

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL

TEX.SB/216
25 April 1977

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:5

Note by the Chairman

I attach a letter received from the Permanent Mission of Canada transmitting a notification under Article 3:5 of interim protective measures with regard to nylon fabrics and cotton terry towels when imported from Poland. Also attached is a copy of the request for consultations previously addressed to me in accordance with Article 3:3.

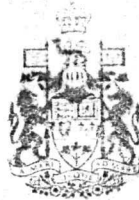
ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément à l'article 3:5

Note du Président

Les membres de l'OST trouveront ci-joint une lettre par laquelle la Mission permanente du Canada transmet une notification, au titre de l'article 3:5, de mesures provisoires de protection prises à l'égard des importations, en provenance de Pologne, de tissus de nylon et de tissus de coton bouclés du genre éponge. Ils trouveront également ci-joint copie d'une demande de consultations qui m'a précédemment été adressée conformément à l'article 3:3.

The Permanent Mission of Canada
to the United Nations



La Mission Permanente du Canada
aupres des Nations Unies

296

10a, avenue de Budé
1202 Geneva

April 19, 1977

Dear Mr. Wurth,

-259

On February 25 I wrote to inform you that Canadian authorities had requested Polish authorities to enter into consultations under the provisions of Article 3 of the Arrangement Regarding International Trade in Textiles with respect to exports to Canada of cotton terry towels and nylon fabrics. Polish authorities did not respond to this request within the sixty day period envisaged in Article 3(5)(i) of the Arrangement. I have now been instructed to inform you that Canadian authorities have invoked the provisions of Article 3(5)(i) and so notified Polish authorities on April 12. A copy of the text of this notification is attached.

Yours sincerely,

R. Harry Jay,
Ambassador and
Permanent Representative

Mr. P. Wurth, Chairman,
Textiles Surveillance Body,
Villa "Le Bocage" Annex II,
Palais des Nations,
Geneve.

DOC. ISSUED		FILED
TE/SS/216		
21 APR 1977		
FOR:	Action	Completed
TRADE POLICY DI.		X
Gen. Div.		
AGRI. DIV.		
Special Proj.		
TRADE DEVELOP. DI.		
Sp. Asst. Tr. Negs		
Dev. Div.		
Int'l. Ec.		
CHARG. IS		X
CONF. SECT.		
SECRETARIAT		

TEXT OF NOTIFICATION

CANADIAN AUTHORITIES REFER TO THE REQUESTS FOR CONSULTATIONS RESPECTING POLISH EXPORTS TO CANADA OF BROAD-WOVEN NYLON FABRICS AND COTTON TERRY TOWELS WHICH WERE PRESENTED TO POLISH AUTHORITIES ON FEBRUARY 9 UNDER THE PROVISIONS OF ARTICLE 3 OF THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES. AT THAT TIME, CANADIAN AUTHORITIES BROUGHT TO THE ATTENTION OF POLISH AUTHORITIES THAT THE LEVEL OF IMPORTS INTO CANADA OF NYLON FABRICS FROM POLAND HAD INCREASED BY MORE THAN 600 PERCENT DURING THE FIRST NINE MONTHS OF 1976, AND THAT THE RATE OF COTTON TERRY TOWEL SHIPMENTS FROM POLAND TO CANADA HAD ALSO SUBSTANTIALLY ACCELERATED DURING THE PERIOD MARCH 1976 TO JANUARY 1977 COMPARED TO THE CORRESPONDING PERIOD IN 1975-1976. POLISH AUTHORITIES WILL RECALL THAT, PURSUANT TO ARTICLE 3(5)(I) OF THE ARRANGEMENT, CONSULTATIONS ARE TO BE ARRANGED WITHIN A PERIOD OF SIXTY DAYS FROM THE DATE ON WHICH THE REQUEST FOR CONSULTATIONS IS RECEIVED BY THE EXPORTING COUNTRY. IN THIS INSTANCE, AN AGREEMENT SHOULD HAVE BEEN REACHED BY APRIL 10, 1977.

