

**AN INQUIRY INTO THE  
AVAILABILITY OF  
CERTAIN APPAREL  
FABRICS PRODUCED IN  
CANADA**

**MN-2005-001**

**APRIL 2006**

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**FOREWORD**

On October 27, 2005, the Minister of Finance 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 from Canadian production of apparel fabrics classified under 12 tariff items in the *Customs Tariff* and to propose detailed product descriptions and new eight-digit tariff items based on that availability. In so doing, the Tribunal has also taken into account market realities and potential adverse effects on textile producers.

The Tribunal sought information from domestic textile manufacturers on their actual sales or imminent production of apparel fabrics. On February 2, 2006, it issued a staff report containing draft tariff structures. Parties, in both the textile and apparel industries, were invited to file submissions on the staff report and on the submissions made by the other parties. After carefully considering the evidence, the Tribunal came to the conclusion that it could not recommend new eight-digit dutiable tariff items for apparel fabrics without adversely affecting textile manufacturers by undermining existing duty protection on domestically produced apparel fabrics. Accordingly, the Tribunal decided to proceed with recommendations either to eliminate or to retain duties on each of the 12 tariff items covered by the inquiry.

The Tribunal thanks all the parties who participated in this inquiry.

The Tribunal also thanks its staff for the quality of its work and its ability to adapt to the demands of the inquiry.

Pierre Gosselin

Pierre Gosselin  
Presiding Member

Meriel V. M. Bradford

Meriel V. M. Bradford  
Member

Elaine Feldman

Elaine Feldman  
Member



## EXECUTIVE SUMMARY

On October 27, 2005, the 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 from Canadian production of apparel fabrics classified under 12 tariff items in the *Customs Tariff* and to propose detailed product descriptions and new eight-digit tariff items based on that availability. The complete terms of reference for the inquiry are reproduced in Appendices I and II of this report.

During the inquiry, the Tribunal sent questionnaires to 31 potential domestic textile manufacturers. In total, 21 firms reported domestic sales and/or imminent production of the apparel fabrics under consideration. Using these data, the Tribunal issued a staff report containing draft tariff structures based on actual or imminent production. Parties, in both the textile and apparel industries, were invited to file submissions on the staff report and on the submissions made by the other parties.

In commenting on the staff report, the Canadian Textiles Institute generally submitted that the proposed tariff structures would put investment and jobs in the textile industry at risk, that they would negate the protection on tariff items for which duties remain and that they were inconsistent with the Government's promise to ensure that tariff relief not adversely affect current domestic production. On the other hand, the Canadian Apparel Federation argued that the Canadian textile industry does not and cannot supply the requirements of the Canadian apparel industry in a commercially reasonable manner.

The Tribunal approached its mandate from the Minister with the objective of making recommendations that would provide the maximum possible benefit of tariff relief to apparel producers, without unduly affecting textile manufacturers by undermining existing duty protection on domestically produced apparel fabrics. After carefully considering the evidence, the Tribunal came to the conclusion that it could not recommend new eight-digit dutiable tariff items for apparel fabrics without adversely affecting textile manufacturers by undermining existing duty protection on domestically produced apparel fabrics. Accordingly, the Tribunal decided to proceed with recommendations either to eliminate or to retain duties on each of the 12 tariff items covered by the inquiry.

Following this approach, the Tribunal recommends that the duties be maintained for tariff item Nos. 5210.41.00, 5407.52.90, 5407.53.00, 5407.54.00, 5407.61.99, 5602.10.90, 5903.90.29 and 6004.10.90 and that the duties be eliminated for tariff item Nos. 5112.19.91, 5515.13.90, 5516.23.90 and 5603.92.90. Duties paid by apparel producers on imports of fabrics under the latter group of four tariff items amounted to approximately \$5 million between January 1, 2003, and September 30, 2005. Domestic sales of fabrics reported by textile manufacturers for these four tariff items were less than \$1 million over the same period. Under the eight tariff items where the Tribunal recommends retention of duties, domestic sales of fabrics amounted to more than \$134 million over the inquiry period. Duties paid by apparel producers on imports of these fabrics were \$19 million.



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## PART I

### INTRODUCTION

#### TERMS OF REFERENCE

1. On October 27, 2005, the Minister of Finance (the Minister) directed the Canadian International Trade Tribunal (the Tribunal), pursuant to section 19 of the *Canadian International Trade Tribunal Act*,<sup>1</sup> to inquire into and report on the availability from Canadian production of apparel fabrics classified under 12 tariff items in the *Customs Tariff*.<sup>2</sup> For the apparel fabrics that it identified, the Tribunal was directed to propose detailed product descriptions and new eight-digit tariff items for their classification in the List of Provisions set out in the schedule to the *Customs Tariff* to allow for the maintenance of duties only on these fabrics and to distinguish them from apparel fabrics not produced in Canada, which would be classified under residual “other” provisions at a free rate of duty.
2. The Tribunal was also directed to estimate the total value of the fabrics sold to Canadian apparel producers or, where applicable, the total value of the fabrics produced for the internal production of apparel, for each of the new eight-digit tariff items and the significance of these amounts to Canadian textile manufacturers. Furthermore, the Tribunal was directed to report on any other matter that it determined to be of relevance to the inquiry.
3. The terms of reference for the inquiry are reproduced in Appendix I to this report.
4. On November 23, 2005, the Minister further directed the Tribunal, where appropriate, to ensure that the new product descriptions reflect market realities by considering the nature of the competition between products in the marketplace and the imminent production of any fabric.
5. The revised terms of reference for the inquiry are reproduced in Appendix II to this report.

#### BACKGROUND

6. This is the third inquiry into textile inputs that the Tribunal has undertaken in the last two years.

- **February 27, 2004**

The Government announced a series of measures to increase the international competitiveness of the Canadian apparel and textile industries. One of the measures was duty reductions with a projected value of \$26.75 million over the next three years on textile inputs used by the apparel industry.

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

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



- **May 19, 2004**

The Minister directed the Tribunal to inquire into the extent to which yarns and fabrics classified under 151 10-digit statistical codes of the *Customs Tariff* were domestically produced and sold to Canadian apparel manufacturers (Reference No. MN-2004-001). Where there were domestic sales, the Tribunal was directed to provide detailed product descriptions. The Minister characterized the information to be produced by the inquiry as important in implementing the previously announced tariff relief for the apparel industry.

- **June to August 2004**

Most major textile firms wrote to the Tribunal indicating their opposition to the inquiry and did not complete the Tribunal's questionnaire on their production and sales. The Tribunal then surveyed apparel producers to try to obtain information on their purchases of textile inputs from Canadian textile manufacturers.

- **October 28, 2004**

The Tribunal issued an interim report<sup>3</sup> in Reference No. MN-2004-001 that described the conduct of the inquiry to that time and gave its preliminary finding that textile inputs classified under 127 of the 151 statistical codes that it had examined were not available from Canadian production.

- **December 14, 2004**

The Government announced a number of initiatives aimed at improving the global competitiveness of the Canadian textile and apparel industries, including tariff relief measures which it estimated would reduce input costs for both textile and apparel manufacturers of up to \$90 million annually. The Government indicated that duties would be retained where Canadian production of textile inputs could be substantiated and that it would direct the Tribunal to identify Canadian production.

- **December 23, 2004**

The Tribunal issued a final report<sup>4</sup> in Reference No. MN-2004-001 in which it concluded that textile inputs classified under 114 of the 151 statistical codes that it had examined were not available from Canadian production and that the duties paid on these inputs had amounted to over \$17.8 million in 2003. Because of the limitations of the available data, the Tribunal was not in a position to provide detailed product descriptions of the textile inputs sold in Canada.

- **January 10, 2005**

The Minister directed the Tribunal to inquire into the domestic availability of fibres, yarns and apparel fabrics classified under 591 tariff items found in 12 chapters of the *Customs Tariff* and to propose a tariff structure that would distinguish these textile inputs from those not produced in Canada (Reference No. MN-2004-002).

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3. *Interim Report of an Inquiry Into the Availability of Certain Textile Inputs Produced by Canadian Textile Manufacturers For Use in the Production of Apparel in Canada.*

4. *An Inquiry Into the Availability of Domestic Textiles for the Production of Apparel in Canada.*

- **June 30, 2005**

The Tribunal issued its final report<sup>5</sup> in Reference No. MN-2004-002 recommending that, of the 591 tariff items reviewed, duties be eliminated on 341 tariff items for which there was no evidence of current or imminent domestic production. The value of the textile inputs imported under these 341 tariff items was \$690 million over the 2003-2004 period. The Tribunal's final report did not provide an estimate of the duties paid on these imports. In a press release dated October 28, 2005, announcing that it would implement the Tribunal's recommendations, the Government estimated that the tariff relief would amount to \$29 million annually.

Many of the tariff items reviewed by the Tribunal were "basket" items under which a wide variety of products are classified. Where there was domestic production reported under a basket tariff item, the Tribunal recommended that duties be retained on all the products covered by the tariff item. The Tribunal chose this approach because it did not receive sufficiently detailed information to enable it to distinguish products made in Canada from those not made in Canada.

- **October 27, 2005**

The Minister gave the Tribunal the mandate for the current inquiry, Reference No. MN-2005-001, to break out apparel fabrics produced in Canada from those not produced in Canada for 12 basket tariff items where the Tribunal had recommended the retention of duties in Reference No. MN-2004-002. The Government estimated that the duty savings could be up to \$12.4 million annually.<sup>6</sup>

- **November 21, 2005**

The Government implemented the Tribunal's recommendations in Reference No. MN-2004-002, with the tariff relief being retroactive to January 1, 2005.

- **December 3, 2005**

The Department of Finance initiated consultations on the proposed elimination of duties on 35 tariff items,<sup>7</sup> where the Tribunal had indicated in its final report in Reference No. MN-2004-002 that domestic production was less than \$10,000 over the 2003-2004 period. Interested parties were invited to submit views on the significance of any negative impact that might result from the elimination of duties on these 35 tariff items.<sup>8</sup>

At the same time, interested parties were invited to submit views on the proposed replacement of gender-specific and product-specific tariff descriptions with gender-neutral and generic apparel tariff descriptions. For example, a tariff item described as "fabric for use in the manufacture of men's and boys' trousers" would be replaced with "fabric for use in the production of apparel". The rates of duty for the tariff items would not be changed.

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5. *Report on the Production in Canada of Certain Fibres, Yarns and Apparel Fabrics.*

6. See October 28, 2005, press release.

7. C. Gaz. 2005.I.3919.

8. The Government estimated that the duty savings could be up to \$5.1 million annually. See October 28, 2005, press release.

