

**AN INQUIRY INTO THE
AVAILABILITY OF
DOMESTIC TEXTILES FOR
THE PRODUCTION OF
APPAREL IN CANADA**

MN-2004-001

DECEMBER 2004

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FOREWORD

On May 19, 2004, the Honourable Ralph Goodale, Minister of Finance (the Minister), directed the Canadian International Trade Tribunal (the Tribunal), pursuant to section 19 of the *Canadian International Trade Tribunal Act*, to inquire into and report on the availability of certain textile inputs from Canadian textile manufacturers for use in the production of apparel.

The Minister indicated that the purpose of this inquiry was to generate information to assist in implementing tariff reductions on textile inputs not currently produced in Canada, with an approximate value of \$26.75 million to the apparel industry over the next three years. The Tribunal was directed to report on Canadian manufacturers' domestic and export sales of the subject textile inputs, by apparel and non-apparel uses, and on the relative value of those domestic textile sales compared with the value of imports of the same textile inputs used in Canadian apparel production. Further, where the Tribunal determined that there were sales of domestically produced textile inputs for apparel manufacture in Canada, the Tribunal was directed to provide a more detailed product description of those textile inputs, where required, and to report on the significance of those sales for domestic textile manufacturers.

This mandate could only be discharged fully if Canadian textile manufacturers provided the necessary information to the Tribunal. Unfortunately, the vast majority of Canadian textile manufacturers did not answer the Tribunal's questionnaire and, therefore, the Tribunal received very little information from this source. After considering other options to obtain information, the Tribunal sent questionnaires to some 200 large apparel producers to obtain information on their purchases of domestically produced textile inputs. This information indicated that, during the period from January 1, 2003, to June 30, 2004, 37 textile inputs out of the 151 considered in the inquiry were available from domestic production.

Because of the very limited participation of Canadian textile manufacturers, the information contained in the attached report is not as complete as the Tribunal would have wished. It is, however, the best that could be done with the information that the Tribunal was able to obtain within the deadlines set by its mandate.

The Tribunal thanks all those who participated in this inquiry.

The Tribunal also thanks its staff for its dedication, fine work and ability to adapt to the changing demands of the inquiry.

Patricia M. Close
Patricia M. Close
Presiding Member

Pierre Gosselin
Pierre Gosselin
Member

Ellen Fry
Ellen Fry
Member

EXECUTIVE SUMMARY

On May 19, 2004, the Honourable Ralph Goodale, Minister of Finance (the Minister), directed the Canadian International Trade Tribunal (the Tribunal), pursuant to section 19 of the *Canadian International Trade Tribunal Act*, to inquire into and report on the availability of textile inputs produced by Canadian textile manufacturers for use in the production of apparel.

The yarn and fabric inputs subject to the inquiry (the subject inputs) are those classified under 151 statistical codes found in Chapters 51 to 60 (excluding Chapter 57) of the *Customs Tariff*. The full description of these products is appended to the terms of reference, which are reproduced in Appendix I to this report. Imports of these textile inputs for use in the manufacture of apparel are valued at \$329 million in 2003, with \$39 million in duty collected. For the first six months of 2004, these amounts are \$156 million and \$17 million respectively.

The purpose of this inquiry was to obtain information on textile inputs not currently produced in Canada to assist the Minister in implementing tariff reductions with an approximate value of \$26.75 million to the apparel industry over the next three years. The Tribunal was directed to report on Canadian manufacturers' domestic and export sales of the subject textile inputs, by apparel and non-apparel uses, and on the relative value of those domestic textile sales compared with the value of imports of the same textile inputs used in Canadian apparel production. Further, where the Tribunal determined that there were sales of domestically produced textile inputs for apparel manufacture in Canada, the Tribunal was directed to provide a more detailed product description of those textile inputs, where required, and to report on the significance of those sales to domestic textile manufacturers.

Canadian textile manufacturers are the best placed to provide the most complete and accurate information concerning the matters on which the Tribunal was directed to report. Initially, the Tribunal focused its efforts on obtaining the required information from the Canadian textile manufacturers. During this phase of the inquiry, the Tribunal sent producers' questionnaires to 81 textile manufacturers. Thirty-one firms identified themselves as suppliers of textile inputs for the production of apparel; however, only 2 textile producers submitted complete responses to the questionnaire; partial responses were received from 2 additional firms.

As textile manufacturers provided very little information in response to the questionnaire, the Tribunal was forced to look at other options to fulfil its mandate. First, it conducted a telephone survey of importers, based on Statistics Canada data, to determine whether some subject textile inputs were available from domestic sources. Second, it reviewed available export data to determine if they could give an indication as to whether some of the subject textile inputs were made in Canada. It then conducted a review of its own textile reference files. Finally, when it became clear that these alternative approaches would not yield a significant amount of useful data, the Tribunal surveyed over 200 large apparel producers to obtain information on their purchases of the subject domestically produced textile inputs. The information gathered by the Tribunal from this source is, by its nature, less comprehensive than what could have been provided by textile manufacturers.

The Tribunal also sought the views of interested parties on the findings contained in its interim report. It received little new information on the textile inputs reported upon, but where it did, that information has been incorporated into this final report. The Canadian Textiles Institute submitted that the information collected during the inquiry is only a “snapshot” of the situation and does not provide an accurate reflection of what textile inputs are available from Canadian producers and of the industry’s capabilities. The Canadian Apparel Federation submitted that the results of the Tribunal’s inquiry establish that there is very little production in Canada of textile inputs for apparel end use and that Canadian apparel manufacturers use and need imported textile inputs for the vast majority of their textile input requirements.

Because of the limitations of the available data, the Tribunal is not in a position to report on certain of the items identified in the terms of reference. However, based on the best information available, the Tribunal determined that, during the period from January 1, 2003, to June 30, 2004, 37 subject textile inputs (13 more than were referred to in the interim report) out of the 151 considered in the inquiry were available from domestic production. For 19 out of the 37 subject statistical codes, the value of domestic purchases was more than 10 percent of the value of imports in 2003 and/or the first six months of 2004. The major portions of domestic purchases, in terms of value, consisted of textiles classified in Chapter 51 (Wool and Woven Fabric), i.e. 33 percent in 2003 and 30 percent in the first six months of 2004, and Chapter 60 (Knitted or Crocheted Fabrics), i.e. 42 percent in 2003 and 48 percent in the first six months of 2004. Duty collected on imports of the subject textile inputs under the 114 statistical codes for which there is no reported domestic production amounted to over \$17.8 million in 2003 and \$7.5 million in the first six months of 2004.

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CHAPTER I

INTRODUCTION

TERMS OF REFERENCE

1. On May 19, 2004, the Honourable Ralph Goodale, Minister of Finance (the Minister), referred to the Canadian International Trade Tribunal (the Tribunal), pursuant to section 19 of the *Canadian International Trade Tribunal Act*,¹ an inquiry into the availability of certain textile inputs produced by Canadian textile manufacturers for use in the production of apparel and provided terms of reference to guide the Tribunal in its inquiry. The Minister indicated that this reference was part of the Canadian government's announced measures aimed at improving the global competitiveness of the apparel and textile industries. These measures include tariff reductions on textile inputs with an approximate value of \$26.75 million to the apparel industry over the next three years. The Minister indicated that, to minimize the effect on Canadian textile manufacturers, the report would be important in implementing tariff relief for the apparel industry on textile inputs not currently produced in Canada. The Tribunal was asked to submit its report by October 31, 2004. On October 6, 2004, the Minister granted an extension of time to January 31, 2005, for the submission of the report. The terms of reference for the inquiry are reproduced at Appendix I.

2. The Tribunal's mandate is to inquire into and report on the extent to which "certain specific yarns and fabrics" have been produced and sold in Canada since 2003. The Tribunal was directed to report on total textile domestic and export sales, by apparel and non-apparel uses, and on the relative value of those domestic textile sales compared to the value of imports of the same textile inputs used in Canadian apparel production. Further, where the Tribunal determined that there were domestic sales of the subject textile inputs for apparel uses, the Tribunal was directed to provide a more detailed product description of those textile inputs, where required, and to report on the significance of those sales to domestic textile manufacturers.

3. The Tribunal was also directed to report on any other matter that it determined to be of relevance to this inquiry.

4. On June 9, 2004, the Tribunal issued its notice of commencement of inquiry (the notice).

ORGANIZATION OF THIS REPORT

5. This report is divided into 4 chapters:

- Chapter I gives general information concerning the conduct of the inquiry.
- Chapter II provides a brief description of the textile and apparel industries in Canada, as well as general data on imports.

1. R.S.C. 1985 (4th Supp.), c. 47 [*CITT Act*].

- Chapter III summarizes, by Chapter of the *Customs Tariff*,² the information gathered by the Tribunal regarding the availability of the textile inputs found in Chapters 51-60 (excluding Chapter 57) for those 10-digit statistical codes³ subject to the inquiry (the subject inputs).
- Finally, Chapter IV summarizes the Tribunal's findings.

PERIOD COVERED BY THE INQUIRY

6. The Tribunal is to inquire into and report on the extent to which certain textile inputs have been produced and sold in Canada since 2003. In the notice, the Tribunal indicated that the period of inquiry would be from January 1, 2003, to March 31, 2004. However, given the circumstances of the inquiry, the Tribunal extended the period covered to June 2004, as data became available for this extended time period.

7. Therefore, the information provided in this report covers the period from January 1, 2003, to June 30, 2004.

PRODUCT COVERAGE

8. The terms of reference directed the Tribunal to report on 153 statistical codes. It should be noted that two of these statistical codes, 5309.11.90.00 and 5309.19.90.00, are specific to non-apparel uses and that there are two corresponding statistical codes for apparel, i.e. 5309.11.10.00 and 5309.19.10.00, that are already duty free. Consequently, statistical codes 5309.11.90.00 and 5309.19.90.00 are not relevant to importers of fabrics for use in the production of apparel. Therefore, the Tribunal's analysis covers the remaining 151 statistical codes. These are listed in Appendix II of this report.

CONDUCT OF THE INQUIRY

a) Introduction

9. Canadian textile manufacturers are the source best placed to provide the most complete and accurate information concerning the matters on which the Tribunal has been directed to report. The Tribunal initially sought the information required for this inquiry from textile manufacturers as its primary source. However, because textile manufacturers provided very little information in response to the Tribunal's questionnaire, the Tribunal was forced to look at other options to fulfil its mandate.

10. First, the Tribunal conducted a telephone survey of importers of the subject textile inputs to try to obtain information on the availability of the subject yarns and fabrics from domestic sources. These importers were selected using Statistics Canada import data. Second, the Tribunal looked at export data to determine whether they would provide information on the

2. S.C. 1997, c. 36.

3. The last two digits, added to the 8-digit tariff item number, refer to the statistical suffix (SS). The 10-digit number is called the statistical annotation. In this report, the 10-digit statistical annotation will be referred to as the "statistical code".

availability of domestic subject textile inputs. Third, the Tribunal reviewed the files that had been generated by its investigations of some 174 requests for tariff relief as part of a standing ministerial reference on textile inputs. When it became evident that these approaches would not yield a significant amount of useful data, the Tribunal surveyed major purchasers of textile inputs for use in the production of apparel. The information gathered by the Tribunal from this source is, by its nature, less comprehensive than what could have been provided by textile manufacturers.

11. Because of the incompleteness of the available data, the Tribunal is not in a position to report on certain of the items identified in the terms of reference. These include: total domestic and export sales by textile manufacturers, by apparel and non-apparel uses; the relative value of those sales compared to the value of imports of the same textile inputs used in Canadian apparel production; a more detailed product description of the textile inputs available from domestic production; and the significance of those sales to domestic textile manufacturers.

12. In summary, the Tribunal's inquiry was conducted in four phases. In **Phase I**, the Tribunal surveyed domestic textile manufacturers; in **Phase II**, it conducted a telephone survey of importers based on Statistics Canada data, reviewed available export data of the subject textile inputs and searched its own textile tariff reference files; in **Phase III**, the Tribunal surveyed apparel producers and distributors that purchase textile inputs for use in the production of apparel; and, in **Phase IV**, the Tribunal received representations from interested parties on the information, included in an interim report distributed on October 28, 2004, that had been generated by the inquiry. Also, in Phase IV, the Tribunal finalized the classification of reported domestic inputs for which this work had not been completed by the time of the issuance of the interim report and for which sufficient information was available.

b) Phase I: Survey of Domestic Textile Manufacturers

13. On June 9, 2004, the Tribunal sent out producers' questionnaires to 81 potential manufacturers of textile inputs.⁴ The Canadian Textiles Institute (the CTI) was consulted to ensure that the Tribunal's survey captured, to the greatest extent possible, all known textile manufacturers that supplied apparel producers.

14. The Tribunal received 2 complete questionnaire responses and 2 partial responses from firms that indicated that they manufacture the subject textile inputs for apparel uses. Letters were received from 27 other firms indicating that they either did not produce the subject textile inputs or did not supply apparel producers. Another 24 firms provided no responses to the Tribunal. The remaining 26 textile manufacturers wrote to the Tribunal indicating that, while they manufacture some of the subject inputs,⁵ they were opposed to the inquiry and would not respond to the questionnaire. Their concerns regarding the form and content of the inquiry are contained in a series of form letters received by the Tribunal. An example of these letters is found in Appendix V.

4. Appendix III provides a list of these firms.

5. Appendix IV provides a summary of the subject textile inputs reported, by these firms, to be available from domestic production.

c) Phase II: Other Research Options Considered by the Tribunal**i) Importer Telephone Survey**

15. Given the lack of information from textile manufacturers, the Tribunal looked at the option of surveying importers to obtain data on the availability of the subject textile inputs from domestic sources. Because time did not permit a survey of all 151 statistical codes, the Tribunal chose the statistical code with the highest duty paid in 2003 in each of the nine subject chapters. In 2003, duties collected under these nine statistical codes amounted to \$15.9 million, or 34 percent of the total duties collected under the 151 statistical codes. Next, the major importers within each of the codes were identified and were contacted by telephone. Importers were asked whether the company's business involved apparel. In a number of cases, the companies did not deal with apparel and, therefore, no further questions were asked. If the company either made apparel or distributed textiles to apparel producers, it was asked if product as described by the statistical codes was available from domestic sources.

16. In most cases, for each of the statistical codes reviewed, importers stated that the specific products that they import are not available in Canada. Companies stated that, if they had the opportunity to buy domestic textile inputs, they would do so, since they would prefer not to deal with import issues such as letters of credit, higher transportation costs, shipping problems, communication problems, longer lead time to market, more costly trading terms, and quality issues. Importers reported that there are relatively few domestic textile manufacturers that currently supply apparel producers.

17. In light of the considerable time and resources that would have been required to conduct a full statistical survey, i.e. the other 142 statistical codes, and of its limited usefulness in obtaining verifiable information regarding what subject textile inputs are manufactured in Canada, this option was not pursued further by the Tribunal.

ii) Textile Exports

18. The Tribunal reviewed export data available from Statistics Canada as a possible source of information on whether Canadian textile manufacturers exported textile inputs as classified by the statistical codes subject to the inquiry. Export data would give an indication that these textile inputs were made in Canada.

19. However, because of the lack of specificity in the Statistics Canada data and the resulting inability to match exports directly with the descriptions of the subject textile inputs at

the statistical code level,⁶ the export data available to the Tribunal do not provide any useful information regarding the exports of textile inputs classified under the statistical codes. Furthermore, the limited available export data give no indication whether exports of the goods under consideration are for use in the production of apparel. As a result, the review of the export data was not pursued further. Consequently, the Tribunal is unable to provide the Minister with the total export sales of the subject textile inputs.

iii) Tribunal Textile Files

20. Since 1994, further to a standing reference from the Minister, the Tribunal has inquired into requests from domestic producers for tariff relief on imported textile inputs for use in their manufacturing operations. To date, some 174 requests have been filed. The Tribunal considered whether the information contained in the files resulting from the investigations conducted to date could be of assistance in the present inquiry.

21. The Tribunal chose to review only its tariff relief investigations of the last three years, as older investigations would be unlikely to provide useful information, given the rapid evolution of the world of textile input manufacture. The Tribunal's review indicated that, since April 2000, almost all investigations have resulted in tariff relief being recommended by the Tribunal and implemented by the government. These textile inputs are already free of duty and are not covered by the present inquiry. Of the four textile inputs for which no recommendations for tariff relief were made, three (5407.42.90.11, 5407.42.90.12 and 5513.21.00.10) are covered by this inquiry and one (5407.82.90.11) is not. For the three textile inputs that are covered by this inquiry, data obtained in this reference confirmed that there is still domestic production for these three textile inputs.

22. In summary, **Phase II** provided limited information that could be used by the Tribunal in its inquiry.

6. The level of statistical detail available for export data is significantly less than that for import data. For imports, the data are available at the 10-digit level, which consists of the chapter (first 2 digits), heading (second 2 digits), subheading (third 2 digits), tariff item (fourth 2 digits) and statistical annotation (fifth 2 digits). For exports, the data are available at the 8-digit level. The first 6 digits of this export code are identical to the 6 digits in classifying import data, i.e. chapter, heading and subheading. However, the tariff item of the 8-digit code for imports is not the same as that for exports. In addition, the 10-digit statistical annotation for the HS code used to classify exports, for the same 6-digit import HS code, is not as detailed as the 10-digit code used for imports. For example, for the first subject import HS code, i.e. 5111.11.90.10, there are 4 separate 8-digit tariff items under 5111.11 and up to 3 different 10-digit statistical annotations under each tariff item. In comparison, on the export side, for 5111.11, there is only one 8-digit export HS code.

d) Phase III: Survey of Purchasers of Textile Inputs for Use in the Production of Apparel

23. On August 26, 2004, the Tribunal sent a purchasers' questionnaire to 212⁷ of Canada's largest apparel producers and 6 major distributors of textile inputs. Appendix VI provides a summary of replies to the questionnaire received from firms reporting purchases of domestic textile inputs. Appendix VII provides a list of firms that reported that they did not purchase the subject textile inputs from domestic sources. Appendix VIII provides a list of firms that did not reply to the purchasers' questionnaire.

24. In total, the Tribunal received written replies from 99 firms. Some 43 firms reported that they purchased domestically produced textile inputs for use in the production of apparel during the period of the inquiry,⁸ of which 28 reported that they purchased the subject inputs. Fifty-six firms reported that they did not. In total, 24 statistical codes were reported as being sourced from domestic producers of textile inputs. In addition, domestic purchasers reported many textile inputs not subject to this inquiry.

25. The purchasers' questionnaire included a request for descriptions of the textile inputs that firms purchased from domestic textile manufacturers. In order to put this information into the statistical code format required by the terms of reference, Tribunal staff reviewed the product characteristics provided by purchasers and requested additional detail in instances where complete descriptions were not provided. Next, staff classified the products according to the statistical codes using new software called "3CE" developed by Logical Properties of Montréal, Quebec. This software was recommended by the CAF and, after initial tests by Tribunal staff, it was determined that the software would help to make comparatively accurate first-level classifications. The Tribunal hired a consultant with expertise in textile tariff classification to review the classifications made by its staff. The consultant confirmed most of the staff's classifications and made corrections where necessary. The survey results presented in this report are based on these classifications.⁹

e) Phase IV: Representations¹⁰ and Completion of Classification Work**i) Representations from the Textile Industry**

26. The CTI submitted (see Appendix XV), in response to the Tribunal's interim report, that the environment in which the textile industry is currently doing business is a very difficult one and poses many challenges in light of the elimination of World Trade Organization (WTO)

7. On June 30, 2004, Tribunal staff met with the Canadian Apparel Federation (CAF) to explore other possible methods of obtaining information to meet the requirements of the reference. The CAF provided the names of about 200 of its top members.

8. Of these, eight firms provided insufficient product detail to enable classification, in Phase III, of the textile inputs purchased.

9. It should be noted that despite all the efforts made to arrive at accurate classifications, it cannot be assumed that the Canada Border Services Agency would confirm all Tribunal staff classifications.

10. This portion of the text is intended to outline a number of key submissions made by the parties. It is not intended to be exhaustive.

quotas, the entry of the People's Republic of China (China) in the WTO, duty-free and quota-free entry of imports from Least Developed Countries, the implementation of the U.S. *Caribbean Basin Trade Partnership Act* and other similar agreements, and a weak U.S. dollar. This has contributed to the closure and/or bankruptcy of a number of textile firms.

27. The CTI submitted that the textile industry in Canada is a significant contributor to the Canadian economy in terms of shipments, jobs, investment and exports. Moreover, textile jobs are in communities where the industry is the sole or major employer and where alternative job prospects, particularly at equivalent compensation, are minimal. The CTI submitted that the targeted amount of reductions in textile tariffs being envisaged by the government in its February 2004 announcement and the manner in which these are being evaluated through the Tribunal's inquiry represent a major threat to textile firms in these communities and the livelihood of their employees.

28. The CTI submitted that the terms of reference for the inquiry are fundamentally flawed (i.e. narrow time frame for providing data to the Tribunal, the "snapshot" of the situation, which does not provide an accurate reflection of what textiles are available from Canadian producers and of the industry's capabilities, and the "swiss cheese" approach to textile tariff policy, which is contrary to the Tribunal's own findings in a 1990 reference and causes problems for substitutable textile inputs and correct tariff classifications). The CTI submitted that, although a large number of textile manufacturers did not complete the domestic producers' questionnaire because of their serious concerns regarding the inquiry, they did, in fact, identify themselves as producers of textile inputs.

29. The CTI submitted that the information that has been generated during the inquiry is not an appropriate and adequate basis for formulating textile tariff policy. According to the CTI, the Tribunal's interim report contained little useful information supplied by textile producers, in that few companies provided specific numbers on production and sales. Moreover, the tables in the report present a very incomplete and inaccurate picture of the yarns and fabrics available from Canadian textile producers. The CTI submitted that many of the "higher value added technical" textiles produced by Canadian textile manufacturers are used in the manufacture of apparel, including protective apparel, occupational clothing, outerwear and sportswear, all of which are within the scope of the Tribunal's inquiry. Furthermore, the CTI submitted that it is irrelevant and potentially misleading to compare the level of imports covered by the subject statistical codes to total imports under the Chapters of the *Customs Tariff*.

30. The CTI submitted that different rates of duty for competing products cause "distortions in the use of resources" and that Canadian textile producers have lost business as a direct result of the implementation of specific duty-free provisions created for certain yarns and fabrics. In addition, textile tariffs have been reduced substantially over the past decade and the tariffs that remain are important to the textile industry in contending with fierce and not always fair global competition. It submitted that the Tribunal's standing textile tariff reference has contributed to the loss of sales by Canadian textile producers and that any further relaxation of its parameters and requirements would exacerbate the situation.

31. The CTI also submitted that Canadian textile producers need an outward processing program to exploit business opportunities with current and new customers.

32. **Texel Inc.** also submitted that, when determining the availability of textile inputs in Canada, the “potential” or capability of Canadian producers to satisfy the needs of apparel manufacturers should be taken into consideration, not only products actually sold to apparel manufacturers.

ii) Representations from the Apparel Industry

33. The CAF submitted (see Appendix XVI), in response to the Tribunal’s interim report, that the evidence on the record establishes that there is very little production in Canada of textile inputs for apparel end use. In this regard, the CAF indicated that textiles classified under only 24 of the 151 statistical codes (16 percent) were reported to have been sold to apparel producers or purchased from domestic textile manufacturers. According to the CAF, Canadian textile manufacturers have moved away from manufacturing textile inputs for apparel toward higher value added technical and industrial textiles. Moreover, the CAF submitted that the fact that only 3 percent of textile producers responded to the Tribunal’s questionnaire is evidence of a significant lack of production and sales of Canadian-made textile inputs for apparel use.

34. The CAF submitted that the Tribunal’s 10 years of experience with tariff relief cases under the textile tariff reference adds further evidence of the lack of availability of Canadian-produced textile inputs for apparel end use. In addition, the CAF submitted that the evidence on record at the Tribunal clearly establishes that specific duty relief has not, in any way, affected the Canadian textile industry because this industry does not focus on the Canadian apparel sector and that any sales to the latter are insignificant and irrelevant to the overall health of Canadian textile producers. Accordingly, any duty relief for textile inputs resulting from the Tribunal’s inquiry would not result in lost business to CTI members.

35. The CAF submitted that the evidence clearly indicates that the majority of textile inputs for use in the manufacture of apparel in Canada are imported and that Canadian apparel manufacturers use and need imported textile inputs for most and, in many cases, all of their textile input requirements.

36. The CAF submitted that granting relief in the form of zero tariff rates to all textile inputs subject to the inquiry, except for certain statistical codes where purchases were reported, would not affect Canadian textile producers. The CAF submitted that any measure of tariff elimination that assists Canadian apparel producers to compete should be granted so that they can meet international trade challenges.

37. The CAF submitted that textile inputs, which are merely converted in Canada, do not constitute textile inputs available from Canadian production. Accordingly, any evidence of sales by converters of textile inputs that are converted by them from imported textile inputs, such as greige fabrics, should not be considered evidence of availability of textile inputs from Canadian textile producers.

38. The CAF submitted that the textile tariff reference process should be streamlined (i.e. use of a simple “made or not made in Canada” test, 30-day limit to file opposition to a

properly documented complaint and tariff relief should be retroactive to the date on which the request for tariff relief was submitted to the Tribunal). Furthermore, the CAF submitted that, to the extent that there is any concern that Canadian textile producers will not be able to put new textile inputs on the market due to the duty-free status of textile inputs granted as a result of the Tribunal's inquiry, a simple mechanism (i.e. a new textile producer reference) can be put in place whereby Canadian textile producers, which would not include converters, could apply to the Tribunal for the re-imposition of tariffs upon presenting evidence to the Tribunal of actual commercial availability of the relevant textile input from Canadian textile producers.

39. **Camice Ltd.** submitted that reducing or eliminating duties on specialty fabrics that are not produced in Canada would help apparel companies compete against low-wage countries. **Forsyth Shirt Company** also supported the view that textile converters should not be considered textile manufacturers and suggested that the issue could be referred to the Department of Finance.

40. **Zenobia Collections Inc.** submitted that the burden of proof for tariff protection must be the responsibility of domestic textile producers and not the apparel industry. **West Coast Apparel Inc.** requested that retroactive tariff relief be granted on textile inputs not available in Canada. With respect to yarns, **Main Knitting Inc.** submitted that any tariff relief would not affect Atlantic Fine Yarns Inc., but would help Main Knitting Inc.'s efforts to remain competitive against China and other countries in the new quota-free regime.

41. **Lida Baday Ltd.** and **Zenobia Collections Inc.** supported the implementation of the recommendations of the Standing Committee on Finance that import duties should be removed on all fabric inputs which are not produced in Canada and that any discrimination of Tribunal recommendations on the basis of gender or end use should be eliminated.

iii) Completion of Classification Work

42. Following the issuance of the interim report to the Minister, the Tribunal received 2 additional responses to the purchasers' questionnaire and obtained more product detail from 5 other companies whose questionnaire replies could not be fully analyzed in time for inclusion in the interim report. Consequently, 193 additional textile inputs were classified, resulting in 13 additional statistical codes being reported as sourced from domestic producers of textile inputs.¹¹ As in **Phase III**, domestic purchasers also reported many textile inputs not subject to this inquiry.

11. Notwithstanding, three firms provided insufficient product detail to enable classification of the textile inputs purchased. See Appendix IX for details regarding these firms.

CHRONOLOGY OF EVENTS

43. The following is a listing of key events in this inquiry.

- **May 19, 2004**

The Minister directed the Tribunal to inquire into and report on the extent to which certain yarn and fabric textile inputs are domestically produced and sold to apparel manufacturers.

- **May 31, 2004**

Tribunal staff invited the CAF and the CTI to submit comments on the producers' questionnaire for use in connection with this inquiry. Comments from both parties were appropriately reflected in the questionnaire.

- **June 9, 2004**

The Tribunal began its inquiry into the availability of textile inputs produced in Canada by issuing a notice and requesting 81 textile manufacturers to respond to the Tribunal's questionnaire by July 7, 2004.

In total, 26 major textile firms sent form letters to the Tribunal between June 21 and July 7, 2004, stating their opposition to the inquiry and their decision not to complete the questionnaire.

A further 27 textile manufacturers wrote to the Tribunal stating that they do not manufacture products for use by apparel producers as described by the subject statistical codes.

- **June 24, 2004**

The CTI wrote to the Minister about its concerns with the reference. It disagreed with the time period and the research methodology selected and stated that, in its view, the textile industry is more complex than what is envisaged by the reference. The CTI asked the Minister to reconsider the reference.

- **June 29, 2004**

By letter, the Tribunal invited textile manufacturers to provide any specific suggestions that would help it in the performance of its mandate. The Tribunal also indicated that it was considering various alternate methods of obtaining the best possible information in order to meet its legal responsibility to comply with the Minister's direction. See Appendix X.

- **June 30, 2004**

Tribunal staff met with the CAF to explore other possible methods of obtaining information to meet the data requirements of the reference. The CAF provided the names of its top 200 member companies.

- **July 6, 2004**

The CAF wrote to the Minister urging him to reconfirm the terms of reference of the inquiry transmitted to the Tribunal on May 19, 2004, and to encourage the

Tribunal to use all means at its disposal to secure the information needed from the textile industry to meet the October 31, 2004, deadline. The CAF also invited the Minister to confirm the Tribunal's approach of looking to the Canadian textile industry as the primary source of information on textile products made and sold in Canada for apparel uses and, if such information was not forthcoming for a particular category of textile inputs at issue, to assume that the Canadian textile industry does not oppose tariff-free treatment for such goods.

- **July 7, 2004**

Replies to the producers' questionnaire were due. Two usable and two partial responses were received.

- **July 8, 2004**

Tribunal staff met with the CTI. The CTI re-iterated a number of its concerns, for example, that the inquiry does not address the issues of competitive products in the marketplace and products under development.

- **August 25, 2004**

The Minister responded to the CTI's June 24, 2004, letter and the CAF's July 6, 2004, letter. The Minister indicated that the terms of reference of the inquiry are sufficiently flexible to address the concerns raised by the CTI. The Minister urged textile manufacturers to participate fully in the inquiry, to use the Tribunal as the forum for discussions and to ensure that their concerns are thoroughly documented in their written submissions. See Appendices XI and XII.

- **August 25, 2004**

The Tribunal wrote to the Minister outlining the status of the inquiry, identifying options available to the Tribunal and requesting a time extension to January 31, 2005, to issue its report. See Appendix XIII.

- **August 26, 2004**

Given the lack of responses supplied by the textile industry, the Tribunal sent a letter and a purchasers' questionnaire to 212 of the largest apparel producers in Canada and to 6 major distributors of fabrics in an effort to determine what textile inputs have been purchased from Canadian textile manufacturers.

- **September 1, 2004**

The Tribunal wrote to the CTI informing it that the Tribunal had sent a letter and a purchasers' questionnaire to apparel producers. See Appendix XIV.

- **September 23, 2004**

Replies to the purchasers' questionnaire were due. The Tribunal received replies to the purchasers' questionnaire from 45 companies that indicated that they purchased textile inputs from domestic textile manufacturers.

- **October 6, 2004**

The Minister granted an extension of time to January 31, 2005, for the submission of the Tribunal's final report.

- **October 28, 2004**

The Tribunal submitted to the Minister an interim report on the results of its inquiry.

CHAPTER II

DESCRIPTIVE AND GENERAL DATA

THE TEXTILE AND APPAREL INDUSTRIES

44. Table 1 provides information on certain key indicators for the textile and apparel industries. These data were obtained from the Department of Industry's database according to the North American Industry Classification System (NAICS).¹² Further information on the NAICS is provided in Appendix XVII. The textile mills indicated in this table refer to those that manufacture textiles produced for both apparel and non-apparel uses.

		2000	2001	2002
Establishments	Textile Mills	642	626	625
	Apparel	2,874	2,843	2,788
Employees	Textile Mills	25,932	27,397	26,519
	Apparel	100,820	106,226	94,622
Shipments (\$ billion)	Textile Mills	4.10	4.22	4.13
	Apparel	7.93	7.84	7.57
Exports (\$ billion)	Textile Mills	1.75	1.77	1.75
	Apparel	3.04	2.96	3.07
Imports (\$ billion)	Textile Mills	3.50	3.24	3.20
	Apparel	5.31	5.90	6.09
Market (\$ billion)	Textile Mills	5.84	5.69	5.58
	Apparel	10.20	10.78	10.59
Import Market Share (%)	Textile Mills	60	57	57
	Apparel	52	55	58

1. The information applies to the industries overall, not just the subject statistical codes.
Source: Strategis, Department of Industry.

12. This information is extracted from CANSIM Table 301-003 (Annual Survey of Manufacturers) and represents final numbers. Information provided by the CTI in its reply submission of November 19, 2004, is based on estimates extracted from CANSIM Table 304-0014.

TEXTILE FIRMS THAT SUPPLY APPAREL PRODUCERS IN CANADA

45. The number of textile manufacturers that make textile inputs for use by Canadian apparel producers is much smaller than the number of establishments reported for the broad category covered by “textile mills”. In 2002, the number of establishments reported for textile mills, as shown in Table 1, was 625. However, the Tribunal’s surveys of textile manufacturers and of purchasers of textile inputs for use in apparel (**Phase I, Phase III** and **Phase IV** surveys) indicate that the number of firms that supply domestic apparel producers is comparatively very small.

46. In **Phase I** of the inquiry, although the Tribunal sent questionnaires to 81 textile manufacturers identified by the Tribunal as potentially producing inputs for the apparel industry, only 31 firms indicated to the Tribunal that they produced and supplied textile inputs to domestic apparel producers. Although the Tribunal’s notice and the producers’ questionnaire were put on the Tribunal’s Web site, no additional companies came forth indicating that they manufacture textile inputs used in the production of apparel. In **Phases III** and **IV** of the inquiry, the responses to the purchasers’ questionnaire indicated that an additional 21 firms currently supply the subject textile inputs to Canadian apparel producers.

47. Table 2 provides the names of the 52 firms that have been identified as domestic manufacturers of the subject textile inputs during the period of inquiry.

Table 2		
Domestic Textile Manufacturers		
Phase I		Phase III and Phase IV
Textile Manufacturers (as per correspondence)		Additional Textile Manufacturers Identified by Purchasers (Employment Numbers not Available)
	Employees¹	
Atlantic Fine Yarns Inc.	220	Alzintex Ltd.
Barrday, Inc.	96	Britex Limited
Canada Hair Cloth Company	84	Con-Trade Textiles
Cannon Knitting Mills Limited	35	Fine Cotton Factory Inc.
Cleyn & Tinker Inc.	400	Hubbard Fabrics
Consoltex Inc. ²	750	Interlock Knitting
DIFCO Performance Fabrics Inc.	360	Janus Textiles Inc.
Doubletex	450	J.L. DeBall Canada Inc.
FilSpec ³	750	Laxer Fibre Co. Limited
Fraser & Kirkbright Weaving Company	N/A	Lucratex Inc.
Gentry Knitting Mills Limited	N/A	Magni-tex Inc.
Great Lakes Knitting Mills Ltd.	22	Majestic Laces Ltd.
Hafner Élastique Inc. ²	350	Meridian Knitting
Huntingdon Mills (Canada) Ltd. ²	200	The Nalpac Company
Lenrod Industries ^{2,4}	50	Narroflex Inc.
Lincoln Fabrics Ltd. ²	65	North East Knitting Mills Inc.
Manoir Inc.	175	Sonatex Inc.
Matador Converters Co Ltd.	135	Superior Quilting Ltd.
Monterey Textiles (1996) Inc.	90	Thermolite
Parker Brothers Textile Mills Ltd.	60	Knitrama Fabrics Inc.
Rentex Inc.	125	W.L. Gore & Associates Inc.
Roopa Sales & Trading Ltd.	10	
Stedfast Inc.	100	
Tek-knit Industries	17	
Texel Inc.	194	
Tricot Richelieu Inc. ²	325	
Canada U.S. Knitting Inc.	90	
Tricots Liesse	145	
Tri-Star Textiles Ltd.	42	
Victor Woolens	165	
WorldBest (Canada) Industries Inc.	<u>110</u>	
Total	5,615	

Notes: 1. For the firms as a whole, not only for the subject inputs.
2. These companies did not identify textile inputs that they manufacture under the subject statistical codes.
3. Data sourced from Strategis, Department of Industry.
4. Currently, less than 1 percent of Lenrod Industries' total sales volume is to the apparel industry.

IMPORTS

a) Textile Imports for Use in Apparel

48. Because the terms of reference focused exclusively on textile inputs for use in the production of apparel, the Tribunal used information provided by Statistics Canada's NAICS database to exclude, at the 10-digit statistical level, imports whose end uses were non-apparel specific.

49. Statistics Canada assigns NAICS codes to specific importers based on their major business activity. Thus, the importers' major business activities, as reported through the NAICS codes, were used to determine whether the imports of textile inputs were for the production of apparel. In situations where the information was not conclusive, it was assumed that the imports of the subject inputs, as reported, were for use in apparel.

