

GENERAL AGREEMENT
ON TARIFFS AND
TRADE

ACCORD GENERAL SUR
LES TARIFS DOUANIERS
ET LE COMMERCE

CONFIDENTIAL

TEX.SB/225/Add.1
26 July 1977

Textiles Surveillance Body

Organe de surveillance des textiles

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 3:4

Note by the Chairman

Attached is the reply received from Canada to my letter asking for data on the questions posed by members of the Textiles Surveillance Body on the Canada/Poland bilateral agreement (TEX.SB/225).

Annexed to the reply is data compiled by the TSB secretariat.

ARRANGEMENT CONCERNANT LE COMMERCE INTERNATIONAL DES TEXTILES

Notification conformément à l'article 3:4

Note du Président

On trouvera ci-joint la réponse du Canada à la lettre par laquelle j'ai demandé des renseignements sur les points soulevés par les membres de l'Organe de surveillance des textiles au sujet de l'accord bilatéral entre le Canada et la Pologne (TEX.SB/225).

On trouvera également ci-joint des renseignements statistiques rassemblés par le secrétariat de l'OST.

TS/140-3

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ANSWERED	DOC. ISSUED	FOLIO
	TEX SB/225	
REG 20 JUL 1977		
The Permanent Mission of Canada to the United Nations		
TRADE POLICY DT:	Action	Comm
Gen. Div.		
Agri. Div.		
Special Proj:		
TRADE DEVELOP. DT.:		X
Sp. Asst. Tr. Negs		
Dev. Div.		
Intel. Div.		
CHAIR, TSB	X	
OFFICE OF D-G:		X
Consultant (ADG)		
Conf. Div.		
Dir. Ext. Rels/Info.		
Ext. Lia. Sec.		
Info/Lia. Serv.		
Training Prog.		

The Permanent Mission of Canada
to the United Nations

La Mission Permanente du Canada
aupres des Nations Unies

10a, avenue de Budé
Geneva

*Mr. Wurth
7/8*

MRP

July 18, 1977

Dear Mr. Wurth,

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I refer to your letter of June 24, 1977 to Mr. Stone in which you communicated a series of questions raised by the Textiles Surveillance Body in considering the recent bilateral agreement between Canada and Poland. I have now received a reply from my authorities which I would like to transmit to you.

In the first place my authorities are of the opinion that most of the information requested by the TSB was submitted to it in the recent reports of the Canadian Textiles and Clothing Board on Nylon Fabrics and Bedsheets and an older report on Towels. For ease of reference I attach copies of these reports.

My authorities are furthermore of the view that some of the other questions raised by the members of the TSB can be answered through a careful reading of the Bilateral Agreement itself as contained in Document TEX SB/225. For example, the answers to questions 2 and 3 can be obtained from the introductory and first paragraphs of the agreement which state in part "in accordance with the provisions of the Arrangement Regarding International Trade in Textiles" and "Poland will restrain its exports to Canada".

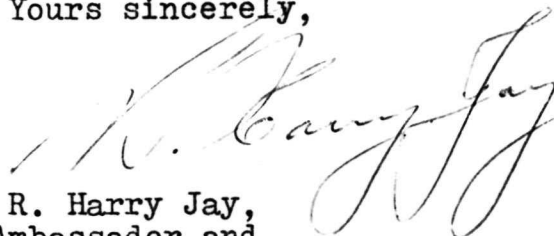
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Mr. P. Wurth, Chairman,
Textiles Surveillance Body,
GATT, Villa Le Bocage,
Palais des Nations,
Geneva 10.

Similarly, extensive data relating to market disruption is contained in the Canadian request to Poland to enter into consultations and in the reports of the Textile and Clothing Board. This and other data was provided to Polish officials during the course of cooperative and mutually satisfactory consultations which produced the bilateral agreement.

In response to general question number 4, my authorities point out that growth levels were decided upon during the consultations as both sides agreed that serious injury and market disruption which prevailed in the Canadian market could recur if higher growth rates were implemented.

Yours sincerely,



R. Harry Jay,
Ambassador and
Permanent Representative

ANNEXQuestions posed by members regarding the Canada/Poland bilateral agreement

The following information has been collected on the basis of the information furnished by Canada to Poland in the requests for consultations (TEX.SB/216); the agreement concluded between Canada and Poland (TEX.SB/225), as well as from the reports of the Canadian Textile and Clothing Board on nylon fabrics, terry towelling and bedsheets.

A. General

1. Would Canada furnish more detailed information in order to allow the TSB to distinguish clearly between the new restraints introduced by the agreement and the previous (existing) restraints?

Previous (existing) restraint levels (Poland)

(a) Terry towelling - March 1975-February 1976: 787,000 lbs. Pending a review of the above period, the Polish authorities gave an informal undertaking for a restraint level of 834,000 lbs. for the period March 1976 to February 1977.