**PRODUCT COVERAGE**

7. The apparel fabrics subject to this inquiry are those described by the following tariff items:

**Chapter 51 Wool, Fine or Coarse Animal Hair; Horsehair Yarn and Woven Fabric**

Tariff Item No. 5112.19.91 Woven fabrics of combed wool or of combed fine animal hair, containing 85% or more by weight of wool or of fine animal hair, of a weight exceeding 200 g/m<sup>2</sup> but not exceeding 300 g/m<sup>2</sup>.

**Chapter 52 Cotton**

Tariff Item No. 5210.41.00 Plain weave 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<sup>2</sup>, of yarns of different colours.

**Chapter 54 Man-made Filaments**

Tariff Item No. 5407.52.90 Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading No. 54.04, containing 85% or more by weight of textured polyester filaments, dyed.

Tariff Item No. 5407.53.00 Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading No. 54.04, containing 85% or more by weight of textured polyester filaments, of yarns of different colours.

Tariff Item No. 5407.54.00 Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading No. 54.04, containing 85% or more by weight of textured polyester filaments, printed.

Tariff Item No. 5407.61.99 Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading No. 54.04, containing 85% or more by weight of non-textured polyester filaments.

**Chapter 55 Man-made Staple Fibres**

Tariff Item No. 5515.13.90 Other woven fabrics of polyester staple fibres, mixed mainly or solely with wool or fine animal hair.

Tariff Item No. 5516.23.90 Woven fabrics of artificial staple fibres, containing less than 85% by weight of artificial staple fibres, mixed mainly or solely with man-made filaments, of yarns of different colours.

**Chapter 56 Wadding, Felt and Nonwovens; Special Yarns; Twine, Cordage, Ropes and Cables and Articles Thereof**

Tariff Item No. 5602.10.90 Needleloom felt and stitch-bonded fibre fabrics, whether or not impregnated, coated, covered or laminated.

Tariff Item No. 5603.92.90 Nonwovens, other than of man-made filaments, whether or not impregnated, coated, covered or laminated, weighing more than 25 g/m<sup>2</sup> but not more than 70 g/m<sup>2</sup>.

**Chapter 59 Impregnated, Coated, Covered or Laminated Textile Fabrics; Textile Articles of a Kind Suitable for Industrial Use**

Tariff Item No. 5903.90.29 Textile fabrics containing man-made fibres, impregnated, coated, covered or laminated with plastics, other than with poly (vinyl chloride) and polyurethane, other than those of heading No. 59.02.

**Chapter 60 Knitted or Crocheted Fabrics**

Tariff Item No. 6004.10.90 Knitted or crocheted fabrics of a width exceeding 30 cm, containing by weight 5% or more of elastomeric yarn but not containing rubber thread, other than those of heading No. 60.01.

8. As of January 1, 2006, the subject apparel fabrics covered by these tariff items are dutiable at 14 percent *ad valorem* under the Most-Favoured-Nation (MFN) Tariff.<sup>9</sup>

**CONDUCT OF THE INQUIRY**

9. On November 14, 2005, the Tribunal notified all government departments and known interested associations of the commencement of the inquiry. The Tribunal's notice, published in the *Canada Gazette*,<sup>10</sup> included a detailed schedule of events, indicating when parties were to file notices of participation, make submissions and reply to the submissions of others. The notice also announced that the Tribunal might hold a public hearing on the matter.

10. The preliminary information-gathering and analysis phase of the inquiry included a survey of known producers of the subject apparel fabrics. The Tribunal consulted with the Canadian Textiles Institute (CTI) and the Canadian Apparel Federation (CAF) in the development of the Producers' Questionnaire (the questionnaire). Tribunal staff also visited several firms to provide them with technical advice and to explain the type of information required by the Tribunal.

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9. Tariff item No. 5112.19.91 is dutiable at 14 percent *ad valorem*, but cannot exceed \$5.17/kg under the MFN Tariff.

10. C. Gaz. 2005.I.3888.

11. On November 14, 2005, and shortly thereafter, the Tribunal sent the notice of inquiry and questionnaire to 31 potential domestic textile manufacturers. Appendix III provides a list of these firms. Questionnaire respondents were asked to provide information for the period from January 1, 2002, to September 30, 2005, inclusive.<sup>11</sup>

12. In total, 21 firms responded to the questionnaire and reported domestic sales and/or imminent production of the subject apparel fabrics as follows:

<b>Company Name</b>	<b>Domestic Availability</b>
Barrday Inc.	5903.90.29
Canada Hair Cloth Company	5210.41.00
Consoltex Inc.	5210.41.00, 5407.52.90, 5407.53.00, 5407.54.00, 5407.61.99, and 5516.23.90
Doubletex Inc.	5210.41.00, 5407.52.90, 5407.53.00, 5407.61.99, 5516.23.90 and 5602.10.90
Hafner Inc.	6004.10.90
Kute Knit Manufacturing	6004.10.90
Les Lainages Victor Ltée	5112.19.91 and 5515.13.90
Les Tricots Interlock Knit Canada Inc.	6004.10.90
Lucratex Inc.	6004.10.90
Manoir Inc.	6004.10.90
Matador Converters Co. Ltd.	5602.10.90 and 5603.92.90
Meridian Knitting	6004.10.90
Oratex Inc.	6004.10.90
Rentex Mills Inc.	6004.10.90
Roopa Sales and Trading Ltd.	6004.10.90
Sinatex (Canada) Inc.	6004.10.90
Stedfast Inc.	5903.90.29
Texel Inc.	5602.10.90
Tissus Knitrama Fabrics Inc.	6004.10.90
Tricots Canada U.S. Knitting Inc.	6004.10.90
Tricots Liesse (1983) Inc.	6004.10.90

13. In the questionnaire, textile manufacturers were asked to provide detailed information on the characteristics of domestically available fabrics, e.g. weight, types and percentages of fibres, weave, yarn thickness, range of apparel end uses. Using this information, Tribunal staff identified possible fabric groupings for each of the 12 subject tariff items and developed associated draft tariff structures to encompass domestically available apparel fabrics and distinguish them from apparel fabrics not produced in Canada, and from fabrics produced for non-apparel end uses. The draft tariff structures were based strictly on evidence of domestic sales and imminent production and did not incorporate the submissions made by questionnaire respondents concerning what they considered to be competing or substitutable products.

11. In exceptional circumstances, questionnaire respondents were permitted to also provide information for 2002.

14. On February 2, 2006, the Tribunal issued a staff report containing the draft tariff structures, which are reproduced in Appendix IV.

15. Parties were invited to file submissions and reply submissions on the draft tariff structures presented in the Tribunal's staff report. Appendix V provides a list of the 21 parties that filed submissions and reply submissions.

16. The CTI submitted that the proposed tariff structures would put investment and jobs in the textile industry at risk. According to the CTI, the "Swiss cheese" approach of the proposed tariff structures would negate the tariff protection on items for which duties remain and was inconsistent with the Government's promise to help ensure that tariff relief did not adversely affect current domestic production. The CTI argued that a "patchwork" of protection creates multiple holes in the tariff structure and would lead importers to search out fabrics with slightly different characteristics to take advantage of duty-free rates. It further argued that taking a "snapshot in time" as a basis for determining what is and what is not available from domestic production undermines the industry's research and ongoing product development efforts. Furthermore, the CTI submitted that the Tribunal failed to take into consideration competing products in the marketplace and the production of fabrics for the export market. It pointed out that effective mechanisms already exist for apparel manufacturers to make requests for tariff relief on specific fabrics that are not available from domestic textile producers, i.e. the Tribunal's standing textile reference or through the Department of Finance.

17. CAF submitted that, because of the current economic and trading environment, apparel manufacturers need access to duty-free imported fabrics to be on the leading edge of design and fashion and help combat erosion in employment and production. CAF argued that the Canadian textile industry does not and cannot supply the requirements of the Canadian apparel industry in a commercially reasonable manner. In this regard, it claimed that fabrics imported under the subject tariff items should be given duty-free status because there was generally no evidence of actual commercial production or, even where there was domestic production, there was also a very significant volume of dutiable imports. Furthermore, according to CAF, domestic textile producers focus on non-fashion apparel. CAF submitted that, in the alternative to duty elimination, new tariff items should be created with detailed product descriptions and/or apparel end-use descriptions in order to impose duties only on imported fabrics that are of the same description and/or the same end use as fabrics available from Canadian textile producers.

18. Given that there was sufficient information on the record to allow the Tribunal to make recommendations to the Minister, it decided that a public hearing was not required for this inquiry.

19. On March 16, 2006, and April 5, 2006, the Tribunal placed on the record two exhibits containing additional information prepared by staff.

20. One exhibit presented estimates of the value of imports for apparel fabrics and the duties paid on those imports for each of the 12 subject tariff items. The estimates were developed using data from Statistics Canada. Taking into account only those importers

identified<sup>12</sup> as apparel producers, in 2003, the value and duty paid on imports of apparel fabrics classified under all the subject tariff items were \$142 million and \$9 million respectively. In 2004, these values were \$135 million and \$9 million respectively. For the first three quarters of 2005, the value of imports was \$87 million and the duty paid was \$6 million. When textile producers and wholesalers/distributors of fabrics<sup>13</sup> are added to these estimates, in 2003, the value and duty paid on imports of apparel fabrics totalled \$197 million and \$13 million respectively. In 2004, these values were \$185 million and \$12 million respectively. For the first three quarters of 2005, the value of imports was \$115 million and the duty paid was \$8 million. Appendix VI summarizes the information for the period of inquiry as a whole and gives the value of domestic sales or value of internal production of apparel fabrics, the value of imports, the proportion of duty-free imports and the value of duties paid for each of the tariff items under investigation.

21. The second exhibit listed tariff items “related” to each of the 12 subject tariff items. In identifying related tariff items, Tribunal staff considered several factors, including the following: the relationship among greige (unbleached and bleached), dyed, yarns of different colours and printed fabrics, where applicable; fabrics that were near in weight (e.g. when a tariff item covers fabrics less than 300 g/m<sup>2</sup>, related tariff items include equivalent fabrics over 300 g/m<sup>2</sup>); fabrics that were near in composition in terms of percentage (e.g. artificial/synthetic blends have related tariff items for synthetic/artificial blends); and fabrics of different weaves (e.g. plain weave fabrics are related to twill weave and other weaves).

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12. Tribunal staff identified apparel producers on the basis of their code under the North American Industry Classification System (NAICS), as well as other sources, e.g. CAF’s Apparel Directory, Directory of Suppliers of the Apparel Industry, the Internet.

13. It was assumed that all imports of fabrics by these companies were destined for apparel production. Tribunal staff identified these companies using the same information as noted above for apparel producers.