50. The Tribunal has determined that, for 2003, duty paid for the subject imports for use in the production of apparel totalled \$39 million, compared to \$46 million for total imports of the subject statistical codes, which included non-apparel uses, as reported by Statistics Canada.

b) Structure and Rates of Canadian Textile Tariffs

51. Under the *North American Trade Agreement*, the *Canada-Chile Free Trade Agreement* and the *Canada-Israel Free Trade Agreement*, all tariffs have been eliminated for textiles and textile products originating in the respective countries. In 2003, essentially all the duties collected on imports of the subject textile inputs were under the Most-Favoured-Nation (MFN) Tariff. Therefore, the data presented in this report and considered by the Tribunal cover only imports subject to the MFN tariff treatment.

52. Canada grants MFN tariff treatment to all its trading partners that are members of the WTO, as well as to those with which it has a bilateral agreement to extend MFN tariff treatment. The average MFN duty rates for fibres, yarns and fabrics for 2003 and 2004 are presented in Table 3.

Product Group	Average Dutiable MFN Rate		MFN Rate Range 2004
	2003	Jan. - June 2004	
Fibres:			
Natural	4%	5%	5%
Man-made	4%	4%	5%
Yarns:			
Natural	7%	7%	4%-9%
Man-made	6%	7%	8%
Woven Fabrics:			
Natural	11%	10%	5.5%-14%
Man-made	13%	13%	5.5%-14%
Knitted Fabrics	12%	11%	10%-14%
Specialty Textiles	9%	9%	5%-18%
All:			
Fibres	4%	4%	5%
Yarns	7%	7%	4%-9%
Fabrics	11%	10%	5%-18%

Note: Includes dutiable H.S. codes on all fibres, yarns and fabrics of Chapters 51 to 60, excluding Chapter 57.
Source: *Customs Tariff*.

53. Table 4 presents the value and duty paid on imports for the subject textile inputs for use in the production of apparel for 2003 and the period from January 1 to June 30, 2004,

compared to total imports, regardless of use. This information is presented for each of the subject chapters of the *Customs Tariff*.

Chapter	HS Description	2003			Jan. – June 2004		
		Total Value	Duty		Total Value	Duty	
			Collected	% of Chapter Total		Collected	% of Chapter Total
51	Wool, fine or coarse animal hair; woven fabric						
	Subject 10-digit codes (10 codes)	48,223,059	4,733,239	72	21,659,219	1,956,475	69
	Total Chapter 51	153,981,194	6,600,209	100	74,093,781	2,847,139	100
52	Cotton						
	Subject 10-digit codes (54 codes)	77,346,376	7,677,284	39	37,986,992	3,594,969	41
	Total Chapter 52	423,434,536	19,705,429	100	203,263,040	8,668,134	100
53	Woven fabrics of paper yarn						
	Subject 10-digit codes (2 codes)	2,095,629	193,689	41	780,030	98,757	40
	Total Chapter 53	15,979,955	467,056	100	8,356,250	244,389	100
54	Man-made filaments						
	Subject 10-digit codes (19 codes)	63,213,600	8,405,166	36	28,548,871	3,573,207	30
	Total Chapter 54	310,159,816	23,465,234	100	157,276,330	12,063,856	100
55	Man-made staple fibres						
	Subject 10-digit codes (24 codes)	42,518,886	5,788,106	30	20,616,563	2,617,927	30
	Total Chapter 55	259,420,646	18,983,674	100	144,309,388	8,601,691	100
56	Wading, felt, non-wovens						
	Subject 10-digit codes (9 codes)	2,449,150	344,452	4	1,268,755	160,039	3
	Total Chapter 56	151,504,754	8,089,402	100	98,031,821	5,086,400	100
58	Special woven fabrics, trimmings, embroidery						
	Subject 10-digit codes (8 codes)	3,719,374	467,287	7	2,321,465	273,595	8
	Total Chapter 58	78,144,089	7,159,995	100	36,473,337	3,296,204	100
59	Impregnated, coated, covered or laminated textile fabrics						
	Subject 10-digit codes (3 codes)	6,729,312	384,506	6	2,767,950	186,021	6
	Total Chapter 59	155,212,613	6,315,990	100	78,941,688	3,273,581	100
60	Knitted or crocheted fabrics						
	Subject 10-digit codes (22 codes)	83,004,702	11,212,948	50	39,738,214	4,812,843	50
	Total Chapter 60	194,712,218	22,232,919	100	94,268,537	9,586,488	100
	Total of all subject digit codes	329,300,088	39,206,677	35	155,688,059	17,273,833	32
	Total of all chapters	1,742,549,821	113,019,908	100	895,014,172	53,667,882	100

Source: Statistics Canada.

54. In 2003, it is estimated that importers of the subject textile inputs for use in apparel paid \$39.2 million in duties on MFN imports under the subject statistical codes; for the first half of 2004, this figure was \$17.3 million.

55. The Tribunal has used Canada's official trade and statistical classification data. The Tribunal notes that the CAF has estimated that 30 to 50 percent of customs entries contain

classification errors at the 8- and 10-digit levels.¹³ The Tribunal, nevertheless, considers it appropriate to rely on these data, given that it is the official source of data used by the government in trade negotiations and tariff policy.

SOURCE OF SUBJECT TEXTILE IMPORTS

56. Table 5 provides, for 2003, imports of the subject textile inputs for use in apparel, by country.

Country	CANS								
	CHAPTER								
	51	52	53	54	55	56	58	59	60
China	2,432,858	12,847,573	877,899	19,632,244	19,033,106	97,286	1,787,244	22,474	14,744,320
France	353,617	2,697,841	142,831	330,093	1,080,517	118,248	430,207	783,116	1,004,478
Germany	202,736	779,675	6,542	1,314,263	191,495	1,923,307	281,094	686,718	811,528
India	168,441	11,588,461	15,409	1,070,139	1,866,110	0	103,578	4,963	8,123
Indonesia	0	2,797,930	243	10,101,560	2,007,164	0	21,233	0	48,963
Italy	17,332,493	6,448,176	682,598	1,014,572	3,386,371	61,345	131,573	209,975	4,628,798
Japan	74,609	5,469,255	13,540	5,703,594	324,929	20,674	8,015	306,660	323,574
Korea	8,516,791	10,436,221	13,090	14,734,587	1,964,559	59,979	376,192	38,740	28,569,483
Chinese Taipei	0	2,134,824	9,623	2,800,173	3,196,760	0	184,326	47,831	28,400,137
Turkey	4,952,068	1,251,863	34,694	1,592,223	2,262,495	0	78,415	20,254	68,199
United States	4,658,250	8,129,665	15,173	491,004	313,800	8,284	121,921	4,164,163	881,850
LDC	0	71,211	0	0	1,207	0	0	0	200
Others	9,531,196	12,693,681	283,987	4,429,148	6,890,373	160,027	195,576	444,418	3,515,049
TOTAL	48,223,059	77,346,376	2,095,629	63,213,600	42,518,886	2,449,150	3,719,374	6,729,312	83,004,702
Country	PERCENT SHARE								
	CHAPTER								
	51	52	53	54	55	56	58	59	60
China	5	17	42	31	45	4	48	0	18
France	1	3	7	1	3	5	12	12	1
Germany	0	1	0	2	0	79	8	10	1
India	0	15	1	2	4	0	3	0	0
Indonesia	0	4	0	16	5	0	1	0	0
Italy	36	8	33	2	8	3	4	3	6
Japan	0	7	1	9	1	1	0	5	0
Korea	18	13	1	23	5	2	10	1	34
Chinese Taipei	0	3	0	4	8	0	5	1	34
Turkey	10	2	2	3	5	0	2	0	0
United States	10	11	1	1	1	0	3	62	1
LDC	0	0	0	0	0	0	0	0	0
Others	20	16	14	7	16	7	5	7	4
TOTAL	100	100	100	100	100	100	100	100	100

Source: Statistics Canada.
Note: Only imports subject to MFN are reported.

13. *Canadian Apparel Magazine*, July/August 2004, at 21.

CHAPTER III

AVAILABILITY OF TEXTILE INPUTS

57. Chapter III provides, for each subject chapter in the *Customs Tariff*, information received from domestic textile manufacturers that reported production of the subject inputs in Canada and from apparel producers that purchased these inputs. It also provides Statistics Canada data on imports of the subject inputs for use in the production of apparel and compares domestic purchases made by apparel producers with imports. Finally, Tribunal observations are offered.

CHAPTER 51 – WOOL, FINE OR COARSE ANIMAL HAIR; HORSEHAIR YARN AND WOVEN FABRIC

a) Domestic Textile Manufacturers

58. In **Phase I** of the inquiry, the Tribunal received a form letter from six firms (Canada Hair Cloth Company, Cleyn & Tinker Inc., Fraser & Kirkbright Weaving Company, Parker Brothers Textile Mills Ltd., Tricots Liesse and Victor Woolens) reporting that they manufacture in Canada certain products as described in Chapter 51.

59. Appendix IV identifies the textile inputs that two firms, Canada Hair Cloth Company and Cleyn & Tinker Inc., reported that they manufacture as described specifically by the subject 10-digit statistical codes of Chapter 51. Appendix IV also shows that four other firms reported that they produce textile inputs as described by the 4-digit heading or 8-digit tariff item. These broader descriptions, however, do not confirm whether these manufacturers actually produce the subject textile inputs. No other data or information, such as sales invoices, product descriptions or volumes of production, were provided to substantiate the production in Canada of the subject textile inputs, even though such information was requested in the Tribunal's questionnaire.

b) Apparel Producers

60. In **Phase III** and **Phase IV** of the inquiry, nine apparel firms reported that they purchased domestically produced textile inputs as described by the subject statistical codes of Chapter 51. The combined total company sales from domestic production for eight of these firms, in 2003, amounted to over \$121 million. Based on information before the Tribunal, Table 6 indicates under which statistical codes textile inputs are produced domestically.

61. Copley Apparel Group, Freda's Originals Inc. and S. Cohen Inc. commented that the selection of high-end, fashionable wool fabrics from domestic suppliers is limited. Cooper Clothing Inc. stated that domestic supply is very costly compared to imports of the same textiles. Logistik Unicorp Inc. commented that it had no difficulties in obtaining fabrics made of wool from domestic textile producers. Riviera Inc. indicated that domestic products do not have the hand and drape available from offshore sources. Canada Sportswear Corp. and Riviera Inc. raised other issues that, in their view, are of concern in dealing with domestic suppliers,

specifically, minimum order quantities, long production lead times and price versus quality relationships.

62. Ballin Inc. also responded to the Tribunal's purchasers' questionnaire; however, insufficient product detail was provided to enable classification of most of the textile inputs purchased. Ballin Inc. reported that it purchased a wool/man-made blended fabric from Cleyn & Tinker Inc. (See Appendix IX).

c) Domestic Availability of Subject Chapter 51 Textile Inputs

63. Table 6 provides a summary of the domestic availability of the subject Chapter 51 textile inputs. Based on questionnaire replies, 4 out of 10 subject textile inputs were purchased from domestic textile manufacturers between January 1, 2003, and June 30, 2004.

Statistical Code	Reporting Firm	Available in Canada From ¹
5111.11.90.10	none	
5111.20.92.00	none	
5111.30.91.00	none	
5111.30.92.00	Pace Setter Canada Sportswear Corp.	Victor Woolens Superior Quilting Thermolite
5112.11.90.10	Ranpro Inc. Copley Apparel Group	Victor Woolens Cleyn & Tinker Inc.
5112.19.91.10	Riviera Inc. Cooper Clothing Inc. Copley Apparel Group Freda's Originals Inc. Riviera Inc. S. Cohen Inc.	Cleyn & Tinker Inc. Cleyn & Tinker Inc. Cleyn & Tinker Inc. Cleyn & Tinker Inc. Cleyn & Tinker Inc. Cleyn & Tinker Inc.
5112.19.92.10	none	
5112.20.91.00	none	
5112.30.91.00	Riviera Inc. Logistik Unicorp Inc.	Cleyn & Tinker Inc. Cleyn & Tinker Inc.
5112.90.91.00	none	

1. As reported by questionnaire respondents. May include firms that distribute textile inputs but that do not necessarily manufacture textiles.
Source: Replies to questionnaires.

d) Import Data

64. Table 7 provides, for Chapter 51, the estimated imports of the subject textile inputs for use in the production of apparel, for the period of inquiry.

Table 7
Chapter 51
Estimated Imports of Subject Textile Inputs for Use in the Production of Apparel
CANS

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5111.11.90.10	1,952,104	146,425	998,118	54,173
5111.20.92.00	697,225	104,478	250,354	34,913
5111.30.91.00	749,998	105,768	784,857	60,313
5111.30.92.00	487,818	69,949	590,247	81,847
5112.11.90.10	22,900,974	2,383,198	8,504,583	771,979
5112.19.91.10	15,556,394	1,264,491	7,351,775	624,931
5112.19.92.10	1,584,187	189,575	1,105,192	120,938
5112.20.91.00	791,131	76,599	425,788	45,591
5112.30.91.00	2,546,758	315,975	1,313,596	149,333
5112.90.91.00	956,470	76,781	334,709	12,457
	48,223,059	4,733,239	21,659,219	1,956,475

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5111.11.90.10	4	3	5	3
5111.20.92.00	1	2	1	2
5111.30.91.00	2	2	4	3
5111.30.92.00	1	1	3	4
5112.11.90.10	47	50	39	39
5112.19.91.10	32	27	34	32
5112.19.92.10	3	4	5	6
5112.20.91.00	2	2	2	2
5112.30.91.00	5	7	6	8
5112.90.91.00	2	2	2	1
	100	100	100	100

The shaded statistical codes indicate that domestic purchases have been reported under these codes.

Source: Statistics Canada.

e) Apparel Producers' Domestic Purchases Compared to Imports

65. Table 8 provides, for each subject statistical code of Chapter 51 where purchases were reported by questionnaire respondents, a comparison, in percentage terms, of the value of domestic purchases with the estimated value of imports.

Statistical Code	Domestic Purchases as a Percentage of the Value of Imports	
	Range ¹	
	2003	Jan. - June 2004
5111.30.92.00	>100	>25
5112.11.90.10	<10	<10
5112.19.91.10	>25	>25
5112.30.91.00	>10	>10
TOTAL	>10	>10

1. The ranges used for this scale are: less than (<) 10%; greater than (>) 10%; greater than (>) 25%; greater than (>) 50%; greater than (>) 100%.
Source: Replies to questionnaires and Statistics Canada.

f) Tribunal Observations

66. The information provided by nine apparel producers indicates that they purchased, from the domestic textile industry, textile inputs covered by four subject statistical codes (5111.30.92.00, 5112.11.90.10, 5112.19.91.10 and 5112.30.91.00) of Chapter 51.

67. In total, for the period of inquiry, the value of these domestic purchases was over \$11 million. Three of the four statistical codes accounted for almost all the purchases. They are:

- 5111.30.92.00 (woven fabrics of **carded** wool or of **carded** fine animal hair, mixed mainly or solely with man-made staple fibres, of a weight not exceeding 300 g/m²);
- 5112.11.90.10 (woven fabrics of **combed** wool or of **combed** fine animal hair, of a weight not exceeding 200 g/m²); and
- 5112.19.91.10 (woven fabrics of **combed** wool or of **combed** fine animal hair, of a weight not exceeding 300 g/m²).

68. Data from Table 6 indicate that the subject textile inputs were available from Cleyn & Tinker Inc., Superior Quilting Ltd., Thermolite and Victor Woolens. No purchases were reported from Canada Hair Cloth Company, Fraser & Kirkbright Weaving Company, Parker Brothers Textile Mills Ltd. or Tricots Liesse, domestic textile manufacturers that also reported manufacturing activities for products in Chapter 51.

69. A comparison of domestic purchases with imports, on a value basis, shows that, for the period of inquiry, for three statistical codes (5111.30.92.00, 5112.19.91.10 and 5112.30.91.00), purchases of domestic textile inputs were greater than 10 percent of the value of imports.

70. Of the four statistical codes for which domestic purchases of the subject textile inputs were reported, two (woven fabrics of **combed wool** or of **combed fine animal** hair covered by 5112.11.90.10 and 5112.19.91.10) accounted for over 70 percent of the total value of imports reported and duty paid in 2003 and the first six months of 2004. Duty paid for these two codes in 2003 and the first six months of 2004 was \$3.6 million and \$1.4 million respectively.

71. Duty collected under the six subject statistical codes for which the Tribunal's information indicated no purchases of domestic textile inputs amounted to approximately \$700,000 in 2003 and \$328,000 in the first six months of 2004.

CHAPTER 52 – COTTON

a) Domestic Textile Manufacturers

72. In **Phase I** of the inquiry, the Tribunal received a form letter from six firms (Atlantic Fine Yarns Inc., Canada Hair Cloth Company, DIFCO Performance Fabrics Inc., Doubletex, FilSpec and Tricots Liesse) that reported that they manufacture in Canada products as described in Chapter 52. In **Phase IV** of the inquiry, Consoltex Inc. submitted that it produces and sells textile woven fabrics to apparel producers that fall under heading Nos. 52.10 and 52.11.

73. Appendix IV identifies the textile inputs that Atlantic Fine Yarns Inc., Canada Hair Cloth Company and FilSpec reported that they manufacture as described specifically by the subject statistical codes of Chapter 52. Appendix IV also shows that other firms reported that they produce textile inputs as described by the 4-digit heading or 8-digit tariff item. These broader descriptions, however, do not confirm whether these manufacturers actually produce any of the subject textile inputs. No other data or information, such as sales invoices, product descriptions or volumes of production, were provided to substantiate the production in Canada of the subject textile inputs even though such information was requested in the Tribunal's questionnaire.

b) Apparel Producers

74. In **Phase III** and **Phase IV** of the inquiry, six firms reported that they purchased domestically produced textile inputs as described by the subject 10-digit statistical codes of Chapter 52. The combined total company sales from domestic production for these firms, in 2003, amounted to \$233 million. Based on information before the Tribunal, Table 9 indicates under which statistical codes textile inputs are produced domestically.

75. With respect to cotton yarns described by heading No. 52.05 in Chapter 52, Château Lingerie Mfg. Inc. commented that two domestic suppliers are able to supply the type of yarns that it requires, but that they are not price competitive with yarns available from Asian mills. Main Knitting Inc. noted that it stopped buying from a Canadian mill because yarns from the United States and India were cheaper. Australian Outback Collection (Canada) Ltd. commented that waxed cotton fabrics are not available from domestic suppliers, and Canada

Sportswear Corp. stated that its experience with domestic suppliers has been entirely negative because specific fabrics or colours were not in stock and that special orders had minimum quantity requirements at prohibitive costs. On the other hand, The Incredible Clothing Company noted that, when purchasing domestic product, it had not encountered any supply issues. Logistik Unicorp Inc. commented that it had no difficulties in obtaining cotton fabrics from domestic textile producers.

76. In **Phase IV** of the inquiry, Hamilton Lingerie 1978 Ltd. requested tariff relief for statistical code 5208.39.90.90, one of the subject statistical codes.

c) Domestic Availability of Subject Chapter 52 Textile Inputs

77. Table 9 provides a summary of the availability of the subject Chapter 52 textile inputs. Based on the questionnaire replies, 6 out of 54 subject textile inputs were purchased from domestic textile manufacturers between January 1, 2003, and June 30, 2004.

Table 9
Domestic Availability of Subject Chapter 52 Textile Inputs
January 1, 2003, to June 30, 2004

Statistical Code	Reporting Firm	Available in Canada From ¹
5205.22.90.90	Main Knitting Inc. The Incredible Clothing Company Inc.	Atlantic Fine Yarns Inc. Atlantic Fine Yarns Inc. Laxer Fibre Co. Limited Filspec
5205.23.90.90	Château Lingerie Mfg. Inc. The Incredible Clothing Company Inc.	Atlantic Fine Yarns Inc. Laxer Fibre Co. Limited
5208.12.30.20	none	
5208.19.20.90	none	
5208.32.90.10	Logistik Unicorp Inc.	DIFCO Performance Fabrics Inc.
5208.32.90.20	none	
5208.32.90.90	Australian Outback Collection (Canada) Ltd.	Doubletex
5208.33.90.00	none	
5208.39.90.90	none	
5208.41.90.00	none	
5208.42.90.10	none	
5208.42.90.20	none	
5208.42.90.90	none	
5208.43.90.00	none	
5208.49.90.90	none	
5208.51.00.00	none	
5208.52.90.20	none	
5208.52.90.90	none	
5208.59.90.90	none	
5209.12.10.00	none	
5209.19.20.90	none	
5209.31.90.90	none	
5209.32.90.00	Logistik Unicorp Inc.	Doubletex
5209.39.90.10	none	
5209.39.90.90	Canada Sportswear Corp.	Great Lakes Knitting Mills Ltd.
5209.41.90.00	none	
5209.43.90.00	none	
5209.49.00.90	none	
5209.51.00.90	none	
5209.52.00.00	none	
5209.59.90.10	none	
5209.59.90.90	none	
5210.29.00.11	none	
5210.32.00.11	none	
5210.32.00.90	none	
5210.39.00.11	none	
5210.39.00.90	none	
5210.41.00.11	none	
5210.41.00.90	none	
5210.49.00.11	none	
5210.49.00.90	none	
5210.51.00.11	none	
5210.51.00.90	none	
5211.32.00.11	none	
5211.39.00.11	none	
5211.41.00.90	none	
5211.43.00.11	none	
5211.43.00.90	none	
5211.49.00.11	none	
5211.49.00.90	none	
5212.11.90.00	none	
5212.14.90.00	none	
5212.23.90.00	none	
5212.24.90.00	none	

1. As reported by questionnaire respondents. May include firms that distribute textile inputs but that do not necessarily manufacture textiles.

Source: Replies to questionnaires

d) Import Data

78. Table 10 provides, for Chapter 52, the estimated imports of the subject textile inputs for use in the production of apparel, for the period of inquiry.

Table 10
Chapter 52
Estimated Imports of Subject Textile Inputs for Use in the Production of Apparel

CAN \$

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5205.22.90.90	5,491,955	465,743	2,362,169	188,951
5205.23.90.90	6,853,666	582,491	3,205,391	256,400
5208.12.30.20	252,841	20,224	0	0
5208.19.20.90	146,747	11,728	31,502	2,515
5208.32.90.10	1,316,446	124,761	378,375	39,098
5208.32.90.20	1,012,011	122,288	386,173	45,953
5208.32.90.90	5,557,532	595,475	2,668,113	275,821
5208.33.90.00	2,044,405	205,051	961,052	89,747
5208.39.90.90	1,431,048	142,608	752,586	60,722
5208.41.90.00	107,696	6,871	118,142	4,394
5208.42.90.10	983,864	47,528	649,339	28,151
5208.42.90.20	350,459	35,189	121,288	12,052
5208.42.90.90	2,015,503	206,143	650,312	68,205
5208.43.90.00	904,508	68,195	412,423	28,993
5208.49.90.90	2,752,882	152,716	1,499,808	108,586
5208.51.00.00	644,668	74,876	258,971	27,330
5208.52.90.20	3,307,069	399,686	1,211,878	144,196
5208.52.90.90	20,382,659	2,359,410	10,848,019	1,203,753
5208.59.90.90	674,792	74,697	429,052	44,728
5209.12.10.00	521,185	41,679	352,742	28,214
5209.19.20.90	351,974	26,637	16,396	1,310
5209.31.90.90	1,709,338	192,453	569,171	61,567
5209.32.90.00	1,952,219	205,257	904,067	95,453
5209.39.90.10	0	0	334,378	35,311
5209.39.90.90	0	0	859,931	82,350
5209.41.90.00	855,844	97,998	452,541	49,709
5209.43.90.00	203,332	20,029	17,220	1,867
5209.49.00.90	691,056	80,034	487,470	55,567
5209.51.00.90	1,016,821	122,514	494,838	56,850
5209.52.00.00	1,017,109	104,486	204,874	21,518
5209.59.90.10	984,810 ⁿ	104,115	336,125	34,099
5209.59.90.90	1,442,971 ⁿ	173,302	784,101	90,250
5210.29.00.11	92,604	13,883	32,269	4,515
5210.32.00.11	41,156	6,119	57,280	7,988
5210.32.00.90	476,997	27,251	224,276	27,900
5210.39.00.11	291,111	33,767	44,830	5,932
5210.39.00.90	547,356	72,804	198,507	27,047
5210.41.00.11	229,886	30,495	255,625	33,905
5210.41.00.90	250,515	32,319	138,466	13,922
5210.49.00.11	759,624	53,317	76,902	7,273
5210.49.00.90	98,561	12,775	96,776	13,352
5210.51.00.11	42,354	6,336	8,985	1,255
5210.51.00.90	3,776,589	50,140	2,620,166	30,582
5211.32.00.11	384,024	46,611	182,611	20,024
5211.39.00.11	896,972	81,817	218,649	22,447
5211.41.00.90	139,684	20,783	2,575	332
5211.43.00.11	73,631	8,337	7,392	1,031
5211.43.00.90	26,652	3,880	1,324	185
5211.49.00.11	51,170	7,142	33,003	3,450
5211.49.00.90	1,649,167	241,421	721,543	99,266
5212.11.90.00	201,918	24,932	98,309	12,771
5212.14.90.00	68,886	5,942	41,010	4,306
5212.23.90.00	230,513	27,883	143,123	10,996
5212.24.90.00	39,596	5,146	13,007	1,163
	77,346,376	7,677,284	37,986,992	3,594,969

The shaded statistical codes indicate that domestic purchases have been reported under these codes.

Source: Statistics Canada.

Table 10 (continued)

PERCENT SHARE

Statistical Code	2003		Jan. - June 2004	
	Value	Duty Paid	Value	Duty Paid
5205.22.90.90	7	6	6	5
5205.23.90.90	9	8	8	7
5208.12.30.20	0	0	0	0
5208.19.20.90	0	0	0	0
5208.32.90.10	2	2	1	1
5208.32.90.20	1	2	1	1
5208.32.90.90	7	8	7	8
5208.33.90.00	3	3	3	2
5208.39.90.90	2	2	2	2
5208.41.90.00	0	0	0	0
5208.42.90.10	1	1	2	1
5208.42.90.20	0	0	0	0
5208.42.90.90	3	3	2	2
5208.43.90.00	1	1	1	1
5208.49.90.90	4	2	4	3
5208.51.00.00	1	1	1	1
5208.52.90.20	4	5	3	4
5208.52.90.90	26	31	29	33
5208.59.90.90	1	1	1	1
5209.12.10.00	1	1	1	1
5209.19.20.90	0	0	0	0
5209.31.90.90	2	3	1	2
5209.32.90.00	3	3	2	3
5209.39.90.10	0	0	1	1
5209.39.90.90	0	0	2	2
5209.41.90.00	1	1	1	1
5209.43.90.00	0	0	0	0
5209.49.00.90	1	1	1	2
5209.51.00.90	1	2	1	2
5209.52.00.00	1	1	1	1
5209.59.90.10	1	1	1	1
5209.59.90.90	2	2	2	3
5210.29.00.11	0	0	0	0
5210.32.00.11	0	0	0	0
5210.32.00.90	1	0	1	1
5210.39.00.11	0	0	0	0
5210.39.00.90	1	1	1	1
5210.41.00.11	0	0	1	1
5210.41.00.90	0	0	0	0
5210.49.00.11	1	1	0	0
5210.49.00.90	0	0	0	0
5210.51.00.11	0	0	0	0
5210.51.00.90	5	1	7	1
5211.32.00.11	0	1	0	1
5211.39.00.11	1	1	1	1
5211.41.00.90	0	0	0	0
5211.43.00.11	0	0	0	0
5211.43.00.90	0	0	0	0
5211.49.00.11	0	0	0	0
5211.49.00.90	2	3	2	3
5212.11.90.00	0	0	0	0
5212.14.90.00	0	0	0	0
5212.23.90.00	0	0	0	0
5212.24.90.00	0	0	0	0
	100	100	100	100

The shaded statistical codes indicate that domestic purchases have been reported under these codes.

Source: Statistics Canada.

e) Apparel Producers' Domestic Purchases Compared with Imports

79. Table 11 provides, for each subject statistical code of Chapter 52, where purchases were reported by questionnaire respondents, a comparison, in percentage terms, of the value of domestic purchases with the estimated value of imports.

Statistical Code	Domestic Purchases as a Percentage of the Value of Imports	
	Range ¹	
	2003	Jan. - June 2004
5205.22.90.90	>10	<10
5205.23.90.90	>10	>10
5208.32.90.10	<10	
5208.32.90.90	<10	<10
5209.32.90.00	<10	<10
5209.39.90.90	>100	>10
TOTAL	<10	<10

1. The ranges used for this scale are: less than (<)10%; greater than (>)10%; greater than (>) 25%; greater than (>) 50% and greater than (>)100%.

Source: Replies to questionnaires and Statistics Canada.

f) Tribunal Observations

80. The information provided by six apparel producers indicates that they purchased, from the domestic textile industry, textile inputs covered by six subject statistical codes (5205.22.90.90, 5205.23.90.90, 5208.32.90.10, 5208.32.90.90, 5209.32.90.00 and 5209.39.90.90) of Chapter 52.

81. In total, for the period of inquiry, the value of these domestic purchases was over \$3 million. Three of the six statistical codes accounted for almost all the purchases. They are:

- 5205.22.90.90 (certain single cotton yarn of combed fibres, measuring less than 714.29 decitex but not less than 232.56 decitex);
- 5205.23.90.90 (certain single cotton yarn of combed fibres, measuring less than 232.56 decitex but not less than 192.31 decitex); and
- 5209.39.90.90 (certain dyed woven fabrics of cotton, containing 85 percent or more of cotton, weighing more than 200 g/m²).

82. Data from Table 9 indicate that the subject textile inputs were available from Atlantic Fine Yarns Inc., DIFCO Performance Fabrics Inc., Doubletex, FilSpec, Great Lakes Knitting Mills Ltd. and Laxer Fibre Co. Limited. No purchases were reported from Canada Hair Cloth Company or Tricots Liesse, domestic textile manufacturers that also reported manufacturing activities for products described in Chapter 52.

83. A comparison of domestic purchases with imports, on a value basis, shows that, in 2003, for three statistical codes (5205.22.90.90, 5205.23.90.90 and 5209.39.90.90), purchases of domestic textile inputs were greater than 10 percent of the value of imports. For the first six months of 2004, for two statistical codes (5205.23.90.90 and 5209.39.90.90), purchases of domestic textile inputs were greater than 10 percent of the value of imports.

84. Statistical code 5208.52.90.90 (certain plain weave printed fabrics of cotton, weighing more than 100 g/m²) for which there were no domestic purchases accounted for over 25 percent of the total value of imports reported in 2003 and the first six months of 2004 and for over 30 percent of the duty collected on the subject textile inputs for Chapter 52. It was, by far, the largest amount of duty collected for any single code in this chapter, amounting to \$2.4 million in 2003 and \$1.2 million in the first six months of 2004.

85. Duty collected under the 48 subject statistical codes for which the Tribunal's information indicated no purchases of domestic textile inputs amounted to approximately \$5.5 million in 2003 and \$2.5 million in the first six months of 2004.

86. Purchases of domestic textile inputs from Doubletex, a converter, have been included in the availability of the Chapter 52 subject textile inputs. Although the CAF suggested that converters not be included, it has been the Tribunal's practice to do so and, in its view, converters provide the apparel industry with domestic production.

CHAPTER 53 – OTHER VEGETABLE TEXTILE FIBRES, PAPER YARN AND WOVEN FABRICS OF PAPER YARN

a) Domestic Textile Manufacturers

87. In **Phase I** of the inquiry, the Tribunal received a form letter from one firm, Tricots Liesse, reporting that it manufactures in Canada products as described by the broad 4-digit heading No. 53.09, in Chapter 53. This broad description does not confirm whether Tricots Liesse actually manufactures any of the subject textile inputs.

88. No other data or information, such as sales invoices, product descriptions or volumes of production, were provided to substantiate the production in Canada of the subject textile inputs even though such information was requested in the Tribunal's questionnaire.

b) Apparel Producers

89. In **Phase III** of the inquiry, no firms reported that they purchased domestically produced textile inputs as described by the subject statistical codes of Chapter 53.

c) Import Data

90. Table 12 provides, for Chapter 53, by statistical code, the estimated value of imports of the subject textile inputs for use in the production of apparel, for the period of inquiry.

Table 12				
Chapter 53				
Estimated Imports of Subject Textile Inputs for Use in the Production of Apparel				
CAN \$				
Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5309.21.00.00	81,339	11,669	59,917	8,346
5309.29.90.00	2,014,290	182,020	720,113	90,411
	2,095,629	193,689	780,030	98,757
PERCENT SHARE				
Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5309.21.00.00	4	6	8	8
5309.29.90.00	96	94	92	92
	100	100	100	100

Source: Statistics Canada.

d) Tribunal Observations

91. Although Tricots Liesse indicated that it manufactures textile inputs covered by heading No. 53.09, this was not confirmed by any apparel producers.

92. Duty collected under the following two subject statistical codes amounted to approximately \$194,000 in 2003 and \$99,000 in the first six months of 2004:

- 5309.21.00.00 (woven fabric of flax, containing less than 85 percent flax, unbleached or bleached); and
- 5309.29.90.00 (woven fabric of flax, containing less than 85 percent flax, other).

CHAPTER 54 – MAN-MADE FILAMENTS

a) Domestic Textile Manufacturers

93. In **Phase I** of the inquiry, the Tribunal received a form letter from five firms (Barrday, Inc., Canada Hair Cloth Company, Doubletex, Monterey Textiles (1996) Inc. and Tricots Liesse) that reported that they manufacture in Canada various products as described in Chapter 54. In **Phase IV** of the inquiry, Consoltex Inc. submitted that it produces and sells textile woven fabrics to apparel producers that fall under heading No. 54.07, but did not specify which statistical codes.

94. Appendix IV identifies the textile inputs that Canada Hair Cloth Company reported that it manufactures as described specifically by the subject 10-digit statistical codes of Chapter 54. Appendix IV also shows that other firms reported that they produce textile inputs as described by the 4-digit heading or 8-digit tariff item. These broader descriptions do not, however, confirm whether these manufacturers actually produce any of the subject textile inputs. No other data or information, such as sales invoices, product descriptions or volumes of production, were provided to substantiate the production in Canada of the subject textile inputs even though such information was requested in the Tribunal's questionnaire.

b) Apparel Producers

95. In **Phase III** and **Phase IV** of the inquiry, four firms, with combined total company sales from domestic production of \$59 million in 2003, reported that they purchased domestically produced textile inputs from Alzintex Ltd., Consoltex Inc. and DIFCO Performance Fabrics Inc., as described by four of the subject statistical codes (5407.42.90.11, 5407.42.90.12, 5407.61.99.32 and 5407.61.99.33) of Chapter 54, as indicated in Table 13.

96. Logistik Unicorp Inc. stated that it had no difficulties in obtaining fabrics made of man-made filaments from domestic textile producers. Metro Sportswear Ltd. commented that domestic suppliers have to date met limited textile requirements. Technofil Inc. indicated there are long delivery times of five to six weeks for domestic products.

97. In **Phase IV** of the inquiry, Accolade Embroidery Ltd. and Hamilton Lingerie 1978 Ltd. requested tariff relief for the subject statistical code 5407.52.90.12. The latter also requested tariff relief for the subject statistical codes 5407.61.99.72 and 5407.54.00.12. Arc'teryx Equipment Inc. requested tariff relief for the subject statistical code 5407.52.90.12.¹⁴

c) Domestic Availability of Subject Chapter 54 Textile Inputs

98. Table 13 provides a summary of the availability of the subject Chapter 54 textile inputs. Based on the questionnaire replies, 4 out of the 19 subject textile inputs were purchased from domestic textile manufacturers between January 1, 2003, and June 30, 2004.

99. In **Phase IV** of the inquiry, the CTI submitted that the information collected by the Tribunal represents a very incomplete and inaccurate picture of the yarns and fabrics available from Canadian textile producers and used by the apparel industry and, therefore, cannot be used to draw conclusions about what is or is not available in Canada. It stated, for example, that domestic availability was found under statistical code 5407.61.99.33, which covers woven fabrics containing 85 percent or more by weight of non-textured polyester filaments, dyed, of a weight exceeding 170 g/m². However, no availability was reported under statistical code 5407.61.99.31, which covers identical fabrics but are under 170g/m², and no availability was reported for

14. In a letter dated November 18, 2004, Consoltex Inc. indicated that it supplies textile woven fabrics to Arc'teryx Equipment Inc. and, without knowing the characteristics of the fabrics concerned, it opposed any tariff relief. On November 25, Arc'teryx Equipment Inc. advised the Tribunal that Consoltex Inc. is not currently supplying the tolerance specifications of the fabrics that it imports from Switzerland.

statistical code 5407.52.90.13, which covers identical fabrics but made from textured polyester filament yarns.

