

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## LONG-TERM ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

### Request made by Canada in Accordance with Articles 3 and 6(b)

The following communication has been received by the Director-General from the permanent representative of Canada to the European Office of the United Nations for notification to the Cotton Textiles Committee.

I have the honour to inform you that, acting in accordance with Articles 3 and 6(b) of the Long-Term Arrangement Regarding International Trade in Cotton Textiles, the Government of Canada has requested the Government of Hong Kong to restrain exports of shirts of woven synthetic fabric to Canada during the period beginning 1 October.

In support of this request the Canadian Government drew attention to the following considerations. First, since the autumn of 1962, the Hong Kong Government has been restraining exports of woven cotton shirts to Canada. Towards the beginning of 1964 there was a significant increase in imports of man-made fibre shirts from Hong Kong - according to a survey of Canadian import documents about 26,000 dozen of the imports were 65 per cent polyester - 35 per cent cotton; the remaining types were rayon and rayon mixtures. Since the Canadian request is intended to include synthetic shirts only, it covers the polyester cotton shirts, but not rayon. The polyester cotton shirts are, of course, direct substitutes for types of cotton shirts now subject to quota, i.e. those that are 50 per cent or more by weight of cotton.

Total imports of man-made fibre shirts are estimated to hold about half of the Canadian market. A more detailed breakdown between cellulose and synthetics is not available. However, there was an 80 per cent increase in total imports of man-made fibre shirts last year and in the first four months of this year a further increase of similar proportions. Imports from Hong Kong and Taiwan accounted for almost the entire increase last year: the imports from Taiwan were virtually all rayon and rayon mixtures. During the first four months of this year the increases were from Hong Kong and Japan. Japan has been restraining exports of synthetic shirts for several years. Japan's restraint level for the calendar year 1965 is 44,000 dozen.

Data comparing the prices of Canadian and Hong Kong shirts will be provided shortly.

Canadian officials have suggested that the detailed consultations on this matter take place at the time that restraints on other products under the Long-Term Arrangement for next year are being discussed. However, Hong Kong officials may wish to give their initial response to this request fairly soon in order that the consultations may be expedited.