Canada requested Poland for consultations with a view to arriving at an export restraint level for a twenty-four month period, commencing 1 March 1976.

(b) Nylon fabrics - No previous restraint agreement. Canada requested for consultations with a view to concluding an agreement for a restraint level for a three-year period, commencing 9 February 1977.

(c) Bedsheets - Restraint level: 874,182 units for 1974. The restriction was liberalized (COM.TEX/SB/196). Canada requested for consultations to conclude a restraint level for a three-year period, commencing 1 January 1977.

2. Are the new restraints fixed in accordance with the provisions of Annex B?

The request for consultations on exports of nylon fabrics, bedsheets and terry towels were in accordance with Article 3 of the Arrangement, the restraint levels for nylon fabrics and bedsheets to be calculated pursuant to the provisions of Annex B.

3. Is the agreement one of export restraint: i.e. the quota levels are implemented by Poland, or is it an import restriction applied by Canada?

The agreement is one of export restraint, at levels and during the respective periods stated in Annex I of the agreed Memorandum of Understanding between Canada and Poland.

4. Why are the yearly rates of growth so small (see Annex 1 of TEX.SB/225)?

The Canadian authorities pointed out that "growth levels were decided upon during the consultations as both sides agreed that serious injury and market disruption which prevailed in the Canadian market could recur if higher growth rates were implemented".

5. Could Canada provide information on the justification of market disruption for these products, and also, in particular, for bedsheets, to supplement that information previously sent to the TSB (TEX.SB/216)?

(a) Nylon fabrics

	('000 sq. yds.)		
	1973	1974	1975
Net domestic shipment	37,575	27,049	26,980
Imports	37,392	24,730	27,479
Total	74,967	51,779	54,459
% share			
Domestic	50.1	52.2	49.5
Imports	49.9	47.8	50.5

Imports from Poland averaged at 64,000 lbs. per year during the period 1972-75. The imports during the first nine months in 1976 totalled 127,000 lbs., i.e. a growth of 600 per cent over the corresponding period of the previous year. Share of domestic producers in the total home market fell from 53.4 per cent in 1974 to 45.5 per cent in 1976.

Imports from Poland during the period 9 February to 1 April 1977, have been over 850,000 square yards, "accounting for virtually the entire anticipated Polish restraint level as determined in accordance with Annex B of the Arrangement.

(b) Terry towels

	1971	1972	1973	('000 pounds)	
				Jan. 1973	April 1974
Domestic shipments	8,385	8,094	8,502	2,725	2,800
Imports	3,130	4,140	5,506	1,767	1,235
Apparent market	11,515	12,234	14,008	4,492	4,035
Import as percentage of market	27.2	33.8	39.3	39.3	30.6

(Further information to supplement TEX.SB/216 not possible, as the Canadian Textile and Clothing Board report on towels is dated July 1974.)

(c) Bedsheets

A no-growth situation had prevailed in 1974, and imports from main suppliers had fallen. In 1975 there was a significant increase in imports (except from Poland) i.e. from 752,000 sheets in 1974 to 1,802,000 sheets in 1975. During the first nine months of 1976, imports increased from 1,073,000 units in January 1975 to 3,352,000 units. Imports from Poland increased by 349 per cent.

Statistical data

Nylon fabrics

Imports by source of supply see Appendix I to report.

Value

Prices (a) Canadian nylon fabrics) see tables in section VII pages 2, 3.

(b) Japanese nylon fabrics)

(Prices of other far eastern suppliers lower than the Japanese prices).

IMPORTS OF NYLON FABRICS BY COUNTRY

-000 pounds -

<u>COUNTRY</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>JANUARY - MAY</u>	
				<u>1975</u>	<u>1976</u>
United Kingdom	1,022	594	430	133	289
Italy	779	173	23	4	70
Poland	102	104	24	18	71
Japan	510	298	772	439	254
Republic of Korea	17	73	125	106	22
United States	1,712	1,678	1,986	950	1,120
Others	<u>532</u>	<u>173</u>	<u>182</u>	<u>70</u>	<u>85</u>
All Countries	4,674	3,093	3,542	1,720	1,911

Source: Statistics Canada, Imports by Commodities

Prices

The Textiles Division supplied price information on nylon and polyester fabrics, in addition to the records of price movement which the Board has collected. The following are examples of price movements for the products of a leading Canadian producer:

Canadian Nylon Fabrics - Average Prices

	<u>Lightweight \$/yd.</u>	<u>Heavyweight \$/yd.</u>
1974	1.03	1.41
1975	1.28	1.83
1976 (1st quarter)	1.34	1.95

Source: Textiles Division, Survey, 1976.