Table 13
Domestic Availability of Subject Chapter 54 Textile Inputs
January 1, 2003, to June 30, 2004

Statistical Code	Reporting Firm	Available in Canada From ¹
5407.20.90.00	none	
5407.42.90.11	Logistik Unicorp Inc. Ranpro Inc.	Consoltex Inc. DIFCO Performance Fabrics Inc.
5407.42.90.12	Logistik Unicorp Inc.	Consoltex Inc.
5407.52.90.11	none	
5407.52.90.12	none	
5407.52.90.13	none	
5407.54.00.12	none	
5407.61.99.31	none	
5407.61.99.32	Logistik Unicorp Inc.	Alzintex Ltd.
5407.61.99.33	Metro Sportswear Ltd. Technofil Inc.	Consoltex Inc. Consoltex Inc.
5407.61.99.72	none	
5407.61.99.73	none	
5407.72.00.11	none	
5407.72.00.12	none	
5407.92.90.31	none	
5407.92.90.32	none	
5407.92.90.81	none	
5407.92.90.82	none	
5407.93.90.32	none	

1. As reported by questionnaire respondents. May include firms that distribute textile inputs but that do not necessarily manufacture textiles.

Source: Replies to questionnaires.

d) Import Data

100. Table 14 provides, for Chapter 54, the estimated imports of the subject textile inputs for use in the production of apparel, for the period of inquiry.

Table 14
Chapter 54
Estimated Imports of Subject Textile Inputs for Use in the Production of Apparel

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5407.20.90.00	79,825	10,843	3,137	437
5407.42.90.11	2,877,545	426,551	817,170	113,338
5407.42.90.12	1,116,547	103,562	1,129,722	61,229
5407.52.90.11	879,839	122,071	425,558	55,247
5407.52.90.12	7,980,910	1,167,752	2,125,653	286,204
5407.52.90.13	8,134,300	1,089,621	3,488,346	441,181
5407.54.00.12	2,970,769	412,320	1,337,587	182,156
5407.61.99.31	736,230	79,743	318,775	30,576
5407.61.99.32	10,379,754	1,446,782	5,779,620	779,018
5407.61.99.33	8,848,553	1,245,494	4,223,753	568,723
5407.61.99.72	6,699,874	856,751	3,032,931	400,721
5407.61.99.73	437,786	63,014	168,120	23,518
5407.72.00.11	1,036,469	149,328	329,053	41,251
5407.72.00.12	569,543	80,501	347,486	48,622
5407.92.90.31	931,724	128,022	469,837	61,236
5407.92.90.32	6,619,293	640,057	2,894,356	279,842
5407.92.90.81	810,546	112,873	352,644	46,775
5407.92.90.82	1,234,030	176,569	550,546	70,163
5407.93.90.32	870,063	93,312	754,577	82,970
	63,213,600	8,405,166	28,548,871	3,573,207

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5407.20.90.00	0	0	0	0
5407.42.90.11	5	5	3	3
5407.42.90.12	2	1	4	2
5407.52.90.11	1	1	1	2
5407.52.90.12	13	14	7	8
5407.52.90.13	13	13	12	12
5407.54.00.12	5	5	5	5
5407.61.99.31	1	1	1	1
5407.61.99.32	16	17	20	22
5407.61.99.33	14	15	15	16
5407.61.99.72	11	10	11	11
5407.61.99.73	1	1	1	1
5407.72.00.11	2	2	1	1
5407.72.00.12	1	1	1	1
5407.92.90.31	1	2	2	2
5407.92.90.32	10	8	10	8
5407.92.90.81	1	1	1	1
5407.92.90.82	2	2	2	2
5407.93.90.32	1	1	3	2
	100	100	100	100

The shaded statistical codes indicate that domestic purchases have been reported under these codes.
Source: Statistics Canada.

e) Apparel Producers' Domestic Purchases Compared with Imports

101. Table 15 provides, for the subject statistical codes of Chapter 54 where purchases were reported by questionnaire respondents, a comparison, in percentage terms, of the value of domestic purchases with the estimated value of imports.

Statistical Code	Domestic Purchases as a Percentage of the Value of Imports	
	Range ¹	
	2003	Jan. - June 2004
5407.42.90.11	>10	>10
5407.42.90.12	>25	>10
5407.61.99.32	<10	<10
5407.61.99.33	<10	>10
TOTAL	<10	<10

1. The ranges used for this scale are: less than (<) 10%; greater than (>) 10%; greater than (>) 25%; greater than (>) 50%; greater than (>) 100%.
Source: Replies to questionnaires and Statistics Canada.

f) Tribunal Observations

102. The information provided by four apparel producers indicates that the domestic textile industry has produced textile inputs covered by four subject statistical codes of Chapter 54:

- 5407.42.90.11 (certain woven dyed fabrics, containing 85 percent or more by weight of filaments of nylon or other polyamides, of a weight not exceeding 170 g/m²);
- 5407.42.90.12 (certain woven dyed fabrics, containing 85 percent or more by weight of filaments of nylon or other polyamides, of a weight exceeding 170 g/m²);
- 5407.61.99.32 (certain woven dyed fabrics of non-textured polyester filaments, of a weight exceeding 50 g/m² but not 170 g/m²); and
- 5407.61.99.33 (certain woven dyed fabrics of non-textured polyester filaments, of a weight exceeding 170 g/m²).

103. Data from Table 13 indicate that the subject textile inputs were available from Alzintex Ltd., DIFCO Performance Fabrics Inc. and Consoltex Inc. No purchases were reported from Barrday, Inc., Canada Hair Cloth Company, Doubletex, Monterey Textiles (1996) Inc. or Tricots Liesse, domestic manufacturers that also reported manufacturing activities for products in Chapter 54.

104. A comparison of domestic purchases with imports, on a value basis, shows that, in 2003, for two statistical codes (5407.42.90.11 and 5407.42.90.12), purchases of domestic textile inputs were greater than 10 percent of the value of imports. In the first six months

of 2004, purchases of domestic textile inputs for statistical code 5407.61.99.33 were greater than 10 percent of the value of imports.

105. The following four statistical codes, for which no domestic purchases were reported, accounted for over 47 percent of the total value of imports reported in 2003 and 40 percent in the first six months of 2004. These four codes accounted for 45 percent (or \$3.8 million) and 39 percent (or \$1.4 million), respectively, of the total duty paid over the same periods.

- 5407.52.90.12 (certain dyed woven fabrics, containing 85 percent or more by weight of textured polyester filaments, of a weight exceeding 50 g/m² but not exceeding 170 g/m²);
- 5407.52.90.13 (certain dyed woven fabrics, containing 85 percent or more by weight of textured polyester filaments, of a weight exceeding 170 g/m²);
- 5407.61.99.72 (certain printed woven fabrics, containing 85 percent or more by weight of non-textured polyester filaments, of a weight exceeding 50 g/m² but not exceeding 170 g/m²); and
- 5407.92.90.32 (certain dyed woven fabrics of artificial filaments, of a weight exceeding 170 g/m²).

106. Duty collected under the 15 subject statistical codes for which the Tribunal's information indicated no purchases of domestic textile inputs amounted to approximately \$5.2 million in 2003 and \$2 million in the first six months of 2004.

107. The CTI commented on the substitutability between textile inputs described under statistical codes 5407.61.99.33 and 5407.61.99.31 or 5407.61.99.32 and between those described under 5407.61.99.33 and 5407.52.90.13 (similar but made of textured rather than non-textured polyester). As for statistical code 5407.61.99.32 (over 50 but under 170 g/m²), textile inputs described under this statistical code have been added in this final report as they were found to be produced in Canada. The overall issue of substitutability was not part of the Tribunal's mandate in this inquiry.

CHAPTER 55 – MAN-MADE STAPLE FIBRES

a) Domestic Textile Manufacturers

108. In **Phase I** of the inquiry, the Tribunal received a form letter from four firms (Canada Hair Cloth Company, DIFCO Performance Fabrics Inc., Doubletex and Tricots Liesse) that reported that they manufacture in Canada various products as described in Chapter 55. In **Phase IV** of the inquiry, Consoltex Inc. submitted that it produces and sells woven textile fabrics to apparel producers that fall under heading Nos. 55.12, 55.13, 55.14, 55.15 and 55.16.

109. Appendix IV identifies the textile inputs that Canada Hair Cloth Company reported that it manufactures as described specifically by the subject 10-digit statistical codes of Chapter 55. Appendix IV also shows that other firms reported that they produce textile inputs as described by the 4-digit heading or 8-digit tariff item. These broader descriptions do not, however, confirm whether these manufacturers actually produce any of the subject textile inputs. No

other data or information, such as sales invoices, product descriptions or volumes of production, were provided to substantiate the production in Canada of the subject textile inputs even though such information was requested in the Tribunal's questionnaire.

b) Apparel Producers

110. In **Phase III** and **Phase IV** of the inquiry, six firms reported that they purchased domestically produced textile inputs as described by the subject statistical codes of Chapter 55. The combined total company sales from domestic production for these firms, in 2003, amounted to \$188 million. Based on information before the Tribunal, Table 16 indicates under which statistical codes textile inputs are produced domestically.

111. Canadelle commented that the selection of textile inputs from domestic suppliers is limited and Exploits Design Inc. indicated that certain fabrics are not available in Canada. Cooper Clothing Inc. stated that domestic supply is very costly compared to imports of the same textiles. Riviera Inc. noted that domestic product does not have the hand and drape of fabrics that are available from offshore sources, and it commented on other issues when dealing with domestic suppliers, specifically, minimum order quantities, long production lead time and price versus quality relationships.

112. In **Phase IV**, Accolade Embroidery Ltd. and Hamilton Lingerie 1978 Ltd. requested tariff relief for statistical code 5512.19.90.11.

c) Domestic Availability of Subject Chapter 55 Textile Inputs

113. Table 16 provides a summary of the availability of the subject Chapter 55 textile inputs. Based on the questionnaire replies, 6 out of 24 subject textile inputs were purchased from domestic textile manufacturers between January 1, 2003, and June 30, 2004.

Table 16
Domestic Availability of Subject Chapter 55 Textile Inputs
January 1, 2003, to June 30, 2004

Statistical Code	Reporting Firm	Available in Canada From ¹
5512.19.90.11	none	
5512.19.90.31	none	
5512.29.90.00	none	
5513.11.90.11	none	
5513.11.90.21	none	
5513.12.90.10	none	
5513.21.00.10	Canadelle	DIFCO Performance Fabrics Inc. Doubletex Knitrama Fabrics Inc.
	Exploits Design Inc.	Doubletex
	Lac-Mac	Doubletex
5513.22.90.10	Logistik Unicorp Inc.	Doubletex
5513.31.90.00	none	
5513.41.90.10	none	
5514.21.00.10	Canadelle	Knitrama Fabrics Inc.
5514.22.90.10	Cooper Clothing Inc.	Doubletex
5515.11.90.00	none	
5515.13.90.11	Riviera Inc.	Cleyn & Tinker Inc.
5515.13.90.20	Cooper Clothing Inc.	Cleyn & Tinker Inc.
	Logistik Unicorp Inc.	Cleyn & Tinker Inc.
5516.12.00.10	none	
5516.14.90.10	none	
5516.22.00.11	none	
5516.22.00.90	none	
5516.23.90.90	none	
5516.32.00.00	none	
5516.42.00.00	none	
5516.92.00.00	none	
5516.93.90.00	none	

1. As reported by questionnaire respondents. May include firms that distribute textile inputs but they do not necessarily manufacture textiles.

Source: Replies to questionnaires.

d) Import Data

114. Table 17 provides, for Chapter 55, the estimated imports of the subject textile inputs for use in the production of apparel, for the period of inquiry.

Table 17
Chapter 55
Estimated Imports of Subject Textile Inputs for Use in the Production of Apparel

CAN \$

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5512.19.90.11	4,376,856	610,198	1,738,322	229,105
5512.19.90.31	1,297,821	180,886	344,249	44,687
5512.29.90.00	506,922	71,085	605,873	83,521
5513.11.90.11	2,398,061	355,620	1,037,940	140,964
5513.11.90.21	1,012,110	151,691	437,451	61,226
5513.12.90.10	993,704	149,044	266,613	37,322
5513.21.00.10	3,876,214	573,509	2,159,296	301,061
5513.22.90.10	202,582	30,383	351,074	49,143
5513.31.90.00	600,620	88,290	426,030	58,996
5513.41.90.10	948,091	140,544	383,489	52,736
5514.21.00.10	739,351	110,871	362,212	43,934
5514.22.90.10	339,209	49,687	252,279	33,418
5515.11.90.00	15,447,610	1,986,274	5,947,292	699,316
5515.13.90.11	611,016	86,518	247,454	34,548
5515.13.90.20	617,358	82,491	1,579,722	208,143
5516.12.00.10	632,376	86,908	297,904	41,660
5516.14.90.10	514,636	77,141	328,403	45,391
5516.22.00.11	1,748,598	213,568	591,823	67,119
5516.22.00.90	1,451,492	167,768	956,391	101,183
5516.23.90.90	237,647	33,065	276,512	32,046
5516.32.00.00	526,501	78,375	218,482	27,371
5516.42.00.00	968,079	139,697	587,778	81,590
5516.92.00.00	1,896,440	246,955	986,460	113,653
5516.93.90.00	575,592	77,538	233,514	29,794
	42,518,886	5,788,106	20,616,563	2,617,927

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Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5512.19.90.11	10	11	8	9
5512.19.90.31	3	3	2	2
5512.29.90.00	1	1	3	3
5513.11.90.11	6	6	5	5
5513.11.90.21	2	3	2	2
5513.12.90.10	2	3	1	1
5513.21.00.10	9	10	10	11
5513.22.90.10	0	1	2	2
5513.31.90.00	1	2	2	2
5513.41.90.10	2	2	2	2
5514.21.00.10	2	2	2	2
5514.22.90.10	1	1	1	1
5515.11.90.00	36	34	29	27
5515.13.90.11	1	1	1	1
5515.13.90.20	1	1	8	8
5516.12.00.10	1	2	1	2
5516.14.90.10	1	1	2	2
5516.22.00.11	4	4	3	3
5516.22.00.90	3	3	5	4
5516.23.90.90	1	1	1	1
5516.32.00.00	1	1	1	1
5516.42.00.00	2	2	3	3
5516.92.00.00	4	4	5	4
5516.93.90.00	1	1	1	1
	100	100	100	100

The shaded statistical codes indicate that domestic purchases have been reported under these codes.

Source: Statistics Canada.

e) Apparel Producers' Domestic Purchases Compared with Imports

115. Table 18 provides, for each subject statistical code of Chapter 55 where purchases were reported by questionnaire respondents, a comparison, in percentage terms, of the value of domestic purchases with the estimated value of imports.

Statistical Code	Domestic Purchases as a Percentage of the Value of Imports	
	Range ¹	
	2003	Jan. - June 2004
5513.21.00.10	>10	<10
5513.22.90.10	<10	<10
5514.21.00.10	<10	<10
5514.22.90.10	<10	<10
5515.13.90.11	<10	>10
5515.13.90.20	>25	>10
TOTAL	<10	<10

1. The ranges used for this scale are: less than (<) 10%; greater than (>) 10%; greater than (>) 25%; greater than (>) 50%; greater than (>) 100%.

Source: Replies to questionnaires and Statistics Canada.

f) Tribunal Observations

116. The information provided by six apparel producers indicates that the domestic textile industry has produced textile inputs covered by 6 out of the 24 subject statistical codes of Chapter 55. They are:

- 5513.21.00.10 (certain plain woven dyed fabrics of polyester staple fibres, containing less than 85 percent by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170g/m²);
- 5513.22.90.10 (other twill woven dyed fabrics of polyester staple fibres, containing less than 85 percent by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170g/m²);
- 5514.21.00.10 (certain plain woven dyed fabrics of polyester staple fibres, containing less than 85 percent of such fibres, mixed mainly or solely with cotton, of a weight exceeding 170g/m²);
- 5514.22.90.10 (other twill woven dyed fabrics of polyester staple fibres, containing less than 85 percent by weight of such fibres, mixed mainly or solely with cotton, of a weight exceeding 170g/m²);
- 5515.13.90.11 (other woven fabrics of synthetic staple fibres, mixed mainly or solely with carded wool or carded animal hair, of a weight not exceeding 300 g/m²); and

- 5515.13.90.20 (other woven fabrics of polyester staple fibres, mixed mainly or solely with combed wool or combed fine animal hair).

117. In total, for the period of inquiry, the value of these domestic purchases was over \$1.2 million. Ninety percent of the value of these purchases was accounted for by two statistical codes, 5513.21.00.10 and 5515.13.90.20.

118. Data from Table 16 indicates that the subject textile inputs were available from Cleyne & Tinker Inc., DIFCO Performance Fabrics Inc., Doubletex and Knitrama Fabrics Inc. No purchases were reported from Canada Hair Cloth Company or Tricots Liesse, domestic textile manufacturers that also reported manufacturing activities for products described in Chapter 55.

119. A comparison of domestic purchases with imports, on a value basis, shows that, in 2003, for two statistical codes (5513.21.00.10 and 5515.13.90.20), purchases of domestic textile inputs were greater than 10 percent of the value of imports. In the first six months of 2004, for two statistical codes (5515.13.90.11 and 5515.13.90.20), purchases of domestic textile inputs were more than 10 percent of the value of imports.

120. Statistical code 5515.11.90.00 (other woven fabrics of synthetic staple fibres mixed mainly or solely with viscose rayon staple fibres) for which there were no reported domestic purchases, accounted for 36 and 29 percent, respectively, of the total value of imports reported in 2003 and in the first six months of 2004 and 34 percent (or \$2 million) and 27 percent (or \$700,000), respectively, of the duty paid for the same periods.

121. Duty collected under the 18 subject statistical codes for which the Tribunal's information indicated no purchases of domestic textile inputs amounted to approximately \$4.9 million in 2003 and \$1.9 million in the first six months of 2004.

CHAPTER 56 – WADDING, FELT AND NONWOVENS; SPECIAL YARNS; TWINE; CORDAGE; ROPES AND CABLES AND ARTICLES THEREOF

a) Domestic Textile Manufacturers

122. In **Phase I** of the inquiry, the Tribunal received a form letter from six firms (Canada Hair Cloth Company, Doubletex, Matador Converters Co. Ltd., Steadfast Inc., Texel Inc. and Tricots Liesse) that reported that they manufacture in Canada various products as described in Chapter 56.

123. Appendix IV identifies the textile inputs that Canada Hair Cloth Company and Matador Converters Co. Ltd. reported that they manufacture as described specifically by the subject 10-digit statistical codes of Chapter 56. Appendix IV also shows that other firms reported that they produce textile inputs as described by the 4-digit heading or 8-digit tariff item. These broader descriptions do not, however, confirm whether these manufacturers actually produce any of the subject textile inputs. No other data or information, such as sales invoices, product descriptions or volumes of production, were provided to substantiate the production in Canada of the subject textile inputs even though such information was requested in the Tribunal's questionnaire.

124. In addition to the firms noted above, Texel Inc., a textile manufacturer, replied in full to the Tribunal's producers' questionnaire. It stated that it has manufactured in Canada needle-punched nonwoven fabrics since 1967. Texel Inc. reported that it produces interlinings for apparel and protective clothing as described specifically by statistical codes 5603.93.90.30 (other nonwovens of polyesters, weighing more than 70g/m² but not more than 150 g/m²) and 5603.93.90.90 (other nonwovens, weighing more than 70g/m² but not more than 150 g/m²). According to the information provided by Texel Inc., for January 1, 2003, to March 30, 2004, sales of textile inputs to apparel producers covered by these two statistical codes were greater than 10 percent when compared with imports.

b) Apparel Producers

125. In **Phase III** of the inquiry, Canadelle reported that it purchased domestically produced textile inputs as described by the subject statistical code 5603.93.90.30 of Chapter 56. Canadelle commented that the selection of textile inputs from domestic suppliers is limited and that domestic product of the same quality as imported product is more expensive. In **Phase IV** of the inquiry, Logistik Unicorp Inc. reported that it purchased domestically produced textile inputs as described by the same statistical code.

c) Domestic Availability of Subject Chapter 56 Textile Inputs

126. Table 19 provides a summary of the availability of subject Chapter 56 textile inputs. Based on the questionnaire replies, from purchasers and one domestic textile manufacturer, textile inputs covered by two out of nine subject statistical codes were purchased from or sold by domestic textile manufacturers between January 1, 2003, and June 30, 2004.

Table 19
Domestic Availability of Subject Chapter 56 Textile Inputs
January 1, 2003, to June 30, 2004

Statistical Code	Reporting Firm	Available in Canada From ¹
5602.21.90.00	none	
5603.92.90.20	none	
5603.92.90.30	none	
5603.92.90.40	none	
5603.92.90.50	none	
5603.92.90.90	none	
5603.93.90.30	Canadelle	Matador Converters Co. Ltd. Texel Inc. ²
	Logistik Unicorp Inc.	Matador Converters Co. Ltd.
5603.93.90.40	none	
5603.93.90.90	Texel Inc.	Texel Inc. ²

1. As reported by questionnaire respondents. May include firms that distribute textile inputs but that do not necessarily manufacture textiles.

2. As reported by Texel Inc. in the Tribunal's producer's questionnaire.

Source: Replies to questionnaires.

d) Import Data

127. Table 20 provides, for Chapter 56, the estimated imports of the subject textile inputs for use in the production of apparel, for the period of inquiry.

Table 20
Chapter 56
Estimated Imports of Subject Textile Inputs for Use in the Production of Apparel
CAN \$

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5602.21.90.00	866,128	108,226	427,046	51,231
5603.92.90.20	264,925	39,607	331,286	46,356
5603.92.90.30	171,424	25,698	136,388	19,088
5603.92.90.40	0	0	64,160	0
5603.92.90.50	587,690	87,604	4,144	579
5603.92.90.90	97,028	14,542	33,886	4,736
5603.93.90.30	222,585	32,881	196,660	27,525
5603.93.90.40	37,030	5,554	0	0
5603.93.90.90	202,340	30,340	75,185	10,524
	2,449,150	344,452	1,268,755	160,039

PERCENT SHARE

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5602.21.90.00	35	31	34	32
5603.92.90.20	11	11	26	29
5603.92.90.30	7	7	11	12
5603.92.90.40	0	0	5	0
5603.92.90.50	24	25	0	0
5603.92.90.90	4	4	3	3
5603.93.90.30	9	10	16	17
5603.93.90.40	2	2	0	0
5603.93.90.90	8	9	6	7
	100	100	100	100

The shaded statistical codes indicate that domestic purchases have been reported under these codes.

Source: Statistics Canada.

e) Apparel Producers' Domestic Purchases Compared with Imports

128. Table 21 provides, for each subject statistical code of Chapter 56, where purchases were reported by questionnaire respondents, a comparison, in percentage terms, of the value of domestic purchases with the estimated value of imports.

Table 21
Domestic Purchases Compared with Imports of Subject Textile Inputs
for Use in the Production of Apparel

Statistical Code	Domestic Purchases as a Percentage of the Value of Imports	
	Range ¹	
	2003	Jan. - June 2004
5603.93.90.30	>100	<10
5603.93.90.90	>100	
TOTAL	>25	<10

1. The ranges used for this scale are: less than (<) 10%; greater than (>) 10%; greater than (>) 25%; greater than (>) 50%; greater than (>) 100%.

Source: Replies to questionnaires and Statistics Canada. Information provided by Texel Inc. for a 15-month period was included in 2003.

f) Tribunal Observations

129. The information provided by two apparel producers and one domestic textile manufacturer indicates that textile inputs covered by two subject statistical codes, 5603.93.90.30 and 5603.93.90.90 of Chapter 56, were available from domestic production.

130. Data from Table 19 indicates that the subject textile inputs were also available from Matador Converters Co. Ltd. and Texel Inc. No purchases were reported from Canada Hair Cloth Company, Doubletex, Steadfast Inc. or Tricots Liesse, domestic textile manufacturers that also reported manufacturing activities for products in Chapter 56.

131. A comparison of domestic purchases with imports, on a value basis, shows that, in 2003, for two statistical codes (5603.93.90.30 and 5603.93.90.90), purchases of domestic textile inputs were greater than the value of imports.

132. The following three statistical codes, for which there was no domestic production reported, accounted for 70 and 60 percent, respectively, of the total value of imports reported in 2003 and in the first six months of 2004. They accounted for 67 percent (or \$235,000) and 61 percent (or \$98,000), respectively, of the total duty paid over the same periods:

- 5602.21.90.00 (other felt of wool or fine animal hair);
- 5603.92.90.20 (nonwovens, impregnated, coated or covered, weighing more than 25g/m² but not more than 70 g/m²); and
- 5603.92.90.50 (nonwovens of nylon or polyamides, weighing more than 25g/m² but not more than 70 g/m²).

133. Duty collected under the seven statistical codes for which the Tribunal's information indicated no purchases of domestic textile inputs amounted to approximately \$281,000 in 2003 and \$122,000 in the first six months of 2004.

CHAPTER 58 – SPECIAL WOVEN FABRICS; TUFTED TEXTILE FABRICS; LACE; TAPESTRIES; TRIMMINGS; EMBROIDERY

a) Domestic Textile Manufacturers

134. In **Phase I** of the inquiry, the Tribunal received a form letter from one firm, Tricots Liesse, that reported that it manufactures in Canada products as described by the broad 4-digit headings 58.01, 58.04 and 58.06 in Chapter 58. This broad description does not, however, confirm whether Tricots Liesse actually manufactures any of the subject textile inputs.

135. No other data or information, such as sales invoices, product descriptions or volumes of production, were provided to substantiate the production in Canada of the subject textile inputs even though such information was requested in the Tribunal's questionnaire.

b) Apparel Producers

136. In **Phase III** of the inquiry, Riviera Inc. reported that it purchased domestically produced textile inputs as described by the subject statistical codes 5801.22.29.90 and 5801.22.90.00 of Chapter 58.

137. Riviera Inc. commented that the selection of fashionable textile inputs from domestic suppliers is limited and that domestic product does not have the hand and drape of fabrics that are available from offshore sources. It also noted other issues when dealing with domestic suppliers, specifically, minimum order quantities, long production lead time and price versus quality relationships.

c) Domestic Availability of Subject Chapter 58 Textile Inputs

138. Table 22 provides a summary of the availability of subject Chapter 58 textile inputs. Based on the questionnaire replies, two out of eight subject textile inputs were purchased from domestic textile manufacturers between January 1, 2003, and June 30, 2004.

Table 22
Domestic Availability of Subject Chapter 58 Textile Inputs
January 1, 2003, to June 30, 2004

Statistical Code	Reporting Apparel Firm	Available in Canada From ¹
5801.22.29.90	Riviera Inc.	J.L. DeBall Canada Inc.
5801.22.90.00	Riviera Inc.	J.L. DeBall Canada Inc.
5804.21.00.10	none	
5804.21.00.20	none	
5804.29.00.10	none	
5804.29.00.20	none	
5804.30.90.00	none	
5806.10.90.90	none	

1. As reported by questionnaire respondents. May include firms that distribute textile inputs but that do not necessarily manufacture textiles.

Source: Replies to questionnaires.

d) Import Data

139. Table 23 provides, for Chapter 58, the estimated imports of the subject textile inputs for use in the production of apparel, for the period of inquiry.

Table 23
Chapter 58
Estimated Imports of Subject Textile Inputs for Use in the Production of Apparel
CAN \$

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5801.22.29.90	505,626	60,637	859,740	103,130
5801.22.90.00	1,615,174	229,716	780,684	109,244
5804.21.00.10	550,107	66,336	87,511	9,270
5804.21.00.20	534,343	60,762	270,877	22,248
5804.29.00.10	160,151	8,860	22,796	1,191
5804.29.00.20	86,186	1,073	117,778	3,090
5804.30.90.00	7,692	952	2,203	262
5806.10.90.90	260,095	38,951	179,876	25,160
	3,719,374	467,287	2,321,465	273,595

PERCENT SHARE

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5801.22.29.90	14	13	37	38
5801.22.90.00	43	49	34	40
5804.21.00.10	15	14	4	3
5804.21.00.20	14	13	12	8
5804.29.00.10	4	2	1	0
5804.29.00.20	2	0	5	1
5804.30.90.00	0	0	0	0
5806.10.90.90	7	8	8	9
	100	100	100	100

The shaded statistical codes indicate that domestic purchases have been reported under these codes.

Source: Statistics Canada.

e) Apparel Producers' Domestic Purchases Compared with Imports

140. Table 24 provides, for each subject statistical code of Chapter 58, where purchases were reported by questionnaire respondents, a comparison, in percentage terms, of the value of domestic purchases with the estimated value of imports.

Statistical Code	Domestic Purchases as a Percentage of the Value of Imports	
	Range ¹	
	2003	Jan. - June 2004
5801.22.29.90		<10
5801.22.90.00	<10	<10
TOTAL	<10	<10

1. The ranges used for this scale are less than 10% (<), greater than 10% (>), greater than 25% (>), greater than 50% (>) and greater than 100% (>)
Source: Replies to questionnaires and Statistics Canada.

f) Tribunal Observations

141. The information provided by one apparel producer indicates that the domestic textile industry has produced textile inputs covered by two subject statistical codes of Chapter 58:

- 5801.22.29.90 (cut corduroy fabrics of cotton); and
- 5801.22.90.00 (other cut corduroy fabrics).

142. Data from Table 22 indicates that the subject textile inputs were available from J.L. DeBall Canada Inc. No purchases were reported from Tricots Liesse.

143. A comparison of domestic purchases with imports, on a value basis, shows that, for the textile inputs covered by statistical codes 5801.22.29.90 and 5801.22.90.00, domestic purchases were less than 10 percent when compared with imports during the period of inquiry. These two statistical codes accounted for 57 and 71 percent, respectively, of the total value of imports reported in 2003 and in the first six months of 2004. Together, these two codes accounted for 62 percent (or \$290,353) and 78 percent (or \$212,374), respectively, of the duty paid in 2003 and in the first six months of 2004.

144. Duty collected under the other six subject statistical codes for which the Tribunal's information indicated no domestic purchases of textile inputs amounted to approximately \$177,000 (37 percent) in 2003 and \$61,000 (22 percent) in the first six months of 2004.

**CHAPTER 59 – IMPREGNATED, COATED, COVERED OR LAMINATED
TEXTILE FABRICS; TEXTILE ARTICLES OF A KIND SUITABLE FOR
INDUSTRIAL USE****a) Domestic Textile Manufacturers**

145. In **Phase I** of the inquiry, the Tribunal received a form letter from five firms (Barrday, Inc., Canada Hair Cloth Company, Matador Converters Co. Ltd., Steadfast Inc. and Tricots Liesse) that reported that they manufacture in Canada products as described in Chapter 59. In **Phase IV** of the inquiry, Consoltex Inc. submitted that it produces and sells textile woven fabrics to apparel producers that fall under heading No. 59.03

146. Appendix IV identifies the textile inputs that Canada Hair Cloth Company and Matador Converters Co. Ltd. reported that they manufacture as described specifically by the subject 10-digit statistical codes of Chapter 59. Appendix IV also shows that other firms reported that they produce textile inputs as described by the 4-digit heading or 8-digit tariff item. These broader descriptions do not, however, confirm whether these manufacturers actually produce any of the subject textile inputs. No other data or information, such as sales invoices, product descriptions or volumes of production, were provided to substantiate the production in Canada of the subject textile inputs even though such information was requested in the Tribunal's questionnaire.

147. In **Phase IV**, Texel Inc. opposed tariff relief with respect to statistical codes 5602.21.90.00, 5603.93.90.30, 5603.93.90.40 and 5603.93.90.90. However, it stated that it was not opposed to tariff relief regarding statistical codes 5603.92.90.20, 5603.92.90.30, 5603.92.90.40, 5603.92.90.50 and 5603.92.90.90.

b) Apparel Producers

148. In **Phase IV** of the inquiry, two firms reported that they purchased domestically produced textile inputs as described by the subject statistical code 5903.90.29.00 of Chapter 59. Arc'teryx Equipment Inc. also requested tariff relief for statistical code 5903.90.29.00.

c) Domestic Availability of Subject Chapter 59 Textile Inputs

149. Table 25 provides a summary of the availability of subject Chapter 59 textile inputs. Based on the questionnaire replies, one out of three subject textile inputs was purchased from domestic textile manufacturers between January 1, 2003, and June 30, 2004.

Statistical Code	Reporting Apparel Firm	Available in Canada From ¹
5903.90.10.10	none	
5903.90.10.90	none	
5903.90.29.00	Logistik Unicorp Inc. Med-Eng Systems Inc.	W. L. Gore & Associates Inc. Sonatex Inc.

¹ As reported by questionnaire respondents. May include firms that distribute textile inputs but that do not necessarily manufacture textiles.
Source: Replies to questionnaires.

d) Import Data

150. Table 26 provides, for Chapter 59, the estimated imports of the subject textile inputs for use in the production of apparel, for the period of inquiry.

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5903.90.10.10	529,759	76,537	269,234	37,660
5903.90.10.90	16,169	2,331	12,608	1,763
5903.90.29.00	6,183,384	305,638	2,486,108	146,598
	6,729,312	384,506	2,767,950	186,021

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
5903.90.10.10	8	20	10	20
5903.90.10.90	0	1	0	1
5903.90.29.00	92	79	90	79
	100	100	100	100

Source: Statistics Canada.

e) Apparel Producers' Domestic Purchases Compared with Imports

151. Table 27 provides, for each subject statistical code of Chapter 59, where purchases were reported by questionnaire respondents, a comparison, in percentage terms, of the value of domestic purchases with the estimated value of imports.

Statistical Code	Domestic Purchases as a Percentage of the Value of Imports	
	Range ¹	
	2003	Jan. - June 2004
5903.90.29.00	<10	<10
TOTAL	<10	<10

1. The ranges used for this scale are: less than (<) 10%; greater than (>) 10%; greater than (>) 25%; greater than (>) 50%; greater than (>) 100%.
Source: Replies to questionnaires and Statistics Canada.

f) Tribunal Observations

152. The information provided by two apparel producers indicates that the domestic textile industry has produced textile inputs covered by statistical code 5903.90.29.00 (other textile fabrics containing man-made fibres).

153. A comparison of domestic purchases with imports, on a value basis, shows that, for the textile inputs covered by this statistical code, purchases of domestic textile inputs were less than 10 percent of the value of imports during the period of inquiry. Statistical code 5903.90.29.00 accounted for 92 and 90 percent, respectively, of the total value of imports reported in 2003 and in the first six months of 2004. It accounted for 79 percent (\$305,638 in 2003 and \$146,598 in the first six months of 2004) of the duty paid during the period of inquiry.

154. Duty collected under the other two subject statistical codes for which the Tribunal's information indicated no domestic purchases of textile inputs amounted to approximately \$78,868 (21 percent) in 2003 and \$39,423 (21 percent) in the first six months of 2004.

CHAPTER 60 – KNITTED OR CROCHETED FABRICS

a) Domestic Textile Manufacturers

155. In **Phase I** of the inquiry, the Tribunal received a form letter from nine firms (Cannon Knitting Mills Limited, Doubletex, Gentry Knitting Mills Limited, Manoir Inc., Rentex Inc., Roopa Sales & Trading Ltd., Tek-knit Industries, Canada U.S. Knitting Inc. and Tricots Liesse) that reported that they manufacture in Canada products as described in Chapter 60.

156. Appendix IV identifies the textile inputs that Cannon Knitting Mills Limited, Rentex Inc. and Roopa Sales & Trading Ltd. reported that they manufacture as described specifically by the subject 10-digit statistical codes of Chapter 60. Appendix IV also shows that other firms reported that they produce textile inputs as described by the 4-digit heading or 8-digit tariff item. These broader descriptions do not, however, confirm whether these manufacturers actually produce any of the subject textile inputs. No other data or information, specifically, sales invoices, product descriptions or volumes of production, were provided to substantiate the production in Canada of the subject textile inputs even though such information was requested in the Tribunal's questionnaire.

157. In addition to the above noted firms, Great Lakes Knitting Mills Ltd., a textile manufacturer, also provided a response to the Tribunal's producers' questionnaire and reported that it manufactures knitted fabrics covered by statistical code 6004.10.90.90 (certain knitted fabrics containing by weight 5 percent or more of elastomeric yarn, of a width exceeding 30 cm).

158. In addition, the Tribunal received partial responses from Tri-Star Textiles Ltd. and WorldBest (Canada) Industries Inc. Tri-Star Textiles Ltd. reported that it manufactures textile inputs as described by statistical codes 6001.92.90.10, 6004.10.90.10, 6004.10.90.90, 6006.31.90.19, 6006.32.90.11, 6006.32.90.14, 6006.32.90.19, 6006.33.90.19, 6006.34.90.19 and 6006.42.90.19. WorldBest (Canada) Industries Inc. indicated that it manufactures in Canada the subject textile inputs covered by the following 8-digit tariff items: 6006.31.90, 6006.32.90, 6006.33.90 and 6004.10.90. Tri-Star Textiles Ltd. and WorldBest (Canada) Industries Inc. did not provide information at the 10-digit statistical code level to substantiate sales of the subject textile inputs from domestic production.

b) Apparel Producers

159. In **Phase III** and **Phase IV** of the inquiry, 24 firms confirmed the availability of domestically produced textile inputs as described by the subject statistical codes of Chapter 60. The combined total sales from domestic production for 20 firms that provided this information, in 2003, amounted to approximately \$482 million.