## PART II

### ANALYSIS

22. As noted earlier, the Tribunal's staff report presented draft tariff structures based on the responses of textile manufacturers to the questionnaire. In large measure, submissions from parties on the report focussed on why duties should be either retained or eliminated on existing tariff items.

23. The Tribunal approached its mandate from the Minister with the objective of making recommendations based on the evidence before it that would provide the maximum possible benefit of tariff relief to apparel producers while minimizing the adverse effects on textile manufacturers by undermining existing duty protection on domestically produced apparel fabrics.

24. After carefully considering the evidence, the Tribunal came to the conclusion that it could not meet this objective by recommending new eight-digit dutiable tariff items to encompass Canadian apparel fabric production without there being a negative impact on that production. In the Tribunal's view, putting a dutiable tariff "box" around domestic production and giving duty-free status to the remaining fabrics under a tariff item creates a powerful incentive for importers to source imported fabrics that have only minor differences in composition from domestic fabrics with the express purpose of avoiding duties. If the dutiable tariff box covers only a small proportion of the fabrics that could potentially fall under a tariff item, then there will be many opportunities for importers to switch to other fabrics, which will inevitably erode the duty protection for domestically produced fabrics.

25. In the Tribunal's view, such an approach to tariff policy would have a very different result from the situation where the standing reference on textiles or action by the Department of Finance leads to the creation of new tariff items. In those circumstances, duties apply to all fabrics falling under a tariff item, except for those specifically defined fabrics for which duty-free entry has been granted. Although there is some incentive for importers to source fabrics with modified fabric composition to avoid paying duties, the scope to do so under those procedures is usually much more limited by the restrictive definition of the duty-free tariff item.

26. Accordingly, the Tribunal decided to proceed with recommendations either to eliminate or to retain duties on each of the 12 tariff items covered by the inquiry. In analyzing each of the tariff items, the Tribunal took into account the following:

- the value of domestic sales or value of internal production of apparel fabrics under the tariff item, both in absolute terms and relative to the value of imports;
- the financial significance<sup>14</sup> of such sales or internal production of fabrics to the domestic industry;
- the proportion of duty-free imports, the value of duties collected and the effective duty rate; and

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14. Financial significance is the ratio of the value of domestic sales and value of internal production of apparel fabrics reported by textile manufacturers under the tariff item compared to the value of total company sales reported by those manufacturers.



- the duty treatment of related tariff items—particularly equivalent fabrics at different stages of production—including whether the Department of Finance has proposed the elimination of duties on these items for reasons of limited Canadian production or for the removal of a gender-specific end use.

27. For confidentiality reasons, the data on domestic sales or value of internal production of apparel fabrics and financial significance are presented through the use of ranges. For sales and internal production aggregated among producers, the ranges used are as follows: less than (<) \$1,000; more than (>) \$1,000 but less than (<) \$10,000; more than (>) \$10,000 but less than (<) \$100,000; more than (>) \$100,000 but less than (<) \$1 million; and more than (>) \$1 million. For financial significance, the ranges are as follows: less than (<) 1 percent; more than (>) 1 percent but less than (<) 10 percent; and more than (>) 10 percent.

28. The Tribunal did not take into account parties' submissions with respect to quality or subjective characteristics such as "hand" (softness, elasticity, fineness and other qualities perceived by touch), as these are not factors that can be incorporated into tariff items. Also, it did not consider the potential impact of tariff relief on export sales, as this issue was outside its mandate.

29. Given that the Tribunal is not recommending any new eight-digit dutiable tariff items for apparel fabrics, it did not undertake any action with respect to the Minister's direction to provide the value of domestic sales and financial significance for each new tariff item.

#### TARIFF ITEM NO. 5112.19.91

30. The fabrics under this tariff item are described as woven fabrics of combed wool or of combed fine animal hair, containing 85% or more by weight of wool or of fine animal hair, of a weight exceeding 200 g/m<sup>2</sup> but not exceeding 300 g/m<sup>2</sup>.

31. Table 1 provides information on the estimated value of imports and duties paid between January 1, 2003, and September 30, 2005, for tariff item No. 5112.19.91.

<b>Table 1</b>					
<b>Tariff Item No. 5112.19.91</b>					
<b>Domestic Sales \$</b>	<b>Financial Significance %</b>	<b>Subject Imports \$</b>	<b>Duties Paid \$</b>	<b>Duty-free Imports as a % of Subject Imports</b>	<b>Effective Duty Rate %</b>
<b>Apparel Producers</b>					
Imminent Production	Imminent Production	60,555,000	3,299,000	38	5
<b>Apparel Plus</b>					
		71,611,000	3,613,000	43	5

32. There were no domestic sales reported under this tariff item over the period of inquiry. However, the value of imports was the second highest for the 12 tariff items under investigation, while the value of duties paid was the third highest.

33. Les Lainages Victor Ltée (Victor) claimed imminent sales of combed wool fabrics under this tariff item. To support its claim, it submitted evidence that it had bid to supply certain combed wool fabrics and had made investments to support the production of combed wool fabrics.

34. The equivalent fabrics weighing less than 200 g/m<sup>2</sup> are duty free (tariff item No. 5112.11.50), while those weighing more than 300 g/m<sup>2</sup> are dutiable (tariff item No. 5112.19.92). However, there was less than \$1,000 in domestic sales under the latter tariff item reported in Reference No. MN-2004-002 (all by Victor), and it is one of the 35 tariff items for which the Department of Finance is proposing the elimination of duties because of limited Canadian production. With the exception of tariff item No. 5112.30.91, all tariff items for combed wool apparel fabrics in Chapter 51 are duty free.

35. The Tribunal notes that it recommended the retention of duties on tariff item No. 5112.19.91 in Reference No. MN-2004-002 solely on the basis of imminent production then claimed by Victor. In this inquiry, Victor has yet to provide any evidence of actual sales. Consequently, the Tribunal is of the view that potential benefits of tariff relief to apparel manufacturers, which paid more than \$3 million in duties over the period of inquiry, outweigh any potential costs to Victor.

36. In light of the foregoing, the Tribunal recommends that the duties be eliminated on the fabrics imported under tariff item No. 5112.19.91 for use in the manufacture of apparel. The following tariff structure reflects tariff relief.

<b>Proposed Tariff Structure</b>		
<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5112.19.93	----Of a weight not exceeding 300 g/m <sup>2</sup> for use in the manufacture of apparel	No duty
5112.19.94	----Other, of a weight not exceeding 300 g/m <sup>2</sup>	Current rate

#### **TARIFF ITEM NO. 5210.41.00**

37. The fabrics under this tariff item are described as plain weave 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<sup>2</sup>, of yarns of different colours.

38. Table 2 provides information on domestic sales reported by Canada Hair Cloth Company, Consoltex Inc. (Consoltex) and Doubletex Inc. (Doubletex) and the estimated value of imports and duties paid between January 1, 2003, and September 30, 2005, for tariff item No. 5210.41.00.

<b>Domestic Sales \$</b>	<b>Financial Significance %</b>	<b>Subject Imports \$</b>	<b>Duties Paid \$</b>	<b>Duty-free Imports as a % of Subject Imports</b>	<b>Effective Duty Rate %</b>
<b>Apparel Producers</b>					
>1,000,000	<1	3,133,000	194,000	56	6
<b>Apparel Plus</b>					
		3,269,000	213,000	54	7

39. Although there was more than \$3 million in imports of fabrics under this tariff item over the period of inquiry, there were also significant domestic sales, which fell short of the value of imports by less than 20 percent. The value of duties paid was relatively modest at approximately \$200,000.

40. The equivalent unbleached, bleached, dyed and printed fabrics are dutiable under tariff item Nos. 5210.11.00, 5210.21.00, 5210.31.00 and 5210.51.00 respectively. In Reference No. MN-2004-002, there were sales of more than \$1 million reported for both dyed and printed fabrics during 2003-2004, with sales of more than \$100,000 reported for unbleached fabrics. However, tariff item No. 5210.21.00 is one of the 35 tariff items on which the Department of Finance has proposed the elimination of duties because of low domestic sales reported in Reference No. MN-2004-002.

41. The Tribunal notes that fabrics classified under this tariff item either are woven using different coloured yarns or result from dyeing greige fabrics<sup>15</sup> in a way that produces different coloured yarns (cross-dyeing). Based on the evidence on the record, including fabric samples provided by Doubletex, the Tribunal is of the view that there are domestic sales of cross-dyed fabrics classified under this tariff item. There may also be domestic sales of fabrics under this tariff item that are produced directly by weaving.

42. In the Tribunal's view, since at least a proportion of domestic production under tariff item No. 5210.41.00 is integrated, eliminating the duties for this tariff item, in addition to having a direct negative impact on the significant sales of fabrics of yarns of different colours, could undermine the duty protection for domestically produced greige fabrics and, in turn, for the dyed and printed fabrics. Simply put, imports of duty-free fabrics of yarns of different colours could make it less attractive to manufacture and finish greige fabrics in Canada.

15. Greige fabrics are unfinished fabrics just off the loom or knitting machine. Greige fabrics are finished to produce dyed or printed fabrics or fabrics of yarns of different colours.

43. CAF submitted that, in the alternative to eliminating the duties on the whole tariff item, duty protection should be restricted to fabrics for use in the manufacture of apparel other than tailored collar dress and sports shirts because there are no domestic sales of these fabrics. The Tribunal notes that, in its questionnaire response, Doubletex provided evidence of sales of fabrics classified under this tariff item to shirting manufacturers. Moreover, apparel manufacturers did not provide the detailed product information necessary to enable the Tribunal to distinguish the fabrics that they import from those produced in Canada. The Tribunal is of that view that, if apparel producers wish to pursue tariff relief on shirting fabrics under this tariff item, they may submit a request under the standing reference on textiles or follow the procedures in place at the Department of Finance.

44. In light of the foregoing, the Tribunal recommends that the duties be maintained for tariff item No. 5210.41.00.

**TARIFF ITEM NO. 5407.52.90**

45. The fabrics under this tariff item are described as woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading No. 54.04, containing 85% or more by weight of textured polyester filaments, dyed.

**TARIFF ITEM NO. 5407.53.00**

46. The fabrics under this tariff item are described as woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading No. 54.04, containing 85% or more by weight of textured polyester filaments, of yarns of different colours.

**TARIFF ITEM NO. 5407.54.00**

47. The fabrics under this tariff item are described as woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading No. 54.04, containing 85% or more by weight of textured polyester filaments, printed.

**TARIFF ITEM NO. 5407.61.99**

48. The fabrics under this tariff item are described as woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading No. 54.04, containing 85% or more by weight of non-textured polyester filaments.

