

CANADIAN
INTERNATIONAL
TRADE TRIBUNAL



TRIBUNAL CANADIEN
DU COMMERCE
EXTÉRIEUR

TEXTILE REFERENCE

ANNUAL STATUS REPORT

**OCTOBER 1, 1999,
TO
SEPTEMBER 30, 2000**

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INTRODUCTION

On July 6, 1994, the Minister of Finance (the Minister) asked the Canadian International Trade Tribunal (the Tribunal) to conduct investigations into requests from Canadian producers for tariff relief on imported textile inputs that they use in their manufacturing operations and to make recommendations which, ultimately, should maximize net economic gains for Canada. Since then, there have been four minor modifications to the terms of reference.¹

This report describes the highlights of the textile tariff relief program during the period from October 1, 1999, to September 30, 2000, followed by a more detailed description of the activities undertaken by the Tribunal. The appendices contain a general description of the tariff relief program (Appendix I), as well as a statistical overview of requests received, investigations completed and in progress as of September 30, 2000, and tariff relief recommendations currently in place.

HIGHLIGHTS

During the period covered by this report, the Tribunal received 6 requests for tariff relief, down significantly from the 18 requests received for the comparable period in 1998-99.

During the year, 6 investigations were completed, covering 6 requests, resulting in 6 reports to the Minister. In all those investigations, the Tribunal concluded that granting tariff relief would maximize net economic gains for Canada and, consequently, recommended that tariff relief be granted, in all cases, for an indeterminate period.

The textile tariff relief recommendations made by the Tribunal and implemented by the government since the start of the program, in the fall of 1994, provided tariff relief worth approximately \$23 million in 1999-2000, covering imports of textile inputs worth about \$172 million. The removal of these duties has allowed Canadian textile-using producers to reduce costs and prices, as well as to enhance their competitiveness and levels of employment.

During the year, the Tribunal held a public hearing during the course of one tariff relief investigation (Request No. TR-99-004). This was only the third time that a hearing had been held in these cases. The hearing helped to narrow the differences between the parties involved and resulted in tariff relief being recommended by the Tribunal for a more narrowly defined class of goods than that which had been requested.

While it took longer, on average, to complete the tariff relief investigations as compared to last year, the Tribunal is of the view that this was related to the specific nature of the cases that it investigated. The Tribunal strives to conduct all its investigations within the prescribed time frames.

1. On March 20, 1996, following consultations with industry officials and after having reviewed the Tribunal's first annual status report, the Minister revised the terms governing the textile reference. On July 24, 1996, the Minister further revised the terms of reference by removing certain knitting yarns from the purview of the textile reference. On November 26, 1997, the Minister modified the terms of reference to remove the possibility of company-specific relief in future requests for tariff relief, except with respect to requests for relief on textile inputs used in the manufacture of women's swimsuits, co-ordinated beachwear and co-ordinated accessories. Finally, on August 19, 1999, the Minister further modified the terms of reference (see Appendix II) to continue, until at least July 1, 2002, the removal of certain knitting yarns from the purview of the reference and to replace the *GATT 1994 Agreement* with the *World Trade Organization Agreement* as one of the agreements that the Tribunal should bear in mind when assessing the effect of tariff and non-tariff liberalization on domestic textile and downstream producers.

NEW REQUESTS

During the period covered by this report, the Tribunal received 6 requests for tariff relief.

Fifty percent of all the requests for tariff relief received in 1999-2000 originated with producers in the apparel industry. The balance of the new requests came from the hair colouring, furniture and mining industries. The apparel industry has consistently been the largest user of the program since its inception in 1994, accounting for 70 percent of all requests to date followed by the furniture industry and the textile industry, which have each filed about 6 and 5 percent of all requests to date, respectively. Less frequent users have included a diverse group of industries, among others, those that manufacture footwear, tents and rope.

The majority of the requests for tariff relief received during 1999-2000 originated in Quebec, with the Prairies being a distant second.

While requests for tariff relief have covered a fairly broad spectrum of the textile inputs specified in the Minister's reference, 66 percent of the requests received during 1999-2000 were for tariff relief on fabrics, as opposed to other textile inputs. This follows the pattern which has emerged since the implementation of the program. Since the majority of firms requesting tariff relief are engaged in the manufacture of apparel, the majority of the requests for tariff relief have involved fabrics, rather than yarns or other textile inputs. During the year, one request for tariff relief on a nylon filament yarn and one on a nonwoven were also received.

The terms of reference limit the application of the textile program to certain chapters of the *Customs Tariff*.² During 1999-2000, all requests pertained to textile inputs contained in Chapters 54 ("Man-made filaments"); 56 ("Wadding, felt and nonwovens; special yarns; twine, cordage, rope and cables or articles thereof"); and 58 ("Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery").

Appendices III to VI provide details of the requests by industry sector, geographic distribution, type of input and distribution by *Customs Tariff* chapter respectively.

As of September 30, 2000, there were 2 investigations in progress (covering 2 requests) and 2 requests were awaiting commencement of investigation. Overall, during the year, 6 investigations were completed, resulting in 6 reports to the Minister covering 6 requests. In all these requests, the Tribunal concluded that granting tariff relief would maximize net economic gains for Canada and, consequently, recommended that tariff relief be granted for an indeterminate period.

2. R.S.C. 1985 (3d Supp.), c. 41.

Table 1 provides a summary of these activities.