160. Some apparel producers commented that, in general, the selection of knitted fabrics from domestic sources is limited and that it is becoming increasingly difficult to buy "Canadian", as unique products are not produced. Moreover, some producers indicated that domestic textile producers are not able to compete with imported products and that the quality, colour consistency and pricing of imported fabrics from Far East suppliers are not comparable with domestic products. Producers noted other issues when dealing with domestic suppliers, specifically, delivery times, the high cost of fabrics, minimum run requirements, long lead times to develop new products and required volumes within specified times. Appendix VI provides a more detailed summary of comments from these producers. Two apparel producers (Med-Eng Systems Inc. and Logistik Unicorp Inc.) stated that they encountered no difficulties in obtaining required inputs from Canadian sources.

161. In **Phase IV**, Accolade Embroidery Ltd. requested tariff relief for statistical code 6006.32.90.19. Hamilton Lingerie 1978 Ltd. requested tariff relief for statistical

codes 6001.22.00.11, 6001.22.00.12, 6001.92.90.10 and 6006.32.90.11. Picadilly Fashions requested tariff relief for statistical code 6004.10.90.90.

c) Domestic Availability of Subject Chapter 60 Textile Inputs

162. Table 28 provides a summary of the availability of subject Chapter 60 textile inputs. Based on the questionnaire replies, both from purchasers and from one domestic textile manufacturer in this case, 12 out of 22 subject textile inputs were purchased from or sold by domestic textile manufacturers between January 1, 2003, and June 30, 2004.

Statistical Code	Reporting Firm	Available in Canada From ¹
6001.92.90.10	Ranpro Inc.	Huntingdon Mills (Canada) Ltd.
	Standard Knitting Ltd.	Huntingdon Mills (Canada) Ltd.
6002.40.90.11	none	
6002.40.90.19	none	
6002.40.90.91	none	
6002.40.90.99	Bravado Designs Inc.	Naroflex Inc.
	Canadelle	Naroflex Inc.
		Britex Limited
6002.90.90.91	none	
6004.10.90.10	none	
6004.10.90.90	Ballin	Cannon Knitting Mills Limited
	Bravado Designs Inc.	Gentry Knitting Mills Limited
		Manoir Inc.
	Canadelle	The Nalpac Company
		Hafner Élastique Inc.
		Britex Limited
	Coquette Int. Inc.	Hafner Élastique Inc.
	Donna Fashions Mfg. Ltd.	Magni-Tex Inc.
		Tricots Liesse
		The Nalpac Company
		Manoir Inc.
	Effigi Inc.	Lucratex Inc.
		The Nalpac Company
	Lululemon Athletica	The Nalpac Company
	Mondor Ltée	Hafner Élastique Inc.
		The Nalpac Company
		Tricots Liesse
		Huntingdon Mills (Canada) Ltd.
	Ranpro Inc.	Tricots Liesse
	S G S Sports Inc.	Con-Trade Textiles Inc.
	Stanfield's Ltd.	Agmont Inc.
		Tricots Liesse
	Talula Babaton Manufacturing Inc./Aritzia	N/A
	Teenflo (163972 Canada Inc.)	Tricots Liesse
	Wing Son Garments Ltd.	Meridian Knitting
	Great Lakes Knitting Mills Ltd.	Great Lakes Knitting Mills Ltd. ²

Table 28 (continued)

6005.22.90.90	Effigi Inc.	Janus Textiles Inc.
6005.31.90.23	Logistik Unicorp Inc.	Tek-knit
6005.32.90.21	Alpine Joe Sportswear Ltd.	Doubletex
6005.32.90.23	Lac-Mac Limited	Rentex Inc.
	Logistik Unicorp Inc.	Tek-knit
6005.32.90.24	none	
6005.32.90.29	Logistik Unicorp Inc.	Roopa Sales & Trading Ltd.
6005.34.90.23	none	
6006.31.90.19	none	
6006.32.90.11	Canadelle	Knitrama Fabrics Inc.
		Hubbard Fabrics
6006.32.90.14	Hamilton Lingerie 1978 Ltd.	Tri-Star Textiles Ltd.
		Northeast Knitting Mills
	Logistik Unicorp Inc.	Roopa Sales & Trading Ltd.
	Med-Eng Systems Inc.	Majestic Laces Ltd.
	Mondor Ltée	Roopa Sales & Trading Ltd.
	Pace Setter Sportswear	Interlock Knitting
	Standard Knitting Ltd.	Tricots Canada U.S. Inc.
	Wing Son Garments Ltd.	Meridian Knitting
6006.32.90.19	Logistik Unicorp Inc.	Roopa Sales & Trading Ltd.
	Trimark Athletic Supplies Inc.	Fine Cotton Factory Inc.
6006.33.90.19	The Hockey Company / Sport Maska Inc.	Knitrama Fabrics Inc.
6006.34.90.19	none	
6006.42.90.19	none	

1. As reported by questionnaire respondents. May include firms that distribute textile inputs but that do not necessarily manufacture textiles.

2. As reported by Great Lakes Knitting in response to the Tribunal's Producers' Questionnaire.

Source: Replies to questionnaires

d) Import Data

163. Table 29 provides, for Chapter 60, the estimated imports of subject textile inputs for use in the production of apparel, for the period of inquiry.

Table 29
Chapter 60
Estimated Imports of Subject Textile Inputs for Use in the Production of Apparel
CAN \$

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
6001.92.90.10	5,141,408	770,965	1,219,138	170,620
6002.40.90.11	13,064	1,776	13,929	1,948
6002.40.90.19	6,114,838	79,943	4,201,881	23,012
6002.40.90.91	809,999	121,260	331,960	46,433
6002.40.90.99	3,470,448	357,599	1,865,978	202,078
6002.90.90.91	79,413	11,829	21,135	2,919
6004.10.90.10	1,198,551	179,596	642,652	86,263
6004.10.90.90	34,911,885	5,177,452	20,537,542	2,808,141
6005.22.90.90	545,105	79,677	116,638	16,325
6005.31.90.23	1,385,492	207,144	906,196	126,824
6005.32.90.21	546,598	81,930	279,110	38,007
6005.32.90.23	7,019,511	1,045,885	2,774,896	383,527
6005.32.90.24	135,516	20,314	28,454	3,980
6005.32.90.29	192,746	28,884	80,682	11,282
6005.34.90.23	496,447	74,003	461,266	64,540
6006.31.90.19	511,617	76,350	171,645	24,011
6006.32.90.11	6,494,705	971,044	2,072,963	286,787
6006.32.90.14	3,052,922	457,335	1,210,895	169,469
6006.32.90.19	8,054,502	1,142,970	1,794,716	246,182
6006.33.90.19	224,816	33,702	47,715	6,672
6006.34.90.19	1,579,133	223,011	535,289	74,682
6006.42.90.19	1,025,986	70,279	423,534	19,141
	83,004,702	11,212,948	39,738,214	4,812,843

PERCENT SHARE

Statistical Code	2003		Jan. – June 2004	
	Value	Duty Paid	Value	Duty Paid
6001.92.90.10	6	7	3	4
6002.40.90.11	0	0	0	0
6002.40.90.19	7	1	11	0
6002.40.90.91	1	1	1	1
6002.40.90.99	4	3	5	4
6002.90.90.91	0	0	0	0
6004.10.90.10	1	2	2	2
6004.10.90.90	42	46	52	58
6005.22.90.90	1	1	0	0
6005.31.90.23	2	2	2	3
6005.32.90.21	1	1	1	1
6005.32.90.23	8	9	7	8
6005.32.90.24	0	0	0	0
6005.32.90.29	0	0	0	0
6005.34.90.23	1	1	1	1
6006.31.90.19	1	1	0	0
6006.32.90.11	8	9	5	6
6006.32.90.14	4	4	3	4
6006.32.90.19	10	10	5	5
6006.33.90.19	0	0	0	0
6006.34.90.19	2	2	1	2
6006.42.90.19	1	1	1	0
	100	100	100	100

The shaded statistical codes indicates that domestic purchases have been reported under these codes.
Source: Statistics Canada.

e) Apparel Producers' Domestic Purchases Compared with Imports

164. Table 30 provides, for each subject statistical code of Chapter 60 where purchases were reported by questionnaire respondents, a comparison, in percentage terms, of the value of domestic purchases with the estimated value of imports.

Statistical Code	Domestic Purchases as a Percentage of the Value of Imports	
	Range ¹	
	2003	Jan. - June 2004
6001.92.90.10	>10	>50
6002.40.90.99	>25	>25
6004.10.90.90	>10	>10
6005.22.90.90	<10	
6005.31.90.23		<10
6005.32.90.21	<10	<10
6005.32.90.23	<10	<10
6005.32.90.29	<10	
6006.32.90.11	<10	<10
6006.32.90.14	>10	>25
6006.32.90.19	<10	<10
6006.33.90.19	<10	>10
TOTAL	>10	>10

1. The ranges used for this scale are less than (<)10%; greater than (>)10%; greater than (>) 25%; greater than (>) 50% and greater than (>)100%.
Source: Replies to questionnaires and Statistics Canada.

f) Tribunal Observations

165. The information provided by 23 apparel producers and one domestic textile manufacturer indicates that the domestic textile industry has produced textile inputs covered by 12 subject statistical codes (6001.92.90.10, 6002.40.90.99, 6004.10.90.90, 6005.22.90.90, 6005.31.90.23, 6005.32.90.21, 6005.32.90.23, 6005.32.90.29, 6006.32.90.11, 6006.32.90.14, 6006.32.90.19 and 6006.33.90.19) of Chapter 60.

166. In total, for the period of inquiry, the value of the domestic purchases was over \$15 million. Five of the twelve statistical codes accounted for almost all the purchases. They are:

- 6001.92.90.10 (certain knitted fabrics of man-made fibres, of a width exceeding 30 cm);
- 6002.40.90.99 (other knitted fabrics containing by weight 5 percent or more of elastomeric yarn, of a width not exceeding 30 cm);

- 6004.10.90.90 (other knitted fabrics containing by weight 5 percent or more of elastomeric yarn, of a width exceeding 30 cm);
- 6006.32.90.14 (certain dyed double knit fabrics of synthetic fibres); and
- 6006.32.90.19 (other dyed knitted fabrics of synthetic fibres).

167. Data from Table 28 indicate that the subject textile inputs were available from 28 different textile manufacturers.

168. A comparison of domestic purchases with imports, on a value basis, shows that, for the period of inquiry, for four statistical codes, (6001.92.90.10, 6002.40.90.99, 6004.10.90.90 and 6006.32.90.14), purchases of domestic textile inputs were greater than 10 percent of the value of imports. In addition, domestic purchases of fabrics described by statistical code 6006.33.90.19 were more than 10 percent of the value of imports in the first six months of 2004.

169. Statistical code 6004.10.90.90 accounted for 42 and 52 percent, respectively, of the total value of imports reported in 2003 and in the first six months of 2004. This code accounted for 46 percent (or \$5.2 million) and 58 percent (or \$2.8 million), respectively, of the total duty paid over the same periods.

170. Duty collected under the 10 statistical codes for which the Tribunal's information indicated no purchases of textile domestic inputs amounted to approximately \$858,000 in 2003 and \$347,000 in the first six months of 2004.

CHAPTER IV

TRIBUNAL'S OBSERVATIONS

SURVEY OF CANADIAN APPAREL MANUFACTURERS

171. When the Tribunal received little information on production of the subject textile inputs in Canada from the textile industry, and it became evident that alternative approaches (i.e. importer telephone survey and review of export data and textile reference files) did not yield a significant amount of data, the Tribunal sent 218 questionnaires to major purchasers of textile inputs used in the manufacture of apparel. Table 31 provides a statistical summary of activities conducted for this survey.

Purchasers' Questionnaire Sent		218 ¹
Replies Received		
Purchased Domestic Textile Inputs	45	
Did Not Purchase Domestic Textile Inputs	56	
Did Not Want to Participate	4	
Out of Business	<u>3</u>	108
Did Not Respond		110
Unsolicited Replies		
Purchased Domestic Textile Inputs	2	
Did Not Purchase Domestic Textile Inputs	<u>3</u>	5
Number of Tariff Classifications Made by Tribunal Staff		531
Number of Subject Statistical Codes Under Which Purchases were Made		37
1. All of these firms were contacted by Tribunal Staff on at least 3 occasions.		

172. While 47 apparel producers reported that they purchased textile inputs from domestic textile manufacturers during the inquiry period, only 36 firms reported purchases of subject textile inputs. In 2003, total company sales for these 36 firms amounted to over \$575 million. Fifty-nine apparel producers reported that they do not purchase any of the subject textile inputs from domestic textile manufacturers.

TEXTILE INPUTS AVAILABLE FROM CANADIAN TEXTILE MANUFACTURERS

173. Textile inputs covered by 37 out of the 151 subject statistical codes were reported as sold to apparel producers or purchased from domestic textile manufacturers. The value of purchases of the subject textile inputs from domestic textile manufacturers as reported by the apparel firms and the value of sales of domestic production of the subject inputs as reported by Texel Inc. and Great Lakes Knitting Mills Ltd. amounted to \$26 million in 2003 and \$11 million in the first six months of 2004, or about 8 and 7 percent, respectively, of the value of estimated imports of the subject textile inputs for use in the production of apparel for the period of inquiry. As reflected in Table 32, for 19 out of the 37 subject statistical codes, the

value of domestic purchases was more than 10 percent of the value of imports in 2003 and/or the first six months of 2004. The major portions of domestic purchases, in terms of value, were reported in Chapter 51 (Wool and Woven Fabric), i.e. 33 percent in 2003 and 30 percent in the first six months of 2004, and Chapter 60 (Knitted or Crocheted Fabrics), i.e. 42 percent in 2003 and 48 percent in the first six months of 2004.

Table 32
Domestic Purchases Compared with Imports of Subject Inputs for Use in the
Manufacture of Apparel

Statistical Code	Domestic Purchases as a Percentage of the Value of Imports	
	Range ¹	
	2003	Jan. - June 2004
5111.30.92.00	>100	>25
5112.11.90.10	<10	<10
5112.19.91.10	>25	>25
5112.30.91.00	>10	>10
5205.22.90.90	>10	<10
5205.23.90.90	>10	>10
5208.32.90.10	<10	<10
5208.32.90.90	<10	<10
5209.32.90.00	<10	<10
5209.39.90.90	>100	>10
5407.42.90.11	>10	>10
5407.42.90.12	>25	>10
5407.61.99.32	<10	<10
5407.61.99.33	<10	>10
5513.21.00.10	>10	<10
5513.22.90.10	<10	<10
5514.21.00.10	<10	<10
5514.22.90.10	<10	<10
5515.13.90.11	<10	>10
5515.13.90.20	>25	<10
5603.93.90.30	>100	<10
5603.93.90.90	>100	
5801.22.29.90		<10
5801.22.90.00	<10	<10
5903.90.29.00	<10	<10
6001.92.90.10	>10	>50
6002.40.90.99	>25	>25
6004.10.90.90	>10	>10
6005.22.90.90	<10	
6005.31.90.23		<10
6005.32.90.21	<10	<10
6005.32.90.23	<10	<10
6005.32.90.29	<10	
6006.32.90.11	<10	<10
6006.32.90.14	>10	>25
6006.32.90.19	<10	<10
6006.33.90.19	<10	>10

1. The ranges used for this scale are: less than (<) 10%; greater than (>) 10%; greater than (>) 25%; greater than (>) 50%; greater than (>) 100%.

Source: Replies to questionnaires and Statistics Canada.

TEXTILE INPUTS NOT REPORTED TO BE AVAILABLE FROM DOMESTIC PRODUCTION

174. Table 33 provides a summary, by *Customs Tariff* chapter, of the number of subject statistical codes where no domestic purchases or production were reported. The amount of duty paid on imports of textile inputs for use in the manufacture of apparel under these codes is also shown.

Chapter	Subject Statistical Codes Where Inputs Were Not Purchased From or Sold by Domestic Textile Manufacturers	Duty Paid CAN\$	
		2003	Jan. - June 2004
51	6 / 10	700,000	328,000
52	48 / 54	5,471,000	2,539,000
53	2 / 2	194,000	99,000
54	15 / 19	5,183,000	2,051,000
55	18 / 24	4,855,000	1,948,000
56	7 / 9	282,000	122,000
58	6 / 8	177,000	61,000
59	2 / 3	79,000	39,000
60	<u>10 / 22</u>	<u>858,000</u>	<u>347,000</u>
Total	114 / 151	17,799,000	7,534,000

175. There were no domestic purchases, or sales by textile manufacturers, reported for 114 out of 151 of the subject statistical codes. Duty collected on imports of the subject textile inputs under these 114 statistical codes amounted to over \$17.8 million in 2003 and \$7.5 million in the first six months of 2004.

176. The top 10 subject statistical codes for which no domestic purchases were reported and the duty paid on imports covered by these codes are summarized in Table 34.

Table 34
Duty Paid on the Top 10 Subject Statistical Codes
for Which No Domestic Purchases or Sales Were Reported

Statistical Code	Duty Paid CAN\$	
	2003	Jan. - June 2004
5208.52.90.90	2,359,410	1,203,753
5515.11.90.00	1,986,274	699,316
5407.52.90.12	1,167,752	286,204
5407.52.90.13	1,089,621	441,181
5407.61.99.72	856,751	400,721
5407.92.90.32	640,057	279,842
5512.19.90.11	610,198	229,105
5407.54.00.12	412,320	182,156
5208.52.90.20	399,686	144,196
5513.11.90.11	<u>355,620</u>	<u>140,964</u>
Total	9,877,689	4,007,438

REPRESENTATIONS

177. A common theme in the comments received from purchasers in response to the Tribunal's purchasers' questionnaire is that, in general, the availability of textile inputs for use in the manufacture of apparel from Canadian textile manufacturers is limited: fashion and unique fabrics are not available in Canada, and other fabrics are not available at prices competitive with offshore sources. Apparel manufacturers also commented on other issues, particularly, minimum order quantities, long production lead times and price versus quality relationships. A few, however, commented that they have no difficulties in obtaining textile inputs from Canadian sources.

178. During the final phase of the inquiry, the Tribunal sought the views of interested parties on its findings. These are summarized above under Phase IV in Conduct of the Inquiry. The submissions of the CTI and the CAF can be found in Appendix XV and Appendix XVI.

179. The Tribunal notes that certain proposals made in these submissions, such as the establishment of an outward processing program and changes to the standing textile tariff reference, involve matters that are outside the Tribunal's mandate in this inquiry. With respect to the CAF's submission that textile converters should not be considered textile producers, the Tribunal, as noted above in the Tribunal's observations under Chapter 52, does not accept this submission, since to do so would be inconsistent with the Tribunal's established practice in textile reference cases and the fact that it considers converters to provide the apparel industry with a domestic product. Substitutability, also raised by the CTI, is outside the Tribunal's mandate in this inquiry, as was also noted above in its observations under Chapter 54.

APPENDIX I
TERMS OF REFERENCE

May 19, 2004

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, pursuant to section 19 of the *Canadian International Trade Tribunal Act*, to direct the Canadian International Trade Tribunal (the Tribunal) to inquire into and report on the availability of textile inputs produced by Canadian textile manufacturers for use in the production of apparel.

As you know, on February 27, 2004, the Government announced measures aimed at improving the global competitiveness of the apparel and textiles industries. These measures include tariff reductions on textile inputs, with an approximate value of \$26.75 million to the apparel industry over the next three years.

To minimize the potential effects on Canadian textile manufacturers, I intend to focus tariff relief on textile inputs not currently produced in Canada. The information resulting from the inquiry and report will be important in implementing the announced tariff relief.

In this respect,

1. The Tribunal is directed to inquire into and report on the extent to which each of the yarn and fabric textile inputs listed in Annex I¹⁵ (textile inputs), domestically produced since 2003¹⁶, were sold to apparel producers, including:
 - a) total domestic and export sales, by apparel¹⁷ and non-apparel¹⁸ uses; and

15. Annex I identifies the yarn and fabric textile inputs to be considered, based on the statistical 10-digit Commodity Codes found in the Canada Border Services Agency's Departmental Consolidation of the *Customs Tariff*.

16. In exceptional circumstances, the Tribunal may consider a longer period.

17. Apparel uses include: fashion apparel, activewear and uniforms.

18. Non-apparel uses include: carpeting, home furnishings, industrial, protective wear and products, automotive, sports and leisure non-apparel products, hygiene, medical, agricultural, construction, communication, aerospace.

- b) where there were domestic sales for apparel uses, the relative value of those sales compared to the value of imports of the same textile inputs used in Canadian apparel production.
2. Where the Tribunal determines that there are domestic sales of textile inputs for apparel uses¹⁹, the Tribunal is directed to:
 - a) provide a more detailed product description of those textile inputs than that found in Annex I, where required; and
 - b) report on the significance of those sales to domestic textile manufacturers.
 3. The Tribunal is also directed to report on any other matter that it determines to be of relevance to this inquiry.

The Tribunal shall conduct an open and transparent inquiry, ensuring that reasonable steps are taken to advise all interested parties and that all parties that have indicated an intention to participate in the inquiry have the opportunity to make their views known, through their responses to questionnaires, written submissions or public hearings, as the Tribunal may determine to be appropriate or necessary. The Tribunal report is to be based on the best information available.

The Tribunal shall submit its report by October 31, 2004.

Sincerely,

Ralph Goodale

19. This includes fabrics that contain fine animal hair or elastomeric yarns.

ANNEX I

TEXTILE INPUTS UNDER CONSIDERATION

2004 HS Code	Inputs to Consider	2004 Description of Goods
Chapter 51		
Wool, Fine or Coarse Animal Hair; Horsehair Yarn and Woven Fabric		
51.11		Woven fabrics of carded wool or of carded fine animal hair. -Containing 85% or more by weight of wool or of fine animal hair:
5111.11		--Of a weight not exceeding 300 g/m ²
5111.11.90		---Other
	5111.11.90.10	----For apparel
5111.20		-Other, mixed mainly or solely with man-made filaments ---Other:
	5111.20.92.00	----Of a weight exceeding 300 g/m ²
5111.30		-Other, mixed mainly or solely with man-made staple fibres ---Other:
	5111.30.91.00	----Of a weight not exceeding 300 g/m ²
	5111.30.92.00	----Of a weight exceeding 300 g/m ²
51.12		Woven fabrics of combed wool or of combed fine animal hair. -Containing 85% or more by weight of wool or of fine animal hair:
5112.11		--Of a weight not exceeding 200 g/m ²
5112.11.90		---Other
	5112.11.90.10	----For apparel
5112.19		-Other ---Other:
		----Of a weight not exceeding 300 g/m ²
5112.19.91		----For apparel
5112.19.92		----Of a weight exceeding 300 g/m ²
	5112.19.92.10	----For apparel
5112.20		-Other, mixed mainly or solely with man-made filaments ---Other:
	5112.20.91.00	----Of a weight not exceeding 300 g/m ²
5112.30		-Other, mixed mainly or solely with man-made staple fibres ---Other:
	5112.30.91.00	----Of a weight not exceeding 300 g/m ²
5112.90		-Other ---Other:
	5112.90.91.00	----Of a weight not exceeding 300 g/m ²
Chapter 52		
Cotton		
52.05		Cotton yarn (other than sewing thread), containing 85% or more by weight of cotton, not put up for retail sale. -Single yarn, of combed fibres:
5205.22		--Measuring less than 714.29 decitex but not less than 232.56 decitex (exceeding 14 metric number but not exceeding 43 metric number) ---Other
	5205.22.90.90	----Other
5205.22.90		
5205.23		--Measuring less than 232.56 decitex but not less than 192.31 decitex (exceeding 43 metric number but not exceeding 52 metric number)

2004 HS Code	Inputs to Consider	2004 Description of Goods
5205.23.90		---Other
	5205.23.90.90	----Other
52.08		Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200 g/m ² .
		-Unbleached:
5208.12		--Plain weave, weighing more than 100 g/m ²
5208.12.30		---Other, for use in the production of apparel
	5208.12.30.20	----Printcloths and sheetings (not napped or brushed)
5208.19		--Other fabrics
5208.19.20		---Other, for use in the production of apparel
	5208.19.20.90	----Other
		-Dyed:
5208.32		--Plain weave, weighing more than 100 g/m ²
5208.32.90		---Other
	5208.32.90.10	----Poplins and broadcloths
	5208.32.90.20	----Printcloths and sheetings (not napped or brushed)
	5208.32.90.90	----Other
5208.33		--3-thread or 4-thread twill, including cross twill
	5208.33.90.00	---Other
5208.39		--Other fabrics
5208.39.90		---Other
	5208.39.90.90	----Other
		-Of yarns of different colours:
5208.41		--Plain weave, weighing not more than 100 g/m ²
	5208.41.90.00	---Other
5208.42		--Plain weave, weighing more than 100 g/m ²
5208.42.90		---Other
	5208.42.90.10	----Poplins and broadcloths
	5208.42.90.20	----Printcloths and sheetings (not napped or brushed)
	5208.42.90.90	----Other
5208.43		--3-thread or 4-thread twill, including cross twill
	5208.43.90.00	---Other
5208.49		--Other fabrics
5208.49.90		---Other
	5208.49.90.90	----Other
		-Printed:
5208.52		--Plain weave, weighing not more than 100 g/m ²
5208.52.90		--Plain weave, weighing more than 100 g/m ²
		---Other
	5208.52.90.20	----Printcloths and sheetings (not napped or brushed)
	5208.52.90.90	----Other
5208.59		--Other fabrics
5208.59.90		---Other
	5208.59.90.90	----Other
52.09		Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200 g/m ² .
		-Unbleached:
5209.12		--3-thread or 4-thread twill, including cross twill
	5209.12.10.00	---For use in the production of apparel
5209.19		--Other fabrics
5209.19.20		---Other, for use in the production of apparel
	5209.19.20.90	----Other
		-Dyed:
5209.31		--Plain weave

2004 HS Code	Inputs to Consider	2004 Description of Goods
5209.31.90		---Other
	5209.31.90.90	----Other
5209.32		--3-thread or 4-thread twill, including cross twill
	5209.32.90.00	---Other
5209.39		--Other fabrics
5209.39.90		---Other
	5209.39.90.10	----Satin weave
	5209.39.90.90	----Other
		-Of yarns of different colours:
5209.41		--Plain weave
	5209.41.90.00	---Other
5209.43		--Other fabrics of 3-thread or 4-thread twill, including cross twill
	5209.43.90.00	---Other
5209.49.00		--Other fabrics
	5209.49.00.90	----Other
		-Printed:
5209.51.00		--Plain weave
	5209.51.00.90	----Other
	5209.52.00.00	--3-thread or 4-thread twill, including cross twill
5209.59.90		--Other fabrics
	5209.59.90.10	----Satin weave
	5209.59.90.90	----Other
52.10		Woven fabrics of cotton, containing less than 85% by weight of cotton, mixed mainly or solely with man-made fibres, weighing not more than 200 g/m ²
		-Bleached:
5210.29.00		--Other fabrics
	5210.29.00.11	----Mixed mainly or solely with polyester filaments: -----For apparel
		-Dyed:
5210.32.00		--3-thread or 4-thread twill, including cross twill
		----Mixed mainly or solely with polyester filaments:
	5210.32.00.11	-----For apparel
	5210.32.00.90	----Other
5210.39.00		--Other fabrics
		----Mixed mainly or solely with polyester filaments:
	5210.39.00.11	-----For apparel
	5210.39.00.90	----Other
		-Of yarns of different colours:
5210.41.00		--Plain weave
		----Mixed mainly or solely with polyester filaments:
	5210.41.00.11	-----For apparel
	5210.41.00.90	----Other
5210.49.00		--Other fabrics
		----Mixed mainly or solely with polyester filaments:
	5210.49.00.11	-----For apparel
	5210.49.00.90	----Other
		-Printed:
5210.51.00		--Plain weave
		----Mixed mainly or solely with polyester filaments:
	5210.51.00.11	-----For apparel
	5210.51.00.90	----Other

2004 HS Code	Inputs to Consider	2004 Description of Goods
52.11		Woven fabrics of cotton, containing less than 85% by weight of cotton, mixed mainly or solely with man-made fibres, weighing more than 200 g/m ²
5211.32.00		-Dyed: --3-thread or 4-thread twill, including cross twill ----Mixed mainly or solely with polyester filaments:
5211.39.00	5211.32.00.11	---- For apparel --Other fabrics ----Mixed mainly or solely with polyester filaments:
5211.41.00	5211.39.00.11	---- For apparel -Of yarns of different colours: --Plain weave
5211.43.00	5211.41.00.90	----Other --Other fabrics of 3-thread or 4-thread twill, including cross twill ----Mixed mainly or solely with polyester filaments:
5211.49.00	5211.43.00.11	----For apparel
	5211.43.00.90	----Other --Other fabrics ----Mixed mainly or solely with polyester filaments:
	5211.49.00.11	----For apparel
	5211.49.00.90	----Other Other woven fabrics of cotton. -Weighing not more than 200 g/m ² :
52.12		--Unbleached
5212.11	5212.11.90.00	---Other
5212.14	5212.14.90.00	--Of yarns of different colours ---Other -Weighing more than 200 g/m ² :
5212.23	5212.23.90.00	--Dyed ---Other
5212.24	5212.24.90.00	--Of yarns of different colours ---Other
Chapter 53		Other Vegetable Textile Fibres, Paper Yarn and Woven Fabrics of Paper Yarn
53.09		Woven fabrics of flax.
5309.11		-Containing 85% or more by weight of flax: --Unbleached or bleached ---Other
5309.19	5309.11.90.00	---Other
	5309.19.90.00	---Other
	5309.21.00.00	-Containing less than 85% by weight of flax: --Unbleached or bleached
5309.29	5309.29.90.00	--Other ---Other
Chapter 54		Man-Made Filaments
54.07		Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 54.04.
5407.20	5407.20.90.00	-Woven fabrics obtained from strip or the like ---Other -Other woven fabrics, containing 85% or more by weight of filaments of nylon or other polyamides:
5407.42		--Dyed

2004 HS Code	Inputs to Consider	2004 Description of Goods
5407.42.90		---Other ----For apparel:
	5407.42.90.11	-----Of a weight not exceeding 170 g/m ²
	5407.42.90.12	-----Of a weight exceeding 170 g/m ² -Other woven fabrics, containing 85% or more by weight of textured polyester filaments:
5407.52		--Dyed
5407.52.90		---Other ----For apparel:
	5407.52.90.11	-----Of a weight not exceeding 50 g/m ²
	5407.52.90.12	-----Of a weight exceeding 50 g/m ² but not exceeding 170 g/m ²
	5407.52.90.13	-----Of a weight exceeding 170 g/m ²
5407.54.00		--Printed ----For apparel:
	5407.54.00.12	-----Of a weight exceeding 50 g/m ² but not exceeding 170 g/m ² -Other woven fabrics, containing 85% or more by weight of polyester filaments:
5407.61		--Containing 85% or more by weight of non-textured polyester filaments
5407.61.99		---Other: ----Other ----Dyed, for apparel:
	5407.61.99.31	-----Of a weight not exceeding 50 g/m ²
	5407.61.99.32	-----Of a weight exceeding 50 g/m ² but not exceeding 170 g/m ²
	5407.61.99.33	-----Of a weight exceeding 170 g/m ² ----Printed, for apparel:
	5407.61.99.72	-----Of a weight exceeding 50 g/m ² but not exceeding 170 g/m ²
	5407.61.99.73	-----Of a weight exceeding 170 g/m ² -Other woven fabrics, containing 85% or more by weight of synthetic filaments:
5407.72.00		--Dyed ----For apparel:
	5407.72.00.11	-----Of a weight not exceeding 170 g/m ²
	5407.72.00.12	-----Of a weight exceeding 170 g/m ² -Other woven fabrics:
5407.92		--Dyed
5407.92.90		---Other ----Mixed mainly or solely with artificial filaments, for apparel:
	5407.92.90.31	-----Of a weight not exceeding 170 g/m ²
	5407.92.90.32	-----Of a weight exceeding 170 g/m ² ----Other, for apparel:
	5407.92.90.81	-----Of a weight not exceeding 170 g/m ²
	5407.92.90.82	-----Of a weight exceeding 170 g/m ²
5407.93		--Of yarns of different colours
5407.93.90		---Other ----Mixed mainly or solely with artificial filaments, for apparel:
	5407.93.90.32	-----Of a weight exceeding 170 g/m ²
Chapter 55		Man-Made Staple Fibres
55.12		Woven fabrics of synthetic staple fibres, containing 85% or more by weight of synthetic staple fibres. -Containing 85% or more by weight of polyester staple fibres
5512.19		--Other

2004 HS Code	Inputs to Consider	2004 Description of Goods
5512.19.90		---Other
	5512.19.90.11	----Dyed: -----For apparel
	5512.19.90.31	----Printed: -----For apparel
5512.29	5512.29.90.00	-Containing 85% or more by weight of acrylic or modacrylic staple fibres: --Other
55.13		---Other Woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170 g/m ² .
5513.11		-Unbleached or bleached: --Of polyester staple fibres, plain weave
5513.11.90		---Other
	5513.11.90.11	----Unbleached: -----For apparel
	5513.11.90.21	----Bleached: -----For apparel
5513.12		---3-thread or 4-thread twill, including cross twill, of polyester staple fibres
5513.12.90	5513.12.90.10	--Other ----For apparel
5513.21.00	5513.21.00.10	-Dyed: --Of polyester staple fibres, plain weave
5513.22		----For apparel
5513.22.90	5513.22.90.10	--3-thread or 4-thread twill, including cross twill, of polyester staple fibres ---Other ----For apparel
5513.31	5513.31.90.00	-Of yarns of different colours: --Of polyester staple fibres, plain weave
5513.41		---Other
5513.41.90	5513.41.90.10	-Printed: --Of polyester staple fibres, plain weave
55.14		---Other Woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly or solely with cotton, of a weight exceeding 170 g/m ² .
5514.21.00	5514.21.00.10	-Dyed: --Of polyester staple fibres, plain weave
5514.22		----For apparel
5514.22.90	5514.22.90.10	--3-thread or 4-thread twill, including cross twill, of polyester staple fibres ---Other ----For apparel
55.15		Other woven fabrics of synthetic staple fibres.
5515.11	5515.11.90.00	-Of polyester staple fibres: --Mixed mainly or solely with viscose rayon staple fibres
5515.13		---Other --Mixed mainly or solely with wool or fine animal hair

2004 HS Code	Inputs to Consider	2004 Description of Goods
5515.13.90		---Other ----Mixed mainly or solely with carded wool or carded animal hair:
	5515.13.90.11	-----Of a weight not exceeding 300 g/m ²
	5515.13.90.20	----Mixed mainly or solely with combed wool or combed fine animal hair
55.16		Woven fabrics of artificial staple fibres. -Containing 85% or more by weight of artificial staple fibres:
5516.12.00		--Dyed
	5516.12.00.10	----Of viscose rayon
5516.14		--Printed
5516.14.90		---Other
	5516.14.90.10	----Of viscose rayon -Containing less than 85% by weight of artificial staple fibres, mixed mainly or solely with man-made filaments:
5516.22.00		--Dyed
	5516.22.00.11	----Mixed mainly or solely with polyester filaments:
	5516.22.00.90	----For apparel
5516.23		---Other
5516.23.90		--Of yarns of different colours
	5516.23.90.90	---Other ----Other -Containing less than 85% by weight of artificial staple fibres, mixed mainly or solely with wool or fine animal hair:
	5516.32.00.00	--Dyed -Containing less than 85% by weight of artificial staple fibres, mixed mainly or solely with cotton:
	5516.42.00.00	--Dyed
	5516.92.00.00	-Other: --Dyed
5516.93		--Of yarns of different colours
	5516.93.90.00	---Other
Chapter 56		Wadding, Felt and Nonwovens, Special Yarns, Twine, Cordage, Ropes and Cables and Articles Thereof
56.02		Felt, whether or not impregnated, coated, covered or laminated. -Other felt, not impregnated, coated, covered or laminated:
5602.21		--Of wool or fine animal hair
	5602.21.90.00	---Other
56.03		Nonwovens, whether or not impregnated, coated, covered or laminated. -Other:
5603.92		--Weighing more than 25 g/m ² but not more than 70 g/m ²
5603.92.90		---Other
	5603.92.90.20	----Impregnated, coated or covered
	5603.92.90.30	----Other, of polyesters
	5603.92.90.40	----Other, of polypropylene
	5603.92.90.50	----Other, of nylon or other polyamides
	5603.92.90.90	----Other
5603.93		--Weighing more than 70 g/m ² but not more than 150 g/m ²
5603.93.90		---Other
	5603.93.90.30	----Other, of polyesters
	5603.93.90.40	----Other, of polypropylene
	5603.93.90.90	----Other