49. Tables 3, 4, 5 and 6 provide information on domestic sales reported by Consoltex and Doubletex<sup>16</sup> and the estimated value of imports and duties paid between January 1, 2003, and September 30, 2005, for tariff item Nos. 5407.52.90, 5407.53.00, 5407.54.00 and 5407.61.99.

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16. Consoltex reported sales under each of the four tariff items, while Doubletex reported sales under tariff item Nos. 5407.52.90 and 5407.61.99.

<b>Table 3</b> <b>Tariff Item No. 5407.52.90</b>					
<b>Domestic Sales \$</b>	<b>Financial Significance %</b>	<b>Subject Imports \$</b>	<b>Duties Paid \$</b>	<b>Duty-free Imports as a % of Subject Imports</b>	<b>Effective Duty Rate %</b>
<b>Apparel Producers</b>					
>1,000,000	>1	37,848,000	2,152,000	58	6
<b>Apparel Plus</b>					
		55,133,000	4,513,000	40	8

<b>Table 4</b> <b>Tariff Item No. 5407.53.00</b>					
<b>Domestic Sales \$</b>	<b>Financial Significance %</b>	<b>Subject Imports \$</b>	<b>Duties Paid \$</b>	<b>Duty-free Imports as a % of Subject Imports</b>	<b>Effective Duty Rate %</b>
<b>Apparel Producers</b>					
>1,000,000	<1	2,167,000	116,000	61	5
<b>Apparel Plus</b>					
		3,702,000	308,000	36	8

<b>Table 5</b> <b>Tariff Item No. 5407.54.00</b>					
<b>Domestic Sales \$</b>	<b>Financial Significance %</b>	<b>Subject Imports \$</b>	<b>Duties Paid \$</b>	<b>Duty-free Imports as a % of Subject Imports</b>	<b>Effective Duty Rate %</b>
<b>Apparel Producers</b>					
>10,000	<1	2,504,000	297,000	5	12
<b>Apparel Plus</b>					
		7,146,000	633,000	34	9

<b>Domestic Sales \$</b>	<b>Financial Significance %</b>	<b>Subject Imports \$</b>	<b>Duties Paid \$</b>	<b>Duty-free Imports as a % of Subject Imports</b>	<b>Effective Duty Rate %</b>
<b>Apparel Producers</b>					
>1,000,000	<1	39,573,000	5,141,000	4	13
<b>Apparel Plus</b>					
		67,193,000	8,785,000	3	13

50. In total, over the period of inquiry, there were nearly \$10 million in domestic sales for fabrics classified under these four tariff items, with the majority of sales reported for tariff item No. 5407.52.90. A comparison of the value of domestic sales to the value of imports shows that, for these four tariff items, domestic sales were approximately 10 percent of imports. The value of duties paid for tariff item Nos. 5407.61.99 and 5407.52.90 was, respectively, the second and fourth highest of the 12 tariff items under investigation.

51. In Reference No. MN-2004-002, domestic sales were reported for the greige fabrics (tariff item No. 5407.51.90) used to produce the dyed and printed fabrics and the fabrics of yarns of different colours under the first three tariff items and, therefore, duties were maintained. In the case of tariff item No. 5407.61.99, there are no separate tariff items for unbleached, bleached, dyed and printed fabrics and fabrics of yarns of different colours, which are all classified under the tariff item itself.

52. The Tribunal has decided that these four tariff items should be assessed together. First, the dyed and printed fabrics and the fabrics of yarns of different colour (specifically cross-dyed) are part of an integrated chain of production and, therefore, need consistent tariff treatment. Since the equivalent greige fabrics are dutiable, eliminating the duties on any or all of these fabrics would create an anomalous situation and would negatively affect domestic production of all fabrics in the production chain. Second, the Tribunal is of the view that fabrics of textured polyester under the first three tariff items can compete in the marketplace with comparable fabrics of non-textured polyester under tariff item No. 5407.61.99. Therefore, eliminating the duties on fabrics under this latter tariff item would undermine the duty protection afforded the fabrics of textured polyester under the first three tariff items.

53. In making its recommendation on this grouping of fabrics, the Tribunal notes that it represents the second most significant level of domestic sales for all the tariff items under investigation. While the Tribunal acknowledges the significant value of duties paid by apparel producers and, therefore, the potential benefits of tariff relief, such benefits would be achieved at significant cost to Canadian textile manufacturers.

54. Several apparel producers claimed that faille, georgette, crepe de Chine, organza, chiffon, koshibo and peach skin fabrics classified under tariff item No. 5407.61.99 are not produced in Canada. Consoltex, the sole domestic producer of fabrics under this tariff item, acknowledged that it does not produce georgette, chiffon and crepe de Chine, but that it makes

“diaphanous” (transparent) fabrics from high-twist non-textured polyester filaments that, it claimed, compete with the fabrics named by apparel producers. Since these apparel producers did not provide detailed product descriptions of the fabrics in question, the Tribunal was not in a position to consider recommending duty-free entry for them. In this regard, the Tribunal proposes that apparel producers that wish to pursue the issue submit a request under the standing reference on textiles or follow the procedures in place at the Department of Finance.

55. In light of the foregoing, Tribunal recommends that the duties be maintained for tariff item Nos. 5407.52.90, 5407.53.00, 5407.54.00 and 5407.61.99.

#### **TARIFF ITEM NO. 5515.13.90**

56. The fabrics under this tariff item are described as other woven fabrics of polyester staple fibres, mixed mainly or solely with wool or fine animal hair.

57. Table 7 provides information on domestic sales reported by Victor and the estimated value of imports and duties paid between January 1, 2003, and September 30, 2005, for tariff item No. 5515.13.90.

<b>Table 7</b>					
<b>Tariff Item No. 5515.13.90</b>					
<b>Domestic Sales</b>	<b>Financial Significance</b>	<b>Subject Imports</b>	<b>Duties Paid</b>	<b>Duty-free Imports as a % of Subject Imports</b>	<b>Effective Duty Rate</b>
\$	%	\$	\$		%
<b>Apparel Producers</b>					
>100,000	<1	13,117,000	1,237,000	22	9
<b>Apparel Plus</b>					
		24,362,000	1,428,000	52	6

58. Over the period of inquiry, domestic sales significantly declined and, by the first three quarters of 2005, were very low. Victor reported sales for the last quarter of 2005 and January 2006. In total, over the period of inquiry, the value of domestic sales was minimal compared to the value of imports. The duties paid on imports under this tariff item were significant at over \$1.2 million. Victor also claimed imminent production of certain fabrics falling under this tariff item.

59. Several apparel producers, including Ballin Inc., Golden Brand Clothing (Canada) Ltd., Riviera Inc. and S. Cohen Inc., indicated that they import dyed fabrics consisting of polyester blended with wool, e.g. fabrics with 55 percent polyester and 45 percent wool, by weight. There are four tariff items in Chapter 51 (tariff item Nos. 5111.30.91, 5111.30.92, 5112.20.20 and 5112.30.21) under which dyed wool and polyester fabrics of mirror proportions can be classified, e.g. fabrics with 55 percent wool and 45 percent polyester, by weight. The first two tariff items are for carded fabrics and are dutiable, while the last two tariff items are for combed fabrics and are duty free. In Reference No. MN-2004-002, Victor reported sales of more than \$1 million of such carded wool fabrics during 2003-2004, the vast majority of which were for heavier fabrics weighing more than 300 g/m<sup>2</sup>.

60. Based on the information provided, the Tribunal considers that Victor's main focus is on the production of fabrics not covered by this tariff item.

61. Therefore, given the significant value of duties paid by apparel producers on imports under this tariff item, compared to the very low value of sales reported by Victor, the Tribunal considers that the potential benefits of tariff relief to apparel producers outweigh any potential costs to Victor.

62. In light of the foregoing, the Tribunal recommends that the duties be eliminated on the fabrics imported under tariff item No. 5515.13.90 for use in the manufacture of apparel. The following tariff structure reflects tariff relief.

<b>Proposed Tariff Structure</b>		
<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5515.13.91	----For use in the manufacture of apparel	No Duty
5515.13.99	----Other	Current Rate

#### **TARIFF ITEM NO. 5516.23.90**

63. The fabrics under this tariff item are described as woven fabrics of artificial staple fibres, containing less than 85% by weight of artificial staple fibres, mixed mainly or solely with man-made filaments, of yarns of different colours.

64. Table 8 provides information on domestic sales reported by Consoltex and Doubletex and the estimated value of imports and duties paid between January 1, 2003, and September 30, 2005, for tariff item No. 5516.23.90.

<b>Table 8 Tariff Item No. 5516.23.90</b>					
<b>Domestic Sales</b> \$	<b>Financial Significance</b> %	<b>Subject Imports</b> \$	<b>Duties Paid</b> \$	<b>Duty-free Imports as a % of Subject Imports</b>	<b>Effective Duty Rate</b> %
<b>Apparel Producers</b>					
>100,000	<1	1,281,000	167,000	5	13
<b>Apparel Plus</b>					
		2,209,000	234,000	3	11

65. The value of domestic sales of fabrics decreased dramatically over the period of inquiry. The value of imports under this tariff item is the lowest of the 12 tariff items under investigation. The low proportion of duty-free imports compared to the value of imports results in an effective duty rate of 13 percent.

66. The greige fabrics (tariff item No. 5516.21.99) that can be used to produce cross-dyed fabrics under this tariff item and the equivalent printed fabrics (tariff item No. 5516.24.90) are among those for which the Department of Finance has proposed the elimination of duties



because of limited domestic sales. The equivalent dyed fabrics (tariff item No. 5516.22.90) are dutiable and are not under review, by either the Tribunal or the Department of Finance. However, the Tribunal notes that, in Reference No. MN-2004-002, the value of domestic sales reported for tariff item No. 5516.22.90 during 2003-2004 was less than \$100,000.

67. In arriving at its recommendation for this tariff item, the Tribunal first notes that domestic sales were very low in the first three quarters of 2005. Further, the Tribunal is cognizant that the equivalent greige and printed fabrics may become duty free as part of the current Department of Finance initiative. As for the equivalent dyed fabrics, which are dutiable, the Tribunal notes the limited sales reported in Reference No. MN-2004-002 under this tariff item and is of the view that the potential duty savings for apparel producers outweigh the costs of any erosion of duty protection on dyed fabrics arising from the elimination of the duties on the apparel fabrics of yarns of different colours under tariff item No. 5516.23.90

68. In light of the foregoing, the Tribunal recommends that the duties be eliminated on the fabrics imported under tariff item No. 5516.23.90 for use in the manufacture of apparel. The following tariff structure reflects tariff relief.

