

GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/1999*

23 March 1993

TARIFFS AND TRADE

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Articles 7 and 8

Restraint introduced by Canada on imports from Lesotho

Note by the Chairman

Attached is a notification received from Canada of a restraint introduced on imports of pants, overalls and shorts from Lesotho for the period 1 April 1993 to 31 December 1993.

This notification has been made pursuant to a request by the Textiles Committee that measures taken against imports from non-participants be notified.

¹*English only/Anglais seulement/Inglés solamente

The Permanent Mission of Canada
to the United Nations



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La Mission Permanente du Canada
auprès des Nations Unies

15 March, 1993

37-10-3-3-OTHER

Ambassador Marcelo Raffaelli
Chairman
Textiles Surveillance Body
General Agreement on Tariffs and Trade
154 rue de Lausanne
1211 Genève
SUISSE

Dear Ambassador Raffaelli:

Pursuant to Articles 7 and 8 of the Arrangement Regarding International Trade in Textiles (MFA), done at Geneva on December 20, 1973, and to its 1986, 1991 and 1992 Protocols of Extension and Maintenance in Force, I have the honour to inform you that the Government of Canada is introducing, effective April 1, 1993, a restraint on imports of pants, overalls and shorts exported to Canada from Lesotho. The attached copy of the Diplomatic Note from the Canadian Embassy in Pretoria contains background information relative to this action and confirms the details via which this arrangement is to be implemented.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'John F. Donaghy'.

John F. Donaghy
Counsellor

TEXT OF DIPLOMATIC NOTE FROM THE CANADIAN EMBASSY, PRETORIA

"... the Canadian Authorities wish to refer to the policy of the Government of Canada respecting imports of textiles and clothing. Canada maintains special measures to protect its textiles and clothing industries from market disruption caused by imports. The objective of this policy is to ensure that import growth is kept at a pace that is commensurate with an orderly rate of adjustment that will enable the Canadian industry to adjust to international competition.

This policy has been implemented through bilateral and unilateral restraints on imports from 34 sources. Restraints on imports of textiles and clothing normally take the form of bilateral agreements negotiated in the framework of the Multi-Fibre Arrangement (MFA), which has been concluded under the auspices of the GATT. Negotiations take account of a number of factors, including historical trade performance.

Imports of pants from Lesotho have reached the point where Canada would be seeking to negotiate restraints. This action, moreover, is consistent with Canada's equity obligations under the MFA, which require that non-members not be treated more favourably than MFA signatories. In order to ensure timely action, Canada will be implementing import restrictions on imports of pants from Lesotho. Guidelines on the classification of these products are included in Annexes II and III to this Note. This Note provides background information on the Canadian market for pants, the situation of the Canadian industry, and outlines the action being taken by Canada.

In 1992, imports of pants from Lesotho were 382,000 units, up from 302,000 units in 1989; an increase of 26 percent. Imports of pants from Lesotho in 1992 exceeded 10 out of 27 restraints in place with other suppliers. The FOB import price for pants sourced in Lesotho in 1992 was Cdn \$ 5.33 per unit. This equals 69 percent of the average FOB price for all imports of pants in 1992 of Cdn \$ 7.71 per unit, and is significantly below the price of the Canadian-made product.

Canadian domestic shipments of pants are estimated to have declined from 66 million in 1990 to 37 million units in 1992, representing a decline of 43 percent. During the same period, total imports increased by 9 percent (ie, from 45 million units in 1990 to 49 million units in 1992). As a result, the share of the Canadian market for pants supplied by domestic manufactures declined from 59 percent in 1990 to 43 percent in 1992; this represents the lowest domestic market share to date for this sector. Over the same period, the share of the market held by imports increased from 41 to 57 percent.

The loss of domestic market share to imports has resulted in the industry operating at between 40 to 50 percent of capacity,

compared to 75 percent in 1990. The industry's employment level in 1992 was approximately 15,000, a decline of 2,500 since 1989. To date, three manufacturers have been forced to close plants, with further layoffs and plant closures expected. Due to declining orders, remaining employees have faced a reduction in man-hours worked of an estimated 16 percent since 1991.

Loss of market share by Canadian pant manufacturers to imports is reflective of the weak state of the Canadian textiles and clothing industry as a whole. From 1982 to 1989, employment in clothing fell by 18 percent, from 104,000 to 85,000 employees. The textiles sector suffered a 24 percent drop in employment over that period, from 58,900 to 44,500 workers. These two industries account for 9 percent of manufacturing employment in Canada. Whereas the textile industry tends to be concentrated in small towns (where it is the dominant employer), the clothing industry is located in major urban areas. The clothing industry is the largest industrial employer in the City of Montreal and one of the largest in the Province of Quebec. The Province of Quebec alone accounts for over half of the Canadian production of textiles and for over 60 percent of Canadian apparel production. The other major centres of apparel production are Toronto and Winnipeg. The apparel industry employs a large number of new immigrant workers, many of whom are women, from African, Asian and other countries. Many of these workers do not have the necessary skills to allow them to be retrained for other employment.

