

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON TEXTILES

Restraint Request made by Canada under Article 3

The following communication 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 3 of the Arrangement Regarding International Trade in Cotton Textiles, the Government of Canada has requested the Government of Mexico to restrain exports of cotton yarn from Mexico to Canada. The annual level of restraint requested was determined in accordance with Annex B. In the context of paragraph 3 of Article 3 of the Arrangement, it should be noted that the request was transmitted to the Mexican authorities on 19 August.

In support of this request the Canadian Government drew attention to the following factual information, part of which had been transmitted earlier to the Mexican 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-priced sources 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 overshipments. From a position in 1966 when Mexico supplied no cotton yarn to the Canadian market, imports from Mexico increased to 318,000 pounds in 1967. In 1968 imports amounted to 260,000 pounds. However, in the first months of 1969, imports from Mexico have grown very rapidly totalling 2,005,000 pounds to the end of August 1969. Imports of Mexican cotton are offered to Canadian importers at landed duty-paid prices from 15 per cent to 25 per cent below Canadian spinners' prices.

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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 half of 1969 had declined seriously. The Canadian Government drew to the attention of the Mexican Government the obligations which Canada accepted in accordance with the 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 the Mexican 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.