TABLE 1						
SUMMARY OF ACTIVITIES: NEW REQUESTS						
	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95
Requests						
Received	6	18	18	17	20	73
For Which Investigations Were Completed	6	17	9	17	59	11
For Which Investigations Were in Progress at Year End	2	4	13	4	9	18
Terminated/Withdrawn	2	14	1	2	7	3
Awaiting Commencement of Investigation	2	2	6	7	4	41
Investigations¹						
Commenced	4	10	14	8	19	27
Completed	6	13	8	11	29	9
In Progress at Year End	2	4	10	4	7	18
Terminated	0	3	0	0	1	0
Recommendations to Minister						
Tariff Relief	6	16	7	15 ³	22 ²	10
No Tariff Relief	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>38</u>	<u>1</u>
	6	17	9	18 ³	60 ²	11
Reports to Minister⁴						
	6	13	5	11	27	9

1. May cover more than one request.

2. The recommendation with regard to Request No. TR-94-002A, which reaffirmed a recommendation for tariff relief previously made by the Tribunal in 1994-95 in Request No. TR-94-002, is included in this total. Therefore, although 59 requests were investigated during the year, the Tribunal issued 60 recommendations to the Minister, contained in 27 reports.

3. The recommendation with regard to Request No. TR-95-056A, which was that an additional tariff item be added to Code 4402 (which implemented a Tribunal recommendation previously made in Request No. TR-95-056), is included in this total. Therefore, although 17 requests were investigated during the year, the Tribunal issued 18 recommendations to the Minister, contained in 11 reports.

4. May cover more than one investigation.

In total, in the 6 years of investigating requests for tariff relief, the Tribunal issued 71 reports to the Minister, covering 119 requests. The Tribunal recommended that the tariff relief requested be granted with regard to 74 of these requests.

As of September 30, 2000, Tribunal recommendations covering 69 of the foregoing 74 requests had been implemented by order of the Governor in Council, on the recommendation of the Minister, pursuant to paragraph 68(1)(a) of the *Customs Tariff*, and a further 4 recommendations were under consideration by the Minister.

A total of 4 recommendations were implemented during 1999-2000. On average, it took slightly more time for the Tribunal's recommendations to be implemented during the year than it did last year (100 days in 1999-2000 compared to slightly less than three months in 1998-99).

The level of activity within the Tribunal regarding the investigation of requests for tariff relief was, in 1999-2000, about half of that in the previous year, and approximately 3 percent of the Tribunal's human resources were committed to the program.

REVIEWS

No expiry or review investigations were undertaken in 1999-2000.

RECONSIDERATION OF A RECOMMENDATION

On February 4, 2000, further to a request for tariff relief by Western Glove Works Ltd. (Request No. TR-99-003), the Tribunal issued a recommendation to the Minister that tariff relief be granted. Following this recommendation, one of the companies opposed to the request asked the Tribunal to reconsider its recommendation on the basis that the Tribunal might have misinterpreted the evidence provided in the company's questionnaire response.

The Tribunal agreed to reconsider the recommendation, collected supplementary information and, subsequently, issued revised pricing data. All parties to the investigation were given the opportunity to comment on the new evidence. After considering the submissions of all parties to the investigation, the Tribunal reaffirmed its original recommendation.

EFFECTS OF THE PROGRAM

By the end of September 2000, the government had added 151³ new tariff items to implement Tribunal recommendations. These tariff items covered imports worth \$172 million during 1999-2000 and provided tariff relief worth approximately \$23 million.⁴ Table 2 provides a year-to-year comparison of imports benefiting from tariff relief.

	1999-2000	1998-99	1997-98	1996-97	1995-96	1994-95
Number of Codes	--	-	44	44	21	4
Number of Tariff Items	151	134	93	-	-	-
Total Imports (\$millions)	172.3	158	186.5	139.2	22.4	1.5
Estimated Tariff Relief (\$millions)	23	21	25	19	3	0.2

Source: Statistics Canada.

3. Up to December 31, 1997, the government implemented Tribunal recommendations by adding specific codes to the *Customs Duties Reduction or Removal Order, 1988* made by Order in Council P.C. 1987-2738 dated December 31, 1987. As of January 1, 1998, these codes have all been replaced by new tariff items, and new implementations have been made by adding new tariff items to the *Customs Tariff*.
4. Estimates based on 1999 MFN rates.

During 1999-2000, imports benefiting from tariff relief provided by these tariff items represented 0.71 percent of all imports (\$24.2 billion) reported during the year by Statistics Canada and classified in Chapters 39, 40, 51 to 56, 58 to 60 and 70 of the *Customs Tariff*. Details on these benefits, by chapter of the *Customs Tariff*, are presented in Appendix VII.

Tariff relief principally affected textile inputs falling in five chapters of the *Customs Tariff*: Chapter 52 (“Cotton”), where almost 7.0 percent of total imports benefit from tariff relief provided by the program; and Chapter 53 (“Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn”), Chapter 54 (“Man-made filaments”), Chapter 55 (“Man-made staple fibres”) and Chapter 58 (“Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery”), where tariff relief accounted for between 2.6 and 4.8 percent of all imports.