The purpose of this restraint action is not to rollback the level of imports from Lesotho but, rather, to prevent further import surges. As indicated in Annex I to this Note, the annual restraint level for imports of pants from Lesotho will be established at an annual level of 382,000 units, which reflects the 1992 import level from Lesotho. The restraints will be effective initially for the period April 1 to December 31, 1993. The prorated quota level will be 286,500 units, which is three-quarters of the annual level of 382,000 units. Quota shares will be allocated by Canadian Authorities to Canadian importers and will reflect importers' historical performance in importing pants from Lesotho. Imports will be debited from quota shares on the basis of the date of importation. A portion up to 25 percent of the quota will be made available for allocation on a pro rata basis to importers without historical performance that have entered into outstanding irrevocable commitments for imports from Lesotho prior to March 11, 1993.

The Canadian Authorities emphasize that this action is being taken in response to the rapid increase in imports of pants from Lesotho. Canadian Authorities remain available for consultations on any matter relating to this action, including the issue of quota allocation for 1994 and subsequent years ..."

A N N E X I

- Pants (trousers, coveralls and shorts): 382,000 units per annum, pro-rated to 286,500 units for the period April 1, 1993 to December 31, 1993.

CATEGORY 5TROUSERS, OVERALLS & SHORTS

Garments of this category include knitted, crocheted or woven trousers, bib and brace overalls, coveralls, breeches, shorts, and similar articles (e.g. jodhpurs, knickers, leggings, i.e., footless tights, gauchos, etc.) for men, boys, women, girls and children.

The term 'leggings' means garments similar to trousers or pants but are designed to be worn tightly against the skin (footless tights).

Garments excluded from this category are ski pants, bib and brace ski overalls, snowmobile suits or snowsuits of category 2, track suits of subcategory 5.4 and swimwear of category 12.

Subcategories:

- 5.1 Trousers, MB
- 5.2 Trousers, WG
- 5.3 Trousers, C

Garments of these subcategories include trousers, pants, slacks, jeans and breeches and other similar articles which envelop each leg separately, cover the knees and usually extend to or below the ankles, and usually do not extend beyond the waist. The presence of braces do not cause these garments to lose their essential character of trousers. Other garments include leggings (other than those used for ballet) jodhpurs, knickers, gauchos, pants with foot straps and trousers with back bibs.

5.4 Overalls & Coveralls

Garments of this subcategory are one-piece garments, whether or not they cover the knees, extending above the waist in the form of a bib and brace or other structure which partially or fully covers the upper part of the body. Garments of this subcategory include bib and brace overalls, coveralls and jumpsuits.

5.5 Shorts

Shorts mean trousers which do not cover the knees.

Culottes, which more closely resemble skirts, are excluded from this subcategory.

Category

Descriptions

5 . Trousers, bib and brace overalls, breeches, shorts- MBWGC, k/c & woven
coveralls- MBWGC, k/c & woven:

5.1 Trousers and breeches- MB, k/c & woven.

Gender	Wool or fine animal hair	Cotton	Man-made fibres	Silk or silk waste LS 70%, Vegetable fibres LS 85%
Men's & boys'	6103.41.00.21	6103.42.00.21	6103.43.00.21	6103.49.20.21
			6103.49.20.11	6103.49.20.31
	6203.41.00.41	6203.42.00.41	6203.43.00.41	6203.49.22.21
			6203.49.21.21	6203.49.24.21

5.2 Trousers and breeches- WC, k/c & woven.

Gender	Wool or fine animal hair	Cotton	Man-made fibres	Silk or silk waste LS 70%, Vegetable fibres LS 85%
Women's & girls'	6104.61.00.21	6104.62.00.21	6104.63.00.21	6104.69.20.21
			6104.69.20.11	6104.69.20.31
	6204.61.00.41	6204.62.00.41	6204.63.00.41	6204.69.22.21
			6204.69.21.21	6204.69.24.21

5.3 Trousers and breeches- C, k/c & woven.

Gender	Wool or fine animal hair	Cotton	Man-made fibres	Silk or silk waste LS 70%, Vegetable fibres LS 85%
Children's (male)	6103.41.00.29	6103.42.00.29	6103.43.00.29	6103.49.20.29
			6103.49.20.19	6103.49.20.39
	6203.41.00.49	6203.42.00.49	6203.43.00.49	6203.49.22.29
			6203.49.21.29	6203.49.24.29
Children's (female)	6104.61.00.29	6104.62.00.29	6104.63.00.29	6104.69.20.29
			6104.69.20.19	6104.69.20.39
	6204.61.00.49	6204.62.00.49	6204.63.00.49	6204.69.22.29
			6204.69.21.29	6204.69.24.29