IT IS THE VIEW OF THE CANADIAN AUTHORITIES THAT THE SERIOUS SITUATION WHICH EXISTS IN THE CANADIAN MARKET FOR THESE PRODUCTS IS BEING AGGRAVATED BY THE HIGH VOLUME OF IMPORTS OF NYLON FABRICS AND COTTON TERRY TOWELS FROM POLAND, NECESSITATING PROMPT ATTENTION TO THIS MATTER IN THE SPIRIT OF COOPERATION AND UNDERSTANDING WHICH HAS TRADITIONALLY PREVAILED.

IN THE CASE OF NYLON FABRICS, CANADIAN STATISTICS INDICATE THAT IN EXCESS OF 850,000 SQUARE YARDS ARRIVED IN CANADA DURING THE PERIOD FEBRUARY 9 TO APRIL 1, 1977, ACCOUNTING FOR VIRTUALLY THE ENTIRE ANTICIPATED POLISH RESTRAINT LEVEL AS DETERMINED IN ACCORDANCE WITH ANNEX B OF THE ARRANGEMENT. FURTHER IMPORTATIONS WOULD BE IN EXCESS OF THE ANTICIPATED RESTRAINT LEVEL AND COULD CAUSE SERIOUS MARKET DISRUPTION GIVING RISE TO DAMAGE DIFFICULT TO REPAIR.

IN THE CASE OF COTTON TERRY TOWELS, CANADIAN STATISTICS SHOW THAT IMPORTS EXCEEDED ONE MILLION POUNDS DURING THE PERIOD MARCH 1976 TO FEBRUARY 1977, REPRESENTING 127 PERCENT OF THE FORMER RESTRAINT LEVEL OF 787,000 POUNDS.

IN VIEW OF THE FOREGOING, CANADIAN AUTHORITIES WISH TO ADVISE POLISH AUTHORITIES THAT THE PROVISIONS OF ARTICLE 3(5)(I) OF THE ARRANGEMENT HAVE BEEN INVOKED EFFECTIVE APRIL 10, TO RESTRAIN IMPORTS OF THESE PRODUCTS FROM POLAND. IN THE CASE OF NYLON FABRICS, FURTHER IMPORTATIONS WILL BE DECLINED FOR RETENTION PENDING CONSULTATIONS. COTTON TERRY TOWELS ORIGINATING IN POLAND ARE BEING PLACED ON THE IMPORT CONTROL LIST EFFECTIVE MAY 1 REQUIRING IMPORTERS TO OBTAIN IMPORT PERMITS. PENDING CONSULTATIONS, IMPORT PERMITS FOR TOWELS WILL BE ISSUED UP TO THE FORMER RESTRAINT LEVEL TAKING INTO ACCOUNT IMPORTATIONS SINCE FEBRUARY 9, 1977.

A COPY OF THIS NOTIFICATION IS BEING FORWARDED TO THE ATTENTION OF THE TEXTILES SURVEILLANCE BODY.

The Permanent Mission of Canada
to the United Nations



La Mission Permanente du Canada
aupres des Nations Unies

10a, avenue de Budé
1202 Geneva

February 25, 1977

Dear Mr. Wurth,

I have been instructed to inform you, in accordance with Article 3:3 of the Arrangement Regarding International Trade in Textiles, that Canada has requested Poland to enter into consultation in order to arrange restraints on exports to Canada of cotton terry towels and nylon fabrics. The text of this request is attached.

This request contains references to a report of the Canadian Textile and Clothing Board dated November 1, 1976, regarding nylon fabrics, a copy of which I will forward to you when it is received here.

Yours sincerely,

R. Harry Jay,
Ambassador and
Permanent Representative

Mr. Paul Wurth, Chairman,
Textiles Surveillance Body,
Villa Le Bocage Annex II,
Palais des Nations, Geneva.

attac.

ANSWERED	DOC. ISSUED	FILED
	TEX-SE/2/6	
		2 MAR. 1977
NAME	INITIALS	DATE
TRADE POLICY DIV.		
Gen. Div.		
ASST. DIR.		
SPECIAL STAFF		
TRADING DEVELOP. DIV.		
SP. ASST. TO DIR.		
IND. DIV.		
H.I.C. DIV.		
CHIEF OF STAFF		
OFFICE OF LEGAL COUNSEL (S.D.C.)		

