

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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ARTICLE XIX - ACTION BY CANADA

Addendum

Extension of Global Quota on Men's and Boys' Shirts

The following communication dated 12 May 1976 has been received from the Permanent Mission of Canada.

I have been instructed to notify you, for the information of the Contracting Parties, that the Canadian Government has decided to extend the global quota on men's and boys' shirts for an additional period of three years to 28 November 1978. For 1976, the reserves assigned to individual countries within the quota will be increased by 6 per cent or 57,055 dozen shirts and the quota level will be reviewed in late 1976 in order to determine if a further increase should be applied in 1977.

Contracting Parties will recall that effective 30 November 1971 the Government of Canada initiated a global measure on imports of men's and boys' dress, work and sport shirts made from woven or knitted fabrics and having an export price below \$30.00 per dozen in the case of woven fabric shirts and \$33.00 per dozen in the case of knitted fabric shirts (see document L/3613 5 November 1971).

This action was taken under the provisions of Article XIX of the GATT and was the result of a comprehensive review by the Textiles and Clothing Board of the effects of imports of men's and boys' shirts made from woven and knitted fabrics on Canadian production and employment.

The global quota measure was initiated for a period of three years subject to possible extension or earlier termination if, upon review by the Textiles and Clothing Board, it was found that Canadian producers were not making acceptable progress in the implementation of plans to increase their ability to meet international competition in the Canadian market. In the latter part of 1974, the

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Textiles and Clothing Board concluded a comprehensive review of the entire shirt situation. As the quota measure was scheduled to terminate at the end of November 1974 the Government of Canada extended it for a temporary period pending consideration of the Board's findings and recommendations.

In its 1974 report the Textiles and Clothing Board noted abrupt changes in the supply/demand situation resulting in uncertainty in the Canadian market. In addition, the Board found that in the first eight months of 1974 imports of woven shirts were sharply higher than in the same period in 1973. Consequently the Government decided to extend the global quota for a further twelve-month period to 30 November 1975 and to provide for an increase of 6 per cent or 80,190 dozen shirts in both the reserved and unreserved portions of the quota. Previously, the quota had been increased in 1973/74 by 121,500 dozen composed of 5 per cent increase in the second quarter and 10 per cent in the third and fourth quarters. In total the quota had been increased from 1,215,000 dozen in 1971/72 to 1,416,690 in 1974/75.

In August 1975 the Textiles and Clothing Board announced a further review of the shirt situation. The Board determined that the share of the market held by Canadian producers fell in 1975 to 57 per cent from the 1974 level of 62 per cent in a year in which the total Canadian market grew by only two per cent. Furthermore, in 1975 average employment and man-hours worked fell in Canadian factories. The Canadian Government concluded that unless measures of import control were maintained imports would continue to increase their share of the market with serious losses in Canadian production and employment.

The original measure in 1971 provided that the quota would apply only to shirts valued below \$30.00 per dozen if woven and \$33.00 per dozen if knitted. These price levels, it was felt, would afford a degree of protection to shirts in the low and medium price ranges while permitting continued competition from higher priced shirts. The prices of all shirts have risen in the past four years and in recognition of this, the Government has raised the price levels in the quota to \$43.00 per dozen in the case of woven shirts and \$47.00 per dozen in the case of knitted shirts. This will continue the policy of affording protection only to shirts in the low and medium price ranges.

The Textiles and Clothing Board will continue to closely monitor developments in the Canadian market and will review on an annual basis the operation of the quota and its price and quantity levels.

I have also attached a copy of the Report of the Textiles and Clothing Board, a copy of the Notice to Importers and a press release relating to the extension of this quota.¹

¹The documents referred to are available for consultation in the secretariat.