Tariff relief recommendations are also implemented by the government through the issuance of remission orders. As of September 30, 2000, two remission orders were in place: P.C. 1997-1668 (Les Collections Shan Inc.); and P.C. 1998-1118 (Alpine Joe Sportswear Ltd.). Over the years, remission orders have provided additional tariff relief worth approximately \$1.2 million in 1995-96, \$100,000 in 1996-97, \$120,000 in 1997-98, \$93,000 in 1998-99, and \$139,000 in 1999-2000.

Given that the intent of the tariff relief program is to remove the burden of duties from imported textile inputs that are used in the manufacturing operations of Canadian producers, the program has clearly succeeded. Indeed, in its six years of existence, the program has provided tariff relief worth more than \$92 million. The removal of these duties has allowed Canadian producers to reduce their production costs. In turn, this has assisted these producers in controlling cost and price levels and thereby enhanced their competitiveness and levels of employment. The Tribunal believes that the program has had a very positive impact on this industry sector and that increased production has undoubtedly been promoted.

PRE-COMMENCEMENT PERIOD

Last year, the Tribunal reported that, as a result of measures to speed up the processing of new requests, the average period of time between the receipt of a request and the commencement of an investigation decreased from 147 days in 1997-98 to 67 days in 1998-99. This good performance continued in 1999-2000, as it took, on average, 67 days to commence an investigation. The Tribunal believes that the measures currently in place ensure that requests are processed as expeditiously as possible upon their receipt.

LENGTH OF INVESTIGATIONS

The length of time from the receipt of a properly documented request to the Tribunal’s report to the Minister is specified in the terms of reference: the Tribunal’s recommendations should be made within 120 days from the date of receipt of a properly documented request or within any earlier specified time frame, which the Tribunal determines to be appropriate, in cases of critical circumstances, after receipt of a properly documented request. In practice, the 120-day period starts with the issuance of the notice of commencement of investigation and ends with the distribution of the Tribunal’s report.

In 1999-2000, it took, on average, 189 days to conduct a tariff relief investigation. This compares to 137 days in 1998-99 and 158 days in 1997-98. While there are many reasons why the investigations took longer to carry out in 1999-2000, the objective that guides the Tribunal is to conduct the most thorough investigation possible of each request and to present a well-reasoned recommendation to the Minister. Refusing the late filing of information concerning, for example, the alleged production of substitutable textile inputs or the introduction of developmental fabrics would put the Minister in the untenable position of having to decide how to act on a recommendation without full and complete information. Most of the time, when

faced with the decision to accept or refuse information that is filed late to complete the record, thereby missing target dates, the Tribunal has chosen to extend deadlines.

Specifically, during 1999-2000, some of the reasons for extending deadlines ranged from requesters (in two separate instances) hiring counsel in the middle of the investigations and requesting more time to prepare their cases, to the holding of a public hearing as requested by a requester just as the Tribunal was ready to proceed with its recommendation, and to the late decision of a producer to make known his opposition to the request, which obliged the Tribunal to reopen the investigation.

In addition, as reported last year, the Tribunal makes every effort to have interested parties resolve their differences through mutual agreement, even at the risk of missing deadlines. The benefits of such dispute resolution are considered by the Tribunal to be consistent with the intent of the tariff relief program and to far outweigh any rigid and inflexible adherence to time frames. Indeed, the Tribunal would be remiss if it did not grant whatever extra time might be required in order to allow interested parties to resolve their differences through mutual negotiation. In the same vein, when requests are unopposed, the Tribunal adopts an accelerated schedule. For instance, the period of investigation for Request No. TR-99-002 was only 79 days.

Exceptional circumstances will sometimes make it impossible, or less than imperative, for the Tribunal to meet its investigation deadlines. Nevertheless, in the normal course of events, the Tribunal remains committed to submitting its recommendations to the Minister within the prescribed time frames.

NATIONAL CUSTOMS RULINGS

Since December 2, 1997, at the request of its stakeholders, the Tribunal allows parties to file National Customs Rulings (NCRs) with their requests for tariff relief. Before that date, samples were submitted, along with the requests, and they were forwarded, by the Tribunal, to the Canada Customs and Revenue Agency (CCRA) for analysis and classification.

Of the 6 requests received in 1999-2000, only 1 was filed with an NCR. This contrasts with last year when, of the 18 requests received, 7 were filed with NCRs.

It should be noted, however, that these procedures are optional and that a requester that wishes to send samples to the Tribunal, along with its request for tariff relief, may still do so.

A party interested in filing an NCR with its request for tariff relief should consult the Tribunal's practice notice entitled *Acceptance of National Customs Rulings in the Filing of Requests for Tariff Relief on Imported Textile Inputs*. The practice notice is available on the Tribunal's Web site.

EXPORTER CERTIFICATION

The Tribunal always seeks to describe, with a high degree of precision, the textile input for which it recommends tariff relief. This is done to ensure that **only** the goods for which tariff relief is requested are, in fact, provided with tariff relief. A difficulty arises when the characteristics (or features) of the textile input cannot be described in a way that can be administered by the CCRA (i.e. tested in a laboratory). For example, the presence of virgin wool in a fabric cannot be tested in a laboratory because virgin wool and recycled wool cannot be differentiated. When faced with problems of this nature, the Tribunal has, on seven occasions, issued recommendations requiring exporters to certify that the desired characteristic was present in the fabric (exporter certification).