2004 HS Code	Inputs to Consider	2004 Description of Goods
Chapter 58		Special Woven Fabrics, Tufted Textile Fabrics; Lace; Tapestries; Trimmings; Embroidery
58.01		Woven pile fabrics and chenille fabrics, other than fabrics of heading 58.02 or 58.06.
		-Of cotton:
5801.22		--Cut corduroy
		---Solely of cotton:
5801.22.29		---Other
	5801.22.29.90	----Other
	5801.22.90.00	---Other
58.04		Tulles and other net fabrics, not including woven, knitted or crocheted fabrics; lace in the piece, in strips or in motifs, other than fabrics of headings 60.02 to 60.06.
		-Mechanically made lace:
5804.21.00		--Of man-made fibres
	5804.21.00.10	----Of a width not exceeding 30 cm
	5804.21.00.20	----Of a width exceeding 30 cm
5804.29.00		--Of other textile materials
	5804.29.00.10	----Of a width not exceeding 30 cm
	5804.29.00.20	----Of a width exceeding 30 cm
5804.30		-Hand-made lace
	5804.30.90.00	--Other
58.06		Narrow woven fabrics, other than goods of heading 58.07; narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs).
5806.10		-Woven pile fabrics (including terry towelling and similar terry fabrics) and chenille fabrics
		---Other
5806.10.90		----Other
	5806.10.90.90	
Chapter 59		Impregnated, Coated, Covered or Laminated Textile Fabrics; Textile Articles of a kind suitable for Industrial Use
59.03		Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 59.02.
		-Other
5903.90		---Textile fabrics not containing man-made fibres
5903.90.10		----Of cotton
	5903.90.10.10	----Other
	5903.90.10.90	---Textile fabrics containing man-made fibres:
	5903.90.29.00	----Other
Chapter 60		Knitted or Crocheted Fabrics
60.01		Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or
		-Other:
6001.92		--Of man-made fibres
6001.92.90		---Other
	6001.92.90.10	----Of a width exceeding 30 cm, not impregnated, coated, covered or laminated
60.02		Knitted or crocheted fabrics of a width not exceeding 30 cm, containing by weight 5% or more of elastomeric yarn or rubber thread, other than those of heading 60.01.
6002.40		-Containing by weight 5% or more of elastomeric yarn but not containing rubber thread

2004 HS Code	Inputs to Consider	2004 Description of Goods
6002.40.90		--Other ----Of cotton:
	6002.40.90.11	----Lace
	6002.40.90.19	----Other ----Of other textile materials:
	6002.40.90.91	----Lace
	6002.40.90.99	----Other
6002.90		-Other
6002.90.90		--Other ----Of other textile materials:
	6002.90.90.91	----Lace
60.04		Knitted or crocheted fabrics of a width exceeding 30 cm, containing by weight 5% or more of elastomeric yarn or rubber thread, other than those of heading 60.01.
6004.10		-Containing by weight 5% or more of elastomeric yarn but not containing rubber thread
6004.10.90		--Other
	6004.10.90.10	----Lace
	6004.10.90.90	----Other
60.05		Warp knit fabrics (including those made on galloon knitting machines), other than those of headings 60.01 to 60.04. -Of cotton:
6005.22		--Dyed
6005.22.90		--Other
	6005.22.90.90	----Other -Of synthetic fibres:
6005.31		--Unbleached or bleached
6005.31.90		--Other ----Other, for apparel:
	6005.31.90.23	-----Containing 85% or more by weight of polyesters
6005.32		--Dyed
6005.32.90		--Other ----Other, for apparel:
	6005.32.90.21	-----Containing 85% or more by weight of nylon or other polyamides
	6005.32.90.23	-----Containing 85% or more by weight of polyesters
	6005.32.90.24	-----Other, of polyesters, mixed mainly or solely with acrylic or modacrylic
	6005.32.90.29	-----Of other synthetic fibres
6005.34		--Printed
6005.34.90		--Other ----Other, for apparel:
	6005.34.90.23	-----Containing 85% or more by weight of polyesters
60.06		Other knitted or crocheted fabrics. -Of synthetic fibres:
6006.31		--Unbleached or bleached
6006.31.90		--Other ----For apparel:
	6006.31.90.19	----Other
6006.32		--Dyed
6006.32.90		--Other ----For apparel:
	6006.32.90.11	-----Single knit, containing 85% or more by weight of polyesters
	6006.32.90.14	-----Double knit (including interlock)
	6006.32.90.19	-----Other

2004 HS Code	Inputs to Consider	2004 Description of Goods
6006.33		--Of yarns of different colours
6006.33.90		---Other
	6006.33.90.19	----For apparel:
		-----Other
6006.34		--Printed
6006.34.90		---Other
	6006.34.90.19	----For apparel:
		-----Other
		-Of artificial fibres:
6006.42		--Dyed
6006.42.90		---Other
	6006.42.90.19	----For apparel:
		-----Other

APPENDIX II

TEXTILE INPUTS SUBJECT TO THE INQUIRY²⁰

Chapter 51

WOOL, FINE OR COARSE ANIMAL HAIR;
HORSEHAIR YARN AND WOVEN FABRIC

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
51.11		Woven fabrics of carded wool or of carded fine animal hair.			
		-Containing 85% or more by weight of wool or of fine animal hair:			
5111.11		--Of a weight not exceeding 300 g/m ²			
5111.11.90		---Other		14% but not to exceed \$5.40/kg	UST, LDCT, MT, CIAT, CT: Free CRT: 10% but not to exceed \$2.86/kg
	10	---For apparel	KGM		
5111.20		-Other, mixed mainly or solely with man-made filaments			
		---Other:			
5111.20.92	00	---Of a weight exceeding 300 g/m²	KGM	14%	UST, LDCT, MT, CIAT, CT: Free GPT: 12% CRT: 10%
5111.30		-Other, mixed mainly or solely with man-made staple fibres			
		---Other:			
5111.30.91	00	---Of a weight not exceeding 300 g/m²	KGM	14% but not to exceed \$5.40/kg	UST, LDCT, MT, CIAT, CT: Free CRT: 10% but not to exceed \$2.86/kg
5111.30.92	00	---Of a weight exceeding 300 g/m²	KGM	14%	UST, LDCT, MT, CIAT, CT: Free GPT: 12% CRT: 10%
51.12		Woven fabrics of combed wool or of combed fine animal hair.			
		-Containing 85% or more by weight of wool or of fine animal hair:			
5112.11		--Of a weight not exceeding 200 g/m ²			

20. Subject textile inputs are in **bold type**.

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
5112.11.90		---Other		14% but not to exceed \$5.40/kg	UST, LDCT, MT, CIAT, CT: Free CRT: 16% but not to exceed \$4.56/kg
	10	---For apparel	KGM		
5112.19		--Other			
		---Other:			
5112.19.91		----Of a weight not exceeding 300 g/m ²		14% but not to exceed \$5.40/kg	UST, LDCT, MT, CIAT, CT: Free CRT: 16% but not to exceed \$4.56/kg
	10	---For apparel	KGM		
5112.19.92		----Of a weight exceeding 300 g/m ²		14%	UST, LDCT, MT, CIAT, CT: Free GPT: 12% CRT: 14%
	10	---For apparel	KGM		
5112.20		-Other, mixed mainly or solely with man-made filaments			
		---Other:			
5112.20.91	00	---Of a weight not exceeding 300 g/m²	KGM	14% but not to exceed \$5.40/kg	UST, LDCT, MT, CIAT, CT: Free CRT: 16% but not to exceed \$4.56/kg
5112.30		-Other, mixed mainly or solely with man-made staple fibres			
		---Other:			
5112.30.91	00	---Of a weight not exceeding 300 g/m²	KGM	14% but not to exceed \$5.40/kg	UST, LDCT, MT, CIAT, CT: Free CRT: 16% but not to exceed \$4.56/kg
5112.90		-Other			
		---Other:			
5112.90.91	00	---Of a weight not exceeding 300 g/m²	KGM	14% but not to exceed \$5.40/kg	UST, LDCT, MT, CIAT, CT: Free CRT: 16% but not to exceed \$4.56/kg

Chapter 52

COTTON

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
52.05		Cotton yarn (other than sewing thread), containing 85% or more by weight of cotton, not put up for retail sale.			
		-Single yarn, of combed fibres:			
5205.22		--Measuring less than 714.29 decitex but not less than 232.56 decitex (exceeding 14 metric number but not exceeding 43 metric number)			
5205.22.90		---Other		8%	UST, LDCT, MT, CIAT, CT: Free CRT: 5.5%
	90	---- <i>Other</i>	KGM		
5205.23		--Measuring less than 232.56 decitex but not less than 192.31 decitex (exceeding 43 metric number but not exceeding 52 metric number)			
5205.23.90		---Other		8%	UST, LDCT, MT, CIAT, CT: Free CRT: 5.5%
	90	---- <i>Other</i>	KGM		
52.08		Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200 g/m ² .			
		-Unbleached:			
5208.12		--Plain weave, weighing more than 100 g/m ²			
5208.12.30		---Other, for use in the production of apparel		8%	UST, LDCT, MT, CIAT, CT: Free CRT: 5%
	20	---- <i>Printcloths and sheetings (not napped or brushed)</i>	KGM		
5208.19		--Other fabrics			
5208.19.20		---Other, for use in the production of apparel		8%	UST, LDCT, MT, CIAT, CT: Free CRT: 5%
	90	---- <i>Other</i>	KGM		
		-Dyed:			
5208.32		--Plain weave, weighing more than 100 g/m ²			
5208.32.90		---Other		12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
	10	---- <i>Poplins and broadcloths</i>	KGM		
	20	---- <i>Printcloths and sheetings (not napped or brushed)</i>	KGM		
	90	---- <i>Other</i>	KGM		

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
5208.33		--3-thread or 4-thread twill, including cross twill			
5208.33.90	00	—Other	KGM	12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
5208.39		--Other fabrics			
5208.39.90		---Other		12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
	90	—Other	KGM		
		-Of yarns of different colours:			
5208.41		--Plain weave, weighing not more than 100 g/m ²			
5208.41.90	00	—Other	KGM	12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
5208.42		--Plain weave, weighing more than 100 g/m ²			
5208.42.90		---Other		12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
	10	—Poplins and broadcloths	KGM		
	20	—Printcloths and sheetings (not napped or brushed)	KGM		
	90	—Other	KGM		
5208.43		--3-thread or 4-thread twill, including cross twill			
5208.43.90	00	—Other	KGM	12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
5208.49		--Other fabrics			
5208.49.90		---Other		12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
	90	—Other	KGM		
		-Printed:			
5208.51.00	00	—Plain weave, weighing not more than 100 g/m²	KGM	12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
5208.52		--Plain weave, weighing more than 100 g/m ²			
5208.52.90		---Other		12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
	20	—Printcloths and sheetings (not napped or brushed)	KGM		
	90	—Other	KGM		
5208.59		--Other fabrics			
5208.59.90		---Other		12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
	90	—Other	KGM		
52.09		Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200 g/m ² .			
		-Unbleached:			

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
5209.12		--3-thread or 4-thread twill, including cross twill			
5209.12.10	00	---For use in the production of apparel	KGM	8%	UST, LDCT, MT, CIAT, CT: Free CRT: 5%
5209.19		--Other fabrics			
5209.19.20		---Other, for use in the production of apparel		8%	UST, LDCT, MT, CIAT, CT: Free CRT: 5%
	90	---- <i>Other</i>	KGM		
		-Dyed:			
5209.31		--Plain weave			
5209.31.90		---Other		12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
	90	---- <i>Other</i>	KGM		
5209.32		--3-thread or 4-thread twill, including cross twill			
5209.32.90	00	---Other	KGM	12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
5209.39		--Other fabrics			
5209.39.90		---Other		12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
	10	---- <i>Satin weave</i>	KGM		
	90	---- <i>Other</i>	KGM		
		-Of yarns of different colours:			
5209.41		--Plain weave			
5209.41.90	00	---Other	KGM	12%	UST, LDCT, MT, CIAT, CT, CRT: Free
5209.43		--Other fabrics of 3-thread or 4-thread twill, including cross twill			
5209.43.90	00	---Other	KGM	12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
5209.49.00		--Other fabrics		12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
	90	---- <i>Other</i>	KGM		
		-Printed:			
5209.51.00		--Plain weave		12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
	90	---- <i>Other</i>	KGM		
5209.52.00	00	--3-thread or 4-thread twill, including cross twill	KGM	12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
5209.59.90		--Other fabrics		12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
	10	----- <i>Satin weave</i>	KGM		
	90	----- <i>Other</i>	KGM		
52.10		Woven fabrics of cotton, containing less than 85% by weight of cotton, mixed mainly or solely with man-made fibres, weighing not more than 200 g/m ² .			
		-Bleached:			
5210.29.00		--Other fabrics		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----- <i>Mixed mainly or solely with polyester filaments:</i>			
	11	----- <i>For apparel</i>	KGM		
		-Dyed:			
5210.32.00		--3-thread or 4-thread twill, including cross twill		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----- <i>Mixed mainly or solely with polyester filaments:</i>			
	11	----- <i>For apparel</i>	KGM		
	90	----- <i>Other</i>	KGM		
5210.39.00		--Other fabrics		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----- <i>Mixed mainly or solely with polyester filaments:</i>			
	11	----- <i>For apparel</i>	KGM		
	90	----- <i>Other</i>	KGM		
		-Of yarns of different colours:			
5210.41.00		--Plain weave		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----- <i>Mixed mainly or solely with polyester filaments:</i>			
	11	----- <i>For apparel</i>	KGM		
	90	----- <i>Other</i>	KGM		
5210.49.00		--Other fabrics		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----- <i>Mixed mainly or solely with polyester filaments:</i>			
	11	----- <i>For apparel</i>	KGM		
	90	----- <i>Other</i>	KGM		
		-Printed:			

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
5210.51.00		--Plain weave		14%	UST, LDCT, MT, CIAT, CT: Free NZT: 8% AUT: 8% CRT: 10%
		---- <i>Mixed mainly or solely with polyester filaments:</i>			
	11	---- <i>For apparel</i>	KGM		
	90	---- <i>Other</i>	KGM		
52.11		Woven fabrics of cotton, containing less than 85% by weight of cotton, mixed mainly or solely with man-made fibres, weighing more than 200 g/m ² .			
		-Dyed:			
5211.32.00		--3-thread or 4-thread twill, including cross twill		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		---- <i>Mixed mainly or solely with polyester filaments:</i>			
	11	---- <i>For apparel</i>	KGM		
5211.39.00		--Other fabrics		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		---- <i>Mixed mainly or solely with polyester filaments:</i>			
	11	---- <i>For apparel</i>	KGM		
		-Of yarns of different colours:			
5211.41.00		--Plain weave		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
	90	---- <i>Other</i>	KGM		
5211.43.00		--Other fabrics of 3-thread or 4-thread twill, including cross twill		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		---- <i>Mixed mainly or solely with polyester filaments:</i>			
	11	---- <i>For apparel</i>	KGM		
	90	---- <i>Other</i>	KGM		
5211.49.00		--Other fabrics		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		---- <i>Mixed mainly or solely with polyester filaments:</i>			
	11	---- <i>For apparel</i>	KGM		
	90	---- <i>Other</i>	KGM		
52.12		Other woven fabrics of cotton.			
		-Weighing not more than 200 g/m ² :			
5212.11		--Unbleached			

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
5212.11.90	00	—Other	KGM	13%	UST, LDCT, MT, CIAT, CT: Free GPT: 10% CRT: 10%
5212.14		--Of yarns of different colours			
5212.14.90	00	—Other	KGM	13%	UST, LDCT, MT, CIAT, CT: Free GPT: 10% CRT: 10%
		-Weighing more than 200 g/m ² :			
5212.23		--Dyed			
5212.23.90	00	—Other	KGM	13%	UST, LDCT, MT, CIAT, CT: Free GPT: 10% CRT: 10%
5212.24		--Of yarns of different colours			
5212.24.90	00	—Other	KGM	13%	UST, LDCT, MT, CIAT, CT: Free GPT: 10% CRT: 10%

Chapter 53

**OTHER VEGETABLE TEXTILE FIBRES, PAPER
YARN AND WOVEN FABRICS OF PAPER YARN**

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
53.09		Woven fabrics of flax.			
		-Containing less than 85% by weight of flax:			
5309.21.00	00	-Unbleached or bleached	KGM	14%	UST, LDCT, MT, CIAT, CT: Free GPT: 14% CRT: 10%
5309.29		--Other			
5309.29.90	00	--Other	KGM	14%	UST, LDCT, MT, CIAT, CT: Free GPT: 14% CRT: 10%

Chapter 54

MAN-MADE FILAMENTS

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
54.07		Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 54.04.			
5407.20		-Woven fabrics obtained from strip or the like			
5407.20.90	00	—Other	KGM	14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
		-Other woven fabrics, containing 85% or more by weight of filaments of nylon or other polyamides:			
5407.42		--Dyed			
5407.42.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
		----For apparel:			
	11	-----Of a weight not exceeding 170 g/m ²	KGM		
	12	-----Of a weight exceeding 170 g/m ²	KGM		
		-Other woven fabrics, containing 85% or more by weight of textured polyester filaments:			
5407.52		--Dyed			
5407.52.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
		----For apparel:			
	11	-----Of a weight not exceeding 50 g/m ²	KGM		
	12	-----Of a weight exceeding 50 g/m ² but not exceeding 170 g/m ²	KGM		
	13	-----Of a weight exceeding 170 g/m ²	KGM		
5407.54.00		--Printed		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
		----For apparel:			
	12	-----Of a weight exceeding 50 g/m ² but not exceeding 170 g/m ²	KGM		
		-Other woven fabrics, containing 85% or more by weight of polyester filaments:			
5407.61		--Containing 85% or more by weight of non-textured polyester filaments			
		---Other:			

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
5407.61.99		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
		---- <i>Dyed, for apparel:</i>			
	31	----- <i>Of a weight not exceeding 50 g/m²</i>	KGM		
	32	----- <i>Of a weight exceeding 50 g/m² but not exceeding 170 g/m²</i>	KGM		
	33	----- <i>Of a weight exceeding 170 g/m²</i>	KGM		
		---- <i>Printed, for apparel:</i>			
	72	----- <i>Of a weight exceeding 50 g/m² but not exceeding 170 g/m²</i>	KGM		
	73	----- <i>Of a weight exceeding 170 g/m²</i>	KGM		
		-Other woven fabrics, containing 85% or more by weight of synthetic filaments:			
5407.72.00		--Dyed		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
		---- <i>For apparel:</i>			
	11	----- <i>Of a weight not exceeding 170 g/m²</i>	KGM		
	12	----- <i>Of a weight exceeding 170 g/m²</i>	KGM		
		-Other woven fabrics:			
5407.92		--Dyed			
5407.92.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
		---- <i>Mixed mainly or solely with artificial filaments, for apparel:</i>			
	31	----- <i>Of a weight not exceeding 170 g/m²</i>	KGM		
	32	----- <i>Of a weight exceeding 170 g/m²</i>	KGM		
		---- <i>Other, for apparel:</i>			
	81	----- <i>Of a weight not exceeding 170 g/m²</i>	KGM		
	82	----- <i>Of a weight exceeding 170 g/m²</i>	KGM		
5407.93		--Of yarns of different colours			
5407.93.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
		---- <i>Mixed mainly or solely with artificial filaments, for apparel:</i>			
	32	----- <i>Of a weight exceeding 170 g/m²</i>	KGM		

Chapter 55

MAN-MADE STAPLE FIBRES

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
55.12		Woven fabrics of synthetic staple fibres, containing 85% or more by weight of synthetic staple fibres.			
		-Containing 85% or more by weight of polyester staple fibres:			
5512.19		--Other			
5512.19.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
		---- <i>Dyed:</i>			
	11	----- <i>For apparel</i>	KGM		
		---- <i>Printed:</i>			
	31	----- <i>For apparel</i>	KGM		
		-Containing 85% or more by weight of acrylic or modacrylic staple fibres:			
5512.29		--Other			
5512.29.90	00	---Other	KGM	14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
55.13		Woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170 g/m ² .			
		-Unbleached or bleached:			
5513.11		--Of polyester staple fibres, plain weave			
5513.11.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
		---- <i>Unbleached:</i>			
	11	----- <i>For apparel</i>	KGM		
		---- <i>Bleached:</i>			
	21	----- <i>For apparel</i>	KGM		
5513.12		--3-thread or 4-thread twill, including cross twill, of polyester staple fibres			
5513.12.90		---Other		14%	UST, LDCT, MT, CIAT, CT, CRT: Free
	10	----- <i>For apparel</i>	KGM		
		-Dyed:			
5513.21.00		--Of polyester staple fibres, plain weave		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
	10	----- <i>For apparel</i>	KGM		
5513.22		--3-thread or 4-thread twill, including cross twill, of polyester staple fibres			

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
5513.22.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
	10	---For apparel	KGM		
		-Of yarns of different colours:			
5513.31		--Of polyester staple fibres, plain weave			
5513.31.90	00	---Other	KGM	14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
		-Printed:			
5513.41		--Of polyester staple fibres, plain weave			
5513.41.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free NZT: 8% AUT: 8% CRT: 14%
	10	---For apparel	KGM		
55.14		Woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly or solely with cotton, of a weight exceeding 170 g/m ² .			
		-Dyed:			
5514.21.00		--Of polyester staple fibres, plain weave		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
	10	---For apparel	KGM		
5514.22		--3-thread or 4-thread twill, including cross twill, of polyester staple fibres			
5514.22.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
	10	---For apparel	KGM		
55.15		Other woven fabrics of synthetic staple fibres.			
		-Of polyester staple fibres:			
5515.11		--Mixed mainly or solely with viscose rayon staple fibres			
5515.11.90	00	---Other	KGM	14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
5515.13		--Mixed mainly or solely with wool or fine animal hair			
5515.13.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free GPT: 14% CRT: 14%
		----Mixed mainly or solely with carded wool or carded animal hair:			
	11	---Of a weight not exceeding 300 g/m²	KGM		
	20	---Mixed mainly or solely with combed wool or combed fine animal hair	KGM		

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
55.16		Woven fabrics of artificial staple fibres.			
		-Containing 85% or more by weight of artificial staple fibres:			
5516.12.00		--Dyed		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
	10	—Of viscose rayon	KGM		
5516.14		--Printed			
5516.14.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
	10	—Of viscose rayon	KGM		
		-Containing less than 85% by weight of artificial staple fibres, mixed mainly or solely with man-made filaments:			
5516.22.00		--Dyed		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
		----Mixed mainly or solely with polyester filaments:			
	11	—For apparel	KGM		
	90	—Other	KGM		
5516.23		--Of yarns of different colours			
5516.23.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
	90	—Other	KGM		
		-Containing less than 85% by weight of artificial staple fibres, mixed mainly or solely with wool or fine animal hair:			
5516.32.00	00	--Dyed	KGM	14%	UST, LDCT, MT, CIAT, CT: Free GPT: 14% CRT: 14%
		-Containing less than 85% by weight of artificial staple fibres, mixed mainly or solely with cotton:			
5516.42.00	00	--Dyed	KGM	14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%
		-Other:			
5516.92.00	00	--Dyed	KGM	14%	UST, LDCT, MT, CIAT: Free CRT: 14%
5516.93		--Of yarns of different colours			
5516.93.90	00	—Other	KGM	14%	UST, LDCT, MT, CIAT, CT: Free CRT: 14%

Chapter 56

**WADDING, FELT AND NONWOVENS; SPECIAL
YARNS; TWINE, CORDAGE, ROPES AND CABLES
AND ARTICLES THEREOF**

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
56.02		Felt, whether or not impregnated, coated, covered or laminated.			
		-Other felt, not impregnated, coated, covered or laminated:			
5602.21		--Of wool or fine animal hair			
5602.21.90	00	--Other	KGM	12%	UST, LDCT, MT, CIAT, CT: Free GPT: 10% CRT: 8.5%
56.03		Nonwovens, whether or not impregnated, coated, covered or laminated.			
		-Other:			
5603.92		--Weighing more than 25 g/m ² but not more than 70 g/m ²			
5603.92.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
	20	---Impregnated, coated or covered	KGM		
	30	---Other, of polyesters	KGM		
	40	---Other, of polypropylene	KGM		
	50	---Other, of nylon or other polyamides	KGM		
	90	---Other	KGM		
5603.93		--Weighing more than 70 g/m ² but not more than 150 g/m ²			
5603.93.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
	30	---Other, of polyesters	KGM		
	40	---Other, of polypropylene	KGM		
	90	---Other	KGM		

Chapter 58

**SPECIAL WOVEN FABRICS; TUFTED TEXTILE
FABRICS; LACE; TAPESTRIES; TRIMMINGS;
EMBROIDERY**

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
58.01		Woven pile fabrics and chenille fabrics, other than fabrics of heading 58.02 or 58.06.			
		-Of cotton:			
5801.22		--Cut corduroy			
		---Solely of cotton:			
5801.22.29		----Other		12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8%
	90	---Other	KGM		
5801.22.90	00	---Other	KGM	14%	UST, LDCT, MT, CIAT, CT: Free GPT: 14% CRT: 10%
58.04		Tulles and other net fabrics, not including woven, knitted or crocheted fabrics; lace in the piece, in strips or in motifs, other than fabrics of headings 60.02 to 60.06.			
		-Mechanically made lace:			
5804.21.00		--Of man-made fibres		12%	UST, LDCT, MT, CIAT, CT: Free CRT: 8.5%
	10	---Of a width not exceeding 30 cm	KGM		
	20	---Of a width exceeding 30 cm	KGM		
5804.29.00		--Of other textile materials		7%	UST, LDCT, MT, CIAT, CT: Free GPT: 5% CRT: 5%
	10	---Of a width not exceeding 30 cm	KGM		
	20	---Of a width exceeding 30 cm	KGM		
5804.30		-Hand-made lace			
5804.30.90	00	---Other	KGM	12%	UST, LDCT, MT, CIAT, CT: Free CRT: 9%
58.06		Narrow woven fabrics, other than goods of heading 58.07; narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs).			
5806.10		-Woven pile fabrics (including terry towelling and similar terry fabrics) and chenille fabrics			
5806.10.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
	90	---Other	KGM		

Chapter 59

**IMPREGNATED, COATED, COVERED OR LAMINATED
TEXTILE FABRICS; TEXTILE ARTICLES OF A KIND
SUITABLE FOR INDUSTRIAL USE**

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
59.03		Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 59.02.			
5903.90		-Other			
5903.90.10		---Textile fabrics not containing man-made fibres		14%	UST, LDCT, MT, CIAT, CT: Free GPT: 10% CRT: 10%
	10	--- <i>Of cotton</i>	KGM		
	90	--- <i>Other</i>	KGM		
		---Textile fabrics containing man-made fibres:			
5903.90.29	00	--- Other	KGM	14%	UST, LDCT, MT, CIAT, CT: Free GPT: 10% CRT: 10%

Chapter 60

KNITTED OR CROCHETED FABRICS

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
60.01		Pile fabrics, including "long pile" fabrics and terry fabrics, knitted or crocheted.			
		-Other:			
6001.92		--Of man-made fibres			
6001.92.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
	10	----Of a width exceeding 30 cm, not impregnated, coated, covered or laminated	KGM		
60.02		Knitted or crocheted fabrics of a width not exceeding 30 cm, containing by weight 5% or more of elastomeric yarn or rubber thread, other than those of heading 60.01.			
6002.40		-Containing by weight 5% or more of elastomeric yarn but not containing rubber thread			
6002.40.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----Of cotton:			
	11	----Lace	KGM		
	19	----Other	KGM		
		----Of other textile materials:			
	91	----Lace	KGM		
	99	----Other	KGM		
6002.90		-Other			
6002.90.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----Of other textile materials:			
	91	----Lace	KGM		
60.04		Knitted or crocheted fabrics of a width exceeding 30 cm, containing by weight 5% or more of elastomeric yarn or rubber thread, other than those of heading 60.01.			
6004.10		-Containing by weight 5% or more of elastomeric yarn but not containing rubber thread			
6004.10.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
	10	----Lace	KGM		
	90	----Other	KGM		

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
60.05		Warp knit fabrics (including those made on galloon knitting machines), other than those of headings 60.01 to 60.04.			
		-Of cotton:			
6005.22		--Dyed			
6005.22.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
	90	---Other	KGM		
		-Of synthetic fibres:			
6005.31		--Unbleached or bleached			
6005.31.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----Other, for apparel:			
	23	---Containing 85% or more by weight of polyesters	KGM		
6005.32		--Dyed			
6005.32.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----Other, for apparel:			
	21	---Containing 85% or more by weight of nylon or other polyamides	KGM		
	23	---Containing 85% or more by weight of polyesters	KGM		
	24	---Other, of polyesters, mixed mainly or solely with acrylic or modacrylic	KGM		
	29	---Of other synthetic fibres	KGM		
6005.34		--Printed			
6005.34.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----Other, for apparel:			
	23	---Containing 85% or more by weight of polyesters	KGM		
60.06		Other knitted or crocheted fabrics.			
		-Of synthetic fibres:			
6006.31		--Unbleached or bleached			
6006.31.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----For apparel:			
	19	---Other	KGM		
6006.32		--Dyed			

Tariff Item	SS	Description of Goods	Unit of Meas.	MFN Tariff	Applicable Preferential Tariffs
6006.32.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----For apparel:			
	11	-----Single knit, containing 85% or more by weight of polyesters	KGM		
	14	-----Double knit (including interlock)	KGM		
	19	-----Other	KGM		
6006.33		--Of yarns of different colours			
6006.33.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----For apparel:			
	19	-----Other	KGM		
6006.34		--Printed			
6006.34.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----For apparel:			
	19	-----Other	KGM		
		-Of artificial fibres:			
6006.42		--Dyed			
6006.42.90		---Other		14%	UST, LDCT, MT, CIAT, CT: Free CRT: 10%
		----For apparel:			
	19	-----Other	KGM		

APPENDIX III

TEXTILE MANUFACTURERS SURVEYED

On June 9, 2003, the Tribunal sent a Textile Producers' Questionnaire to the following firms:

3M Canada Company	Huntingdon Mills (Canada) Ltd.	Rubyco (1987) Inc.
Albarrie Canada Limited	J & A Duval Spinning Inc.	Siltex Mills Ltd.
Atlantic Fine Yarns Inc.	J.B. Martin Ltée	Sonatex Inc.
Barrday, Inc.	J.L. DeBall Canada Inc.	St. Lawrence Textiles Inc.
Beckwith Bemis	Knitrama Fabrics Inc.	Stedfast Inc.
Bermatex, Inc.	Kute-Knit Mfg. Inc.	Sunshine Mills Inc.
Calko (Canada) Inc.	LaGran Canada Inc.	Swift Denim
Canada Hair Cloth Company	Lanatex Yarns Ltd.	Tandem Fabrics Inc.
Canada Pad Lining Inc.	Lenrod Industries	Tek-knit Industries
Canada U.S. Knitting Inc.	Les Entoilages Interforme Inc.	Texel Inc.
Cannon Knitting Mills Limited	Lincoln Fabrics Ltd.	Textiles 3A Ltée
Cleyn & Tinker Inc.	Loominations	Textiles Du-Ré
Consoltex Inc.	Manoir Inc.	Texturon Inc.
Cookshiretex Inc.	Martintek Inc.	The Bennett Fleet Group Inc.
Coraltext Dyeing & Finishing Inc.	Matador Converters Co. Ltd.	The Nalpac Company
CVT Knitting Mills Inc.	Monterey Textiles (1996) Inc.	The Rumpel Felt Co. Ltd.
DIFCO Performance Fabrics Inc.	Natpro Inc.	Three Rivers Knit Printers Inc.
Doubletex	Nova Scotia Textiles, Limited	Tobelle Textiles Inc.
E. I. du Pont Canada Company	Parapad Inc.	Tricot Richelieu Inc.
Edward Textile Inc.	Paris Star Knitting Mills Inc.	Tricots Liesse
FilSpec	Parisian Knitting Mills	Tri-Star Textiles Ltd.
Fine Cotton Factory Inc.	Parker Brothers Textile Mills Ltd.	Union Felt Products Inc.
Fraser & Kirkbright Weaving Company	Quebectex Canada Inc.	Victor Woolens
Gants Laurentide Ltée	Rayonese Textile Inc.	Vintex Inc.
Gentry Knitting Mills Limited	Régitex Inc.	Waterloo Textiles Limited
Great Lakes Knitting Mills Ltd.	Rentex Inc.	WHK Woven Labels Ltd.
Hafner Inc.	Roopa Sales and Trading Ltd.	WorldBest (Canada) Industries Inc.