<b>Proposed Tariff Structure</b>		
<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5516.23.91	----For use in the manufacture of apparel	No Duty
5516.23.99	----Other	Current Rate

#### **TARIFF ITEM NO. 5602.10.90**

69. The fabrics under this tariff item are described as needleloom felt and stitch-bonded fibre fabrics, whether or not impregnated, coated, covered or laminated.

70. Table 9 provides information on domestic sales reported by Doubletex, Matador Converters Co. Ltd. (Matador) and Texel Inc. and the estimated value of imports and duties paid between January 1, 2003, and September 30, 2005, for tariff item No. 5602.10.90.

<b>Table 9</b>					
<b>Tariff Item No. 5602.10.90</b>					
<b>Domestic Sales</b>	<b>Financial Significance</b>	<b>Subject Imports</b>	<b>Duties Paid</b>	<b>Duty-free Imports as a % of Subject Imports</b>	<b>Effective Duty Rate</b>
<b>\$</b>	<b>%</b>	<b>\$</b>	<b>\$</b>		<b>%</b>
<b>Apparel Producers</b>					
>1,000,000	>1	1,509,000	61,000	72	4
<b>Apparel Plus</b>					
		1,691,000	61,000	75	4

71. This is the only tariff item under investigation for which the value of domestic sales exceeded the value of imports over the period of inquiry. Moreover, the value of duties paid for this tariff item was the lowest among the 12 tariff items.

72. Needleloom felts falling under this tariff item are related to nonwovens of heading No. 56.03, which are dutiable for use in the manufacture of apparel, except for nonwovens made from filament and nonwovens made from staple fibres weighing less than 25 g/m<sup>2</sup>.

73. The Tribunal notes that none of the individual apparel producers that made submissions requested the elimination of duties for this tariff item. This may reflect the very high proportion of imports that are already duty free.

74. In light of the foregoing, the Tribunal recommends that the duties be maintained for tariff item No. 5602.10.90.

#### **TARIFF ITEM NO. 5603.92.90**

75. The fabrics under this tariff item are described as nonwovens, other than of man-made filaments, whether or not impregnated, coated, covered or laminated, weighing more than 25 g/m<sup>2</sup> but not more than 70 g/m<sup>2</sup>.

76. Table 10 provides information on domestic sales reported by Matador and the estimated value of imports and duties paid between January 1, 2003, and September 30, 2005, for tariff item No. 5603.92.90.

<b>Table 10</b>					
<b>Tariff Item No. 5603.92.90</b>					
<b>Domestic Sales</b>	<b>Financial Significance</b>	<b>Subject Imports</b>	<b>Duties Paid</b>	<b>Duty-free Imports as a % of Subject Imports</b>	<b>Effective Duty Rate</b>
\$	%	\$	\$		%
<b>Apparel Producers</b>					
>100,000	<1	4,234,000	258,000	52	6
<b>Apparel Plus</b>					
		5,274,000	361,000	48	7

77. Over the period of inquiry, the value of domestic sales compared to the value of imports was very low. The value of duties paid was more than \$250,000.

78. The equivalent nonwovens of lighter weights are duty free (tariff item No. 5603.91.40), while those of heavier weights are dutiable (tariff item Nos. 5603.93.90 and 5603.94.90). In Reference No. MN-2004-002, Matador reported significant domestic sales for the fabrics of heavier weights.

79. In the Tribunal's view, the main focus of Canadian textile manufacturers is on sales of the nonwovens of heavier weights, which are not substitutable for the nonwovens of lighter weights imported under this tariff item. Accordingly, the Tribunal considers that eliminating the duties on these nonwovens of lighter weights will not undermine the duty protection on the nonwovens of heavier weights.

80. In light of the foregoing, the Tribunal recommends that the duties be eliminated on the fabrics imported under tariff item No. 5603.92.90. The following tariff structure reflects tariff relief.

<b>Proposed Tariff Structure</b>		
<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5603.92.91	----For use in the manufacture of apparel	No Duty
5603.92.99	----Other	Current Rate

#### **TARIFF ITEM NO. 5903.90.29**

81. The fabrics under this tariff item are described as textile fabrics containing man-made fibres, impregnated, coated, covered or laminated with plastics, other than with poly (vinyl chloride) and polyurethane, other than those of heading No. 59.02.

82. Table 11 provides information on domestic sales reported by Barrday Inc. and Stedfast Inc. (Stedfast) and the estimated value of imports and duties paid between January 1, 2003, and September 30, 2005, for tariff item No. 5903.90.29.

<b>Table 11 Tariff Item No. 5903.90.29</b>					
<b>Domestic Sales</b>	<b>Financial Significance</b>	<b>Subject Imports</b>	<b>Duties Paid</b>	<b>Duty-free Imports as a % of Subject Imports</b>	<b>Effective Duty Rate</b>
<b>\$</b>	<b>%</b>	<b>\$</b>	<b>\$</b>		<b>%</b>
<b>Apparel Producers</b>					
>1,000,000	>10	45,846,000	879,000	83	2
<b>Apparel Plus</b>					
		51,148,000	1,058,000	83	2

83. The value of domestic sales of fabrics under this tariff item over the period of inquiry exceeded \$1 million by several fold. The value of imports was the third highest of the 12 tariff items under investigation. However, because of the very high proportion of duty-free imports, the effective duty rate on these imports is only 2 percent.

84. The Tribunal notes that similarly coated fabrics woven or knit from different fibres are dutiable (tariff item No. 5903.90.10), as are similar fabrics with different coatings (tariff item Nos. 5903.10.29 and 5903.20.29).

85. In view of the substantial level of domestic sales under this tariff item, the Tribunal is of the view that tariff relief could have a significant negative impact on Canadian textile manufacturers, while apparel manufacturers, which already enjoy virtual duty-free entry of fabrics under this tariff item, have less to gain.

86. CAF requested that, in the alternative to eliminating the duties entirely on this tariff item, the Tribunal restrict duty protection to fabrics for use in the manufacture of specialty and/or protective clothing. Stedfast argued that such an end-use provision would be difficult to enforce and that, in any event, its fabrics compete in all segments of the market. The Tribunal is of the view that such an end-use restriction would necessarily be subjective and could therefore be interpreted in a broad and inconsistent manner, making reliable enforcement unlikely.

87. Arc'teryx Equipment Inc. (Arc'teryx) requested tariff relief on certain Gore-Tex™ fabrics that fall under this tariff item. According to Arc'teryx, it now imports the bulk of these fabrics duty free from the United States. However, it claims that its supplier, W. L. Gore & Associates, is moving production offshore and that, by 2007, it will have to import these fabrics from Asia, and, as a result, face duties.

88. Stedfast provided evidence in its questionnaire response that it produces fabrics that are coated with expanded polytetrafluoroethylene (ePTFE), which is a similar porous membrane used in the manufacture of the Gore-Tex™ fabrics. Since the *Customs Tariff* does not permit the use of brand names or trademarks in tariff items, the Tribunal is not in a position to provide tariff relief only on Gore-Tex™ fabrics. In order to meet Arc'teryx's request, the Tribunal would need to provide tariff relief generically on fabrics coated with ePTFE. The Tribunal is of the view that the costs of such an action to Stedfast would outweigh the benefits to apparel producers.

89. In light of the foregoing, the Tribunal recommends that the duties be maintained for tariff item No. 5903.90.29.

#### **TARIFF ITEM NO. 6004.10.90**

90. The fabrics under this tariff item are described as knitted or crocheted fabrics of a width exceeding 30 cm, containing by weight 5% or more of elastomeric yarn but not containing rubber thread, other than those of heading No. 60.01.

91. Table 12 provides information on domestic sales or internal production of the apparel fabrics reported by 12 textile manufacturers (Hafner Inc., Tissus Knitrama Fabrics Inc., Kute Knit Manufacturing, Lucratex Inc., Manoir Inc., Meridian Knitting, Oratex Inc., Rentex Mills Inc., Roopa Sales and Trading Ltd., Sinatex (Canada) Inc., Tricots Canada U.S. Knitting Inc. and Tricots Liesse (1983) Inc.)<sup>17</sup> and the estimated value of imports and duties paid between January 1, 2003, and September 30, 2005, for tariff item No. 6004.10.90.

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17. Production and sales reported by Les Tricots Interlock Knit Canada Inc. were not taken into account, as descriptions for fabrics were not provided in sufficient detail.

<b>Domestic Sales \$</b>	<b>Financial Significance %</b>	<b>Subject Imports \$</b>	<b>Duties Paid \$</b>	<b>Duty-free Imports as a % of Subject Imports</b>	<b>Effective Duty Rate %</b>
<b>Apparel Producers</b>					
>1,000,000	>10	152,460,000	10,209,000	51	7
<b>Apparel Plus</b>					
		204,708,000	12,607,000	55	6

92. This tariff item had by far the greatest value of domestic sales, imports and duties paid of all the tariff items under investigation. The value of domestic sales amounted to more than \$100 million over the period of inquiry and was significant compared to more than \$150 million in imports.

93. Despite the significant value of duties involved, there were few submissions from individual apparel producers with respect to fabrics under this tariff item.

94. On the basis of the questionnaire responses of Canadian textile manufacturers, there is significant production of a wide range of knit fabrics in Canada. Based on the information provided, Tribunal staff prepared a draft tariff structure that provided duty protection for 32 distinct fabric categories (see Appendix IV). In the Tribunal's view, such a structure is clearly impractical and would simply create an incentive for importers to search for fabrics outside the "tariff boxes", thereby posing a risk that existing domestic production and sales would be lost to duty-free fabrics.

95. Although it is possible that, in some cases, Canadian textile manufactures do not have the ability to serve the needs of Canadian apparel producers for specific fabrics, no information was provided by the apparel industry to allow the Tribunal to recommend tariff relief for such fabrics. The Tribunal is of the view that a case-by-case examination through the standing reference on textiles or action by the Department of Finance would be the appropriate mechanism for any requests for tariff relief under this tariff item.

96. In light of the foregoing, the Tribunal recommends that the duties be maintained for tariff item No. 6004.10.90.

## **CONCLUSION**

97. As reflected earlier, the Tribunal recommends that the duties be maintained for tariff item Nos. 5210.41.00, 5407.52.90, 5407.53.00, 5407.54.00, 5407.61.99, 5602.10.90, 5903.90.29 and 6004.10.90 and that the duties be eliminated for tariff item Nos. 5112.19.91, 5515.13.90, 5516.23.90 and 5603.92.90. Duties paid by apparel producers on imports of fabrics under the

latter group of tariff items amounted to approximately \$5 million between January 1, 2003, and September 30, 2005. Domestic sales of fabrics reported by textile manufacturers for these four tariff items were less than \$1 million over the same period. Under the eight tariff items where the Tribunal recommends retention of duties, domestic sales of fabrics amounted to more than \$134 million over the inquiry period. Duties paid by apparel producers on imports of these fabrics were \$19 million.



