

adjustment program announced by the Government on June 19, 1981. Five-year arrangements have been negotiated with the People's Republic of China, the Republic of Korea, Taiwan Textile Federation, Malaysia, Poland, Bulgaria, Macau, Thailand, Romania and the Philippines. The Government is continuing negotiations on an urgent basis with seven other suppliers, namely Hong Kong, India, Hungary, Pakistan, Sri Lanka, Singapore and Czechoslovakia. In negotiating the new arrangements, the Government has recognized the need to provide for the export interests of less developed countries and new entrants while, at the same time, being sensitive to the interests of workers and firms in the Canadian industry.

With the exception of the People's Republic of China, Bulgaria, and the Taiwan Textile Federation--which are not MFA signatories--the arrangements were negotiated under the auspices of Article 4 of the GATT Multi-Fibres Arrangement (MFA). The MFA provides the international legal framework for the negotiation of bilateral textile restraint arrangements. The texts of the MFA and the Protocol extending it to July 31, 1986 are given in Annex III.

The domestic legal framework for the administration of the bilateral restraint arrangements is Section 5(1)(c) of the Export and Import Permits Act. An import permit is required for the products included in the Import Control List. For each shipment of textiles and clothing products covered by a bilateral restraint arrangement, an export licence, issued by the appropriate authorities in the originating country, is required to obtain an import permit. The texts of the Act and of the relevant Import Control List items and General Import Permits are given in Annex IV.

The purpose of the bilateral restraint arrangements is to limit the exports to Canada of certain textiles and clothing products from various sources to the agreed annual levels for the years 1982-1986. Annex II gives the product definitions. Annex I gives the agreed annual levels for each source and product category and the provisions for growth, swing and carry-over/borrow-forward. "Growth" means that the agreed levels given in Column C of Annex I are advanced on an annual basis by the growth rates specified in Column D. "Swing" means that the restraint