Last year, the Tribunal reported on a case where the CCRA advised the Tribunal that it was not in favour of using exporter certification. The CCRA indicated, at the time, that, if exporter certification were used, it could no longer certify that the tariff relief, if granted, could be properly administered. The case concerned woven fabrics of combed wool and combed fine animal hair (Request No. TR-99-004), and the issue was the identification of the amount of fine animal hair contained in the finished fabric. At the Tribunal's request, the CCRA was able to identify a laboratory in the United States that could do the testing required to determine the percentage of animal hair present in the fabrics. Consequently, the Tribunal's recommendation for tariff relief contained a requirement that the percentage by weight of fine animal hair be certified by the exporter.

REQUEST FOR RETROACTIVE APPLICATION OF TARIFF RELIEF

On occasion, companies requesting tariff relief also request that any tariff relief granted be made retroactive to the date of the request, or even to an earlier period. Regarding this matter, the *Textile Reference Guide* states clearly that retroactive tariff relief will only be granted in exceptional circumstances. Since the beginning of the textile tariff relief program, there have been 14 requests for retroactive tariff relief. Half of these requests were received in the last two years. The Tribunal has recommended retroactivity in six instances (Request Nos. TR-95-063, TR-95-064, TR-95-065, TR-96-003, TR-96-004 and TR-96-006); however, while the government implemented the recommendations for tariff relief, it did not provide for any retroactivity.

TRAINING

The Tribunal provides its members and staff with continuous in-house training seminars on a variety of topics relevant to their responsibilities. In the area of the textile tariff relief program, visits to various textile and apparel operations may be organized depending on the number of new tariff relief cases received and on the members' availability. A visit to the textile laboratory operated by the CCRA is planned for the upcoming year.

PUBLIC HEARING

During the year, one public hearing was held; all other investigations were handled by way of written submissions.

The hearing lasted 2.5 days and covered only issues that had been predetermined by the Tribunal. The hearing allowed both the Tribunal and the parties to focus on the particulars of the fabrics at issue and resulted in tariff relief being recommended, but only for a class of goods more narrowly defined than that which had been requested.

APPENDIX I

THE PROGRAM

Under its terms of reference, the Tribunal is mandated to investigate requests from domestic producers for tariff relief on imported textile inputs for use in their manufacturing operations and to make recommendations in respect of those requests to the Minister.

Scope of the Reference

A domestic producer may apply for tariff relief on an imported textile input used, or proposed to be used, for production. The textile inputs for which tariff relief may be requested are the fibres, yarns and fabrics of Chapter 51, 52, 53, 54, 55, 56, 58, 59 or 60; certain monofilaments or strips and textile and plastic combinations of Chapter 39; rubber thread and textile and rubber combinations of Chapter 40; and products of textile glass fibres of Chapter 70 of the schedule to the *Customs Tariff*. However, since July 24, 1996, and at least until July 1, 2002, some yarns are not included in the textile reference.⁵

Types of Relief Available

The tariff relief that may be recommended by the Tribunal to the Minister ranges from the removal or reduction of tariffs on one or several, partial or complete, tariff lines, textile- and/or end-use-specific tariff provisions. In the case of requests for tariff relief on textile inputs used in the manufacture of women's swimsuits, co-ordinated beachwear and co-ordinated accessories only, the recommendation could include company-specific relief. The recommendation could be for tariff relief for either a specific or an indeterminate period of time. The Tribunal will only recommend tariff relief that is administrable on a cost-effective basis.

What Constitutes a Request

A properly documented request shall contain all the information requested in the *Textile Reference Guide* questionnaire, including, for the public record, the reasons for the request, a description of the textile input and its end use, the specific tariff relief sought, experience with sourcing domestic identical or substitutable textile inputs and anticipated benefits from the requested tariff relief. Confidential information in respect of such things as price comparisons between the imported textile input and domestic identical or substitutable textile inputs, and various production, import, export and cost data are also required. Samples of the textile input must accompany the request unless the requester has previously obtained an NCR for the textile input from the CCRA.

Notification of a Request

Upon receipt of a request for tariff relief, and before commencement of an investigation, the Tribunal issues a brief electronic notice announcing the request. The minimum period of time for the notification of a request before an investigation is commenced is 30 days.

5. Knitting yarns, solely of cotton or solely of cotton and polyester staple fibres, measuring more than 190 decitex, of Chapter 52 or subheading No. 5509.53 other than those used to make sweaters, having a horizontal self-starting finished edge and the outer surfaces of which are constructed essentially with 9 or fewer stitches per 2 centimetres (12 or fewer stitches per inch) measured in the horizontal direction.

This notification is designed to:

- increase transparency;
- identify potential deficiencies in the request;
- avoid unnecessary investigations;
- provide an opportunity for the domestic textile industry to contact the requester and agree on a reasonable domestic source of supply;
- inform other users of identical or substitutable textile inputs;
- prepare the domestic industry to respond to subsequent investigation questionnaires; and
- give associations advance time for planning and consultation with their members.

Investigations

When the Tribunal is satisfied that a request is properly documented, it commences an investigation. A notice of commencement of investigation is sent to the requester, all known interested parties and any appropriate government department or agency, such as the CCRA, the Department of Foreign Affairs and International Trade, the Department of Industry and the Department of Finance. The notice is also published in the *Canada Gazette*.

In any investigation, interested parties include domestic producers, certain associations and other persons who are entitled to be heard by the Tribunal because their rights or pecuniary interests may be affected by the Tribunal's recommendations. Interested parties are given notice of the request and can participate in the investigation. Interested parties include competitors of the requester, suppliers of goods that are identical to or substitutable for the imported textile input and downstream users of goods produced from the textile input.