## APPENDIX I

## TERMS OF REFERENCE

October 27, 2005

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

Dear Mr. Gosselin:

Pursuant to the reference authority provided under Section 19 of the *Canadian International Trade Tribunal Act*, I am writing to direct the Canadian International Trade Tribunal (the Tribunal) to inquire into and report on the availability from Canadian production of apparel fabrics classified under certain specified tariff items in the *Customs Tariff*.

In December 2004, the Government of Canada announced a number of measures designed to assist the Canadian textile and apparel industries. One of these measures involved the elimination of the tariffs on fibres and yarns and on fabrics used in the production of apparel, effective January 1, 2005. It was also announced that the tariff relief would be focused on products not made in Canada, in order to minimize any adverse effects on domestic textile producers.

To effectively implement this commitment, I directed the Tribunal, by reference, to inquire into and report on the availability of fibres, yarns and apparel fabrics produced in Canada and to propose a tariff structure that reflects their availability. In the case of fabrics, it was anticipated that the resulting tariff structure would include new eight-digit tariff item numbers with specific product descriptions for fabrics produced in Canada.

Pursuant to this reference, on June 30, 2005 the Tribunal released its *Report on the Production in Canada of Certain Fibres, Yarns and Apparel Fabrics*. Unfortunately, the Tribunal did not receive sufficiently detailed production information during the course of the inquiry to enable it to make tariff relief recommendations on a number of tariff items that contain a wide variety of products.

The purpose of this present inquiry is to identify Canadian production of fabrics used in apparel production that would be classified under a limited number of these tariff items. The government's objective is to retain duties only on those fabrics that the Tribunal determines are produced in Canada and sold to Canadian apparel producers and for which the Tribunal provides detailed product descriptions and associated new eight-digit tariff item numbers.

The tariff items chosen for review are important to Canadian apparel producers and exhibit either a low ratio of domestic production to dutiable imports or a very significant level of dutiable imports. In either case, the opportunity to provide further tariff relief should be substantial.



The final report of the inquiry shall be submitted within six months of the receipt of the reference by the Tribunal. Given the complexity of the inquiry and the need to clearly identify detailed Canadian textile production, the Tribunal may, as it considers appropriate, hold public hearings.

The Tribunal is directed to:

- a. Identify domestically produced fabrics which would be classified under the tariff items identified in Table 1 (attached) that have been sold to domestic apparel producers or used in the internal production of apparel since January 1, 2003<sup>1</sup>;
- b. Propose detailed product descriptions of the fabrics so identified and new eight-digit tariff item numbers for their classification in the List of Provisions set out in the Schedule to the *Customs Tariff* to allow for the maintenance of duties only on these fabrics and to distinguish them from fabrics not produced in Canada, which would be classified under related residual “other” provisions at a free rate of duty; and
- c. Estimate the total value of the fabrics sold or, where applicable, the total value of the fabrics produced for the internal production of apparel, as identified in (a) above, for each of the new eight-digit tariff items and the significance of these amounts to domestic textile manufacturers.

The Tribunal is also directed to report on any other matter that it determines to be of relevance to this inquiry.

Yours sincerely,

Ralph Goodale

Attachment

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1. In exceptional circumstances, the Tribunal may consider fabric sales or evidence of internal production since January 1, 2002

**TABLE I**

**Tariff Items**

5112.19.91  
5210.41.00  
5407.52.90  
5407.53.00  
5407.54.00  
5407.61.99  
5515.13.90  
5516.23.90  
5602.10.90  
5603.92.90  
5903.90.29  
6004.10.90

## APPENDIX II

## REVISED TERMS OF REFERENCE

November 23, 2005

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

Dear Mr. Gosselin:

I am writing pursuant to the reference authority provided under Section 19 of the *Canadian International Trade Tribunal Act*, to provide further guidance respecting my request to the Tribunal of October 27, 2005, for an inquiry into the availability of certain fabrics from Canadian production.

In my October 27<sup>th</sup> letter, I directed the Tribunal to:

- a) *Identify domestically produced fabrics which would be classified under the tariff items identified in Table I (attached) that have been sold to domestic apparel producers or used in the internal production of apparel since January 1, 2003<sup>1</sup>;*
- b) *Propose detailed product descriptions of the fabrics so identified and new eight-digit tariff item numbers for their classification in the List of Provisions set out in the Schedule to the Customs Tariff to allow for the maintenance of duties only on these fabrics and to distinguish them from fabrics not produced in Canada, which would be classified under related residual "other" provisions at a free rate of duty; and*
- c) *Estimate the total value of the fabrics sold or, where applicable, the total value of the fabrics produced for the internal production of apparel, as identified in (a) above, for each of the new eight-digit tariff items and the significance of these amounts to domestic textile manufacturers.*

With this letter, I am writing to further direct the Tribunal, where appropriate, in identifying new eight-digit tariff items pursuant to paragraphs a) through c) above, to ensure that the scope of the product descriptions reflects market realities by considering the nature of the competition between products in the marketplace and the imminent production of any fabric.

Yours sincerely,

Ralph Goodale

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1. In exceptional circumstances, the Tribunal may consider fabric sales or evidence of internal production since January 1, 2002

## APPENDIX III

## TEXTILE MANUFACTURERS SURVEYED AND STATUS

Company Name	Status
Barrday Inc.	yes
Canada Hair Cloth Company	yes
Consoltex Inc.	yes
Con-Trade Textiles Inc.	no
De Ball Canada Limited	DNR
Doubletex Inc.	yes
Fraser & Kirkbright Weaving Co. Ltd.	DNR
Gentry Knitting Mills Limited	no
Great Lakes Knitting Mills	DNR
Hafner Inc.	yes
Kute Knit Manufacturing	yes
Les Lainages Victor Ltée	yes
Les Tricots Interlock Knit Canada Inc.	yes
Lincoln Fabrics Ltd.	DNR
Lucratex Inc.	yes
Manoir Inc.	yes
Matador Converters Co. Ltd.	yes
Meridian Knitting	yes
Monterey Textiles 1996 Inc.	DNR
Oratex Inc.	yes
PGI/DIFCO Performance Fabrics Inc.	no
Rentex Mills Inc.	yes
Roopa Sales and Trading Ltd.	yes
Sinatex (Canada) Inc.	yes
Stedfast Inc.	yes
Texel Inc.	yes
Tissus Knitrama Fabrics Inc.	yes
Tricots Canada U.S. Knitting Inc.	yes
Tricots Liesse (1983) Inc.	yes
Tricots Taxitex Knitting Inc.	DNR
Tri-Star Textiles Ltd.	DNR

Notes:

“yes” denotes an active manufacturer of subject apparel fabrics.  
“no” indicates no activity as a manufacturer of subject apparel fabrics.  
“DNR” indicates that the manufacturer did not reply to the Producers’ Questionnaire.

## APPENDIX IV

## TARIFF ITEM DESCRIPTIONS FROM TRIBUNAL STAFF REPORT

**Tariff Item 5112.19.91** Woven fabrics of combed wool or of combed fine animal hair, containing 85% or more by weight of wool or of fine animal hair, of a weight exceeding 200 g/m<sup>2</sup> but not exceeding 300 g/m<sup>2</sup>.

New Tariff Item	New Tariff Description	Tariff Treatment
5112.19.93	----Solely of combed wool, twill weave, multiple (folded) or cabled yarn, of a weight not exceeding 300 g/m <sup>2</sup>	Current rate
5112.19.98	----Other, of a weight not exceeding 300 g/m <sup>2</sup> , for use in the manufacture of apparel	No duty
5112.19.99	----Other, of a weight not exceeding 300 g/m <sup>2</sup>	Current rate

**Tariff Item 5210.41.00** Plain weave 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<sup>2</sup>, of yarns of different colours.

New Tariff Item	New Tariff Description	Tariff Treatment
5210.41.10	---Plain weave fabrics of carded cotton, containing 55% or more by weight of carded cotton, mixed solely with polyester filaments, weighing 135 g/m <sup>2</sup> or more but not exceeding 155 g/m <sup>2</sup> , of yarns of different colours	Current rate
5210.41.20	---Plain weave fabrics of carded cotton, containing 55% or more by weight of carded cotton, mixed solely with polyester staple fibres, weighing 150 g/m <sup>2</sup> or more but not exceeding 190 g/m <sup>2</sup> , of yarns of different colours	Current rate
5210.41.30	---Plain weave fabrics of carded cotton, containing 51% or more by weight of carded cotton, mixed solely with polyester staple fibres and polyester filaments, weighing 110 g/m <sup>2</sup> or more but not exceeding 180 g/m <sup>2</sup> , of yarns of different colours	Current rate
5210.41.40	---Plain weave fabric of carded cotton, mixed with viscose, polyester and goat hair, weighing 170 g/m <sup>2</sup> or more but not exceeding 190 g/m <sup>2</sup> , for use in the manufacture of interlining and under collar products for suits and caps, of yarns of different colours	Current rate
5210.41.50	---Plain weave fabrics of carded cotton, containing 51% or more by weight of carded cotton, mixed solely with polyester filament or viscose staple fibres, weighing 110 g/m <sup>2</sup> or more but not exceeding 160 g/m <sup>2</sup> , for use in the manufacture of interlining and under collar products for suits and caps, of yarns of different colours	Current rate
5210.41.60	---Other, for use in the manufacture of apparel	No duty
5210.41.90	---Other	Current rate

**Tariff Item 5407.52.90** Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading No. 54.04, containing 85% or more by weight of textured polyester filaments, dyed.

<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5407.52.10	---Woven fabrics solely of textured polyester filaments, measuring 70 decitex or more but not exceeding 400 decitex or measuring 465 decitex or more but not exceeding 520 decitex or measuring 680 decitex or more but not exceeding 760 decitex per single yarn, of a weight of 55 g/m <sup>2</sup> or more but not exceeding 335 g/m <sup>2</sup>	Current rate
5407.52.20	---Woven fabrics, containing 90% or more by weight of textured polyester filaments mixed solely with viscose, measuring 140 decitex or more but not exceeding 195 decitex per single yarn, of a weight of 150 g/m <sup>2</sup> or more but not exceeding 215 g/m <sup>2</sup>	Current rate
5407.52.30	---Woven fabrics, containing 90% or more by weight of textured polyester filaments mixed solely with spandex, measuring 40 decitex or more but not exceeding 225 decitex per single yarn, of a weight of 150 g/m <sup>2</sup> or more but not exceeding 200 g/m <sup>2</sup>	Current rate
5407.52.40	---Woven fabrics, containing 95% or more by weight of textured polyester filaments mixed solely with carbon, measuring 85 decitex or more but not exceeding 95 decitex per single yarn, of a weight of 95 g/m <sup>2</sup> or more but not exceeding 105 g/m <sup>2</sup>	Current rate
5407.52.50	---Other, for use in the manufacture of apparel	No duty
5407.52.90	---Other	Current rate

**Tariff Item 5407.53.00** Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading No. 54.04, containing 85% or more by weight of textured polyester filaments, of yarns of different colours.

