

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Request Made by Canada Under Article 3

The following notification has been received by the Director-General from the Canadian mission for notification to the Cotton Textiles Committee.

I have the honour to inform you that, acting in accordance with Article III of the Arrangement Regarding International Trade in Cotton Textiles, the Government of Canada has requested the Government of Spain to restrain exports of cotton yarn from Spain to Canada during the calendar year 1969. In the context of paragraph 3 of Article III of the Arrangement, it should be noted that the request was transmitted to the Spanish authorities on 28 February.

In support of this request, the Canadian Government drew attention to the following factual information, part of which had been transmitted earlier to the Spanish Government. The Canadian cotton sale yarn industry has been subject to competition from imports of low-priced cotton yarn for many years but because of the disruptive nature of such imports, imports of low-priced cotton yarn from Israel, Portugal and the Mainland Chinese export corporations were brought under restraint several years ago. Subsequently, the United Arab Republic, Greece, the Republic of Korea and Colombia have recognized damage being caused to the Canadian cotton yarn industry by such low-priced imports and have agreed to restrain their exports of cotton yarn to Canada.

Canadian shipments of cotton sale yarn in 1968, though slightly above the severely depressed level in 1967, were nonetheless still lower than in 1965 or 1966. Imports of cotton yarn from low-cost countries decreased slightly in 1968, primarily because two countries which had exceeded agreed restraint levels in 1966 and 1967 controlled their exports more rigidly in 1968, and reduced shipments further to take account of previous over-shipments. However, imports of Spanish cotton yarn, which had been offered to Canadian importers at landed duty-paid prices which were from 15 per cent to 25 per cent below Canadian spinners' prices, increased substantially in 1968 to a level of 296,628 pounds in 1967. The Canadian authorities also advised that one Canadian cotton yarn operation was discontinued late in 1968 and that other producers had reported that their order positions beyond the first quarter of 1969 had declined seriously. The Canadian Government drew to the attention of the Spanish Government the obligations which Canada accepted in accordance with the

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operation of the Arrangement to ensure that countries which had agreed to restrain their exports of cotton yarn to Canada did not suffer disadvantage by reason of increased imports from other countries supplying low-priced yarn. The Canadian authorities expressed their willingness to consult with Spanish authorities concerning the Canadian request and expressed the hope that such consultations could begin at an early date on the basis provided for under the Agreement.