Wurth

TEXT OF REQUEST SUBMITTED TO POLAND BY CANADA

A. Cotton Terry Towels

Polish authorities will recall that pursuant to recommendations of the Textile and Clothing Board of July 11, 1974, a restraint arrangement was negotiated with Poland on exports of cotton terry towels under Article 3 of the Arrangement Regarding International Trade in Textiles for the period March 1, 1975 to February 29, 1976 at a level of 787,000 pounds.

At the expiry of this restraint and pending a review of the cotton terry towel market situation by the Textile and Clothing Board, Polish authorities extended to Canadian authorities an informal undertaking to limit their cotton terry towel exports to Canada at a level not exceeding 834,000 pounds for the period March 1, 1976 to February 28, 1977.

The potential for rapid increase of cotton terry towel exports from Poland which the Board observed during its inquiry in 1974 became evident in the first eight months of the 1976/77 restraint year when imports from Poland increased by 283 percent over the corresponding period in 1975/76. Thus as of October 31, 1976, Poland had already utilized 87 percent of the restraint level. This was the highest increase achieved by any country exporting cotton terry towels to the Canadian market, with Poland becoming the largest supplier. If continued at this current rate, projected imports would substantially exceed the level of 834,000 pounds during the twelve-month restraint period.

While imports from all sources have risen considerably in 1976, the share of the domestic market held by Canadian producers has fallen by about 12.6 percent from 68.1 percent for the first six months in 1975 to 55.5 percent for the corresponding period in 1976 and will continue to drop unless there is a stabilization of imports.

The Textile and Clothing Board is undertaking a review of the cotton terry towel market situation and is expected to submit its report early in the spring. Meanwhile, Canadian authorities consider that prompt action is required to stabilize the situation by formalizing the existing informal undertaking in order to prevent further damage to the domestic industry.

Accordingly, in accordance with the provisions of Article 3 of the Arrangement Canadian authorities request Polish authorities to consult with a view to concluding an export restraint arrangement for a period of 24 months commencing March 1, 1976, with a first year level of 834,000 pounds.

B. Nylon Fabrics

Polish authorities will recall that the Textile and Clothing Board announced an inquiry on January 30, 1976 into the Canadian nylon fabrics market to determine whether imports were causing or threatening serious injury to Canadian producers.

In its report dated November 1, 1976 the Board found that the volume of imports of nylon fabrics in 1975 from all sources amounted to 50.5 percent of the apparent Canadian market and for the first time exceeded the share held by domestic shipments. The Board concluded that nylon fabrics from Japan, the Republic of Korea, and Taiwan are being imported at such prices, in such quantities and under such conditions as to cause or threaten serious injury to Canadian producers and that imports from Poland would likely reach disruptive levels if permitted into Canada unrestrained.

On the basis of its findings the Board recommended that restraint agreements under the provisions of the International Textiles Arrangement be sought with Japan, Korea, Taiwan and Poland.

Imports from Poland, which averaged about 64,000 pounds over the 1972-75 period, reached 127,000 pounds in the first nine months of 1976. This surge of Polish nylon fabric imports in

the first nine months of 1976 represents a greater than 600 percent increase over the corresponding period in 1975.

The Board noted that the following combination of circumstances have collectively contributed to the situation which has caused serious disruption in the Canadian market:

- domestic shipments declined by 1.5 percent in 1975 and grew only by 5.9 percent in the first half of 1976;
- imports grew by 15.6 percent in 1975 and 22.1 percent in the first half of 1976;
- the share of the Canadian market held by domestic producers has dropped steadily from 53.4 percent in 1974 to a low of 45.5 percent in 1976.

Accordingly, pursuant to recommendations of the Textile and Clothing Board and in accordance with the provisions of Article 3 of the Arrangement Regarding International Trade in Textiles, Canadian authorities request Polish authorities to consult with a view to concluding a restraint arrangement on nylon fabrics exported from Poland to Canada for the three year period commencing February 9, 1977, at a level for the first 12 months calculated pursuant to the provisions of Annex B of the Arrangement.