

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

On August 19, 1980 the Government released a Report of the Textile and Clothing Board following its inquiry on the situation of the textile and clothing industries in Canada. A main theme of the Board's 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 when most of the existing bilateral restraint arrangements were 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 a new policy for Canada's textile and clothing sectors. It includes the reallocation 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, the Canadian textile and clothing industries will require some protection during the adjustment period to permit restructuring 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 agreements, with a view to concluding restraint arrangements for the period 1982-1986.

The negotiation of five-year bilateral restraint arrangements with 10 low-cost suppliers of textiles and clothing products to the Canadian market has been successfully concluded. These new arrangements are based on the framework established by the 1979 bilateral arrangements and complement the five-year textile and clothing industry