MBWGC: Men's, boys', women's, girls' and children's

k/c & woven: knitted or crocheted & woven

Category

Description

5 . Trousers, bib and brace overalls, braces, shorts- MBWOC, k/c & woven;
 . coveralls- MBWOC, k/c & woven:

5.4 . Bib and brace overalls- MBWOC, k/c & woven;
 . coveralls- MBWOC, k/c & woven:

	Gender	Wool or fine animal hair	Cotton	Man-made fibres	Silk or silk waste LE 70%, Vegetable fibres LE 85%
Bib and brace overalls	Men's & boys'	6103.41.00.11	6103.42.00.11	6103.43.00.11 6103.49.10.11	6103.49.10.21 6103.49.10.31
		6203.41.00.21	6203.42.00.21	6203.43.00.21 6203.49.11.21	6203.49.12.21 6203.49.14.21
	Women's, girls'	6104.61.00.11	6104.62.00.11	6104.63.00.11 6104.69.10.11	6104.69.10.21 6104.69.10.31
		6204.61.00.21	6204.62.00.21	6204.63.00.21 6204.69.11.21	6204.69.12.21 6204.69.14.21
	Children's (male)	6103.41.00.19	6103.42.00.19	6103.43.00.19 6103.49.10.19	6103.49.10.29 6103.49.10.39
		6203.41.00.29	6203.42.00.29	6203.43.00.29 6203.49.11.29	6203.49.12.29 6203.49.14.29
	Children's (female)	6104.61.00.19	6104.62.00.19	6104.63.00.19 6104.69.10.19	6104.69.10.29 6104.69.10.39
		6204.61.00.29	6204.62.00.29	6204.63.00.29 6204.69.11.29	6204.69.12.29 6204.69.14.29
Coveralls	Men's & boys'	6114.10.00.11	6114.20.00.11	6114.30.00.11	6114.90.10.11 6114.90.20.11
		6211.31.00.11	6211.32.00.11	6211.33.00.11	6211.39.10.11 6211.39.30.11
	Women's & girls'	6114.10.00.12	6114.20.00.12	6114.30.00.12	6114.90.10.12 6114.90.20.12
		6211.41.00.11	6211.42.00.11	6211.43.00.11	6211.49.10.11 6211.49.30.11
	Children's- k/c	6114.10.00.19	6114.20.00.19	6114.30.00.19	6114.90.10.19 6114.90.20.19
	Children's- woven (male)	6211.31.00.19	6211.32.00.19	6211.33.00.19	6211.39.10.19 6211.39.30.19
	Children's- woven (female)	6211.41.00.19	6211.42.00.19	6211.43.00.19	6211.49.10.19 6211.49.30.19

MBWOC: Men's, boys', women's, girls' and children's

k/c & woven: knitted or crocheted & woven

Category

Description

- 5 . Trousers, bib and brace overalls, breeches, shorts- MBWGC, k/c & woven;
 . coveralls- MBWGC, k/c & woven;

5.5 Shorts- MBWGC, k/c & woven.

Gender	Wool or fine animal hair	Cotton	Man-made fibres	Silk or silk waste LB 70%, Vegetable fibres LB 85%
				LB 85%
Men's & boys'	6103.41.00.31	6103.42.00.31	6103.43.00.31	6103.49.30.21
			6103.49.30.11	6103.49.30.31
	6203.41.00.31	6203.42.00.31	6203.43.00.31	6203.49.30.21
			6203.49.30.11	6203.49.30.41
Women's & girls'	6104.61.00.31	6104.62.00.31	6104.63.00.31	6104.69.30.21
			6104.69.30.11	6104.69.30.31
	6204.61.00.31	6204.62.00.31	6204.63.00.31	6204.69.30.21
			6204.69.30.11	6204.69.30.41
Children's (male)	6103.41.00.39	6103.42.00.39	6103.43.00.39	6103.49.30.29
			6103.49.30.19	6103.49.30.39
	6203.41.00.39	6203.42.00.39	6203.43.00.39	6203.49.30.29
			6203.49.30.19	6203.49.30.49
Children's (female)	6104.61.00.39	6104.62.00.39	6104.63.00.39	6104.69.30.29
			6104.69.30.19	6104.69.30.39
	6204.61.00.39	6204.62.00.39	6204.63.00.39	6204.69.30.29
			6204.69.30.19	6204.69.30.49

MBWGC: Men's, boys', women's, girls' and children's

k/c & woven: knitted or crocheted & woven