

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

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CANADA - ARTICLE XIX NOTIFICATION

Action in Respect of Worsted Spun Acrylic Yarns

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

I have been instructed to notify you, for the information of the Contracting Parties, that a global quota has been implemented on imports of 100 per cent worsted spun acrylic yarns in hanks and skeins for machine knitting having an export price determined in accordance with the Anti-Dumping Act of less than Can\$1.30 funds per pound for a three-year period commencing 1 January 1976. In the first year the quota level will be 2.5 million pounds with the level for subsequent years subject to review at the end of 1976.

This action is being taken under Article XIX of the GATT and arises out of a comprehensive review of the effects of imports of worsted spun acrylic yarn on Canadian production and employment.

The Textiles and Clothing Board has conducted annual reviews of the situation in the Canadian acrylic yarn market since 1971 and has recommended actions to the Government based on their findings. In 1971 and 1972, the Board determined that acrylic yarns were being imported into Canada in such volume as to threaten serious injury to production in Canada. Accordingly, restraint agreements were concluded with major suppliers. In 1973 when changes in both the international and domestic markets reversed the earlier situation, all special measures of protection relating to acrylic yarn were removed. The unsettled conditions returned in 1974 with surplus supplies and falling prices. Consequently, in 1975 worsted spun acrylic yarn was placed on the import control list to facilitate prompt import surveillance and if necessary arrange restraints in order to avoid market disruption that would occur, according to the Textiles and Clothing Board, if total imports from Japan, the Republic of Korea, and Taiwan were to exceed 3.5 million pounds.

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The Government of Canada realizes the vital importance of the production of worsted spun acrylic yarn as an essential link in the production chain from fibre to garment. This segment of the industry has over the past few years been subject to pressures and uncertainty which have intensified further in 1975. The Textiles and Clothing Board has reported that severe import pressures have been reflected in declines in production and employment as well as a reluctance to undertake capital expenditures; the Textiles and Clothing Board concluded that unrestricted imports of this type of yarn would reduce domestic production to a level which would seriously jeopardize the existence of the entire worsted spun yarn manufacturing sector in Canada.

The quota of 2.5 million pounds for 1976 will be divided between the January-June period and the July-December period. Permits already issued to import acrylic yarn in the first half for delivery during this period will be honoured and included as part of the quota. For the second half of 1976 and for the subsequent years of the quota, distribution of permits to import will be based on the historical performance of the importer over the two years ending 31 March 1976. Provision will also be made for 10 per cent of the quota to be allotted to importers with no historical performance during the period.

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

¹These texts are available for consultation in the secretariat.