APPENDIX IV

**TEXTILE INPUTS REPORTED BY THE DOMESTIC TEXTILE
MANUFACTURERS TO BE AVAILABLE FROM DOMESTIC
PRODUCTION**

Chapter	Subject Statistical Code	Company Name
51 / Wool, Fine or Coarse Animal Hair; Horsehair Yarn and Woven Fabric		
	<i>5111</i>	<i>Victor Woolens</i>
		<i>Parker Brothers Textile Mills Ltd.</i>
		<i>Tricots Liesse</i>
	<i>5111.11.90</i>	<i>Fraser & KirkBright Weaving Company</i>
	5111.11.90.10	Canada Hair Cloth Company
	5111.20.92.00	Canada Hair Cloth Company
	5111.30.91.00	Canada Hair Cloth Company
	5111.30.92.00	Canada Hair Cloth Company
	<i>5112</i>	<i>Victor Woolens</i>
		<i>Parker Brothers Textile Mills Ltd.</i>
		<i>Tricots Liesse</i>
	<i>5112.11.90</i>	<i>Fraser & KirkBright Weaving Company</i>
	5112.11.90.10	Canada Hair Cloth Company
		Cleyn & Tinker Inc.
	5112.19.91.10	Canada Hair Cloth Company
		Cleyn & Tinker Inc.
	5112.19.92.10	Canada Hair Cloth Company
		Cleyn & Tinker Inc.
	5112.20.91.00	Canada Hair Cloth Company
		Cleyn & Tinker Inc.
	5112.30.91.00	Canada Hair Cloth Company
		Cleyn & Tinker Inc.
	5112.90.91.00	Canada Hair Cloth Company
		Cleyn & Tinker Inc.
52 / Cotton		
	<i>52</i>	<i>DIFCO Performance Fabrics Inc.</i>
	<i>5205</i>	<i>Tricots Liesse</i>
	5205.22.90.90	Atlantic Fine Yarns Inc.
		FilSpec
	5205.23.90.90	FilSpec
	<i>5208</i>	<i>Doubletex</i>
		<i>Tricots Liesse</i>
	5208.12.30.20	Canada Hair Cloth Company
	5208.19.20.90	Canada Hair Cloth Company
	5208.32.90.10	
	5208.32.90.20	
	5208.32.90.90	Canada Hair Cloth Company
	5208.33.90.00	Canada Hair Cloth Company
	5208.39.90.90	Canada Hair Cloth Company
	5208.41.90.00	
	5208.42.90.10	
	5208.42.90.20	

Chapter	Subject Statistical Code	Company Name
	5208.42.90.90	Canada Hair Cloth Company
	5208.43.90.00	
	5208.49.90.90	Canada Hair Cloth Company
	5208.51.00.00	Canada Hair Cloth Company
	5208.52.90.20	
	5208.52.90.90	Canada Hair Cloth Company
	5208.59.90.90	Canada Hair Cloth Company
	5209	<i>Doubletex</i>
		<i>Tricots Liesse</i>
	5209.12.10.00	Canada Hair Cloth Company
	5209.19.20.90	Canada Hair Cloth Company
	5209.31.90.90	Canada Hair Cloth Company
	5209.32.90.00	Canada Hair Cloth Company
	5209.39.90.10	
	5209.39.90.90	Canada Hair Cloth Company
	5209.41.90.00	Canada Hair Cloth Company
	5209.43.90.00	Canada Hair Cloth Company
	5209.49.00.90	Canada Hair Cloth Company
	5209.51.00.90	Canada Hair Cloth Company
	5209.52.00.00	
	5209.59.00.10	
	5209.59.00.90	Canada Hair Cloth Company
	5210	<i>Consoltex Inc.</i>
		<i>Doubletex</i>
		<i>Tricots Liesse</i>
	5210.29.00.11	Canada Hair Cloth Company
	5210.32.00.11	Canada Hair Cloth Company
	5210.32.00.90	
	5210.39.00.11	
	5210.39.00.90	
	5210.41.00.11	Canada Hair Cloth Company
	5210.41.00.90	
	5210.49.00.11	Canada Hair Cloth Company
	5210.49.00.90	
	5210.51.00.11	
	5210.51.00.90	
	5211	<i>Consoltex Inc.</i>
		<i>Doubletex</i>
		<i>Tricots Liesse</i>
	5211.32.00.11	Canada Hair Cloth Company
	5211.39.00.11	Canada Hair Cloth Company
	5211.41.00.90	Canada Hair Cloth Company
	5211.43.00.11	Canada Hair Cloth Company
	5211.43.00.90	
	5211.49.00.11	Canada Hair Cloth Company
	5211.49.00.90	
	5212	<i>Doubletex</i>
	5212.11.90.00	Canada Hair Cloth Company
	5212.14.90.00	Canada Hair Cloth Company
	5212.23.90.00	Canada Hair Cloth Company
	5212.24.90.00	Canada Hair Cloth Company

Chapter	Subject Statistical Code	Company Name
53 / Other Vegetable Textile Fibres, Paper Yarn and Woven Fabrics of Paper Yarn		
	5309	<i>Tricots Liesse</i>
	5309.21.00.00	
	5309.29.90.00	
54 / Man-Made Filaments		
	5407	<i>Barrday, Inc.</i>
		<i>Consoltex Inc.</i>
		<i>Tricots Liesse</i>
		<i>Doubletex</i>
	5407.20.90.00	Canada Hair Cloth Company
	5407.42.90	<i>Monterey Textiles (1996) Inc.</i>
	5407.42.90.11	Canada Hair Cloth Company
	5407.42.90.12	Canada Hair Cloth Company
	5407.52.90	<i>Monterey Textiles (1996) Inc.</i>
	5407.52.90.11	Canada Hair Cloth Company
	5407.52.90.12	Canada Hair Cloth Company
	5407.52.90.13	Canada Hair Cloth Company
	5407.54.00.12	Canada Hair Cloth Company
	5407.61.99	<i>Monterey Textiles (1996) Inc.</i>
	5407.61.99.31	Canada Hair Cloth Company
	5407.61.99.32	Canada Hair Cloth Company
	5407.61.99.33	Canada Hair Cloth Company
	5407.61.99.72	
	5407.61.99.73	Canada Hair Cloth Company
	5407.72.00.11	Canada Hair Cloth Company
	5407.72.00.12	Canada Hair Cloth Company
	5407.92.90.31	Canada Hair Cloth Company
	5407.92.90.32	Canada Hair Cloth Company
	5407.92.90.81	Canada Hair Cloth Company
	5407.92.90.82	Canada Hair Cloth Company
	5407.93.90.32	Canada Hair Cloth Company
55 / Man-Made Staple Fibres		
	55	<i>DIFCO Performance Fabrics Inc.</i>
	5512	<i>Consoltex Inc.</i>
		<i>Doubletex</i>
		<i>Tricots Liesse</i>
	5512.19.90.11	Canada Hair Cloth Company
	5512.19.90.31	Canada Hair Cloth Company
	5512.29.90.00	Canada Hair Cloth Company
	5513	<i>Consoltex Inc.</i>
		<i>Doubletex</i>
		<i>Tricots Liesse</i>
	5513.11.90.11	Canada Hair Cloth Company
	5513.11.90.21	
	5513.12.90.10	Canada Hair Cloth Company
	5513.21.00.10	Canada Hair Cloth Company
	5513.22.90.10	Canada Hair Cloth Company
	5513.31.90.00	Canada Hair Cloth Company
	5513.41.90.10	Canada Hair Cloth Company

Chapter	Subject Statistical Code	Company Name
	5514	<i>Consoltext Inc.</i>
		<i>Doubletex</i>
		<i>Tricots Liesse</i>
	5514.21.00.10	
	5514.22.90.10	Canada Hair Cloth Company
	5515	<i>Consoltext Inc.</i>
		<i>Doubletex</i>
	5515.11.90.00	Canada Hair Cloth Company
	5515.13.90.11	Canada Hair Cloth Company
	5515.13.90.20	
	5516	<i>Consoltext Inc.</i>
		<i>Doubletex</i>
		<i>Tricots Liesse</i>
	5516.12.00.10	Canada Hair Cloth Company
	5516.14.90.10	Canada Hair Cloth Company
	5516.22.00.11	Canada Hair Cloth Company
	5516.22.00.90	
	5516.23.90.90	Canada Hair Cloth Company
	5516.32.00.00	
	5516.42.00.00	
	5516.92.00.00	Canada Hair Cloth Company
	5516.93.90.00	Canada Hair Cloth Company
56/ Wadding, Felt and Nonwovens; Special Yarns; Twine, Cordage, Ropes and Cables and Articles Thereof		
	5602	<i>Doubletex</i>
		<i>Stedfast Inc.</i>
		<i>Stedfast Inc.</i>
	5602.21.90.00	Canada Hair Cloth Company
		Matador Converters Co. Ltd.
	5603	<i>Doubletex</i>
		<i>Stedfast Inc.</i>
		<i>Tricots Liesse</i>
	5603.92.90.20	Matador Converters Co. Ltd.
	5603.92.90.30	Matador Converters Co. Ltd.
	5603.92.90.40	Matador Converters Co. Ltd.
	5603.92.90.50	
	5603.92.90.90	Matador Converters Co. Ltd.
	5603.93.90.30	Matador Converters Co. Ltd.
		Texel Inc.
	5603.93.90.40	Matador Converters Co. Ltd.
		Texel Inc.
	5603.93.90.90	Matador Converters Co. Ltd.
		Texel Inc.
58 / Special Woven Fabrics; Tufted Textile Fabrics; Lace; Tapestries; Trimmings; Embroidery		
	5801	<i>Tricots Liesse</i>
	5801.22.29.90	
	5801.22.90.00	
	5804	<i>Tricots Liesse</i>
	5804.21.00.10	
	5804.21.00.20	
	5804.29.00.10	

Chapter	Subject Statistical Code	Company Name
	5804.29.00.20	
	5804.30.90.00	
	5806	<i>Tricots Liesse</i>
	5806.10.90.90	
59 / Impregnated, Coated, Covered or Laminated Textile Fabrics; Textile Articles of a Kind Suitable for Industrial Use		
	5903	<i>Barrday, Inc.</i>
		<i>ConsoltexInc.</i>
		<i>Stedfast Inc.</i>
		<i>Tricots Liesse</i>
	5903.90.10.10	Canada Hair Cloth Company
	5903.90.10.90	Canada Hair Cloth Company
		Matador Converters Co. Ltd.
	5903.90.29.00	Canada Hair Cloth Company
		Matador Converters Co.Ltd.
60 / Knitted or Crocheted Fabrics		
	6001	<i>Gentry Knitting Mills Limited</i>
		<i>Canada U.S. Knitting Inc.</i>
	6001.92.90.10	Roopa Sales & Trading Ltd.
		Tri-Star Textiles Ltd.
	6002	<i>Tricots Liesse</i>
	6002.40.90.11	
	6002.40.90.19	
	6002.40.90.91	
	6002.40.90.99	
	6002.90.90.91	
	6004	<i>Gentry Knitting Mills Limited</i>
		<i>Rentex Inc.</i>
		<i>Canada U.S. Knitting Inc.</i>
		<i>Tricots Liesse</i>
	6004.10	<i>Roopa Sales & Trading Ltd.</i>
	6004.10.90	<i>WorldBest (Canada) Industries Inc.</i>
	6004.10.90.10	Cannon Knitting Mills Limited
		Tri-Star Textiles Ltd.
	6004.10.90.90	Cannon Knitting Mills Limited
		Great Lakes Knitting Mills Ltd.
		Tri-Star Textiles Ltd.
	6005	<i>Doubletex</i>
		<i>Tek-knit Industries</i>
		<i>Tricots Liesse</i>
	6005.22.90.90	
	6005.31.90.23	Rentex Inc.
	6005.32.90.21	Rentex Inc.
	6005.32.90.23	Rentex Inc.
	6005.32.90.24	Rentex Inc.
	6005.32.90.29	
	6005.34.90.23	Rentex Inc.

Chapter	Subject Statistical Code	Company Name
	6006	<i>Gentry Knitting Mills Limited</i>
		<i>Manoir Inc.</i>
		<i>Tek-knit Industries</i>
		<i>Canada U.S. Knitting Inc.</i>
		<i>Tricots Liesse</i>
	6006.31.90	<i>WorldBest (Canada) Industries Inc.</i>
	6006.31.90.19	Cannon Knitting Mills Limited
		Tri-Star Textiles Ltd.
	6006.32	<i>Roopa Sales & Trading Ltd.</i>
	6006.32.90	<i>WorldBest (Canada) Industries Inc.</i>
	6006.32.90.11	Cannon Knitting Mills Limited
		Tri-Star Textiles Ltd.
	6006.32.90.14	Cannon Knitting Mills Limited
		Tri-Star Textiles Ltd.
	6006.32.90.19	Cannon Knitting Mills Limited
		Tri-Star Textiles Ltd.
	6006.33.90	<i>WorldBest (Canada) Industries Inc.</i>
	6006.33.90.19	Cannon Knitting Mills Limited
		Tri-Star Textiles Ltd.
	6006.34.90.19	Cannon Knitting Mills Limited
		Tri-Star Textiles Ltd.
	6006.42	<i>Roopa Sales & Trading Ltd.</i>
	6006.42.90.19	Cannon Knitting Mills Limited
		Tri-Star Textiles Ltd.
Note:	No Codes were given by Hafner Inc., Huntingdon Mills (Canada) Ltd., Lenrod Industries, Lincoln Fabrics Ltd. and Tricot Richelieu Inc.	

APPENDIX V

SAMPLE LETTER TO THE TRIBUNAL FROM A TEXTILE
MANUFACTURER

June 22, 2004

Dear Ms. Grimes:

Consoltex has received the “Textile Producers Questionnaire”, which we are being asked to complete in the context of the CITT *Inquiry into the Availability of Textile Inputs Produced in Canada*.

Consoltex produces in Canada a large amount of textile products that fall within the 150 commodity codes that are on your list and for which this inquiry is all about. Actually, we roughly identified from that list as much as 57 commodity codes where our products are classified in. All our fabrics are produced in Canada in our plants located in Cowansville (a weaving and a dyeing/finishing plants), Montmagny (a weaving plant), and Montreal (head office and warehouse), where we currently employ 750 people. Early on this year, the company has announced the closure of its dyeing and finishing plant located in Alexandria, laying off around 160 people in a community of roughly 3,000 citizens. We sell these fabrics to customers in Canada and in export markets. More than 80% of our overall production goes to apparel end uses as defined in your questionnaire (i.e. goods of HS Chapters 61 and 62).

However, we will not be completing the questionnaire you sent us. A brief summary of our reasons and concerns follows.

It is our understanding that the purpose of the Tribunal’s Inquiry is to collect data on which textiles are produced in Canada so as to provide the Minister of Finance with information that will be used as a basis for reducing and/or eliminating duties on textiles not produced in Canada. We have serious concerns about the approach to this so-called “fact finding” exercise, which fails to recognize:

- 1) That sales - for the period covering January 1, 2003 to March 31, 2004 - are not representative of Consoltex’s ability to produce and supply all type of fabrics to actual and future customers. In other words, the data you are requesting in the questionnaire will not provide the Minister with the answer to the question: What textiles are or are not available from Canadian production?

First, market conditions during this time period were bad, with many of our clients reducing or stopping their purchases due to lack of demand for their products or successful access to duty free fabric through CITT. This had adverse repercussions on our business (i.e. lower-than-average capacity utilization and sales), hence reducing the range of fabrics sold to a smaller number of customers.

Second, the prescribed 18-month period represents a “moment in time”. Our product lines are constantly changing to meet the needs of our customers. What we make today is different from what we made two, three or five years ago. It is different from what we will be making in the future to satisfy market demand. This is the nature of our business. Your questionnaire asks for data for a very narrow time period, and if the

Minister's intention is to reduce or eliminate tariffs on goods that are not available from domestic production based on what respondents report for this period, the decision to do so will have serious (if not unintended) consequences for Consoltex and for most if not all textile manufacturers.

Third, what we produce and sell in any given time period is illustrative, not definitive, of our full capabilities. In fact, Consoltex has invested heavily in the last decade in versatile and productive equipments to enable us to produce the variety of products the apparel industry needs. The reason we produce some fabrics and not others is because we have customers for the ones we do make. There are no technical or capacity-related impediments to stop us from making a much broader range of fabrics should the market require them.

Unfortunately, it has been our experience through our involvement in numerous CITT Textile Reference cases that the Tribunal has consistently ignored this reality of the textile industry to the detriment of Consoltex's Fashion Apparel Fabrics business. In 1994, we sold \$34 million worth of fashion fabrics to customers in Canada. Thanks to the Tribunal's conclusions and resulting duty-free items created by Finance, our Fashion Apparel business has dwindled dramatically over the past 10 years as our customers have shifted from buying our fabrics to buying competing, duty-free imported fabrics. The consequences on our operations have been dire, mainly due to the refusal of the Tribunal to look at the cumulative effect of its recommendations on Canadian textile producers such as ourselves. Again today in this inquiry, the Tribunal will only be looking at a limited period of time that does not represent the potential of the textile industry. If a decision is made as to what fabrics should be duty-free on the basis of what was produced or sold during the past year or so, there will be no opportunities to produce and sell fabrics to customers and any future development of new fabrics will be severely impaired.

- 2) That the issue of what is and is not made by our company and the Canadian textile industry is a complex one and several key factors are missing from your consideration. Creating a list of what is supposedly "not made" on the basis of a survey of the industry's production and sales at a given point in time is inadequate to evaluate the "availability of Canadian textile inputs". As mentioned above, current sales to a particular market segment do not equate to Canadian availability. The underlying assumption that tariffs can be eliminated on some products without affecting sales of other products is invalid, and proved to be damaging to Consoltex (downfall of its Fashion business) and indubitably to other textile manufacturers.
- 3) That the approach you are taking is flawed in terms of assessing what tariffs might be removed with minimal impact on Canadian textile producers. The Tribunal is taking the same narrow view it has taken in all the inquiries made under the Textile Reference. If no one in Canada has sold fabrics classified under a particular HS commodity code from January 1, 2003 to March 31, 2004, it does not mean that eliminating the tariff from that HS code will not have an adverse effect on a Canadian textile producer or producers. Many - in fact, most - fabrics compete with one another in the marketplace, and creating an advantage for one against another (especially when it involves a price break) will cause our customers to shift or consider shifting their purchasing from our fabrics to the newly-duty-free imports.
- 4) That the survey involves tariff lines that are broadly define[d] and fit the definition of a large variety of products and that reducing or eliminating duties on some portion of the

goods that we make in Canada has implications for our overall business, even if the specified products do not necessarily represent 100% of our production. Losing sales affects our bottom line, as every fabric we make contributes to our overhead and our viability.

- 5) That the information you are requesting in the form you are requesting it is simply impossible to provide within the time frame specified. If, as you say in the accompanying material, the lack of a response will be interpreted as the absence of Canadian production, the results of your survey and the conclusions drawn will be lacking because it is unlikely that many companies can meet the requirements.

To then formulate textile tariff policy on the basis of the results of your survey - given the problems listed above - would jeopardize textile industry jobs and investment.

Moreover, under the Textile Reference, the Tribunal consistently recommended tariff eliminations on a variety of imported textile fabrics for apparel end-uses, which has contributed to the erosion of employment at Consoltex. From 5 plants and 1,100 employees in 2001, the company closed one plant in 2002 and came down to 900 employees and, as stated earlier, closed another plant in 2004 and is now operating 3 plants with 750 employees. The cumulative effects of all those decisions have contributed to the loss of 350 direct jobs and probably some 500 indirect jobs. Each of the direct jobs lost has deprived the regional economies in communities such as Sherbrooke, Cowansville, Alexandria and Montreal, of salaries and benefits of around \$45,000 per year for a total of some \$15M. The indirect jobs related to these lost textile jobs represent an additional \$15 to \$20M in lost revenue.

My questions to you are:

- How many new jobs were created by your decisions?
- What is the benefit to Canada of eliminating well-paid textile jobs in communities where there are few if any alternative employment opportunities?

We, as a company, have seen first-hand the consequences of your recommendations which have affected our business and we are certain others are being similarly negatively affected in other regions. This new inquiry will add to the damage our industry is facing because it is very clear that you are continuing down the same path in terms of addressing what is/is not made and continuing to ignore the extent to which fabrics compete with one another in the marketplace

In closing, we believe that the Reference you have been given by the Minister of Finance and the process you have undertaken suffer from a number of very serious deficiencies and our company does not believe it appropriate to complete the questionnaire for the reasons described in this letter.

Sincerely,

Marcel Thibault
President and CEO

APPENDIX VI

SUMMARY OF QUESTIONNAIRE REPLIES BY PURCHASERS OF
DOMESTIC TEXTILE INPUTS

Company Name	Various Textile Inputs Purchased Domestically	Domestic Supplier	Comments
Alpine Joe Sportswear Ltd.	Woven fabrics: 100% nylon tricot lining 100% nylon mesh 100% nylon coated with PU	Consoltex Inc., Doubletex Rentex Inc., Eltes Textiles	Most fabrics required are not available in Canada, such as: cotton/blend 4-way stretch woven fabrics. Certain polyester knits and nylon wovens, certain polyester/cotton bottom-weight fabrics. It is becoming increasingly difficult to buy from Canadian producers, as they do not manufacture the unique fabrics required.
Australian Outback Collection (Canada) Ltd.	Woven 100% cotton headcloth	Doubletex	Domestic producers cannot supply waxed cotton fabrics.
Ballin Inc.	Various fabrics: 100% polyester, polyester/wool blends polyester/viscose blends, cotton/spandex, polyester/rayon	Syd Textiles and Sales Inc. Fabtrends International Inc. Cannon Knitting Mills Limited J. P. Doumak, Inc. Budmark Textiles International Inc. Consoltex Inc. Cleyn & Tinker Inc.	
Behar Hathaway Apparel Ltd.	Plain weave 60 cotton/40 polyester broadcloth	Doubletex	Majority of requirements must be imported. Woven fabrics of pure cotton with yarn counts of 90/2 x 100/2 and fabrics of yarn dyed fabrics are not produced in Canada.
Bravado Designs Inc.	Knit fabrics: Cotton/lycra blends Nylon/lycra blends Cotton/spandex blends	Manoir Inc., Gentry Knitting Mills Ltd., Narroflex Inc.	

Company Name	Various Textile Inputs Purchased Domestically	Domestic Supplier	Comments
Canadelle	Various knit products Narrow products Narrow woven fabrics	Magni-Tex Inc., The Nalpac Company, Aikinco, WorldBest (Canada) Industries Inc., Narroflex Inc., Britex Limited, Doubletex, Matador Converters Co. Ltd., DIFCO Performance Fabrics Inc., Foamex Canada, Acolam Inc., Knitrama Fabrics Inc., Hubbard Fabrics, Productions Ranger, Cansew Inc., Hafner Inc., Belding Corticelli, Coats Bell American & Efird Canada, Inc.	Many of the mills that used to supply Canadelle are now closed. Limited availability in Canada. Canadian inputs cost more for the same quality.
Canada Sportswear Corp.	Nylon linings cotton, polyester/cotton blends, knit trims, wool blends, 100% polyester	Superior Quilting Ltd., Thermolite Fab-Knit Textiles Inc., Trim Knit, Consoltex Inc. Great Lakes Knitting Mills Ltd., Roopa Sales & Trading Ltd., Calko (Canada) Inc., Fine Cotton Factory Inc., Siltex Mills Ltd., Victor Woolens	Summer 2004, inquired with 5 different Canadian fabric suppliers with no success. Orders for specific fabrics or specific colours had minimum quantity requirements at prohibitive costs.
Chateau Lingerie Mfg. Inc.	Cotton yarns	Atlantic Fine Yarns Inc.	Two domestic suppliers can supply the type of yarns required, but they are not price competitive with Asian mills.
Cooper Clothing Inc.	Various polyester/wool blends and 100% wool fabrics	Cleyn & Tinker Inc., Doubletex, Consoltex Inc.	Domestic supply is very costly compared to importing the same textiles.
Copley Apparel Group	Various wools and wool blends	Cleyn & Tinker Inc.	Other than wool fabrics, has difficulty sourcing the quality fabric required for the upper end of the men's clothing business.
Coquette Int. Inc.	Long-pile fabric Nylon/spandex knits	Glenoit Fabrics (H.G.) Corporation, Hafner Inc.	Very difficult to purchase fabrics from Canadian producers. Costs are too high. There are very few fabrics available anymore.

Company Name	Various Textile Inputs Purchased Domestically	Domestic Supplier	Comments
Deux Par Deux by Minimome	Knit fabrics Polyester/cotton blend knits 100% nylon knits	Doubletex, Taxitex Knitting Inc., 4071336 Canada Inc.	
Dickies Canada Co.	Woven twill pocketing, bleached, polyester/cotton blend	Doubletex	Limited selection of Canadian textiles.
Donna Fashions Mfg. Ltd.	Knits Nylon/spandex blend Nylon/lycra blend Viscose/spandex blend Micropolyester/spandex blend Rayon/polyester blend Cotton/polyester blend Rayon/polyester woven fabric	Magni-TEX, Tricots Liesse The Nalpac Company, Manoir Inc. Ultra Tek Knitting K & S Garment Inc., Consoltex Inc.	Selection from domestic sources is limited.
Effigi Inc.	Various knit fabrics	Lucratex Inc., The Nalpac Company, Janus Textiles Inc.	It is becoming increasingly difficult to obtain domestic products as described in Chapters 51, 52 and 54. Quality of domestic products is acceptable.
Exploits Design Inc.	Woven fabric Polyester/rayon blend Polyester/cotton blend, dyed	Consoltex Inc. Doubletex	Waxed cotton fabric that the company uses is not produced in Canada.
Fersten/Jilly Originals Inc. and Fersten Mode Ltd.	50% polyester/50% cotton knits	Britex Limited	
Freda's Originals Inc.	Woven fabric: Wool, Polyester/wool/lycra blends	Cleyn & Tinker Inc.	Selection is limited. Fabrics are not fashionable enough.
Gemini Fashions of Canada Ltd.	Knit fabrics: Only purchase pile and synthetic fleece categories in Canada	Glenoit Corp., Huntingdon Mills (Canada) Ltd.	Does not purchase other categories for a number of reasons: 1) quality not readily available, 2) minimums are too high, 3) development time too long, 4) fabric not available, 5) cost is too high.
Hamilton Lingerie 1978 Ltd.	Terry knit fabrics: polyester/cotton blend knits 100% polyester knits	Tri-Star Textiles Ltd., North East Knitting Mills Inc.	Strong competition. It is impossible for domestic textile manufacturers to compete for the majority of fabrics.
Helly Hansen Canada Ltd.	Plain weave polyester/cotton blends and nylon fabrics	Consoltex Inc.	Has purchased nylon fabrics and polyester/cotton fabrics from Consoltex Inc. for several years.

Company Name	Various Textile Inputs Purchased Domestically	Domestic Supplier	Comments
Nise N Kosy Incorporated o/a The Incredible Clothing Company	Various cotton yarns	Atlantic Fine Yarns Inc. Cavalier Specialty Yarn Laxer Fibre Co. Limited	No supply issues. Product received as requested.
Lac-mac Limited	Various polyester/cotton woven sheeting fabrics, flannelette, poplins, broadcloth, warp knit	Springs Canada Inc. Doubletex Rentex Inc.	
Logistik Unicorp Inc.	Various	Cleyn & Tinker Inc., Victor Woolens, DIFCO Performance Fabrics Inc., Tricot Canavan Inc., Doubletex, Calko (Canada) Inc., National Dyers Ltd., Consoltex Inc., Rentex Inc., Alzintex Ltd., Huntingdon Mills (Canada) Ltd. Monterey Textiles (1996) Inc., Tek-knit Industries, Matador Converters Co. Ltd., Roopa Sales & Trading Ltd., Majestic Laces Ltd., W.L. Gore & Associates Inc., Zinman Textiles Ltd.	Manufactures uniforms. No difficulties obtaining fabrics made of wool, cotton or man-made filaments.
Lululemon Athletica	Knit fabric: nylon/lycra blend	The Nalpac Company	Buys both synthetic and natural fibre knits and woven fabrics in Canada. Does not have difficulty sourcing fabrics, but price is inhibitive at times.
Main Knitting Inc.	Various cotton yarns	Atlantic Fine Yarns Inc.	Purchased yarn from Atlantic Fine Yarns Inc. in early 2003, but stopped this practice when it found yarn at lower prices from the United States and India.
Maison Bouvrier Inc.	Acrylic/wool blend plain woven fabric	Cleyn & Tinker Inc.	Very few Canadian firms are able or willing to produce the fabric content, weave and finishes that are required.

Company Name	Various Textile Inputs Purchased Domestically	Domestic Supplier	Comments
Med-Eng Systems Inc.	5407.42 5512.19 5514.22 5806.10	J. Ennis Fabrics Ltd., Consoltex Inc., Specialty Gasketts Inc., Sonatex Inc., Metro Textiles Inc., Majestic Laces Ltd., Velcro Canada Inc., American & Efird Canada, Inc., Hansler Smith Ltd.	Manufactures personal protective systems for explosives, de-mining, body temp control. No difficulties in obtaining required inputs from Canadian sources.
Metro Sportswear Ltd.	Plain woven, polyester/cotton blends	Consoltex Inc.	To date, limited textile requirements are met. However, increasing pressures on supply and price have necessitated fabric developments offshore.
Mondor Ltée	Knit fabrics: Nylon/lycra blends Cotton/lycra blends Cotton/nylon/lycra blends Polyester/lycra blends 100% polyester	Hafner Élastique Inc. The Nalpac Company Tricots Liesse Huntingdon Mills (Canada) Ltd. Roopa Sales & Trading Ltd.	The costs of fabrics from domestic suppliers is prohibitive.
Pace Setter Sportswear	Knit fabrics: cotton/polyester blends 100% cotton Wovens: wool/nylon other blends	Tex Leader International Ltée Interlock Knitting Victor Woolens Siltex Mills Ltd.	
Peerless Garments Ltd.	n/a	Consoltex Inc.	Manufactures outerwear garments for DND. All products must be domestically made from Canadian fabrics.
Please Mum/Elia Fashions Ltd.	Cotton knit and polyester/wool blend woven fabrics	Manoir Inc. Fraser & Kirkbright Weaving Company	Has moved almost all production offshore to be price competitive. Cost of duty, quota and shipping does not offset the labour cost savings.
Ranpro Inc.	Fabrics used in the production of protective apparel	Huntingdon Mills (Canada) Ltd., Victor Woolens, Steadfast Inc., DIFCO Performance Fabrics Inc., Consoltex Inc.	

Company Name	Various Textile Inputs Purchased Domestically	Domestic Supplier	Comments
Riviera Inc.	Basic worsted wools Cottons and cotton blends Polyester/acrylic blend	Cleyn & Tinker Inc. J.L. DeBall Canada Inc. Consoltex Inc.	Many attempts to source domestically. Fashion textiles that are commercially successful are not available. Limitations of the marketability of domestic fabrics. Domestic fabrics do not have the "hand" and "drape" required. Other issues: minimum order quantities, production lead time, price v. quality.
S G S Sports Inc./Body Glove Kids	Knit fabrics: cotton/nylon/spandex blend Jersey Jacquard: polyester/cotton/spandex, etc.	The Nalpac Company Diaz Tex Inc. Con-Trade Textiles Inc.	Good experience purchasing domestically, delivery is good, but the cost is very high.
S. Cohen Inc./S & F Clothing Co. Ltd.	100% worsted wool	Cleyn & Tinker Inc.	Cannot obtain the finer, higher qualities of wool domestically, i.e.: less than 18.5 microns.
Standard Knitting Ltd./Tundra	Various knit fleece, terry, velour and interlock fabrics	Canada U.S. Knitting Inc. Huntingdon Mills (Canada) Ltd.	Inputs required under Chapters 51 and 52 are not available from domestic production. Has been unable to locate a domestic producer for the yarns that it requires.
Stanfield's Ltd.	100% single, carded cotton open-end yarns knit fabrics: polyester/spandex blends 100% polyester fleece cotton/spandex blends	Atlantic Fine Yarns Inc. FilSpec Tricots Liesse Elite International Agmont Inc.	Open-end yarn is readily available. Ring-spun yarns limited capacity at higher than international prices. Knit fabrics available at higher prices but lower minimum runs.
Sterling Glove/Klondike Holdings Inc.	Pile linings	Huntingdon Mills (Canada) Ltd.	Only buys pile linings domestically.
Talula Babaton Manufacturing Inc./Aritzia	Knit nylon/lycra blend	n/a	No difficulties purchasing from domestic producers.
Technofil Inc.	100% polyester fabrics, polyester/cotton blends	Consoltex Inc., Doubletex	Delivery times 5-6 weeks.
Teenflo 163972 Canada Inc.	Knit rayon/spandex blend	Tricots Liesse	Quality fabrics are not available in Canada.
The Hockey Company/ Sport Maska Inc.	100% polyester knit	Rentex Inc. Knitrama Fabrics Inc.	Has purchased a steady flow of domestic fabric.
Trimark Athletic Supplies Inc.	Knit fabrics: 100% cotton cotton/polyester blends	Fine Cotton Factory Inc.	Long lead times to develop new domestic fabrics. Inconsistent dyeing lots.

Company Name	Various Textile Inputs Purchased Domestically	Domestic Supplier	Comments
West Coast Apparel Inc.	Woven wool fabrics	Cleyn & Tinker Inc.	99% of fabrics are imported.
Wing Son Garments Ltd.	Various knits: fleece, jersey, interlock	Meridian Knitting	Heavy user of knit cotton fabrics. There are Canadian suppliers; however, timely delivery, required volumes within specified times, quality, colour consistency and pricing are non- comparable to the Far East supplier.

APPENDIX VII

FIRMS REPORTING THAT THEY DID NOT PURCHASE INPUTS FROM DOMESTIC SOURCES

Company Name	Comments
Amerella of Canada Ltd.	
Apparatex/J. Ennis Fabrics Ltd.	Does not distribute any Canadian-made textiles. Fabric for the Apparatex line is all imported.
Arabesque Design Ltd.	
AshCity/GH Imported Merchandise and Sales Ltd.	Cost, quality issues.
Atlantex Imaged Wear Ltd.	
B. & L. Industries Enr.	
Christine Vancouver	Silks, associated products and high-quality laces are not made in Canada.
Clockwise Fashions Ltd.	Not able to find domestic manufacturers which produce fabrics that meet the needs of its customers.
Copasetic Creative (Unsolicited)	
Modes Corwik	Imports finished garments from the Orient.
Danier Leather Inc.	Textile inputs required by Danier Leather Inc. are not made in Canada. Danier Leather Inc. has tried to buy domestic product with no luck.
David E. Rea Dresses Ltd.	
Do-Gree Fashions Ltd.	Uses 100% acrylic and 100% wool yarns that are not available in Canada.
Doris Hosiery Mills Ltd.	
ETO Clothes Ltd./Yumi Eto	
Fabtrends International Inc. (Unsolicited)	Supplies many major manufacturers of ladies' garments. Products required are not available in Canada.
Fantastic-T Knitters Inc.	
Franco Mirabelli Design Inc.	
Golden Brand Clothing Canada Ltd.	
Gordon Fabrics Ltd.	Distributor. Canadian apparel producers require fabrics that they cannot obtain from Canadian production.
Groupe j.s. international	
Hamil Group/Take 2 Textiles Inc.	
Productions Hémisphère Inc.	
Honey Fashions Ltd.	
J.A. Besner International	Does not purchase Canadian inputs due to high prices and antiquated styles.
Jack Spratt Inc.	Denim is no longer made in Canada. In the past bought from Swift Denim, before plant closed.
Keystone Industries (1970) Ltd.	No mills in Canada produce denim. Did purchase denim from Swift Denim in 2003 and 2004 until the mill closed.
Lasania Sportswear	
Lida Baday Ltd.	Requires fabrics for high-end fashion garments that are not available in Canada. Received no solicitations from domestic suppliers.
Adorable Lingerie Inc.	

Company Name	Comments
Lingerie Belimage Inc. Little Princess Children's Wear Inc./formerly known as Glamour Girls Inc. mac & jac/Westcoast Contempo Fashions Limited Mared Manufacturing Ltd.	Not able to find domestic manufacturers which produce fabrics that meet the needs of its customers.
Mark Edwards Apparel Inc. Modes Distex Inc.	Never approached to buy Canadian fabric. Quality required is not available in Canada. Has contacted many local knitters in the past, but none could meet requirements.
Mondetta Clothing Company Nancy G Apparel Group Inc. Neto Enterprises Ltd. Nu-Mode Apparel Inc. Nygard International Oscardo Inc.	Not interested.
Peerless Clothing Inc.	Peerless Clothing Inc. has not purchased any of the subject textile inputs from Canadian sources.
Phantom Industries Inc. Picadilly Fashions Ranka Enterprises Inc. Redstone Apparel Group Inc. Street Sport Mfg. Ltd. Splend'Or Industries Ltd. T. Lipson & Sons Ltd.	Prices not competitive. Imports finished goods.
TAG—The Apparel Group Ltd. The John Forsyth Shirt Company Ltd.	Textiles such as high-quality 2-ply fabrics, dobbies, fine poplins and twills, jacquards are not made in Canada. Canada does not provide the fashion, quality and flexibility required.
Tribal Sportswear Inc. Universal Manufacturing Inc.	Shirting weight fabric and shirting weight yarn-dyed fabric are not made in Canada. Unable to source the required products domestically. Most inputs required are not made in Canada. Printed or yarn-dyed 100% cotton flannelette, woven, printed, embossed 65/35 polyester/cotton and knitted calendered nylon. Not available at competitive prices.
Utex Corporation Venture III Industries Inc. Vêtement Impérial Inc. Western Glove Works Ltd.	Main textile used is denim, which is no longer produced in Canada. Did not report on purchases from converters. Western Glove Works Ltd. considers these goods to be imported and just dyed or finished in Canada.
Whiz Fashions Ltd.	Not able to find domestic manufacturers which produce fabrics that meet the needs of its customers.
Wing Wing Garments Ltd.(Unsolicited) Zenobia Collections Inc. Zonda Nellis Design Inc.	Customers select fabrics and none are purchased in Canada. Domestic product not available. High-end designer-related fabric.

APPENDIX VIII

FIRMS THAT DID NOT REPLY TO THE TRIBUNAL'S PURCHASERS' QUESTIONNAIRE

Abbyshot Clothiers Limited	Groupe RGR	Modrobes Saldebus Lounge Clothing Inc.
Aero Garment Corporate	Haggar Canada	MWG Apparel Corp.
Arc'teryx Equipment Inc.	Hamilton Sportswear Co. Ltd.	Nationwide Sportswear Corp. (Tang Apparel Co.)
Ardent Sportswear Inc.	Harlon Canada Inc.	Nova Scotia Textiles, Limited
Attraction Inc.	Hi Fibre Textiles Ltd./Sugoi Athletic Apparel	Oceanic Sportswear 1995 Ltd.
Avon Sportswear/Victory Group	Hoax Couture Inc.	Outdoor Outfits Ltd.
Balfour Clothing Company Ltd.	Hollywood Jeans/Era Clothing Inc.	PAAT Inc.
Bombardier Recreational Products	Howick Apparel Ltd.	Pacific Safety Products Inc.
Braemore Neckwear Co.	I.D. Fashions Sportswear Ltd.	Pantalons Star Laurierville Ltée
Brightline Sportswear Mfg.	Imperial Pants Co. Ltd./Pantofino Industries Troie Inc.	Papillon Blanc
Brunzack Canada Inc.	Intimode Canada Inc.	Parasuco Clothing Co.
Brüzer Sportsgear Ltd.	Itty Bitty Baby Clothing Co.	Paris Sportswear Ltd.
C.J. Grenier Ltée	J.M.J. Fashions Inc.	Perlimpinpin Inc.
Camp Canada Limited		Petite Originals Company Limited
Canadian Garment Exporters Ltd.	Jack Victor Limited	Pimlico Apparel Ltd.
Cardinal Clothes Inc.	Jeno Neuman et Fils	Protex Athletics Inc.
Caulfeild Apparel Group	Jones Apparel Group Canada Inc.	Re-Al-Ge Inc.
Celsius/Gary Gurmukh Sales	Justina McCaffrey Haute Couture	Richlu Sportswear Ltd.
Christina Canada Inc.	Kelsey Sportswear Ltd.	Roots (Greenbud Mfg.)
Claudiel Lingerie Inc./Lingerie Vanessa	Kenan Enterprises International Inc.	Rose E Dee (International) Ltd.
Codet Inc.	Kovac Mfg. Inc.	Ross Mayer Design Inc.
Collection Arianne Inc.	Kute-Knit Mfg. Corp.	Royal Shirt Co. Ltd.
Confection Azur Inc.	Le Château Inc.	S.F.I. Apparel Corporation
Confections Drolet Inc.	Leslie Belle Ltd.	S.T.G. Industries (Sima Trading Group)
Cooper Knitting Mills (Canada) Ltd.	Linda Lundstrom Inc.	Sally Fourmy & Associates
Creation Joseph Ribkoff Inc.	Ling May Apparel Inc./Modes Identity	Samuelsohn Ltée
David Dixon Designer	Lingerie Patricia	Saxon Athletic Mfg. Inc.
Diana Dolls Fashions Inc./Kooshies Baby Product	Lori Ann Mfg. Inc.	Snug Industries
Dorothea Knitting Mills Ltd.	Lou Myles Manufacturing	Spring Knitwear Inc.
Douek Textiles Inc.	Louben Sportswear Inc.	Sterling Trading Inc.
Empire Clothing Mfg. Co.	Louis Garneau Sports Inc.	Telio & Cie Inc.
Empire Shirt Ltd.	Mac Mor of Canada Ltd.	Tiger Brand Knitting Co. Ltd.
Engineered Apparel Ltd.	Maillot Baltex Inc.	Tilley Endurables Inc.
Essentials Lingerie (Div. of Shoreline Inc.)	Majestic Industries Canada Ltd./Majestic Industries: Luigi Division	Unitex N.B. Company Ltd.
Fen-nelli Fashions Inc.	Marquis of London	Weekenders Int'l Group of Companies—Weekenders Canada
Fitzwright Company Ltd.	McGregor Hosiery	Wertex Hosiery Inc.
Frou-Frou Designs Ltd.	Metro Textiles Inc.	White House Design Co.
Gay-Lure Lingerie Co. Ltd.	Milton Funwear	
Golden Thistle Canada Ltd.	Modes Lana Lee Fashions Inc.	