<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5407.53.10	---Woven fabrics solely of textured polyester filaments, measuring 70 decitex or more but not exceeding 395 decitex per single yarn, of a weight of 85 g/m <sup>2</sup> or more but not exceeding 220 g/m <sup>2</sup>	Current rate
5407.53.20	---Woven fabrics, containing 90% or more by weight of textured polyester filaments mixed solely with viscose, measuring 140 decitex or more but not exceeding 525 decitex per single yarn, of a weight of 130 g/m <sup>2</sup> or more but not exceeding 230 g/m <sup>2</sup>	Current rate

<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5407.53.30	---Woven fabrics, containing 90% or more by weight of textured polyester filaments mixed solely with spandex, measuring 315 decitex or more but not exceeding 350 decitex per single yarn, of a weight of 155 g/m <sup>2</sup> or more but not exceeding 250 g/m <sup>2</sup>	Current rate
5407.53.40	---Woven fabrics, containing 95% or more by weight of textured polyester filaments mixed solely with carbon, measuring 70 decitex or more but not exceeding 200 decitex per single yarn, of a weight of 90 g/m <sup>2</sup> or more but not exceeding 135 g/m <sup>2</sup>	Current rate
5407.53.50	---Other, for use in the manufacture of apparel	No duty
5407.53.90	---Other	Current rate

**Tariff Item 5407.54.00** Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading No. 54.04, containing 85% or more by weight of textured polyester filaments, printed.

<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5407.54.10	---Woven fabrics, solely of textured polyester filaments, measuring 70 decitex or more but not exceeding 195 decitex per single yarn, of a weight of 30 g/m <sup>2</sup> or more but not exceeding 195 g/m <sup>2</sup>	Current rate
5407.54.20	---Other, for use in the manufacture of apparel	No duty
5407.54.90	---Other	Current rate

**Tariff Item 5407.61.99** Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading No. 54.04, containing 85% or more by weight of non-textured polyester filaments.

<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5407.61.a	----Solely of non-textured polyester filaments, measuring 75 decitex or more but not exceeding 225 decitex, of a weight of 45 g/m <sup>2</sup> or more but not exceeding 170 g/m <sup>2</sup>	Current rate
5407.61.b	----Plain weave, containing 85% or more by weight of non-textured polyester filaments mixed solely with non-textured polyester staple fibres, measuring 80 decitex or more but not exceeding 835 decitex per single yarn, of a weight of 80 g/m <sup>2</sup> or more but not exceeding 95 g/m <sup>2</sup>	Current rate
5407.61.XX	----Other, for use in the manufacture of apparel	No duty
(5407.61.99) Retains the same number	----Other	Current rate

**Tariff Item 5515.13.90** Other woven fabrics of polyester staple fibres, mixed mainly or solely with wool or fine animal hair.

<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5515.13.91	----Containing 50% or more by weight of polyester staple fibres, 40% or more by weight of wool and 3% or more by weight of spandex, twill weave, multiple (folded) or cabled yarn, of a weight of 230 g/m <sup>2</sup> or more but not exceeding 305 g/m <sup>2</sup>	Current rate
5515.13.92	----Containing 50% or more by weight of polyester staple fibres mixed solely with wool, plain weave, multiple (folded) or cabled yarn, of a weight of 190 g/m <sup>2</sup> or more but not exceeding 215 g/m <sup>2</sup>	Current rate
5515.13.93	----Containing 65% or more by weight of polyester staple fibres mixed solely with wool, multiple (folded) or cabled yarn, of a weight of 175 g/m <sup>2</sup> or more but not exceeding 280 g/m <sup>2</sup>	Current rate
5515.13.94	----Other, for use in the manufacture of apparel	No duty
5515.13.99	----Other	Current rate

**Tariff Item 5516.23.90** Woven fabrics of artificial staple fibres, containing less than 85% by weight of artificial staple fibres, mixed mainly or solely with man-made filaments, of yarns of different colours.

<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5516.23.91	----Woven fabric of rayon staple fibres mixed solely with polyester filaments, containing 50% or more by weight of rayon staple fibres and 30% or more by weight of polyester filaments, of a weight of 100 g/m <sup>2</sup> or more but not exceeding 235 g/m <sup>2</sup>	Current rate
5516.23.92	----Woven fabric of rayon staple fibres mixed solely with polyester fibres, containing 60% or more by weight of rayon staple fibres, 3% or more by weight of polyester staple fibres and 15% or more by weight of polyester filaments, of a weight of 170 g/m <sup>2</sup> or more but not exceeding 225 g/m <sup>2</sup>	Current rate
5516.23.93	----Woven fabric of rayon staple fibres mixed solely with polyester fibres, containing 25% or more by weight of rayon staple fibres, 15% or more but not more than 33% by weight of polyester staple fibres and 30% or more by weight of polyester filaments, of a weight of 150 g/m <sup>2</sup> or more but not exceeding 240 g/m <sup>2</sup>	Current rate
5516.23.94	----Woven fabric of rayon staple fibres mixed solely with polyester filaments and spandex, containing 50% or more by weight of rayon staple fibres, 40% or more by weight of polyester filaments and 1% or more by weight of spandex, of a weight of 135 g/m <sup>2</sup> or more but not exceeding 225 g/m <sup>2</sup>	Current rate
5516.23.95	----Other, for use in the manufacture of apparel	No duty
5516.23.99	----Other	Current rate



**Tariff Item 5602.10.90** Needleloom felt and stitch-bonded fibre fabrics, whether or not impregnated, coated, covered or laminated.

<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5602.10.91	----Solely of polyester, including polyethylene terephthalate or mixed solely with viscose, weighing more than 50 g/m <sup>2</sup> but not more than 625 g/m <sup>2</sup>	Current rate
5602.10.92	----Of aramids, weighing more than 75 g/m <sup>2</sup> but not more than 245 g/m <sup>2</sup> or weighing more than 450 g/m <sup>2</sup> but not more than 500 g/m <sup>2</sup>	Current rate
5602.10.93	----Containing 45% or more by weight of polyacrylonitrile and 45% or more by weight of aramids and not containing any other fibre, weighing more than 450 g/m <sup>2</sup> but not more than 500 g/m <sup>2</sup>	Current rate
5602.10.94	----Other, for use in the manufacture of apparel	No duty
5602.10.99	----Other	Current rate

**Tariff Item 5603.92.90** Nonwovens, other than of man-made filaments, whether or not impregnated, coated, covered or laminated, weighing more than 25 g/m<sup>2</sup> but not more than 70 g/m<sup>2</sup>.

<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5603.92.91	----Of polyester staple fibres and an acrylic binder, weighing more than 45 g/m <sup>2</sup> , for use as interfacing, interfacing padding or insulation in the manufacture of apparel	Current rate
5603.92.92	----Other, for use in the manufacture of apparel	No duty
5603.92.99	----Other	Current rate

**Tariff Item 5903.90.29** Textile fabrics, containing man-made fibres, impregnated, coated, covered or laminated with plastics other than with poly(vinyl chloride) and polyurethane, other than those of heading No. 59.02.

<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5903.90.a	----Fabric, consisting of 3 layers, of nylon or nylon and polyester filaments, coated, covered or laminated with a polyamide or polytetrafluoroethylene, weighing 190 g/m <sup>2</sup> or more but not exceeding 235 g/m <sup>2</sup>	Current rate
5903.90.b	----Fabric, consisting of 3 layers, solely of aramid staple fibres, coated, covered or laminated with a polytetrafluoroethylene, weighing 190 g/m <sup>2</sup> or more but not exceeding 240 g/m <sup>2</sup>	Current rate
5903.90.c	----Woven fabric, containing 93% or more by weight of aramid staple fibres and containing 1% or more by weight of carbon and not containing any other fibre, coated, covered or laminated with a polytetrafluoroethylene, weighing 200 g/m <sup>2</sup> or more but not exceeding 240 g/m <sup>2</sup>	Current rate

<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
5903.90.d	----Woven fabric solely of aramid filaments or solely of polyethylene filaments, coated, covered or laminated with a thermo plastic, weighing 100 g/m <sup>2</sup> or more but not exceeding 1500 g/m <sup>2</sup>	Current rate
5903.90.XX	----Other, for use in the manufacture of apparel	No duty
5903.90.XX	----Other	Current rate

**Tariff Item 6004.10.90** Knitted or crocheted fabrics of a width exceeding 30 cm, containing by weight 5% or more of elastomeric yarn but not containing rubber thread, other than those of heading No. 60.01.

