

GENERAL AGREEMENT ON  
TARIFFS AND TRADE

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ARTICLE XIX - ACTION BY CANADA

Men's and Boys' Shirts

Addendum

Further to the communication of 25 October 1971, reproduced in document L/3613, the permanent mission of Canada has transmitted to the secretariat a news release of 22 October 1971 announcing the action by the Canadian Government on men's and boys' shirts, together with the text of the Textile and Clothing Board's report.

The text of the news release is reproduced hereunder. Copies of the Textile and Clothing Board's report<sup>1</sup> can be had from the secretariat upon request (telephone 34 60 11, ext. 4489).

The Minister of Industry, Trade and Commerce the Honourable Jean-Luc Pepin, today tabled in the House of Commons the report of the Textile and Clothing Board on its inquiry into the effects of imports of men's and boys' shirts made from woven or knitted fabric on Canadian production and employment.

In its report, the Board concluded that imports of shirts have caused serious injury to domestic producers and that a threat of further serious injury exists. It also found that Canadian producers are efficient, that most of the present industry is viable in the long run, and that producers' plans to deal with the problems facing the industry are acceptable when viewed in light of the guidelines contained in the Textiles and Clothing Board Act.

The report refers to the attempts which have been made to contain imports of low-priced shirts through a system of negotiated restraints but notes that in spite of these efforts, imports continued to increase sharply. In 1970, with the emergence of a number of new and non-restraining suppliers, the position of the industry deteriorated further necessitating the imposition of an emergency surtax which was later extended by Parliament to 29 November 1971.

The Board refers to the vulnerability of the industry to imports of tailored knitted shirts which appear to be identical in cut, style and construction to conventional woven shirts. These shirts represent the most recent trend in the shirt market.

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<sup>1</sup>In English only

In its conclusions and recommendations to the Government, the Board states in essence that a ceiling should be placed on imports of shirts of woven and knitted fabric.

The Government concurs in the conclusions reached by the Board and is of the opinion that unless strict measures are introduced to contain imports in the period following the expiry of the Shirt Surtax Order, imports will continue to increase their share of the market with further losses of Canadian production and Canadian jobs. The Board has pointed out that most of the low-priced end of the Canadian market has been taken over by imports but that Canadian products should be able to supply the bulk of the intermediate and upper end. As the Board has also found that the Canadian industry has certain competitive advantages in high-styled goods, the Government has concluded that it would be appropriate to limit any measures to the low and intermediate-priced portions of the Canadian market.

The following steps are accordingly being taken:

(1) The Import Control List has been amended with effect from 30 November 1971 to include shirts, men's and boys' dress, work and sport, made from woven or knitted fabric, with tailored collar, front opening and long or short sleeves, and having an export price below Can\$30.00 per dozen in the case of woven fabric shirts, and Can\$33.00 per dozen in the case of knitted fabric shirts, the export price as determined in accordance with the Anti-Dumping Act.

(2) A global quota of 1,215,000 dozen will be placed on imports of these shirts during the twelve-month period commencing 30 November 1971.

(3) Individual import permits will be issued in accordance with the procedures outlined in the attached Annex.

(4) Individual permits will not be required for reasonable quantities imported as gifts, for personal use and as commercial samples not for resale.

(5) The measure will be in effect for three years subject to possible extension or earlier termination if upon review by the Board, in the light of its established guidelines, Canadian producers are not found to be making acceptable progress in implementing plans to increase their ability to meet international competition in the Canadian market. The Board will also review annually the price levels and quota levels for the succeeding year.

About half the annual quota will initially be allocated to cover imports during the period from 30 November 1971 to 31 May 1972. This allocation will honour to the available limit goods in transit on or before 22 October 1971, exports under remaining restraint obligations and contracts concluded before 22 October 1971.

The second and subsequent allocation will be based on historical performance by importers. A maximum of 5 per cent of the quota will be made available to those who did not have any performance during the base period. A further announcement will be made concerning the period to be covered by the second allocation and details regarding applications for permits and the procedures which will govern their allocation.

In the case of those suppliers who now restrain exports of shirts that could be affected by the measure, the historical position which they have obtained in the Canadian market will be recognized in large degree through the establishment of country reserves within the quota. At the same time, the amount of the quota remaining after satisfying the country reserves will be sufficient for all countries (both those with reserves and new entrants) to compete for a substantial portion of the market.

Emergency action of the type now proposed is specifically provided for under GATT Article XIX. We are prepared to enter into consultations with any country which considers itself to be adversely affected by the measure.

The Government believes that the action taken will provide a significant measure of stability in the Canadian shirt market which will enable Canadian producers to move forward with the implementation of their plans and most importantly ensure that employment in the industry can be maintained. At the same time, the measure is designed to ensure that there is no appreciable change in the quantity of low-priced shirts available to Canadian consumers.

PROCEDURES FOR THE INITIAL ALLOCATION OF PERMITS FOR IMPORTS  
OF SHIRTS AS SPECIFIED ON THE IMPORT CONTROL LIST

- (1) Permits will be issued up to a limit of about half the annual quota of 1,215,000 dozen.
- (2) Permits will be valid for imports into Canada between 30 November 1971 and 31 May 1972.
- (3) Applications for permits must be submitted on the prescribed form and received prior to 12 November 1971 by: Chief, Export and Import Permits Division, Department of Industry, Trade and Commerce, Ottawa, Ontario. Import permit application forms may be obtained from the Export and Import Permits Division, from any Customs Office in Canada, or from regional offices of the Department of Industry, Trade and Commerce in Vancouver, Edmonton, Regina, Winnipeg, Montreal, Fredericton and Halifax.
- (4) Applications must be accompanied by certified copies of contracts. Details relating to the contract date, quantity, description, price, country of manufacture, country of origin, and dates of shipment, if not shown on each contract, must be covered by a separate certified statement by the importer. If specific shipment dates are unknown, a schedule of shipments by month must be provided.

(5) Separate applications must be submitted to cover goods from each country from which the contracted goods are to be exported.

(6) Permits will be issued according to the following priorities:

(i) contracts for shipment in accordance with existing restraint arrangements;

(ii) goods in transit on or before 22 October 1971;

(iii) contracts concluded prior to 22 October 1971 for import from non-restraining countries of woven fabric shirts priced between Can\$24.00 per dozen and Can\$30.00 per dozen;

(iv) contracts concluded prior to 22 October 1971 for imports from any source.

(7) Should the total of applications under either paragraphs (6)(iii) or (6)(iv) exceed the amount of the remaining available quota (either for individual country reserves or the unreserved portion of the quota), permits will be pro-rated among the applicants on the basis of the contracts in question. (Country reserves will be established for the People's Republic of China, Hong Kong, Japan, Korea, Macao, Malaysia, Poland, Romania, Singapore, Taiwan, and Trinidad and Tobago.)

(8) Import permits are not transferable.

(9) At the end of the first allocation, any unfilled portion of either individual country reserves or the unreserved portion of the quota will be carried forward for distribution during the next allocation.

(10) Procedures governing the issuance of permits for all subsequent allocation periods will be announced at a later date.