APPENDIX IX

QUESTIONNAIRE RESPONSES FOR WHICH CLASSIFICATIONS COULD NOT BE MADE

Reporting Firm	Domestic Suppliers	Types of Products Purchased Domestically
Ballin Inc.	J. P. Doumak, Inc. Syd Textiles and Sales Inc. Fabtrends International Inc. Budmark Textiles International Inc. Consoltex Inc. Cleyn & Tinker Inc.	Polyester/viscose/spandex 100% polyester, polyester/spandex 100% polyester 100% polyester Polyester/rayon/spandex Polyester/rayon Wool/lycra blends
Deux Par Deux by Minimome	Taxitex Knitting Inc. 4071336 Canada Inc. Doubletex	Cotton/polyester knits Cotton/polyester knits Cotton/polyester knits, 100 % nylon
Peerless Garments Ltd.	Consoltex Inc.	n/a

APPENDIX X

SAMPLE TRIBUNAL LETTER TO TEXTILE MANUFACTURERS

June 29, 2004

«Salutation»:

**Subject: MN-2004-001 - An Inquiry into the Availability of Textile Inputs
Produced in Canada**

This is further to your letter of June [XX], 2004, indicating that your company has decided not to complete the Textile Producers' Questionnaire sent to you by the Canadian International Trade Tribunal (the Tribunal) on June 9, 2004, in connection with the above-noted inquiry.

The Tribunal notes your concerns with respect to the research methodology selected to carry out this inquiry and the other issues described in your letter. However, as specified in the Notice of Commencement of Inquiry, the Tribunal is directed by the Minister of Finance (the Minister) to inquire into and report on the availability of certain textile inputs produced by Canadian textile manufacturers for use in the production of apparel, in accordance with the Terms of Reference dated May 19, 2004 and to submit its report to the Minister by October 31, 2004.

Given your decision not to supply the information requested, the Tribunal is considering various alternate methods of obtaining the best possible information on the availability of textile inputs produced in Canada for use by apparel manufacturers in order to meet its legal responsibility to comply with the Minister's direction.

With respect to the concerns expressed in your letter, the Tribunal will consider any specific suggestions you believe may help it in the performance of its mandate. The Tribunal invites you to make any such suggestions, in writing, no later than July 7, 2004.

If you have any questions concerning the above, please contact Mr. Réal Roy, Research Director, at (613) 993-5001 or senior research staff, Mr. Paul Berlinguette, at (613) 993-7161 or Ms. Audrey Chapman at (613) 990-2436.

Yours sincerely,

Hélène Nadeau
Secretaryc.c. Ms. Elizabeth Siwicki
Canadian Textiles Institute

APPENDIX XI

THE MINISTER'S LETTER TO THE CTI

August 25, 2004

Mr. Harvey Penner
Chairman
Canadian Textiles Institute
222 Somerset Street West
Suite #500
Ottawa, Ontario
K2P 2G3

Dear Mr. Penner:

Thank you for your letters of June 24, 2004 and July 13, 2004, concerning the *Inquiry into the Availability of Textile Inputs Produced in Canada*. As you know, the Government asked the Canadian International Trade Tribunal (CITT) to undertake this *Inquiry* to provide information that will be important in targeting the announced duty relief on textile inputs.

I note from your letters that you consider a 15-month "snapshot" of the Canadian textile industry to be too short a time-frame to provide a true reflection of the industry's capacity and capabilities and that the period chosen (January 1, 2003 to March 31, 2004) was marked by extremely difficult market conditions that affected domestic production and sales. You also suggest that the *Inquiry* will provide information only on the current made-in-Canada status of yarns and fabrics, without reporting on other considerations important to evaluating the implications of duty relief, such as fabric substitutability or the longer-term production plans of individual producers. As a result, you anticipate that using the CITT report as the basis for identifying yarns and fabrics for duty relief could have an adverse affect on domestic textile producers. I would like to take this opportunity to address these concerns.

First, the scope of the *Inquiry* was limited to the most recent 15-month period of production and sales expressly to minimize the burden on participants responding to the CITT request for information. That said, my directions to the CITT allow for consideration of a longer time period in exceptional circumstances where, for example, the data otherwise provided would not be indicative of the production and sale of textile inputs for use in the manufacture of apparel.

Similarly, my directions to the CITT provide the Tribunal with flexibility to report on any other matter that it determines to be of relevance to the *Inquiry*. I am satisfied, therefore, that there is sufficient provision in the *Terms of Reference* to permit the CITT to report in a complete and balanced manner, not only in terms of its assessment of the current availability of textile inputs from Canadian production, but also in terms of its assessment of other issues of importance to Canadian textile manufacturers. Of course, for the CITT to be in a position to provide such a comprehensive report, it is important for Canadian textile producers to engage fully in the *Inquiry* to ensure that the report the CITT delivers to the Government is as informed as

possible. As I indicated earlier, the CITT report will serve as an important basis for our deliberations on how to implement the announced tariff relief on textile inputs used by Canadian apparel manufacturers.

Finally, I must also inform you that, given the quasi-judicial status of CITT proceedings, it would be inappropriate for me to meet with you to discuss evidentiary matters or industry and trade policy issues related to the *Inquiry* prior to the finalization and release of the CITT report. Again, I stress the importance for members of the Canadian Textiles Institute to use the CITT as the forum for such discussions and to ensure that their concerns are thoroughly documented in their written submissions.

In closing, I urge the members of the Canadian Textiles Institute to participate actively in the *Inquiry* and to provide the CITT with their full cooperation. Thank you again for bringing your concerns to my attention.

Sincerely,

Ralph Goodale

APPENDIX XII

THE MINISTER'S LETTER TO THE CAF

August 25, 2004

Mr. Elliot Lifson
President
Canadian Apparel Federation
504-124 O'Connor Street
Ottawa, Ontario
K1P 5M9

Dear Mr. Lifson:

Thank you for your letter of July 6, 2004, regarding your support, on behalf of the Canadian Apparel Federation, for the *Inquiry into the Availability of Textile Inputs Produced in Canada* that is being conducted by the Canadian International Trade Tribunal (CITT).

As you know, I directed the CITT to undertake this *Inquiry* to provide the Government with information that will be important in targeting the announced duty relief on imported textile inputs not currently produced in Canada. To this end, the *Inquiry* was expressly structured to ensure that it will result in an objective, detailed report identifying key policy considerations including the availability of textile products from Canadian textile manufacturers, the importance of these textile products to a firm's total production, and the extent to which these products supply the needs of Canadian apparel manufacturers.

I have noted your comments about the criticism that the Canadian Textiles Institute (CTI) has made of the *Inquiry* and the unwillingness of textile firms to submit information to the CITT. In this regard, I have written to the CTI to point out that the *Terms of Reference* establishing the *Inquiry* are sufficiently flexible to address their concerns. I have also urged the CTI to encourage its members to engage fully in the *Inquiry* and to provide whatever information they deem necessary to ensure that the report the CITT delivers to the Government is as informed as possible.

Thank you for writing to me on this matter.

Sincerely,

Ralph Goodale

APPENDIX XIII

TRIBUNAL LETTER TO THE MINISTER REQUESTING TIME
EXTENSION

August 25, 2004

The Honourable Ralph Goodale, P.C., M.P.
Minister of Finance
House of Commons
Ottawa, Ontario
K1A 0A6

Dear Minister Goodale:

On May 19, 2004, pursuant to section 19 of the *Canadian International Trade Tribunal Act*, you directed the Canadian International Trade Tribunal (the Tribunal) to inquire into and report on the availability of textile inputs produced by Canadian textile manufacturers for use in the production of apparel. The Tribunal was asked to submit its report to you by October 31, 2004. This letter reports on the difficulties encountered by the Tribunal in the conduct of its inquiry and requests an extension of the time granted to the Tribunal to complete its mandate.

After the receipt of the reference, the Tribunal conducted consultations with the Canadian Textiles Institute (CTI) and the Canadian Apparel Federation (CAF) on the questionnaires it intended to use for purposes of the inquiry. The CTI and CAF submitted a number of useful comments and made no objections to the terms of reference. Most of their comments were incorporated into the questionnaires and the Tribunal issued a notice of commencement of inquiry, with the questionnaires, on June 9, 2004.

However, following the commencement of the inquiry, the Tribunal received 26 letters from textile producers, all of them significant producers, indicating that they would not participate in the inquiry. As expressed by the CTI in its letter to you dated June 24, 2004, the producers indicated that, in their view, the terms of reference for the inquiry were fundamentally flawed.

On July 5, 2004, the Tribunal wrote to the textile producers to explain that it is obliged to comply with the mandate you have given us and to request once again their participation in the inquiry. In addition, Tribunal staff met with the CTI on July 8, 2004, to discuss the CTI's concerns and to explore options for mitigating them within the terms of reference. In response, the textile producers reiterated their concerns with the terms of reference.

This situation left the Tribunal with three main options.

The first option was for the Tribunal to compel textile producers to attend a hearing to produce information, by using its *subpoena* powers. While the Tribunal has used these powers on occasion in the past, it has generally done so only as a last recourse and to compel individual

companies to provide testimony. In the present instance, a whole industry would need to be subpoenaed. Should there be non-compliance, the Tribunal would need to undertake court proceedings to enforce the subpoenas. The Tribunal rejected this option.

The second option was to undertake a thorough review of the import data available through Statistics Canada. After identifying firms that import the textile inputs at issue, the Tribunal would do a survey to ascertain the availability of domestic textile inputs in competition with the imports. However, given the expectancy that the results of this review would yield unsatisfactory results in that it would not identify the availability of textile inputs produced in Canada, the Tribunal decided not to pursue this option. The Tribunal can still, however, use some of the import data it has collected in its final report to you.

The third option and the one chosen by the Tribunal is to attempt to get information on the availability of textile inputs produced by Canadian textile manufacturers by surveying Canadian apparel producers. A sample of the 200 . . . largest apparel producers will be sent questionnaires on August 26, 2004, asking that they report their domestic purchases of the subject textile inputs. Consultations with CAF suggest that, although this approach is less than perfect, the domestic apparel manufacturers will co-operate with the Tribunal by completing a Tribunal questionnaire. There are some risks associated with this approach. Principally, it will not cover all domestic purchases and apparel producers may not respond fully. As well, we expect the CTI to contest the findings in keeping with their overall opposition to the inquiry. The Tribunal is, however, of the view that this is the only viable option allowing it to, at least partially, respond to the key questions posed in your reference letter.

Due to the time lost by the events described above, the Tribunal will only be in a position to provide you, by the end of October, with a copy of an interim report prepared by its staff. In order to provide you with a final report encompassing the information from the staff report, subsequent submissions from textile and apparel manufacturers and a possible hearing, the Tribunal requests that the deadline for submitting its report be extended to January 31, 2005.

An early reply to this request for an extension of deadline would be appreciated in order that the Tribunal may organise its work program on this reference for the autumn.

Yours Sincerely,

Pierre Gosselin
Chairperson

APPENDIX XIV

TRIBUNAL LETTER TO THE CTI

September 1, 2004

Mr. Harvey Penner
Chairman
Canadian Textile Institute
222 Somerset Street West
Suite #500
Ottawa, Ontario
K2P 2G3

Dear Mr. Penner:

Subject: An Inquiry into the Availability of Textile Inputs Produced in Canada
(Reference No. MN-2004-001)

This is to inform you that on August 25, 2004, the Canadian International Trade Tribunal (the Tribunal) sent a letter and a Purchasers' Questionnaire to approximately 200 of Canada's largest apparel manufacturers. If Canadian apparel manufacturers have purchased or attempted to purchase subject textile inputs **produced in Canada** for use in the manufacture of apparel, they have been requested, pursuant to subsection 17(2) of the *Canadian International Trade Tribunal Act*, to complete a Purchasers' Questionnaire.

For your information, a copy of the letter and the Purchasers' Questionnaire sent to Canadian apparel manufacturers can be found on the Tribunal Web Site at www.citt-tcce.gc.ca.

Please note that the Tribunal's current schedule of the inquiry is under revision. Once a revised schedule is established, it will be sent to all interested parties. However, you should note that a staff inquiry report will be distributed to parties on or about October 28, 2004.

If you have any questions regarding this inquiry, please contact **Mr. Réal Roy** at (613) 993-5001, **Ms. Audrey Chapman** at (613) 990-2436 or **Mr. Paul Berlinguette** at (613) 993-7161.

Yours sincerely,

Hélène Nadeau
Secretary

cc: Ms. E. Siwicki
Canadian Textiles Institute

Mr. Bob Kirke
Canadian Apparel Federation

APPENDIX XV

SUBMISSIONS BY THE CTI

November 12, 2004

Submission by the Canadian Textiles Institute on “INTERIM REPORT OF AN INQUIRY INTO THE AVAILABILITY OF CERTAIN TEXTILE INPUTS PRODUCED BY CANADIAN TEXTILE MANUFACTURERS FOR USE IN THE PRODUCTION OF APPAREL”

- The Canadian Textiles Institute (CTI) is the association representing Canadian textile manufacturers. As such, our members have a primary interest in this Inquiry and will be directly affected by its outcome.
- The environment in which our industry is currently doing business is a very difficult one and poses many challenges. The targeted amount of reductions in textile tariffs being envisaged by the government in its February 2004 announcement and the manner in which these are being evaluated through this process represent a major threat to textile firms, their employees and their communities. It is for this reason that we are very concerned about this Inquiry and the specific mandate the Tribunal has been given.
- While we recognize that the Tribunal’s terms of reference were set out by the Minister of Finance, we strongly disagree with the approach being taken and believe that the information that has been generated is not an appropriate and adequate basis for formulating textile tariff policy. More to the point, we believe that if this information is used to determine which tariffs should be reduced and which should not, there will be a significant negative impact on textile manufacturing in Canada.
- This is why most textile manufacturers chose not to reply in detail to the Domestic Producers’ Questionnaire. They did, however, write to the Tribunal identifying the yarns and/or fabrics under consideration that they do make and/or that compete with their production, and detailing why they believe the Inquiry as structured is deficient.
- We have already expressed our concerns directly to the Minister and will repeat them in this submission.
- But before doing so, we would like to briefly highlight some of the challenges our industry is currently facing.
- The imminent elimination of WTO quotas at the end of this year will greatly increase the intensity of global competition in our industry, with imports of yarns, fabrics and other textiles and clothing previously subject to quantitative restraints able to enter Canada in unlimited amounts. Moreover, at the time the WTO Agreement on Textiles and Clothing (ATC) was negotiated and signed in 1995, China was not a WTO member, but it joined in 2001 and immediately acquired the same rights as all the other WTO members including the benefits of quota elimination. The inclusion of China in a quota-free world has substantively raised the threat level of the ATC and the impact is already being felt in North American markets.

- The Canadian government implemented a plan to provide duty-free and quota-free entry for imports from Least Developed Countries (LDCs) as of January 1, 2003, despite concerns raised by both textile and clothing producers that the initiative as contemplated would not fulfill its stated objectives of helping the poorest countries of the world and that it would damage Canadian manufacturing. This has already resulted in a huge increases in imports from these countries and job losses, closures, plant consolidations and bankruptcies in both in the textile and clothing industries.
- Canadian textile export growth - a key success factor for our industry following the Canada U.S. free trade agreement and NAFTA - has been seriously undermined by creeping U.S. bilateralism and a weak U.S. dollar. The implementation of the U.S. Caribbean Basin Trade Partnership Act (CBTPA) and similar subsequent agreements (including the Andean Trade Preference and Drug Eradication Act (ATPDEA)) that preclude preferences for apparel containing Canadian textiles has undermined our early gains under the free trade agreements and resulted in a loss of business for Canadian yarn and fabric exporters. It has contributed to the closure and/or bankruptcy of a number of Canadian firms.
- The prospects for an early implementation of the Free Trade Agreement of the Americas (FTAA) appear dim at this point. Without a FTAA that provides for the seamless movement of goods in the hemisphere, the inequities we are encountering as a consequence of the CBTPA, ATPDEA, etc. will be perpetuated into the future, further exacerbating the situation.
- Canadian textile producers need an outward processing program to exploit business opportunities with current and new customers. Such programs exist in the U.S. and in Europe, but not in Canada. Many imported yarns and fabrics used in Canadian-made clothing are duty-free; clothing imported from certain countries (such as the LDCs) that contains no Canadian textile inputs is duty-free; but imported clothing made from Canadian textiles remains dutiable. This is a lost opportunity for Canadian textile producers and has yet to be properly addressed by our government even though it should be an integral element of Canada's textile policy.
- Textile tariffs have been reduced substantially over the past decade. Yarn tariffs, for example, have decreased 36% from 12.5% to 8%. Fabric tariffs have decreased 44% from 25% to 14%. With a large portion of textile imports already entering duty-free because of free trade agreements and other tariff concessions implemented by our government during the course of this time, the tariffs that remain are important to our industry in contending with fierce and not always fair global competition.
- In short, the textile industry is facing the same international trade challenges as are our colleagues and customers in the apparel industry, along with some additional ones such as the erosion of our NAFTA benefits thanks to the CBTPA, ATPDEA, etc. While the government may be convinced that reducing textile tariffs will enhance the cost competitiveness of the apparel industry, we note that it does not make sound economic and policy sense to do this at the expense of the textile industry.
- In the Minister's letter of reference to the Tribunal, he states "*to minimize the potential effects on Canadian textile manufacturers, I intend to focus tariff relief on textile inputs*

not currently produced in Canada. The information resulting from the inquiry and report will be important in implementing the announced tariff relief". The Minister's objective appears to be to provide tariff relief for apparel manufacturers without damaging Canadian textile producers. Unfortunately, the Inquiry as structured cannot possibly achieve this objective.

- The Minister identified a specific approach the Tribunal should take to finding out what textiles are/are not available domestically. The theory is that once what is available from domestic production vs what is not is determined through this Inquiry, tariffs can safely be reduced on what is not available. In our view, the approach is fundamentally flawed and ignores a number of important considerations with respect to establishing whether or not certain yarns and fabrics are available from Canadian production and, ultimately, to evaluating whether or not the reduction and/or elimination of tariffs on the yarns and fabrics at issue will have an adverse impact on Canadian textile manufacturers of these and competing products
- The Tribunal was directed to obtain information on textile industry production and sales of yarns and fabrics covered by over 150 commodity codes. Total imports under these codes in 2003 are shown in Table 4 (page 15) of the report as \$329.3 million. This figure is contrasted against total imports under 9 HS Chapters of \$1.7 billion, leading the reader to possibly conclude that only a fraction of yarn and fabric imports are under consideration and that any potential impact on textile producers is therefore very small. It should be noted that HS Chapters 51, 52, 53, and 55 include wool, cotton, vegetable and man-made fibres, for which 2003 imports totaled \$493.1 million; that the other Chapters include a variety of products (including cordage, netting, linoleum, labels, badges, tire cord, transmission and conveyor belts, hosepiping, filters, etc.) that have nothing to do with this Reference - i.e. the table compares apples and oranges. It is irrelevant and potentially misleading to compare the level of imports covered by the subject HS codes to total imports under the HS Chapters. The reality is that a large proportion of fabrics made by Canadian textile producers are at risk in this Inquiry and the extent to which this is the case is obscured by the data in this Table.
- The Tribunal's Domestic Producers' Questionnaire asked for data for a very narrow time frame (January 1, 2003 through March 31, 2004). Aside from the fact that these dates span a period of time during which the textile industry experienced adverse market conditions which affected not only production and sales, but also the range of goods made and the number of customers to which they were sold, it is not at all representative of the industry's capabilities and any data reported would consequently fail to answer the question: *What textiles are or aren't available from Canadian production?*
- Taking a "snapshot" of the situation during a short specified period of time is not an accurate reflection of what textiles are available from Canadian producers and certainly should not form the basis for developing textile tariff policy that will have long-term repercussions for the textile industry. Textile firms' product lines and ranges are constantly changing to meet the needs of their customers. What they make today is different from what they made two or three or five years ago, and different from what they will be making in the future to satisfy marketplace demand. This is the nature of their business, which is no different than any other business.

- What textile manufacturers produce and sell in any given time period is illustrative, not definitive, of their full capabilities. This is no different than any other industry, including apparel. The reason they produce some yarns and fabrics and not others at any point in time is because they have customers for the ones they do make. There are, for the most part, no technical or capacity-related impediments to stop them from making a much broader range of goods should the marketplace require them. Removing the tariffs on yarns and fabrics simply because they haven't been produced in a given 15-month period would virtually guarantee that they will never be produced domestically, to the detriment of both textile producers and their apparel customers. The textile industry's considerable R&D expertise and efforts by firms to develop, produce and sell new yarns or fabrics to customers that require them in the future would be undermined.
- The issue of what is/what is not made by the Canadian textile industry is a complex one and several key factors are missing from consideration in this Inquiry. Creating a list of what is supposedly "not made" on the basis of a survey of the industry's production and sales during a specified 15-month time period is inadequate to evaluate availability of Canadian textile inputs. As mentioned above, current sales to a particular market segment do not equate to Canadian availability. The underlying assumption that tariffs can be eliminated on some products without affecting sales of other products is invalid, and is damaging to textile producers.
- It is obvious that the Tribunal staff has done a considerable amount of work to obtain and compile information with which to comply with the Minister's terms of reference. The report contains little useful information supplied by textile producers. While most identified themselves to the Tribunal as producers of yarns and/or fabrics subject to the Inquiry or in competition with yarns and/or fabrics subject to the Inquiry, few provided specific numbers on production and sales. Therefore, although the data the Tribunal staff has collected has been meticulously presented in a series of tables and observations have been made on it, the fact remains that these tables present a very incomplete and inaccurate picture of the yarns and fabrics available from Canadian textile producers and used by the apparel industry and cannot be used to draw conclusions about what is or is not available in Canada.
- As an example, for woven man-made filament fabrics, Table 15 (page 30) lists five domestic textile manufacturers as reporting production of these fabrics, none of which were mentioned in the purchasers' responses, while the one textile producer that was included in the purchasers' responses is not included in the Table. How can a conclusion regarding availability be drawn from this inconsistent information?
- Another example: The report states (on page 33), that "*the domestic textile industry has produced textile inputs covered by only one subject statistical code of Chapter 54*". The HS code found to have Canadian production (5407.61.99.33) covers woven fabrics containing 85% or more by weight of non-textured polyester filaments, dyed, of a weight exceeding 170 g/m². No production is reported under 5407.61.99.31 or 5407.61.99.32 which covers the identical fabrics but under 170 g/m². No production is reported under 5407.52.90.13 which covers the identical fabrics but made from textured polyester filament yarns. Does this information lead the Minister to conclude

that tariffs on fabrics classified under HS codes 5407.61.99.31, 5407.61.99.32, and 5407.52.90.13 can be reduced or eliminated because they are not reported as being available from Canadian producers while tariffs on fabrics classified under HS code 5407.61.99.33 should remain intact? What would happen to domestic production of >170 g/m² fabrics if 169 g/m² fabrics were duty-free? What would happen to domestic production of non-textured polyester filament fabrics if textured polyester filament fabrics were duty-free?

- Similar inconsistencies and issues exist in other sections of the report, raising questions about the relevance of the data presented in the tables and the related observations.
- Even if the tabulation of the questionnaire responses shows that no one in Canada has produced or sold yarns or fabrics classified under a particular HS commodity code during the period covered, it doesn't mean that eliminating the tariff from that HS code won't have an adverse effect on textile producers.
- Many - in fact, most - yarns and fabrics compete with one another in the marketplace, and creating an advantage for one vs another (especially when it involves a price break) through textile tariff policy will cause customers to shift or consider shifting their purchasing from Canadian-made textiles to the newly-duty-free imports. In this regard, we reference the Tribunal's own conclusion - arrived at following a comprehensive review of textile tariffs - in its report on "An Inquiry Into Textile Tariffs" (Reference No. MN-89-001, February 1990, page 73):

"Most fibres, yarns and fabrics are increasingly in competition with one another. Why should different tariff rates be applied to roughly similar products and particularly fibres and fabrics, bearing in mind the impact different tariff rates have on what or how much should be produced? Even if we thought a case could have been made for treating products differently, there is little hard information available to provide the basis on which it should be done, and no assurance that the reason for differentiating rates would hold true in the future. Thus, we think that attempting to 'fine tune' the tariff to take account of the situation in the market for particular products at a particular point in time could lead to distortions in the use of resources. In other words, the tariff should be neutral among similar products...We believe a single rate should apply to similar products whatever the technical characteristics, the materials used or the price of a particular product."

Nothing has transpired in the intervening period to negate this conclusion. It remains a fact of life in our industry that different textiles are "*increasingly in competition with one another*". It is a valid point that different rates of duty for competing products cause "*distortions in the use of resources*" - Canadian textile producers have lost business as a direct result of the implementation of specific duty-free provisions created for certain yarns and fabrics. The distortions predicted in 1990 if "*different tariff rates [would] be applied to roughly similar products*" would still prevail in 2004.

- The "swiss cheese" approach to textile tariff policy would also clearly be problematic in terms of customs administration. If tariffs are to be reduced on specific tariff items covering yarns and fabrics for which it has been deemed there is no Canadian

production, and maintained on those where Canadian production exists to protect that production, it is disconcerting to read in the report (page 16) that *“frequent misclassification at the 8 and 10-digit level of detail is a significant issue for textile products. It is estimated that 30 to 50 percent of customs entries contain classification errors”*. With such a high percentage of error, the potential damage to Canadian textile production of selective tariff cuts such as those being contemplated is a real concern.

- In short, the Tribunal has made a valiant effort to comply with the mandate given to it by the Minister, but the mandate is flawed and the approach to determining which textile tariffs should be reduced poses a real threat to Canadian textile production. In the House of Commons last week, the Minister’s reply to a question from the Bloc Quebecois indicates that the government is committed to *“work our way through this complex collection of issues and existing support measures to ensure that we provide the right kind of support to our industry, support that gives real hope and opportunity to Canadian workers, including workers in Quebec.”* This Inquiry falls short of providing *“real hope and opportunity”* to textile workers and firms - in fact, it does exactly the opposite. We therefore repeat our request to the Minister that it be revisited immediately with a view to adopting an approach to textile tariff policy that will allow both textile and clothing manufacturers a fair opportunity to survive and prosper.

CONTACT FOR FURTHER INFORMATION:

Liz Siwicki, President

November 19, 2004

Submission by the Canadian Textiles Institute commenting on other submissions received by the CITT re “INTERIM REPORT OF AN INQUIRY INTO THE AVAILABILITY OF CERTAIN TEXTILE INPUTS PRODUCED BY CANADIAN TEXTILE MANUFACTURERS FOR USE IN THE PRODUCTION OF APPAREL” (MN-2004-001)

- The Canadian Textiles Institute (CTI) is taking the opportunity provided by the Tribunal to comment on other submissions received with respect to its “*INTERIM REPORT OF AN INQUIRY INTO THE AVAILABILITY OF CERTAIN TEXTILE INPUTS PRODUCED BY CANADIAN TEXTILE MANUFACTURERS FOR USE IN THE PRODUCTION OF APPAREL*”.
- Our comments relate to several statements made in the submission filed by counsel on behalf of the Canadian Apparel Federation (CAF).
- In paragraph 2 (page 1), CAF states “*The Canadian apparel manufacturing industry...is significantly larger than the Canadian textile industry*”.

The Canadian textile industry, comprising manufacturers of fibres, yarns, fabrics and various textile articles (excluding apparel):

- shipped \$6.5 billion worth of goods in 2003, compared to \$7.1 billion shipped by the apparel industry (based on Statistics Canada shipment data).
- employed 49,387 Canadians compared to apparel industry employment of 94,622, but total salaries and wages paid by Canadian textile producers were \$1.6 billion compared to \$2.2 billion paid by the apparel industry (based on Statistics Canada census data for 2002). Most of these textile jobs are in communities where the industry is the sole or major employer and where alternative job prospects (particularly at equivalent compensation) are minimal.
- exported \$3.2 billion in 2003, compared to \$2.3 billion apparel exports (based on Statistics Canada trade data).
- invested \$1.044 billion from 2000 through 2004 compared to \$403.1 million invested by the apparel industry during this same period (based on Statistics Canada data on capital expenditures in the manufacturing and construction industries).
- Paragraph 6(ii)(page 3) refers to the Tribunal’s observation that 27 of 76 Canadian textile manufacturers surveyed by the Tribunal responded that “*they either did not produce the subject textiles inputs or that they did not supply apparel producers*”. CAF concludes that “*Canadian textile manufacturers have moved away from manufacturing textile inputs for apparel toward higher value added technical and industrial textiles*”, quoting a response from Tri-Star Textiles Inc. to illustrate the point.

Many of the “*higher value added technical*” textiles produced by Canadian textile manufacturers are used in the manufacture of apparel, including protective apparel, occupational clothing, outerwear and sportswear - all of which are end uses within the scope of this Inquiry. The term “apparel” in Canadian customs nomenclature, does not differentiate between such apparel made from higher value added technical fabrics and apparel made from other types of fabrics.

In addition, there are textile manufacturers whose total production is destined for apparel end uses; whose production of technical and industrial textiles represents only a small portion of their overall sales. and whose production of technical and industrial textiles supplements, not replaces, their production of textiles for apparel end uses.

- The Tribunal's tables from which CAF concludes that there is limited production and availability of Canadian textiles for apparel end uses are incomplete. This is due primarily to the large number of textile manufacturers who did not complete the domestic producers' questionnaire because of their serious concerns about this Inquiry as structured. Their concerns are outlined in their letters to the Tribunal as well as in CTI's November 12 submission.

CAF's contention (para 6(iii)) that that "*only 3% (2 of 76) of Canadian textile manufacturers surveyed responded...that they manufacture subject textile inputs for apparel uses*" is based on actual questionnaire responses received by the Tribunal. The Tribunal's interim report also indicates that it received 2 partial responses. In addition, each of the 26 companies that sent a letter to the Tribunal expressing their concerns in lieu of the questionnaire did, in fact, identify themselves as producers of textiles on the list of 153 HS codes, with most of them specifying the applicable HS chapters, headings and/or subheadings.

There is no basis for CAF's contention (paras 6(iv) and 7) that because 21 companies surveyed did not reply to the Tribunal's request for information this is "*evidence that they do not make textile inputs for Canadian apparel manufacturers*".

- CAF's submissions omits reference to the fact that of 212 apparel manufacturers surveyed by the Tribunal, only 101 replied and only 59 of these said they do not purchase textile inputs from Canadian textile manufacturers. Is it to be assumed that more than half of apparel manufacturers have no interest in this Inquiry and in the proposed tariff reductions?
- With respect to para. 8 (page 5), for the record, CTI did not "*approve*" the CITT questionnaire. We simply provided our comments (some of which were not incorporated) as requested by the Tribunal staff.
- In para. 13 (page 7) , CAF refers to Table 1 of the Tribunal's interim report and observes that "*shipments of Canadian textile mills has remained constant and even increased between 2000 and 2002, even though in that same period there was some measure of tariff relief already granted to Canadian apparel manufacturers through the existing TTR process at the Tribunal. If apparel was a prime target of Canadian textile manufacturers, their sales should logically have decreased...*" In para. 23 (page 9), CAF concludes that "*the removal of duties on textile inputs for apparel....does not harm Canadian textile producers*".

Statistics Canada reports Textile Mills shipments (in \$ million) as follows:

2003	\$3,421.1
2002	\$3,843.4
2001	\$4,050.7
2000	\$4,198.7

There has, in fact, been an 18.5% decrease in Textile Mills shipments since 2000. Tariff reductions on textiles through the CITT Textile Reference have been a contributing factor to a loss of sales by Canadian textile manufacturers during this period.

- Shipments by Canadian clothing manufacturers (in \$ million) have also declined between 2000 and 2003.

2003	\$7,074.7
2002	\$7,551.0
2001	\$7,740.1
2000	\$7,936.6

The decrease is 10.9%. It seems obvious that the elimination, through the CITT Textile Reference, of \$24 million of duties on textile inputs in 2001, \$31 million in 2002 and \$25 million in 2003 was of little value in preventing this erosion in apparel industry shipments.

- In para. 26 (page 10), CAF contends that “*any evidence of sales by converters of textile inputs that are converted by them from imported textile inputs, such as imported greige fabrics, cannot be considered evidence of availability of textile inputs from Canadian textile manufacturers.*” This notion completely ignores the reality that Canadian dyers/finishers/etc. would be adversely impacted by the reduction or removal of duties on imported dyed/finished/etc. fabrics.
- CAF’s comments on and proposed changes to the existing CITT Textile Reference are outside the scope of this Inquiry. However, since they have been raised, CTI questions how much looser the parameters and requirements need to be, given that the Tribunal has made recommendations in favour of requesters in virtually all of the recent cases. The Textile Reference has caused damage to textile producers and a further relaxation of the criteria would exacerbate the situation.
- Returning to the “bigger picture”, the textile industry in Canada is a significant contributor to the Canadian economy in terms of shipments, jobs, investment and exports and an integral part of many communities in this country where it contributes to a comfortable standard of living for thousands of families. Government policy that threatens the livelihoods of these firms and employees is not in the best interest of Canada. The way this Inquiry is structured poses that threat and is the reason why textile manufacturers have expressed their concerns to the Minister of Finance who set out the Terms of Reference that the Tribunal is following. We reiterate our request that the Inquiry be revisited immediately with a view to adopting an approach to textile tariff policy that will allow both textile and clothing manufacturers a fair opportunity to survive and prosper.

CONTACT FOR FURTHER INFORMATION:

Liz Siwicki, President

APPENDIX XVI

SUBMISSIONS BY THE CAF

PUBLIC

CANADIAN INTERNATIONAL TRADE TRIBUNAL

(Reference No.: MN-2004-001)

**INQUIRY INTO
THE AVAILABILITY OF CERTAIN TEXTILE INPUTS
PRODUCED BY CANADIAN TEXTILE MANUFACTURERS
FOR USE IN
THE PRODUCTION OF APPAREL**

Submission of the Canadian Apparel Federation

November 12, 2004

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MN-2004-001

PUBLIC

Submission of the Canadian Apparel Federation
November 12, 2004

I. Introduction

1. This submission is made by the Canadian Apparel Federation (the “**Federation**”) in response to the October 28, 2004 Interim Report (the “**Interim Report**”) of the Canadian International Trade Tribunal (“**CITT**”) concerning the Inquiry into the availability of textile inputs produced in Canada for use in the production of apparel (the “**Inquiry**”).
2. The Federation represents over 600 Canadian companies involved in the manufacture of apparel in Canada. The Canadian apparel manufacturing industry is the tenth largest manufacturing sector in Canada and is significantly larger than the Canadian textile industry. As set out in Table 1 at page 10 of the Interim Report, apparel manufacturers in 2002 employed over 94,000 Canadians, who produced over \$7.5 billion dollars in shipments of Canadian-made apparel products, of which \$3.7 billion dollars were exported, primarily to the United States (the “**US**”) market.
3. The mandate of the Tribunal in this Inquiry is to “inquire into and report on the availability of textile inputs produced by Canadian textile manufacturers for use in the production of apparel”²¹.
4. As is set in more detail below, the Federation, on behalf of its members, submits to the Tribunal that:
 - (i) there is very little production in Canada of textile inputs for use in the manufacture of apparel in Canada and therefore there is very limited availability of Canadian-made textile inputs for apparel;
 - (ii) very few Canadian apparel manufacturers purchase textile inputs from Canadian textile manufacturers and the vast majority of textile inputs for apparel use are imported; and
 - (iii) given the lack of availability of Canadian-made textile inputs for apparel use and the resulting need for imports, the Tribunal should report the following conclusions in its final report to the Minister of Finance (the “**Minister**”):
 - (a) there is a significant lack of availability of textile inputs produced by Canadian textile manufacturers for use in the production of apparel in Canada;
 - (b) the granting of immediate tariff relief in the form of zero tariff rates to all of the statistics codes subject to the Inquiry, except for the certain few

21. Letter of May 19, 2004 from Minister of Finance to the Tribunal containing the terms of reference, Interim Report, p. 61.

statistics codes where there is some evidence of availability from Canadian textile manufacturers, will not affect Canadian textile manufacturers; and,

- (c) given that the Inquiry does not encompass all tariff items and statistics coded under which textile inputs for apparel are classified, the Textile Tariff Reference before the Tribunal that was established by the Minister of Finance in 1994 should be continued, with certain amendments, to allow Canadian apparel manufacturers to continue to seek duty free treatment for textile inputs not made in Canada and for which textile tariff relief has not yet been granted.

