

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

On August 19, 1980 the Government, following its inquiry into the situation of the textile and clothing industries in Canada released a Report of the Textile and Clothing Board. A main theme of this Report related to the need to create an environment more conducive to the investment necessary for further development of a competitive textile and clothing industry. The Board, therefore, recommended the continuation of special measures of protection for the textile and clothing industry beyond December 31, 1981, the date upon which most of the existing bilateral restraint arrangements were due to expire. The Government welcomed receipt of the Board's Report and stated that it would be useful in formulating policy for the textile and clothing sectors for the post-1981 period.

On June 19, 1981 the Government announced Canada's policy for the textile and clothing sectors for the post-1981 period. The approach adopted by Canada is based on the complementary elements of industrial adjustment and development and trade policy. It seeks to establish viable and competitive Canadian textile and clothing firms as well as revitalize the economies of those communities most vulnerable to foreign competition in these sectors. To achieve these objectives, the new sectoral policy includes measures such as the allocation of more than \$250 million over five years for a new adjustment program, the formation of the Canadian Industrial Renewal Board to manage the adjustment program, and the negotiation of restraint arrangements with exporting countries to limit imports of textiles and clothing during the five-year adjustment period.

The new policy continues the adjustment direction set by the Textile Policy of 1970. While the Government does not favour special measures of protection on a permanent basis, it recognizes that the Canadian textile and clothing industries will require some protection during the adjustment period to permit industry to restructure toward more viable lines of production. Officials, therefore, were instructed to pursue negotiations with 17 exporting countries based on the framework established by the 1979 bilateral arrangements, with a view to concluding restraint arrangements for the period 1982-1986.

The negotiation of five-year bilateral restraint arrangements with 16 of the 17 exporting countries have