

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ARTICLE XIX - ACTION BY CANADA

Double-Knit Fabrics

The following communication, dated 19 November 1976, has been received from the Permanent Mission of Canada.

I have been instructed by my authorities to advise you, for the information of the contracting parties, that the Government of Canada has implemented a quota on imports of double-knit fabrics for a six-month period commencing 8 October 1976 at an overall level of 4,575,000 pounds. This action was taken on an interim basis under Article XIX of the General Agreement on Tariffs and Trade and arises out of a review made by the Textile and Clothing Board on the effects of imports of double-knit fabrics on Canadian production and employment.

The Minister of the Department of Industry, Trade and Commerce has requested the Textile Clothing Board to conduct a further review of the double-knit situation.

By way of background, in March 1972, the Textile and Clothing Board determined that double-knit and warp-knit fabrics were being imported into Canada at such prices, in such quantities and under such conditions as to threaten serious injury to the production in Canada of like goods. Subsequently, the Government negotiated restraint arrangements with a number of exporting countries. These restraints were renewed yearly following annual reviews by the Textiles and Clothing Board of the market situation in Canada. In its latest report of 11 August 1976 the Textiles and Clothing Board concluded that unless stronger measures than those currently in place were taken with respect to the imports of double-knit fabrics, the future viability of this sector of the Canadian textile industry would be in serious doubt. The Textile and Clothing Board found that the apparent Canadian market for double-knit fabrics is still decreasing from the level which prevailed a few years ago and that Canadian shipments have declined to an even greater extent. World-wide and domestic over-capacity and under-utilization continue to exert heavy price pressures on domestic fabric producers and the existence of injury is demonstrated by (a) the declines in domestic shipments and in employment levels; (b) a sharp increase in the relative share of imports in Canadian markets; (c) declining orders and increases in inventories; (d) reductions in machines in place and a low rate of capacity utilization; and (e) bankruptcies and plant closures. Further details on the Canadian market situation are contained in the report of the Textile and Clothing Board.

This report is available for consultation in the secretariat.

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