5. For convenience, each of these submissions will be dealt with in turn.

II. Canadian Production of Textile Inputs for Apparel

6. The evidence on record before the Tribunal establishes that there is very little production in Canada of textile inputs for apparel end-use. The evidence includes the following:
 - (i) of the 151 statistical codes in issue in the Inquiry, only 16% (24 of 151) “were reported to have been sold to apparel producers or purchased from domestic textile manufacturers”²². This low percentage indicates that there is a limited range of textile inputs available to Canadian apparel manufacturers;
 - (ii) 35% (27 of 76) of Canadian textile manufacturers surveyed responded to the Tribunal that “they either did not produce the subject textiles inputs or that they did not supply apparel producers”²³. Accordingly, over one-third of Canadian textile manufacturers admit that they do not make textile inputs for apparel manufacturing and are involved in other textile end uses, such as bed linens, mattresses, industrial uses such as geo-textiles, etc. This is consistent with the transition that has occurred in the Canadian textile industry whereby Canadian textile manufacturers have moved away from manufacturing textile inputs for apparel toward higher value added technical and industrial textiles. Canadian textile firms have moved aggressively into new textile applications including various industrial and geo-textiles. This move away from apparel toward more high-tech technical fabrics has been an explicit effort on the part of Canadian textile firms to protect themselves from competition from lower

22. Interim Report, p. 58.

23. Interim Report, p. 4.

cost imported textiles, including textiles for apparel.²⁴ Companies developing technical, industrial or special application fabrics are in many cases precisely the same firms that previously supplied textiles for apparel. This transition away from textiles for apparel is clearly exhibited in the response from Tri-Star Textiles Inc. which states that: “pour eviter l’étouffement et la faillite (comme beaucoup gens dans notre secteur), nous avons developper un departement de recherche pour attraper des nouveau marchés, tels que des tissus industriels. Ce departement permet à notre entreprise de « survivre », jusqu’à ce que l’orient attaques ces nouveaux produits”²⁵;

- (iii) only 3% (2 of 76) of Canadian textile manufacturers surveyed responded, and only partially, that they manufacture subject textile inputs for apparel uses²⁶. Some of the Canadian textile manufacturers who provided some information to the Tribunal indicated that in fact very little of their production is sold to Canadian apparel manufacturers. For example, Lenrod Industries, indicated that less than 1% of their total sales volume is to the apparel industry²⁷, as did Texel Inc.²⁸;
- (iv) 28% (21 of 76) of Canadian textile manufacturers surveyed provided no response to the Tribunal. It is submitted that the fact those textile manufacturers did not respond is evidence that they do not make textile inputs for Canadian apparel manufacturers;
- (v) 34% (26 of 76) of Canadian textile manufacturers surveyed refused to answer the Tribunal questionnaires;
- (vi) 57% (59 of 104) of Canadian apparel manufacturers surveyed reported that they purchase no textile inputs from Canadian textile manufacturers²⁹. Some of the largest apparel manufacturers in Canada, such as Peerless Clothing Inc., Tribal Sportswear Inc. and Western Glove Works were included in that 57% of apparel manufacturers who import all of their textile inputs. Given that large manufacturers purchase a proportionately larger amount of fabrics, the percentage of the total textile inputs that are imported by Canadian apparel manufacturers is much higher than 57%.

24. “Canadian textile producers have invested substantially over the last decade to insure that they have the most up-to-date equipment and technology and the best people to make competitive products for Canadian and export customers and to position themselves out of the direct line of fire from low-wage import competition. There are few Canadian producers currently making the same yarns or fabrics they produced 10 or even 5 years ago. Substantial efforts have been made to develop and commercialize higher value-added products; to differentiate what they make from goods produced in low-wage countries; and to adopt leading-edge technologies and processes in order to become more flexible and competitive” From: Canada’s Innovation Strategy and the Canadian Textile Industry: Comments on the federal government’s paper “*Achieving Excellence: Investing Knowledge and Opportunity*” Canadian Textiles Institute, 2002, p.3, available at www.textiles.ca.

25. CITT Volume 3A Public, p. 4.

26. Interim Report, p. 4.

27. CITT Volume 3A Public, p. 73, Interim Report, p. 12.

28. CITT Volume 3 Public, p. 231.

29. Interim Report, pp. 58-59.

7. It is submitted that the fact noted in paragraph 6(v) above that 34% (26 of 76) of Canadian textile manufacturers surveyed refused to answer the Tribunal questionnaires is important evidence of a significant lack of production and sales of Canadian-made textile inputs for apparel use. It is submitted that if the apparel segment of the textile market was meaningful to those Canadian textile producers and represented an important percentage of their sales, those producers would have answered the questionnaires. As stated by the Tribunal, “Canadian textile manufacturers are the source best placed to provide the most complete and accurate information concerning the matters on which the Tribunal has been asked to report”³⁰.
8. It is noteworthy that the Tribunal questionnaire to textile manufacturers that 34% of textile manufacturers refused to answer was developed by the Tribunal in consultation with the Canadian Textiles Institute (the “CTI”) and was made as simple as possible, requiring primarily that textile manufacturers provide evidence of sales of textile inputs to Canadian apparel manufacturers, which would easily have been achieved by providing a sample of invoices. The fact that 34% chose not to answer the questionnaire that their own industry association (the CTI) had previously approved, indicates that they have no credible evidence of significant sales to apparel manufacturers to provide to the Tribunal. Accordingly, it is submitted that the Tribunal should draw the inference and conclude that few or no textile inputs are available for apparel use from those Canadian textile manufacturers.
9. The very limited availability of Canadian-made textile inputs is also quite evident from the Tribunal’s ten years of experience with the tariff relief cases under the 1994 Textile Tariff Reference (the “TTR”). As set out in the Tribunal’s most recent annual report, there some 62 tariff relief recommendations in place as of March 31, 2004³¹ for which tariff relief has been given. The Tribunal estimates that in calendar year 2003, the total value of textile inputs imported under the tariff relief in place was \$195 million and provided tariff relief of \$25 million. In calendar 2002, the estimate is \$235 million in value and tariff relief of \$31 million³². It is estimated that a majority of the tariff relief was for textile inputs for apparel.
10. It is submitted that taken together, the TTR cases are strong evidence of the lack of availability of Canadian produced textile inputs for apparel end use.
11. Those TTR cases have also established that the important test to determine availability is not whether Canadian textile manufacturers can produce the textile input in issue, but rather if there is evidence of actual orders and sales of fabrics identical or substitutable for subject fabrics or definite production plans for such

30. Interim Report, p. 3.

31. Tribunal Annual Report 2003-2004, Table 4, pp. 69-73.

32. Tribunal Annual Report 2003-2004, pp. 60-61.

fabrics³³. As stated by the Tribunal in several cases, “it is the responsibility of the domestic [textile] producers to provide evidence, not just assertions or allegations, of their ability to produce identical or substitutable fabrics”³⁴. In this Inquiry, no such evidence has been provided by Canadian textile manufacturers.

12. The TTR cases also make it clear that Canadian apparel manufacturers require high quality and fashionable inputs in order to compete in terms of fashion and design and that “the fashion industry operates on a lower degree of substitutability and, therefore, searches for, and insists on, new fabrics which are, or are soon expected to be, demanded by consumers”³⁵. Accordingly, even though the Canadian industry makes a textile input that could be used to manufacture apparel, such an input is not substitutable for an imported textile input if the domestically made textile input does not meet the requirements of fashion.
13. The fact that apparel manufacturing is not a prime market sector for Canadian textile mills is also evidenced by Table 1 of the Interim Report, which shows that employment and shipments of Canadian textile mills has remained constant and even increased between 2000 and 2002, even though in that same period there was some measure of tariff relief already granted to Canadian apparel manufacturers through the existing TTR process at the Tribunal. If apparel was a prime target of Canadian textile manufacturers, their sales should logically have decreased, especially given their arguments that tariff relief would adversely affect their purportedly “substitutable” textile inputs for apparel.
14. Given the foregoing, it is submitted that the evidence clearly establishes that there is very limited availability of Canadian-made textile inputs, with only a very few (16%) of the many statistics codes in issue being available from Canadian textile producers.

III. Imports of Textile Inputs by Canadian Apparel Manufacturers

15. Evidence from Canadian apparel manufacturers clearly indicates that the substantial majority of textile inputs for use in the manufacture of apparel in Canada are imported. That evidence is contained in the questionnaire responses of Canadian apparel manufacturers and the clear evidence that 57% of Canadian apparel manufacturers, including some of Canada’s largest, do not purchase any textile inputs in Canada, and virtually all others purchase only small amounts of textile inputs from Canadian sources.
16. The fact that imported textile inputs make up the sole or vast majority of textile input purchases of almost all Canadian apparel manufacturers is exhibited in Interim Report Tables 8, 9, 12, 13, 17, 18, 21, 22, 25, 26, 28, 29, 34, and 35. As

33. See for example, Tribal Sportswear Inc., TR-98-019, p. 9.

34. See for example, Tribal Sportswear Inc., TR-98-019, p. 9.

35. Chateau Stores, TR-94-011 and 019, p. 7 and quoted in several subsequent cases, including Tribal Sportswear, TR-98-019, p. 10.

well, the small volume of domestic textile inputs purchased is demonstrated in the detailed information set out in Tribunal Volume 2, Protected.

17. The evidence of imports by Canadian apparel manufacturers confirms the results of the ten years of TTR cases in which the need for imported textile inputs and the lack of availability of Canadian made textile inputs was established time after time.
18. The reason why Canadian apparel manufacturers need imported textile inputs is that Canadian apparel manufacturers need to be on the leading edge of design and fashion. They must meet the demands of the fashion market in order to successfully compete in the fashion apparel market, particularly in the highly competitive Canadian and US markets where imports of finished garments from suppliers from around the world have a substantial presence. As noted earlier, it is clear that, as the Tribunal itself has acknowledged in many cases “the fashion industry operates on a lower degree of substitutability and, therefore, searches for, and insists on, new fabrics which are, or are soon expected to be, demanded by consumers”³⁶. To be competitive in the fashion market, Canadian apparel manufacturers need access to a large variety of fabrics with a multitude of designs and colours. Given the lack of availability of Canadian made textile inputs, the only way for Canadian apparel manufacturers to access a large variety of textile inputs is to have access to and purchase from the thousands of textile mills around the world that focus on the apparel market.
19. The Canadian textile industry does not focus on the apparel market and does not have the ability to meet the design, variety and fashionability needs of the Canadian apparel industry so as to allow Canadian apparel manufacturers to compete in the apparel market. Indeed, as noted above, the Canadian textile industry has focussed efforts away from apparel in favour of higher value added technical and industrial textile inputs.
20. On the basis of the foregoing, it is submitted that the evidence in this Inquiry clearly establishes that Canadian apparel manufacturers use and need imported textile inputs for most, and in many cases, all of their textile input requirements.

IV. Granting Tariff Relief Will Not Affect Canadian Textile Producers

21. It is submitted that granting immediate tariff relief in the form of zero tariff rates to all of the tariff items subject to the Inquiry, except for the certain few statistical codes identified in Schedule “A” hereto where there is some evidence of availability from Canadian textile manufacturers, will not affect Canadian textile producers.

36. Chateau Stores, TR-94-011 and 019, p. 7 and quoted in several subsequent cases, including Tribal Sportswear, TR-98-019, p. 10.

22. As set out above, the fact is that textile inputs for apparel manufacturing is not a prime market sector for Canadian textile mills. They are focussing on higher value added technical and industrial fabrics.
23. As also noted earlier, the evidence is that employment and shipments of Canadian textile mills remained constant and even increased between 2000 and 2002, even though in that same period tariff relief had been granted to Canadian apparel manufacturers through the existing TTR process at the Tribunal. The fact that sales were constant and in fact increased means that those sales were to sectors other than the apparel sector. This leads to the conclusion that the removal of duties on textile inputs for apparel, especially where there is little or no evidence of availability from Canadian textile manufacturers, does not harm Canadian textile producers.
24. It is submitted that the same lack of harm will result from the immediate removal of duties on all textile inputs other than those covered by the statistical codes listed in Schedule "A". This is because as in the case of duty removal resulting from TTR cases, there is no availability of the textile inputs included in this Inquiry from Canadian textile manufacturers, other than the textile inputs covered by the statistical codes listed in Schedule "A".
25. The lack of availability of most textile inputs from Canadian textile producers is clear from the evidence in this Inquiry. Canadian apparel manufacturers have provided evidence of some purchases of textile inputs which shows some availability, though in many cases they also report some difficulties with availability and in some cases, the availability has ceased. For example, there are some reports of purchases from Nalpac Inc. and Agmont Inc. Both of those companies have, however, ceased to supply textile inputs due to bankruptcy – with Agmont Inc. going bankrupt in 2003³⁷ and Nalpac Inc. in September, 2004³⁸.
26. It should also be noted that textile inputs that are merely converted in Canada do not constitute textile inputs available from Canadian production. For example, where a fabric is imported in the greige by a converter, and the greige fabric is merely dyed or otherwise finished in Canada by the converter, it cannot be said that the textile input was produced in Canada. Rather, it was only finished in Canada. This is acknowledged by converters such as Gordon Fabrics Ltd. who consider themselves to be purchasers of textile inputs, not textile manufacturers³⁹. Accordingly, any evidence of sales by converters of textile inputs that are converted by them from imported textile inputs, such as imported greige fabrics, cannot be considered evidence of availability of textile inputs from Canadian textile manufacturers. Only if Canadian made textile inputs, such as Canadian greige

37. Les Collections Shan, TR-2002-001A, p.2.

38. Office of the Superintendent of Bankruptcy Canada

39. CITT Volume 7A Public, pp. 20-22.

fabrics, are used, can the output of a converter be considered to be a Canadian made textile input.

27. Given that there is some evidence of some availability, the Federation does not object to the Tribunal reporting that there is some evidence that a few textile inputs are available from Canadian textile producers. The list of statistical codes for such textile inputs are set out in Schedule "A". They consist of 24 of the 151 statistical codes in issue.
28. It is submitted that for all of the other textile inputs and their relevant statistical codes that are covered by this Inquiry, the Tribunal ought to report that there is no evidence of availability from Canadian textile producers.
29. As well, the Tribunal ought to report that the immediate granting of duty relief for all textile inputs covered by the statistical code subject to this Inquiry, other than textile inputs subject to the statistical codes listed in Schedule "A", will not harm Canadian textile manufacturers.

V. Continue 1994 Textile Tariff Reference

30. It is submitted that since the Inquiry does not encompass all tariff items under which textile inputs for apparel are classified, and since availability of textile inputs subject to the statistics codes listed in Schedule "A" may cease, the TTR should be continued, with certain amendments. This will allow Canadian apparel manufacturers to apply to the Tribunal for tariff relief for textile inputs not available in Canada and for which textile tariff relief has not yet been granted.
31. There should, however, be certain amendments made to TTR process to help streamline and speed up the current TTR process. These include:
 - (i) the current economic impact assessment test should be replaced with a simple "made or not made in Canada" analysis;
 - (ii) a new 30-day time limit should be created in which to file opposition to a properly documented request, and if no opposition is filed, the Tribunal ought to immediately recommend tariff relief; and,
 - (iii) tariff relief should be effective the date upon which the request for tariff relief was submitted to the Tribunal, rather than the date of the Order in Council implementing a Tribunal recommendation.
32. Given that the above amendments will require that the Minister issue revised terms of reference, a revised letter of reference, which highlights the suggested changes, is attached as Schedule "B" hereto.

VI. Summary and Conclusions

33. In summary and conclusion of the foregoing, it is submitted that the Tribunal should report the following conclusions in its final report to the Minister:

- (i) there is a significant lack of availability of textile inputs produced by Canadian textile manufacturers for use in the production of apparel in Canada;
- (ii) all statistical codes, other than those listed in Schedule “A” should be granted immediate duty free status for imports thereunder for use in the manufacture of apparel in Canada;
- (iii) the granting of immediate tariff relief in the form of zero tariff rates to all of the statistical codes subject to the Inquiry, except those listed in Schedule A, will not effect Canadian textile producers; and,
- (iv) the TTR before the Tribunal that was established by the Minister of Finance in 1994 should be continued, with certain amendments, to allow Canadian apparel manufacturers to continue to seek duty free treatment for textile inputs not made in Canada and for which textile tariff relief has not yet been granted.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Dated at Ottawa, Ontario, this 12th day of November, 2004.

Richard A. Wagner
Ogilvy Renault
Counsel to the Canadian Apparel Federation

SCHEDULE "A"**List of Statistics Codes**

5111.30.92.00	5801.22.29.90
5112.11.90.10	5801.22.90.00
5112.19.91.10	
5112.30.91.00	6001.92.90.10
	6002.40.90.99
5205.22.90.90	6004.10.90.90
5205.23.90.90	6005.32.90.21
5208.32.90.90	
5209.39.90.90	6006.32.90.11
	6006.32.90.14
5407.61.99.33	6006.32.90.19
	6006.33.90.19
5513.21.00.10	
5514.21.00.10	
5515.13.90.11	
5603.93.90.30	
5603.93.90.90	

SCHEDULE "B"

TEXTILE TARIFF REFERENCE

~~EXISTING~~REVISED TERMS OF REFERENCE~~August 19, 1999~~
, 2004

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~~the letters of July 6, 1994, March 20, 1996, July 24, 1996, ~~and~~ November 26, 1997 and August 19, 1999, 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, yarns⁺ 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;

⁺ ~~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.~~

- ~~e) — assess the economic impact on domestic textile and downstream producers (on a commercial cost/benefit basis) of reducing or removing the tariff; and,~~
- c) — determine whether the textile inputs for which relief is requested are made in Canada and are available from Canadian textile manufacturers in commercially reasonable quantities and prices; 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;~~
 - ~~-- 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; and,~~
 - ~~-- 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;~~
- ~~e) — 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 30 days of the publication by the Tribunal of the notice of initiation of the request for tariff relief (the “Notice”) if no written objection is filed by a Canadian textile manufacturer with the Tribunal within 20 days of the publication of the Notice and such written objection provides adequate evidence of commercially available production in Canada of the textile inputs for which tariff relief is requested;
- ii) in the event of receipt of a written objection in accordance with (i) above, 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.

A Tribunal recommendation that recommends that tariff relief be granted must set out the date on which the Tribunal was in receipt of a properly documented request, given that tariff relief will be granted effective as of that date by means of an Order in Council that will provide duty relief retroactive to the date upon which the Tribunal was in receipt of a properly documented request for tariff relief.

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; and,
- c) the effect on downstream producers of the elimination of tariffs and quotas for less developed countries as of January 1, 2003 and full quota elimination as of January 1, 2005.

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,

(signed)

The Honourable Ralph E. Goodale~~Paul Martin~~, P.C., M.P.

PUBLIC

CANADIAN INTERNATIONAL TRADE TRIBUNAL

(Reference No.: MN-2004-001)

**INQUIRY INTO
THE AVAILABILITY OF CERTAIN TEXTILE INPUTS
PRODUCED BY CANADIAN TEXTILE MANUFACTURERS
FOR USE IN
THE PRODUCTION OF APPAREL**

Reply Submission of the Canadian Apparel Federation

November 19, 2004

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MN-2004-001

PUBLIC

Submission of the Canadian Apparel Federation
November 12, 2004

I. Introduction

1. This reply submission is made by the Canadian Apparel Federation (the “**Federation**”) in response to the submissions filed by other participants concerning the October 28, 2004 Interim Report (the “**Interim Report**”) of the Canadian International Trade Tribunal (the “**Tribunal**”) and other information on the record before the Tribunal in this Inquiry (the “**Inquiry**”).
2. As is set out in more detail below, the Federation submits that:
 - (i) the submissions by the Canadian Textile Institute (the “**CTI**”) and other textile manufacturers confirm that textile inputs required by Canadian apparel manufacturers are not available from Canadian textile manufacturers. If the apparel sector was an important and critical market for Canadian textile manufacturers, the CTI and its members would have and should have provided information in response to the Interim Report which would provide the Tribunal with evidence of actual sales and interest in actual sales to the Canadian apparel industry;
 - (ii) the additional submissions by Canadian apparel manufacturers confirm that the vast majority of textile inputs for apparel use are not available from Canadian textile manufacturers and must be imported;
 - (iii) the submissions by the CTI and textile manufacturers do not in any manner detract from the conclusions that the Tribunal should report in its final report to the Minister (the “**Minister**”) which are set out in the Federation’s submission of November 12, 2004; and
 - (iv) to the extent that there is any concern that Canadian textile manufacturers will not be able to put new textile inputs on the market due to the duty-free status of textile inputs granted as a result of this Inquiry, a simple mechanism can be put in place whereby Canadian textile manufacturers (which would not include converters) could apply to the Tribunal for the re-imposition of tariffs upon presenting evidence to the Tribunal of actual commercial availability of the relevant textile input from Canadian textile manufacturers.
3. For convenience, each of these submissions will be dealt with in turn.

II. CTI and Textile Manufacturers’ Submissions Confirm Non-Availability of Textile Inputs

4. The submission of the CTI contrasts markedly with the submissions made by the CTI in 1989 in Reference No. MN-89-001, in which the CTI filed a 46 page preliminary submission on June, 1989, and a 42 page post-hearing submission in

August of 1989. The CTI did so notwithstanding that it had criticisms regarding the terms and scope of that reference as well.

5. The lack of any real participation in the Inquiry by Canadian textile producers and the refusal of many CTI members to answer the Tribunal questionnaire is also in stark contrast to the participation and information provided in Reference No. MN-89-001. As well, the failure by a domestic industry to participate in any meaningful way in this Inquiry is unprecedented. It is submitted that the non-participation is itself evidence of the lack of availability of textile inputs from Canadian textile manufacturers.
6. The five page bullet-form submission from the CTI in this Inquiry provides no information and criticizes the approach taken by the Tribunal, notwithstanding that the CTI was involved in the preparation of the Tribunal questionnaire for Canadian textile manufacturers and did not raise any objection until after the questionnaire was sent to members of the CTI.
7. At page 1 of the CTI submission, it states that the CTI disagrees “with the approach being taken and believe that the information that has been generated is not an appropriate and adequate basis for formulating textile tariff policy”. It is submitted that, if the CTI seriously believed the information was inappropriate or inadequate, it could have and should have provided detailed information to the Tribunal in its submission responding to the Interim Report. However, the CTI and its members have again chosen to not provide any detailed information. It is submitted that if there was detailed information at hand to establish that there would be a “significant impact on textile manufacturing in Canada”, the CTI and its members would have provided that information in their submissions. For example, a major manufacturer could have easily provided the Tribunal with a printout of its sales to apparel manufacturers of a particular textile input that it considers significant and that it considers would be lost if tariff elimination were provided for that textile input for use in the manufacture of apparel in Canada. Such information has not been provided. Accordingly, it is submitted that this lack of information infers and confirms the lack of availability from Canadian textile manufacturers of textile inputs for use in the manufacture of apparel in Canada.
8. Instead of providing detailed information, the CTI submission makes some very general assertions which are not relevant and do not lead to any conclusion, other than that tariff relief should be provided to textile inputs subject to this Inquiry.
9. The CTI submission outlines various international trade challenges facing their industry, but then on page 2 admits that those same international trade challenges are faced by the apparel industry. Accordingly, the fact that there are international trade challenges does not mean that tariff relief should not be granted. Rather, it leads to the opposite conclusion. Where, as here, the textile inputs are not available from Canadian producers, then any measure of tariff elimination that assists Canadian apparel manufacturers to compete should be granted so that the apparel manufacturers can meet those international trade challenges, especially when there are no adverse effects on the Canadian textile industry. Similarly, while the CTI in

its submission highlights the extent to which trade liberalization is affecting the textile industry, in a backgrounder on its web site the CTI explicitly states that quota elimination which will conclude on December 31, 2004 is far more significant for the apparel industry.⁴⁰ We submit that the impacts of trade liberalization on the apparel industry have been appreciated by the Minister of Finance, and this gave rise to the current Inquiry.

10. The CTI notes at page 2 that the “Minister’s objective appears to be to provide tariff relief for apparel manufacturers without damaging Canadian textile producers. Unfortunately, the Inquiry as structured cannot possibly achieve this objective.” The CTI bases this assertion on three main points, being that the data does not show the extent to which Canadian textile producers are at risk; that the Tribunal’s 15 month timeframe and the resulting “snapshot” is not an accurate reflection of what can be produced; and that all fabrics compete with all other fabrics.
11. As to the first basis, it is submitted that the evidence is clear that the vast majority of textile inputs used for the manufacture of apparel in Canada are imported. A review of the data contained in Volume 2, Protected, indicates that in all statistical codes, other than 5112.11.90.10, 5209.39.90.90 (in 2003 only), imported textile inputs far exceed domestic purchases of those textile inputs. For example, under statistics code 5112.10.90.10, the value of imports in 2003 were over 20 times the value of domestically sourced goods. Accordingly, it is submitted that the specific information that is at hand indicates that, in fact, there is a very small range and volume of textile inputs available to Canadian apparel manufacturers from Canadian textile producers and therefore it is not accurate to state that a large proportion of fabrics made by Canadian textile producers are at risk in this Inquiry.
12. With respect to the CTI submissions concerning the timeframe, it is submitted that any criticism of the timeframe is not a basis for refusing to participate and provide information to the Tribunal. As is set out in Part V below, a simple mechanism can be put in place to address the issue of new textile inputs created by Canadian textile manufacturers for which duty relief may have been given as a result of this Inquiry. The fact is that had the CTI and its members provided information for the 15 month timeframe, then it might be legitimate to argue that the timeframe is too short, especially if evidence is also given of products that were made in the past and may be made in the future, as well as some information on current R&D activities to create new textile inputs that are subject to this Inquiry. The CTI and its members have, however, chosen to provide no information and it is submitted that the Tribunal should draw the obvious conclusion, which is that sales of textile inputs to Canadian apparel manufacturers is not of any commercial or other significance to Canadian textile manufacturers. It is noted that apparel manufacturers had the same

40. “Less than 5% of total yarn and fabric imports into Canada are subject to quotas. Canada has quotas on imports from 34 countries, but these mostly cover clothing. Fact Sheet: Canada’s Textile Industry. Canadian Textiles Institute, 2002.

time period constraints yet nearly 100 companies were able to supply information to the Tribunal, which is indicative of the fact that the issue of tariffs on textile inputs is of great significance to the apparel industry.

13. It should also be noted that some of the CTI's criticisms of the Interim Report could easily have been solved by the CTI. For example, at page 4, the CTI states that the "report contains little useful information supplied by textile producers". This self-criticism could easily have been cured by the CTI and its members by simply providing "useful information". In addition, the allegation at page 4 of the CTI submission that there is inconsistent information is wrong and to the extent that there were any shortcomings, these could also have been solved by the CTI and its members. The reason the information is not inconsistent is because it simply establishes that the five listed domestic textile manufacturers do not sell those fabrics to apparel manufacturers, and that the one textile producer who did sell to apparel manufacturers chose not to provide information, which is indicative of the lack of interest in sales of the textile input to Canadian apparel manufacturers.
14. The third basis of CTI criticism is that all yarns and fabrics compete with each other. For this, the CTI cites a quote from Reference No. MN-89-001. That quote, which is taken out of context, given that it was referring to why there should be tariff simplification, does not support the conclusion that because different textiles compete with one another, tariff relief cannot be given on textiles that are not available from Canadian production. It also ignores the entire body of experience from the 1994 *Textile Tariff Reference* ("TTR"), which has consistently reinforced the premise that tariff relief should be based on the commercial availability of specific textile inputs. As well, the TTR cases have established that in the fashion industry, there is little or no substitutability and therefore fabrics do not compete as broadly as suggested by the CTI.
15. The CTI relies on the competition between fabrics or the proposition that "Canadian textile producers have lost business as a direct result of the implementation of specific duty provisions created for certain yarns and fabrics". The clear evidence on record at the Tribunal, which is accurate and which has not been challenged or criticized by the CTI, establishes that Canadian textile producers have not lost business as a result of specific duty free provisions. This is clearly established in Table 1 at page 10 of the Interim Report. The statistics on that table indicate that employment in the textile industry increased between 2000 and 2002, as did textile shipments, notwithstanding that during that 2000 to 2002 period, tariff relief resulting from eight years of cases under the TTR were in place. The increase in employment and shipments also existed notwithstanding that the market in Canada for textile products decreased from \$5.84 billion in 2000 to \$5.58 billion in 2002. It is submitted that this evidence clearly establishes that the Canadian textile industry was not in any way affected by specific duty relief. It is submitted that the simple reason for this is that the Canadian textile industry does not focus on the Canadian apparel sector and any sales to the Canadian apparel sector are insignificant and irrelevant to the overall health of Canadian textile manufacturers.

Accordingly, any duty relief for textile inputs resulting from this Inquiry will not result in lost business to CTI members.

16. It is noteworthy that, as set out in the Tribunal Report for Reference MN-89-001, Canadian apparel manufacturers in the late 1980's imported "about 60% by volume of their woven fabric requirements and the customs duties payable on these imports (which average 21.5% and in 1987 amounted to approximately two hundred million dollars) are an additional cost to the industry"⁴¹. Today, a significantly higher volume than 60% is imported as shown in the Tribunal information in Volume 2, Protected, and the additional cost to the apparel industry continues to exceed of \$100 million annually.
17. The submissions by Consoltex Inc. and ADS Texel do not, it is submitted, provide any evidence of availability of textile inputs. It is quite surprising indeed that the companies did not provide at least some evidence of actual sales to Canadian apparel manufacturers.
18. On the basis of all of the foregoing, it is submitted that the submissions by CTI and textile manufacturers confirm the non-availability from Canadian textile manufacturers of textile inputs subject to this Inquiry.

III. Additional Information from Canadian Apparel Manufacturers Confirms Lack of Availability

19. It is submitted that the briefs and other information provided by individual Canadian apparel manufacturers confirms the lack of availability of textile inputs from Canadian textile manufacturers.

IV. CTI and Textile Manufacturer Submissions do not Detract from Conclusions the Tribunal Should Reach

20. It is submitted that the submissions by the CTI and the two Canadian textile manufacturers do not detract from the conclusions that the Federation submits the Tribunal should report in its final report to the Minister. As set out in the submission of the Federation of November 12, those conclusions are:
 - (i) there is a significant lack of availability of textile inputs produced by Canadian textile manufacturers for use in the production of apparel in Canada;
 - (ii) all statistical codes, other than those listed in Schedule "A" should be granted immediate duty free status for imports thereunder for use in the manufacture of apparel in Canada;
 - (iii) the granting of immediate tariff relief in the form of zero tariff rates to all of the statistical codes subject to the Inquiry, except those listed in Schedule A, will not effect Canadian textile producers; and,

41. MN-89-001, Volume 2, p. 118.

- (iv) the TTR before the Tribunal that was established by the Minister of Finance in 1994 should be continued, with certain amendments, to allow Canadian apparel manufacturers to continue to seek duty free treatment for textile inputs not made in Canada and for which textile tariff relief has not yet been granted.

V. Textile Input Reference for Canadian Textile Manufacturers

- 21. It is submitted that to the extent there may be any concern that Canadian textile manufacturers might want to make commercially available a textile input subject to this Inquiry and for which tariff relief has been granted as a result of the report of the Tribunal in this Inquiry, a simple mechanism can be put in place to deal with that problem.
- 22. That mechanism would consist of creating a new tariff reference, similar to the existing TTR, which would enable Canadian textile manufacturers (which would not include converters who merely import greige fabrics and then convert them) to request that the Tribunal conduct an inquiry and make a recommendation to the Minister that tariffs that have been removed as a result of this Inquiry be re-imposed where actual commercial availability of the Canadian made textile input is established by Canadian textile manufacturers. This mechanism will meet the concerns expressed by the CTI regarding the narrowness of the timeframe and the fact that Canadian textile manufacturers might innovate and decide to resurrect old products or create new products as textile inputs for apparel manufacturing in Canada.
- 23. Given the foregoing, it is submitted that in addition to the conclusions that the Tribunal should make in its final report as set out above and in our previous submission, the Tribunal ought to conclude and recommend that to minimize any potential effects on Canadian textile manufacturers, a new Textile Producer Reference should be established at the Tribunal by the Minister so as to allow Canadian textile producers (not including converters) to request that the Tribunal recommend to the Minister of Finance that tariff rates consistent with Canada's international obligations, such as the Most Favoured Nation rate, be re-imposed on the tariff items subject to this Inquiry that have become duty-free, where a Canadian textile producer establishes that the particular textile input at issue is commercially available to Canadian apparel manufacturers from that Canadian textile producer.

VI. Summary Conclusions

- 24. In summary and in conclusion of the foregoing, it is submitted that:
 - (i) the submissions by the Canadian Textile Institute (the "CTI") and other textile manufacturers confirm that textile inputs required by Canadian apparel manufacturers are not available from Canadian textile manufacturers;

- (ii) the additional submissions by Canadian apparel manufacturers confirm that the vast majority of textile inputs for apparel use are not available from Canadian textile manufacturers and must be imported;
 - (iii) the submissions by the CTI and textile manufacturers does not in any manner detract from the conclusions that it is submitted the Tribunal should report in its final report to the Minister set out in the Federation's submission of November 12, 2004; and,
 - (iv) the Tribunal ought to recommend that a new Textile Producer Reference be established by the Minister to allow the re-imposition of duties on the tariff items subject to this Inquiry that have become duty-free, where a Canadian textile producer (not including a converter) establishes that the particular textile input at issue is commercially available to Canadian apparel manufacturers from the Canadian production of that Canadian textile producer.
25. In addition it is submitted that given that the textile industry has not provided any additional facts, nor shown any intention to provide any additional facts, it is submitted that there is no reason to hold a hearing in this case.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Dated at Ottawa this 19th day of November, 2004

Richard A. Wagner
Ogilvy Renault

APPENDIX XVII

NORTH AMERICAN INDUSTRIAL CLASSIFICATION SYSTEM

The Canadian textile and apparel industries, like their counterparts in the United States and Mexico, are classified according to the North American Industry Classification System (NAICS). NAICS was jointly adopted in 1997 by Canada, Mexico and the United States against the backdrop of NAFTA. The classification was designed to provide common definitions of the industrial structure of the three countries and a common statistical framework to facilitate the analysis of the three economies. The textile industry and the apparel industry are identified as **Textile Mills (NAICS 313)** and **Apparel Producers (NAICS 315)** respectively.

- **Textile Mills (NAICS 313)** comprise the following establishments:

Fibre, Yarn and Thread Mills	(NAICS 313110)
Broad-Woven Fabric Mills	(NAICS 313210)
Narrow Fabric Mills and Schiffli Machine Embroidery	(NAICS 313220)
Nonwoven Fabric Mills	(NAICS 313230)
Knit Fabric Mills	(NAICS 313240)
Textile and Fabric Finishing	(NAICS 313310)
Fabric Coating	(NAICS 313320)
- **Apparel Producers (NAICS 315)** comprise the following establishments:

Hosiery and Sock Mills	(NAICS 315110)
Other Clothing Knitting Mills	(NAICS 315190)
Cut and Sew Clothing Contracting	(NAICS 315210)
- Men & Boys' Apparel Covering Cut & Sew:	
Underwear and Nightwear	(NAICS 315221)
Sew Suit, Coat and Overcoat	(NAICS 315222)
Shirt	(NAICS 315226)
Trouser, Slack and Jean	(NAICS 315227)
Other Clothing	(NAICS 315229)
- Women's & Girls' Apparel Covering Cut & Sew:	
Lingerie, Loungewear and Nightwear	(NAICS 315231)
Blouse and Shirt	(NAICS 315232)
Dress Manufacture	(NAICS 315233)
Suit, Coat, Tailored Jacket and Skirt	(NAICS 315234)
Other Clothing (NAICS 315239)	
- Other:	
Infants' Cut and Sew Clothing	(NAICS 315291)
Fur and Leather Clothing	(NAICS 315292)
All Other Cut and Sew Clothing	(NAICS 315299)
Clothing Accessories and Other Clothing	(NAICS 315990)

APPENDIX XVIII

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