To prepare a staff investigation report, the Tribunal staff gathers information through such means as plant visits and questionnaires. Information is obtained from the requester and interested parties, such as other users and potential domestic suppliers of the textile input, for the purpose of determining whether the tariff relief sought will maximize net economic gains for Canada.

In normal circumstances, a public hearing is not required, and the Tribunal will dispose of the matter on the basis of the full written record, including the request, the staff investigation report and all submissions and evidence filed with the Tribunal.

The procedures developed for the conduct of the Tribunal's investigations envisage the full participation of the requester and all interested parties. A party, other than the requester, may file submissions, including evidence, in response to the properly documented request, the staff investigation report and any information provided by a government department or agency. The requester may subsequently file submissions with the Tribunal in response to the staff investigation report and any information provided by a government department or agency or other party.

Where confidential information is provided to the Tribunal, such information falls within the protection of the *Canadian International Trade Tribunal Act*.⁶ Accordingly, the Tribunal will only distribute confidential information to independent counsel who are acting on behalf of a party and who have filed a declaration and undertaking to protect the confidentiality of any information received.

6. R.S.C. 1985 (4th Supp.), c. 47.

Recommendations to the Minister

The Tribunal will normally issue its recommendations, with reasons, to the Minister within 120 days from the date of commencement of the investigation. In exceptional cases, where the Tribunal determines that critical circumstances exist, the Tribunal will issue its recommendations within such earlier specified time frame as the Tribunal determines to be appropriate. The Tribunal will recommend the reduction or removal of customs duties on a textile input where it will maximize net economic gains for Canada.

Review Process

Where the Minister has made an order for tariff relief pursuant to a recommendation of the Tribunal, certain domestic producers may make a request to the Tribunal to commence an investigation for the purpose of recommending the renewal, amendment or termination of the order. A request for amendment or termination should specify what changed circumstances justify such a request.

APPENDIX II**TRANSMITTAL LETTER REVISING TERMS OF REFERENCE**

August 19, 1999

Mr. Pierre Gosselin
Chairman
Canadian International Trade Tribunal
17th Floor, Standard Life Centre
333 Laurier Avenue, West
Ottawa, Ontario
K1A 0G7

Dear Mr. Gosselin:

I am writing further to my letters of July 6, 1994, March 20, 1996, July 24, 1996, and November 26, 1997, establishing the terms of reference for the Tribunal to follow in conducting, under section 19 of the *Canadian International Trade Tribunal Act*, investigations into requests from Canadian producers for tariff relief on imported textile inputs that they use in their manufacturing operations.

I am directing the Tribunal, when initiating new investigations on requests for tariff relief on imported textile inputs, within the rules of procedures developed for this reference, to:

- a) examine any properly documented request that it receives from a domestic producer for tariff relief on any of the following textile inputs used in its downstream manufacturing activities: fibres, yarns¹ and fabrics of Chapters 51, 52, 53, 54, 55, 56, 58, 59, or 60 of the *Customs Tariff*; certain monofilaments or strips and textile and plastic combinations of Chapter 39; rubber thread and textile and rubber combinations of Chapter 40; and, products of textile glass fibres of Chapter 70;
- b) conduct open and transparent investigations of these requests, ensuring that reasonable steps are taken to advise interested parties of any properly documented request for tariff relief and that all parties that have indicated an intention to participate in an investigation have the opportunity to make their views known, through written submissions or public hearings, as the Tribunal may determine to be necessary;
- c) assess the economic impact on domestic textile and downstream producers (on a commercial cost/benefit basis) of reducing or removing the tariff; and,
- d) make recommendations:
 - with reasons described as transparently as possible, while respecting the confidentiality of commercially-sensitive business information, on the appropriateness of reducing or removing the tariff;

1. Knitting yarns, solely of cotton or solely of cotton and polyester staple fibres, measuring more than 190 decitex, of Chapter 52 or subheading No. 5509.53 other than those used to make sweaters, having a horizontal self-starting finished edge and the outer surfaces of which are constructed essentially with 9 or fewer stitches per 2 centimetres (12 or fewer stitches per inch) measured in the horizontal direction, are not included in the textile tariff reference, at least until July 1, 2002.

- which are administrable on a cost effective basis and which could include textile input, time and/or “end-use” specific tariff provisions and, in the case of requests for tariff relief on textile inputs used in the manufacture of women’s swimsuits, co-ordinated beachwear and co-ordinated accessories only, could include company-specific relief;
- specifying whether relief should be granted for a specific or indeterminate period, which could include elements such as duration and initiation procedures - who and when - for renewal, extension or amendment investigations, as circumstances warrant. (Where indeterminate relief is recommended, the Tribunal should establish a framework under which the recommendation would be reconsidered, if the circumstances that led to the initial recommendations have changed sufficiently to warrant such an investigation, including who may apply and when);
- which should not cover goods beyond those established at the initiation of the investigation, except where sufficient notice is given for interested parties to respond;
- which should be consistent with Canada’s international rights and obligations under its bilateral and multilateral trade agreements; and,
- which, ultimately, should maximize net economic gains to Canada.

