

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

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ARTICLE XIX ACTION BY CANADA

Work Gloves

The following communication dated 16 July 1976 has been received by the secretariat from the Permanent Mission of Canada.

The Government of Canada wishes to advise the Contracting Parties that a three-year global quota will be implemented, effective 1 July 1976, on imports of work gloves composed wholly or in part of textile fabric or leather, whether or not impregnated or coated with plastic, having an export price determined in accordance with the Anti-Dumping Act of \$7 or less per dozen, Canadian funds. In the first year, the quota level will be 1,350,000 dozen pairs, with the level for subsequent years subject to review before 30 June 1977. A sub-quota for 100 per cent cotton work gloves will also be implemented, the level of which will be based on actual imports of 100 per cent cotton work gloves during 1975.

This action is being taken under Article XIX of the GATT rather than under the Arrangement Regarding International Trade in Textiles, as the bulk of work gloves imports into Canada are of leather and therefore not covered by the Arrangement Regarding International Trade in Textiles. Action is required following a comprehensive review of the effects of imports of work gloves on Canadian production and employment.

On 8 August 1975, the Textile and Clothing Board reported to the Canadian Government on its enquiry into the situation of the work gloves market. The Board concluded that "work gloves are being imported at such prices, in such quantities and under such conditions as to cause or threaten serious injury to the production of such goods in Canada". The Canadian industry was confronted almost simultaneously in mid-1974 by a number of adverse developments including a reduction from 25 to 16½ per cent in the rate of duty on imports from certain countries, the strengthened position

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of Hong Kong and the People's Republic of China as major world sources of low-cost work gloves, distressed selling in Canada and other markets, the general business recess and heavy inventories as a result of increased imports. However, as imports during 1975 were declining from the unprecedented high level of 1974, the Board recommended that imports be kept under surveillance with a view to initiating prompt action if it should appear that imports were likely to create further injury.

Work gloves were subsequently placed on the import control list for monitoring purposes and import permits issued freely upon presentation of contracts by Canadian importers. The monitoring of imports through the issuance of import permits indicated that imports during 1976 would increase by 55 per cent over 1975 and exceed the level of imports of 1974, which was considered injurious by the Textile and Clothing Board. During 1975, Canadian production had not fully recovered from the effect of the injurious imports of 1974, and Canadian shipments decreased by 28 per cent over 1974. There was a drop of 22 per cent in employment between 1974 and the first quarter of 1976, with a decrease of 32 per cent in man-hours worked in 1975 over 1974. As of 31 March 1976, orders on hand by Canadian producers decreased 13 per cent compared to the same date of the previous years. The bulk of work gloves being imported are landing at substantially less than the cost of manufacturing similar gloves in Canada.

The quota of 1,350,000 dozen will be divided quarterly beginning 1 July 1976. Permits for the importation of work gloves will be distributed among Canadian importers and will be based on the historical performance of the importers over the period of 1 January 1974 to 15 June 1976. Provision will also be made for 10 per cent of the quota to be allotted to importers with no or little historical performance during the base period. In accordance with GATT Article XIX(2), Canadian authorities are prepared to enter into consultations with affected countries, should it be deemed necessary.

