

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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ARTICLE XIX - ACTION BY CANADA

Clothing Items

The following communication, dated 30 November 1976, has been received from the Permanent Mission of Canada.

I have been instructed to inform you that the Government of Canada wishes to advise the Contracting Parties that global import quotas have been implemented on a range of clothing items for a temporary period commencing midnight, 29 November 1976 at levels corresponding to the levels of imports during calendar year 1975, except as indicated in paragraph three below.

The following categories of clothing are covered by these measures:

1. Pants (including jeans, slacks, shorts, overalls and coveralls);
2. Unstructured or leisure suits;
3. Blouses and ladies shirts;
4. Pyjamas and sleepwear;
5. Raincoats;
6. Sportswear (including dresses and co-ordinates);
7. Foundation garments;
8. Swimwear;
9. Underwear;

10. Top coats, overcoats and outerjackets, including duffle coats, suburban coats and pant coats;
11. Men's fine suits;
12. Leather coats;
13. Men's and boys' shirts; and
14. Sweaters, pullovers and cardigans.

Imports of outerwear garments, commonly referred to as snow suits, snowmobile suits, ski suits, ski pants, jackets and vests, including parkas and ski jackets that have an outer shell manufactured substantially from woven fabrics and that are lined and designed to protect the wearer against cold or inclement weather are included in the above list but are treated differently. In 1977 imports of outerwear will be limited to a total of approximately 2.3 million units from all sources. For imports of such products which are already in Canada but which have not cleared customs, permits will be issued on request but such imports will be counted against individual importers' allocations for 1977.

These measures are being taken under the provisions of Article XIX of the General Agreement and are based on the recommendations contained in the interim report of the Textile and Clothing Board dated 8 November 1976. In its report, the Textile and Clothing Board concluded that these categories of clothing are being imported in such quantities and under such conditions as to cause or threaten serious and immediate injury to production in Canada which would be difficult to repair. The Textile and Clothing Board expressed the view that unless immediate action is taken to curb the influx of imports, activity in the Canadian garment industry will decline to unacceptably low levels, which would result in substantial lay-offs, plant closures and significant losses in investment.

In support of its findings, the Textile and Clothing Board points out there has been a sharp increase of 52 per cent in imports of clothing into Canada during the first seven months of 1976 compared to the same period last year. This rate of growth is in marked contrast to the average yearly rate of 18.5 per cent during 1969 to 1975 inclusive. At the same time, the share of the Canadian market held by clothing imports has risen substantially from 22 per cent in 1969 to 49 per cent currently. It has been calculated that the number of workers to be laid-off as a result of the decline in the share of the market held by Canadian manufacturers is likely to exceed 20,000 in the garment sector alone, with a further 12,500 workers in the primary textile sector expected to lose their jobs.

The final Textile and Clothing Board report is not expected to be completed before mid-1977. The global quota measures will be reviewed by the Canadian Government in light of Textile and Clothing Board findings.

Global quotas (other than for outerwear) will be administered by means of import permits issued to importers on the basis of their 1975 performance in each of the above product categories. Goods in transit on or before 29 November will be exempted from quota. All existing quota and restraint arrangements covering any of the above clothing categories have been superseded by these new measures.

The Government of Canada is prepared to enter into consultations on request under provisions of Article XIX:2 with contracting parties having a substantial interest in products concerned.

A copy of this Textile and Clothing Board report has been transmitted to the Secretariat.