In performing its economic impact assessments, the Tribunal is directed to take into account all relevant economic factors, including, where appropriate:

- a) the extent to which the current and requested textile tariff structures represent, or would represent, a significant factor in investment and/or business decisions by domestic producers;
- b) the impact of tariff rate differentials, particularly those between Canada and the U.S., on competitiveness and investment;
- c) a domestic versus foreign price comparison, of the relevant textile input, based on recent attempts by the applicant to source the specific textile input from domestic and foreign producers;
- d) substitutability of imported textile inputs with domestic textile inputs (in terms of such factors as commercial availability of directly competing textile products and market acceptance); and,
- e) the ability of domestic producers, vis-à-vis foreign producers, to serve the Canadian downstream industries (bearing in mind such things as: industry sourcing patterns/market share; history of company sales; marketing and service history; repeat orders; delivery and other technical requirements; investment and business plans of current and potential suppliers; and, any extenuating circumstances).

The Tribunal should ensure that its recommendations are made as soon as practicable:

- i) within 120 days from the receipt of a properly documented request, and,
- ii) within any earlier specified timeframe, which the Tribunal determines to be appropriate, in cases of critical circumstances, after receipt of a properly documented case.

In assessing requests for tariff relief, the Tribunal should bear in mind:

- a) the effect on domestic textile and downstream producers of tariff and non-tariff liberalization flowing from the Canada-U.S. Free Trade Agreement, the North American Free Trade Agreement and the World Trade Organization Agreement; and,
- b) the effect of the elimination of full manufacturing duty drawback on non-NAFTA inputs post-1996, in the case of exports to the U.S. and 2001, in the case of exports to Mexico.

Finally, I would ask that the Tribunal continue to provide, on an annual basis, a status report on this investigation process and make recommendations for changes that may be appropriate to maximize net economic gains for Canada.

Sincerely,

The Honourable Paul Martin, P.C., M.P.

APPENDIX III
REQUESTS BY INDUSTRY SECTOR

	Apparel	Furniture	Textile	Other	Total
1999-2000					
Number	3	1	0	2	6
Percent	50	17	0	33	100
1998-99					
Number	17	0	0	1	18
Percent	94	0	0	6	100
1997-98					
Number	12	1	0	5	18
Percent	67	5	0	28	100
1996-97					
Number	16	0	0	1	17
Percent	94	0	0	6	100
1995-96					
Number	9	4	2	5	20
Percent	45	20	10	25	100
1994-95					
Number	50	3	5	15	73
Percent	68	4	7	21	100
CUMULATIVE TOTAL					
1994-2000					
Number	107	9	7	29	152
Percent	70	6	5	19	100

APPENDIX IV
GEOGRAPHIC DISTRIBUTION OF REQUESTS

	Quebec	Ontario	British Columbia	Prairies	Maritimes	Outside Canada
1999-2000						
Number	4	0	0	2	0	0
Percent	66	0	0	34	0	0
1998-99						
Number	14	2	1	1	0	0
Percent	77	11	6	6	0	0
1997-98						
Number	5	5	1	0	7	0
Percent	28	28	5	0	39	0
1996-97						
Number	11	6	0	0	0	0
Percent	65	35	0	0	0	0
1995-96						
Number	9	5	3	2	0	1
Percent	45	25	15	10	0	5
1994-95						
Number	28	9	30 ¹	6	0	0
Percent	39	12	41	8	0	0
CUMULATIVE TOTAL						
1994-2000						
Number	71	27	35	11	7	1
Percent	46	18	23	7	5	1

1. Twenty-eight of these requests covered similar textile inputs.

APPENDIX V

REQUESTS BY TYPE OF INPUT

	Fabric	Nonwoven	Yarn	Other	Total
1999-2000					
Number	4	1	1	0	6
Percent	66	17	17	0	100
1998-99					
Number	17	0	1	0	18
Percent	94	0	6	0	100
1997-98					
Number	15	1	0	2	18
Percent	83	6	0	11	100
1996-97					
Number	14	2	2	0	18 ¹
Percent	78	11	11	0	100
1995-96					
Number	17	2	1	0	20
Percent	85	10	5	0	100
1994-95					
Number	66	0	5	2	73
Percent	90	0	7	3	100
CUMULATIVE TOTAL					
1994-2000					
Number	133	6	10	4	153
Percent	87	4	6	3	100

1. One request covered two types of input.

APPENDIX VI

REQUESTS BY *CUSTOMS TARIFF* CHAPTER

Chapter	1999-2000		1998-99		1997-98		1996-97		1995-96	
	Number of Requests	Percent	Number of Requests	Percent	Number of Requests	Percent	Number of Requests	Percent	Number of Requests	Percent
39	0	0	0	0	0	0	0	0	1	4
40	0	0	0	0	0	0	0	0	0	0
51	0	0	2	11	1	4	0	0	1	4
52	0	0	5	26	2	7	3	14	0	0
53	0	0	1	5	1	4	0	0	0	0
54	4	66	6	32	4	15	8	38	5	22
55	0	0	1	5	1	4	4	19	4	17
56	1	17	0	0	4	15	2	10	2	9
58	1	17	1	5	4	15	1	4.5	2	9
59	0	0	1	5	7	25	1	4.5	2	9
60	0	0	2	11	3	11	2	10	5	22
70	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>4</u>
Total	6	100	19 ¹	100	27 ¹	100	21 ¹	100	23 ¹	100

