HS) of nomenclature. The HS is already used by many countries for tariff classification purposes. In preparation for this conversion, Canada conducted a first round of consultations earlier this year with its bilateral partners, including Korea, to ensure an understanding of the changes entailed.

Administratively, Canada's bilateral agreement with Korea is operating smoothly. The case of the transshipment of polyester fabric from Korea through Japan to Canada has been resolved.