<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
6004.10.a	----Warp knit fabrics, solely of nylon and spandex, containing 50% or more by weight of nylon, measuring 20 decitex or more but not exceeding 495 decitex per single yarn, of a weight of 60 g/m <sup>2</sup> but not exceeding 370 g/m <sup>2</sup>	Current rate
6004.10.b	----Warp knit fabrics, solely of nylon, polyester and spandex, measuring 35 decitex or more but not exceeding 165 decitex per single yarn, of a weight of 170 g/m <sup>2</sup> but not exceeding 215 g/m <sup>2</sup>	Current rate
6004.10.c	----Warp knit fabrics, solely of polyester and spandex, containing 75% or more by weight of polyester, measuring 20 decitex or more but not exceeding 180 decitex per single yarn, of a weight of 160 g/m <sup>2</sup> but not exceeding 445 g/m <sup>2</sup>	Current rate
6004.10.d	----Warp knit fabrics, solely of acetate, nylon and spandex, containing 65% or more by weight of acetate, measuring 40 decitex or more but not exceeding 65 decitex per single yarn, of a weight of 295 g/m <sup>2</sup> but not exceeding 330 g/m <sup>2</sup>	Current rate
6004.10.e	----Weft knit fabrics, solely of carded cotton and spandex, containing 75% or more by weight of carded cotton, measuring 345 decitex or less per single yarn, weighing 135 g/m <sup>2</sup> or more but not exceeding 555 g/m <sup>2</sup>	Current rate
6004.10.f	----Weft knit fabrics, solely of combed cotton and spandex, containing 85% or more by weight of combed cotton, measuring 310 decitex or less per single yarn, weighing 130 g/m <sup>2</sup> or more but not exceeding 390 g/m <sup>2</sup>	Current rate
6004.10.g	----Weft knit fabrics, solely of rayon, nylon, polyester and spandex, containing 40% or more by weight of rayon and containing 40% or more by weight of nylon	Current rate
6004.10.h	----Weft knit fabrics, solely of rayon and spandex, containing 85% or more by weight of rayon, measuring 210 decitex or less per single yarn, weighing 140 g/m <sup>2</sup> or more but not exceeding 425 g/m <sup>2</sup>	Current rate

New Tariff Item	New Tariff Description	Tariff Treatment
6004.10.i	----Weft knit fabrics, solely of nylon and spandex, containing 65% or more by weight of nylon, measuring 200 decitex or less per single yarn, weighing 110g/m <sup>2</sup> or more but not exceeding 540 g/m <sup>2</sup>	Current rate
6004.10.j	----Weft knit fabrics, solely of polyester and spandex, containing 75% or more by weight of polyester, measuring 350 decitex or less per single yarn, weighing 120 g/m <sup>3</sup> or more but not exceeding 475 g/m <sup>2</sup>	Current rate
6004.10.k	----Weft knit fabrics, solely of nylon, polyester and spandex, measuring 175 decitex or less per single yarn, weighing 120 g/m <sup>2</sup> or more but not exceeding 465 g/m <sup>2</sup>	Current rate
6004.10.l	----Weft knit fabrics, solely of polyester, cotton and spandex, measuring 350 decitex or less per single yarn, weighing 150 g/m <sup>2</sup> or more but not exceeding 555 g/m <sup>2</sup>	Current rate
6004.10.m	----Weft knit fabrics, solely of viscose and spandex, containing 85% or more by weight of viscose, measuring 210 decitex or less per single yarn, weighing 210 g/m <sup>2</sup> or more but not exceeding 325 g/m <sup>2</sup>	Current rate
6004.10.n	----Weft knit fabrics, solely of nylon, metallic yarn and spandex, containing 50% or more by weight of nylon, measuring 165 decitex or less per single yarn, weighing 185 g/m <sup>2</sup> or more but not exceeding 345 g/m <sup>2</sup>	Current rate
6004.10.o	----Weft knit fabrics, solely of rayon, cotton, polyester and spandex, containing 25% or more by weight of rayon, containing 25% or more by weight of cotton and containing 10% or more by weight of polyester, measuring 210 decitex or less per single yarn, weighing 125 g/m <sup>2</sup> or more but not exceeding 315 g/m <sup>2</sup>	Current rate
6004.10.p	----Weft knit fabrics, solely of polyester, rayon and spandex, measuring 210 decitex or less per single yarn, weighing 155 g/m <sup>2</sup> or more but not exceeding 360 g/m <sup>2</sup>	Current rate
6004.10.q	----Weft knit fabrics, solely of acetate and spandex, containing 80% or more by weight of acetate, measuring 190 decitex or less per single yarn, weighing 110 g/m <sup>2</sup> or more but not exceeding 540 g/m <sup>2</sup>	Current rate
6004.10.r	----Weft knit fabrics, solely of lyocell and spandex, containing 80% or more by weight of lyocell, measuring 210 decitex or less per single yarn, weighing 210 g/m <sup>2</sup> or more but not exceeding 430 g/m <sup>2</sup>	Current rate
6004.10.s	----Weft knit fabrics, solely of rayon, cotton and spandex, containing 40% or more by weight of rayon, measuring 210 decitex or less per single yarn, weighing 155 g/m <sup>2</sup> or more but not exceeding 415 g/m <sup>2</sup>	Current rate

<b>New Tariff Item</b>	<b>New Tariff Description</b>	<b>Tariff Treatment</b>
6004.10.t	----Weft knit fabrics, solely of nylon, cotton and spandex, measuring 210 decitex or less per single yarn, weighing 110 g/m <sup>2</sup> or more but not exceeding 430 g/m <sup>2</sup>	Current rate
6004.10.u	----Weft knit fabrics, solely of bamboo, cotton and spandex, containing 60% or more by weight of bamboo	Current rate
6004.10.v	----Weft knit fabrics, solely of acetate, nylon and spandex, containing 55% or more by weight of acetate	Current rate
6004.10.w	----Weft knit fabrics, solely of polyester, metallic yarn and spandex containing 25% or more by weight of metallic yarn	Current rate
6004.10.x	----Weft knit fabrics, solely of viscose, metallic yarn and spandex, containing 25% or more by weight of metallic yarn	Current rate
6004.10.y	----Weft knit fabrics, solely of nylon, rayon, cotton and spandex, containing 25% or more by weight of nylon, containing 25% or more by weight of rayon and containing 25% or more by weight of cotton	Current rate
6004.10.z	----Weft knit fabrics, solely of viscose, nylon and spandex, containing 65% or more by weight of viscose, measuring 210 decitex or less per single yarn, weighing 145 g/m <sup>2</sup> or more but not exceeding 380 g/m <sup>2</sup>	Current rate
6004.10.aa	----Weft knit fabrics, solely of cotton, flax (linen) and spandex, containing 25% or more by weight of flax (linen)	Current rate
6004.10.bb	----Warp knit fabrics, solely of aramid and spandex, containing 85% or more by weight of aramid, measuring 50 decitex or less per single yarn, weighing 190 g/m <sup>2</sup> or more but not exceeding 210 g/m <sup>2</sup>	Current rate
6004.10.cc	----Weft knit fabrics, solely of cotton, soya and spandex, containing 40% or more by weight of soya	Current rate
6004.10.dd	----Weft knit fabrics, solely of bamboo and spandex, containing 85% or more by weight of bamboo	Current rate
6004.10.ee	----Weft knit fabrics, solely of rayon, wool, polyester and spandex	Current rate
6004.10.ff	----Weft knit fabrics, solely of combed cotton, rayon, lyocell and spandex	Current rate
6004.10.XX	----Other, for use in the manufacture of apparel	No duty
6004.10.XX	----Other	Current rate

**APPENDIX V****RESPONDING ASSOCIATIONS AND FIRMS****ASSOCIATIONS AND FIRMS THAT FILED SUBMISSIONS**

Arc'teryx Equipment Inc.  
Better Half Fashions Div. Of Whiz Fashions Ltd.  
Canadian Apparel Federation  
Canadian Textiles Institute  
Cardinal Clothes Inc.  
Consoltex Inc.  
Ellen-Stacey Fashions a Div. Of Mared Manufacturing Ltd.  
Hafner Inc.  
Les Lainages Victor Ltée  
Lori Michael's Mfg.  
MDR Fusing & Interlining Inc.  
Picadilly Fashions  
Sterling Intimates Group  
Toujours Éléphant, Div. Of 1287454 Ontario Limited  
Tricots Liesse (1983) Inc.

**ASSOCIATIONS AND FIRMS THAT FILED REPLY SUBMISSIONS**

Canadian Apparel Federation  
Canadian Textiles Institute  
Consoltex Inc.  
Hafner Inc.  
Rentex Mills Inc.  
Stedfast Inc.

## APPENDIX VI

## SUMMARY OF DOMESTIC SALES AND IMPORTS OF APPAREL FABRICS

January 1, 2003, to September 30, 2005						
Tariff Item	Domestic Sales <sup>1</sup> \$	Financial Significance %	Value of Total Imports <sup>2</sup> \$	Duty-free Imports as % of Total Imports	Duties Paid <sup>2</sup> \$	Effective Duty Rate %
<b>Apparel Producers Only<sup>3</sup></b>						
5112.19.91	Imminent	Imminent	60,555,000	38	3,299,000	5
5210.41.00	>1,000,000	<1	3,133,000	56	194,000	6
5407.52.90	>1,000,000	>1	37,848,000	58	2,152,000	6
5407.53.00	>1,000,000	<1	2,167,000	61	116,000	5
5407.54.00	>10,000	<1	2,504,000	5	297,000	12
5407.61.99	>1,000,000	<1	39,573,000	4	5,141,000	13
5515.13.90	>100,000	<1	13,117,000	22	1,237,000	9
5516.23.90	>100,000	<1	1,281,000	5	167,000	13
5602.10.90	>1,000,000	>1	1,509,000	72	61,000	4
5603.92.90	>100,000	<1	4,234,000	52	258,000	6
5903.90.29	>1,000,000	>10	45,846,000	83	879,000	2
6004.10.90 <sup>4</sup>	>1,000,000	>10	152,460,000	51	10,209,000	7
<b>Total</b>	<b>134,913,000</b>	<b>&gt;1</b>	<b>364,227,000</b>	<b>47</b>	<b>24,010,000</b>	<b>7</b>
<b>Apparel Plus<sup>5</sup></b>						
5112.19.91	Imminent	Imminent	71,611,000	43	3,613,000	5
5210.41.00	>1,000,000	<1	3,269,000	54	213,000	7
5407.52.90	>1,000,000	>1	55,133,000	40	4,513,000	8
5407.53.00	>1,000,000	<1	3,702,000	36	308,000	8
5407.54.00	>10,000	<1	7,146,000	34	633,000	9
5407.61.99	>1,000,000	<1	67,193,000	3	8,785,000	13
5515.13.90	>100,000	<1	24,362,000	52	1,428,000	6
5516.23.90	>100,000	<1	2,209,000	3	234,000	11
5602.10.90	>1,000,000	>1	1,691,000	75	61,000	4
5603.92.90	>100,000	<1	5,274,000	48	361,000	7
5903.90.29	>1,000,000	>10	51,148,000	83	1,058,000	2
6004.10.90 <sup>4</sup>	>1,000,000	>10	204,708,000	55	12,607,000	6
<b>Total</b>	<b>134,913,000</b>	<b>&gt;1</b>	<b>497,446,000</b>	<b>47</b>	<b>33,814,000</b>	<b>7</b>
Notes:						
1. Replies to Tribunal's questionnaires.						
2. Statistics Canada data.						
3. "Apparel Producers" are importers that have a North American Industry Classification System (NAICS) code of 315 - Apparel Manufacturing - and importers that were identified as apparel producers by Tribunal staff through CAF's Apparel Directory and Directory of Suppliers to the Apparel Industry, as well as other sources, including the Internet.						
4. Includes value of internal production of apparel fabrics.						
5. "Apparel Plus" includes the imports estimated for "Apparel Producers Only", plus imports by those domestic textile producers and wholesalers/distributors identified by Tribunal staff as being involved, respectively, in manufacturing or importing fabrics for apparel production.						

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