1. Some requests cover more than one chapter.

CUMULATIVE TOTAL
1994-2000

Chapter	Number of Requests	Percent
39	3	2
40	1	1
51	7	4
52	18	10
53	3	2
54	34	20
55	20	12
56	15	9
58	11	6
59	13	7
60	44	26
70	<u>1</u>	<u>1</u>
Total	170	100

APPENDIX VII

**PERCENTAGE OF TOTAL IMPORTS ACCOUNTED FOR BY IMPORTS BENEFITING
FROM TARIFF RELIEF FURTHER TO TRIBUNAL RECOMMENDATIONS, BY *CUSTOMS*
TARIFF CHAPTER**

Chapter	Percent of Imports by Chapter		
	1999-2000	1998-99	1997-98
39	0.03	0.17	0.09
40	0.00	0.00 ¹	0.00 ¹
51	0.93	0.93	1.53
52	6.75	4.53	5.19
53	4.79	5.26	11.81
54	3.95	4.06	5.02
55	4.05	3.24	4.55
56	0.64	0.34	0.65
58	2.65	3.06	3.83
59	1.46	1.23	2.12
60	1.55	1.62	1.75
70	<u>0.08</u>	<u>0.12</u>	<u>0.11</u>
Weighted Average	<u>0.71</u>	<u>0.71</u>	<u>0.91</u>

1. Negligible imports.
Source: Statistics Canada.

APPENDIX VIII

SUMMARY OF INVESTIGATIONS COMPLETED BETWEEN OCTOBER 1, 1999, AND SEPTEMBER 30, 2000

Request No.	Requester	Textile Input	Tariff Item No.	Date of Commencement of Investigation	Date of Recommendation	Status/ Recommendation
TR-97-012	Ballin Inc.	Fabric	5407.93.90 5516.23.90	March 25, 1999	October 27, 1999	Indeterminate tariff relief
TR-99-002	Albany International Canada Inc.	Yarn	5404.10.90	September 20, 1999	December 8, 1999	Indeterminate tariff relief
TR-99-003	Western Glove Works Ltd.	Fabric	5209.31.90 5209.32.00	July 26, 1999	February 4, 2000	Indeterminate tariff relief
TR-99-004	Peerless Clothing Inc.	Fabric	5112.11.90 5112.19.91	September 23, 1999	July 28, 2000	Indeterminate tariff relief
TR-99-005	Distex Inc.	Fabric	6002.92.90	October 18, 1999	April 4, 2000	Indeterminate tariff relief
TR-99-006	Coloridé Inc.	Yarn	5402.41.14 5402.41.19	February 8, 2000	July 27, 2000	Indeterminate tariff relief

APPENDIX IX**SUMMARY OF INVESTIGATIONS IN PROGRESS AS OF SEPTEMBER 30, 2000**

Request No.	Requester	Textile Input	Tariff Item No.	Date of Commencement of Investigation
TR-99-008	JMJ Fashions Inc.	Fabric	5407.61.99	March 29, 2000
TR-99-003A	Western Glove Works Ltd.	Fabric	5209.31.90 5209.32.00	July 23, 2000
TR-2000-001	Peerless Clothing Inc.	Fabric	5408.22.29	September 1, 2000

APPENDIX X

TARIFF RELIEF RECOMMENDATIONS IN PLACE AS OF SEPTEMBER 30, 2000

Request/Review No.	Requester	Tariff Item No./ O.I.C.	Duration
TR-94-001	Canatex Industries (Division of Richelieu Knitting Inc.)	5402.41.12	Indeterminate tariff relief
TR-94-004	Woods Canada Limited	5208.52.10	Indeterminate tariff relief
TR-94-010	Palliser Furniture Ltd.	5806.20.10	Indeterminate tariff relief
TR-94-012	Peerless Clothing Inc.	5309.29.20	Indeterminate tariff relief
TR-94-013 and TR-94-016	MWG Apparel Corp.	5208.42.20 5208.43.20 5208.49.20 5513.31.10 5513.32.10 5513.33.10	Indeterminate tariff relief
TR-94-017 and TR-94-018	Elite Counter & Supplies	9943.00.00	Indeterminate tariff relief
TR-95-003	Landes Canada Inc.	5603.11.20 5603.12.20 5603.13.20 5603.14.20 5603.91.20 5603.92.20 5603.93.20 5603.94.20	Indeterminate tariff relief
TR-95-004	Lingerie Bright Sleepwear (1991) Inc.	5208.12.20 5208.52.20	Indeterminate tariff relief
TR-95-005	Lingerie Bright Sleepwear (1991) Inc.	5513.11.10 5513.41.10	Indeterminate tariff relief
TR-95-009	Peerless Clothing Inc.	5408.21.10 5408.21.20 5408.22.21 5408.22.30	Indeterminate tariff relief
TR-95-010 and TR-95-034	Freed & Freed International Ltd. and Fen-nelli Fashions Inc.	5111.19.10 5111.19.20	Indeterminate tariff relief
TR-95-011	Louben Sportswear Inc.	5408.31.10 5408.32.20	Indeterminate tariff relief
TR-95-012	Perfect Dyeing Canada Inc.	5509.32.10	Indeterminate tariff relief