The following is a summary of price movements of selected Japanese nylon fabrics. The prices are quarterly averages:

	<u>Unitika N.R.C. Nylon #900 Satin, 36" width</u>	<u>Unitika, N.R.C. Nylon #507 Taffeta, 45" width</u>	<u>Nylon Taffeta 210 ends, 36" width</u>	<u>Nylon Taffeta 190 ends, 44" width</u>	<u>Nylon Taffeta 170 ends, 36" width</u>
	- cents per yard -				
1973 October	75	52	30	31	23
1974 January	72	50	27	27	22
July	70	44	22	21	15
1975 January	63	41	17	15	13
July	69	48	20	20	13
1976 January	70	53	20	17	15
April	68	46	22	24	15
July	53	68	23	24	18

Source: Japan Textile News.

There appears to have been a moderate firming up of prices since they began to fall in late 1973 but prices prevailing throughout 1976 have not recovered sufficiently to reach their high levels of 1973 - the year import restrictions were first applied to nylon fabrics imported from Japan. Prices of fabrics monitored, place current quotations well below \$1.00 per square yard. It is also established that prices of comparable fabrics from other Far East producers are generally offered at lower prices than those quoted by Japanese producers.

Volume: by source of supply
 Value: may be calculated from table below

Appendix - Table 1

Imports of Terry Towels
 by Source, 1970-1974

	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>January-April</u>	
					<u>1973</u>	<u>1974</u>
	- 000 pounds -					
China, P.R.	187	193	688	1,374	407	26
United States	575	787	1,005	1,277	254	250
Poland	90	202	464	773	334	407
India	245	287	357	556	82	118
Czechoslovakia	453	421	481	393	166	216
Hong Kong	476	502	516	311	188	36
Taiwan	91	177	231	311	174	45
Pakistan	3	18	66	138	39	73
Japan	98	85	133	97	53	1
Singapore	-	32	58	79	20	-
All Other	<u>125</u>	<u>426</u>	<u>141</u>	<u>197</u>	<u>50</u>	<u>6</u>
Total	2,343	3,130	4,140	5,506	1,767	1,235
	- dollars per pound -					
China, P.R.	.88	.84	.92	.98	.95	1.16
United States	1.71	1.71	1.75	1.87	1.84	2.15
Poland	.74	.74	.85	1.00	.89	1.35
India	.69	.76	.75	.81	.80	.88
Czechoslovakia	.75	.82	.84	.92	.86	1.27
Hong Kong	.93	.92	1.06	1.20	1.12	1.57
Taiwan	.97	.94	.98	1.10	1.01	2.10
Pakistan	.65	.73	.77	.80	.82	1.02
Japan	1.04	1.34	1.44	1.48	1.34	-
Singapore	-	1.04	.98	1.21	1.08	-
All Other	1.13	.69	1.25	1.43	.85	1.75
All Sources	1.07	1.05	1.13	1.21	1.08	1.4
	- percentage of imports -					
China, P.R.	8.0	6.2	16.6	25.0	23.0	2.1
United States	24.5	25.1	24.3	23.2	14.4	20.2
Poland	3.8	6.5	11.2	14.0	18.9	33.0
India	10.5	9.2	8.6	10.1	4.6	9.6
Czechoslovakia	19.3	13.5	11.6	7.1	9.4	17.5
Hong Kong	20.3	16.0	12.5	5.6	10.6	2.9
Taiwan	3.9	5.7	5.6	5.6	9.8	3.6
Pakistan	0.1	0.6	1.6	2.5	2.2	5.9
Japan	4.2	2.7	3.2	1.8	3.0	0.1
Singapore	-	1.0	1.4	1.4	1.1	-
All Other	<u>5.4</u>	<u>13.5</u>	<u>3.4</u>	<u>3.7</u>	<u>3.0</u>	<u>5.1</u>
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Statistics Canada, Imports by Commodities

IMPORTS OF SHEETS BY SOURCE, 1968-1976

('000 units)

<u>Country</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>Jan.-Nov. 1976</u>
Japan	1,164	895	470	1,050	1,196	579	134	355	211
Hong Kong	58	101	112	211	242	231	60	218	451
India	54	22	12	5	20	313	287	186	73
P.R. China	186	189	84	56	501	1,057	110	203	510
Poland	379	346	718	819	1,027	738	546	137	387
Romania	-	n	24	39	141	4	6	-	-
Taiwan	131	350	1,676	814	808	201	36	1,244	2,627
United States	423	390	400	437	841	1,685	3,382	3,501	2,801
Others	403	178	108	24	657	951	72	55	50
All Countries	2,798	2,471	3,604	3,455	5,433	5,759	4,633	5,899	7,110

Source: Statistics Canada, Imports by Commodities, Import Classes 846-43 and 846-45.