Request/Review No.	Requester	Tariff Item No./ O.I.C.	Duration
TR-95-013A	Doubletex	5208.11.30 5208.12.40 5208.13.20 5208.19.30 5208.21.40 5208.22.20 5208.23.10 5208.29.20 5209.11.30 5209.12.20 5209.19.30 5209.21.20 5209.22.10 5209.29.20	Indeterminate tariff relief
TR-95-036	Canadian Mill Supply Co. Ltd.	5208.21.20	Indeterminate tariff relief
TR-95-037	Paris Star Knitting Mills Inc.	5408.24.11 5408.24.91 5408.34.10 5516.14.10 5516.24.10	Indeterminate tariff relief
TR-95-051	Camp Mate Limited	5407.41.10 5407.42.10 5407.42.20 5903.20.22	Indeterminate tariff relief
TR-95-053 and TR-95-059	Majestic Industries (Canada) Ltd. and Caulfeild Apparel Group Ltd.	5802.11.10 5802.19.10 5802.19.20	Indeterminate tariff relief
TR-95-056	Sealy Canada Ltd.	3921.19.10 5407.69.10 5407.73.10 5407.94.10 5516.23.10 5903.90.21 6002.43.20	Indeterminate tariff relief
TR-95-057 and TR-95-058	Doubletex	5407.51.10 5407.61.92 5407.69.10 5515.11.10 5516.21.10 5516.91.10	Indeterminate tariff relief
TR-95-060	Triple M Fiberglass Mfg. Ltd.	7019.59.10	Indeterminate tariff relief
TR-95-061	Camp Mate Limited	6002.43.30	Indeterminate tariff relief
TR-95-064 and TR-95-065	Lady Americana Sleep Products Inc. and el ran Furniture Ltd.	6002.43.60	Indeterminate tariff relief
TR-96-003	Venture III Industries Inc.	5407.61.92	Indeterminate tariff relief

Request/Review No.	Requester	Tariff Item No./ O.I.C.	Duration
TR-96-004	Acton International Inc.	5906.99.21	Indeterminate tariff relief
TR-96-006	Alpine Joe Sportswear Ltd.	P.C. 1998-1118	Six-year tariff relief
TR-96-008, TR-96-010 to TR-96-013	Les Collections Shan Inc.	P.C. 1997-1668	Five-year tariff relief
TR-97-001	Jones Apparel Group Canada Inc.	5407.91.10 5407.92.20 5407.93.10 5408.21.30 5408.22.40 5408.23.20 5408.31.30 5408.32.40 5408.33.10	Indeterminate tariff relief
TR-97-002 and TR-97-003	Universal Manufacturing Inc.	5208.43.30 5513.41.20	Indeterminate tariff relief
TR-97-006	Peerless Clothing Inc.	5407.51.30 5903.90.22 5903.90.23 5903.90.24 6002.43.40 6002.43.50	Indeterminate tariff relief
TR-97-004, TR-97-007, TR-97-008 and TR-97-010	Blue Bird Dress of Toronto Ltd.	5407.51.20 5407.52.20 5407.61.94 5407.69.20	Indeterminate tariff relief
TR-97-011	Australian Outback Collection (Canada) Ltd.	5209.31.20 5907.00.16	Indeterminate tariff relief
TR-97-012	Ballin Inc.	5407.93.30 5516.23.20	Indeterminate tariff relief
TR-97-014	Lenrod Industries Ltd.	5603.93.40	Indeterminate tariff relief
TR-97-015, TR-97-016 and TR-97-020	Helly Hansen Canada Ltd.	5903.20.24	Indeterminate tariff relief
TR-98-001	Cambridge Industries	5608.19.20	Indeterminate tariff relief
TR-98-002	Distex Inc.	6002.92.20	Indeterminate tariff relief
TR-98-004, TR-98-005 and TR-98-006	Ladcal Investments Ltd., O/A Pintar Manufacturing Nour Trading House and T.S. Simms and Company Limited	5806.10.20	Indeterminate tariff relief
TR-98-007	Caulfeild Apparel Group Ltd.	5208.43.30	Indeterminate tariff relief
TR-98-016	Peerless Clothing Inc.	5407.93.20	Indeterminate tariff relief

Request/Review No.	Requester	Tariff Item No./ O.I.C.	Duration
TR-98-017	Jones Apparel Group Canada Inc.	5408.32.50 5408.33.20 5408.34.20	Indeterminate tariff relief
TR-98-019	Tribal Sportswear Inc.	5209.12.30 5209.22.20 5209.32.10	Indeterminate tariff relief
TR-99-002	Albany International Canada Inc.	5404.10.20	Indeterminate tariff relief
TA-98-001 ¹	Certain dyed woven fabrics of rayon and polyester	5408.31.20 5408.32.30	Indeterminate tariff relief
TA-98-002 ²	Vinex FR-9B fabric	5512.99.10	Indeterminate tariff relief
TA-98-003 ³	Woven cut warp pile fabrics	5801.35.10	Indeterminate tariff relief
TA-98-004 ⁴	Certain ring-spun yarns	5205.14.20 5205.15.20 5205.24.20 5205.26.20 5205.27.20 5205.28.20 5205.35.20 5205.46.20 5205.47.20 5205.48.20 5206.14.10 5206.15.10 5206.24.10 5206.25.10 5509.53.10 5509.53.20 5509.53.30 5509.53.40	Three-year tariff relief

1. A review of Request No. TR-95-009.
2. A review of Request No. TR-94-009.
3. A review of Request No. TR-95-014.
4. A review of Request Nos. TR-94-002 and TR-94-002A.