

TEXTILE REFERENCE

ANNUAL STATUS REPORT

**OCTOBER 1, 1996,
TO
SEPTEMBER 30, 1997**

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INTRODUCTION

On July 6, 1994, the Minister of Finance (the Minister) directed the Canadian International Trade Tribunal (the Tribunal) to conduct investigations into requests from Canadian producers for tariff relief on imported textile inputs that they use in their manufacturing operations. On March 20, 1996, following consultations with industry officials and after having reviewed the Tribunal's first annual status report, the Minister revised the terms governing the textile reference. In addition, on July 24, 1996, the Minister further revised the terms of reference by removing certain knitting yarns from the purview of the textile reference. The changes arising from the revised terms of reference were described in last year's Textile Reference Annual Status Report (October 1, 1995, to September 30, 1996).

At the end of October 1996, the Tribunal amended the *Textile Reference Guide* to reflect the revised terms of reference, as well as the result of consultations with its stakeholders, and implemented new administrative procedures concerning the notification of requests, the treatment of samples submitted by parties and the filing of submissions or evidence after the specified dates. Tribunal questionnaires were also subject to minor modifications.

On November 26, 1997, the Minister modified the terms of reference (see Appendix IV) to delete the reference to company-specific relief as a viable option in future requests for tariff relief, except with respect to requests for relief on textile inputs used in the manufacture of women's swimsuits, co-ordinated beachwear and co-ordinated accessories.

During the period covered by this report, i.e. October 1, 1996, to September 30, 1997, the Tribunal received 17 requests for tariff relief, 3 fewer than for the comparable period in 1995-96. The relatively low number of requests, combined with the commitment of sufficient resources to the program, enabled the Tribunal to dispose of most of the backlog of cases that existed at the beginning of the period of this report. At the end of the period, new procedures were put in place for the review of recommendations for tariff relief that were time-specific and scheduled to expire in 1998 and 1999.

During the period covered by this report, the tariff relief provided by the implementation of the Tribunal's recommendations amounted to approximately \$19 million, covering imports of textile inputs worth \$139 million.

This report describes the activities undertaken by the Tribunal during the period from October 1, 1996, to September 30, 1997, and the resources that were allocated to the program. It also offers Tribunal comments regarding the program.

WORKLOAD - OCTOBER 1, 1996, TO SEPTEMBER 30, 1997

Requests by Industry Sector

During the 12-month period from October 1, 1996, to September 30, 1997, the Tribunal received 17 requests for tariff relief from domestic producers. Almost all of these requests originated from producers in the apparel industry. Details on the origin of these requests, by industry sector, are provided in Table 1.

TABLE 1

REQUESTS BY INDUSTRY SECTOR

	Apparel	Furniture	Textile	Other	Total
1996-97					
Number	16	0	0	1	17
Percent	94	0	0	6	100
1995-96					
Number	9	4	2	5	20
Percent	45	20	10	25	100
1994-95					
Number	50	3	5	15	73
Percent	68	4	7	21	100

The number of requests (17) received this year decreased slightly from last year's total (20) and is down considerably from the number of requests received in the program's first year of operation (73).

Geographic Distribution of Requests

All requests for tariff relief received in 1996-97 originated in Quebec and Ontario. Details on the geographic distribution of these requests are presented in Table 2. In previous years, requests had also been received from British Columbia, the Prairies and, in one instance, the United States.

TABLE 2

GEOGRAPHIC DISTRIBUTION OF REQUESTS

	Quebec	Ontario	British Columbia	Prairies	Outside Canada
1996-97					
Number	11	6	0	0	0
Percent	65	35	0	0	0
1995-96					
Number	9	5	3	2	1
Percent	45	25	15	10	5
1994-95					
Number	28	9	30 ¹	6	0
Percent	39	12	41	8	0

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

Requests by Type of Input

While requests for tariff relief have covered a broad spectrum of the textile inputs specified in the Minister's reference, the preponderance of requests (78 percent) have been for tariff relief on fabrics, as opposed to other textile inputs. During the year, two requests for tariff relief on nonwovens and two requests on yarns were received. Table 3 presents a breakdown of the requests by type of input.

	Fabric	Nonwoven	Yarn	Other	Total
1996-97					
Number	14	2	2	0	18 ¹
Percent	78	11	11	0	100
1995-96					
Number	17	2	1	0	20
Percent	85	10	5	0	100
1994-95					
Number	66	0	5	2	73
Percent	90	0	7	3	100

1. One request covered two types of input.

Requests by *Customs Tariff* Chapter

The terms of reference limit the application of the textile program to certain chapters of Schedule I to the *Customs Tariff*.¹ Table 4 shows the distribution, by chapter, of all requests received in the last three years.

1. R.S.C. 1985, c. 41 (3rd Supp.).

TABLE 4

REQUESTS BY CUSTOMS TARIFF CHAPTER

Chapter	1996-97		1995-96		1994-95	
	Number of Requests	Percent	Number of Requests	Percent	Number of Requests	Percent
39	0	0	1	4	2	3
40	0	0	0	0	1	1
51	0	0	1	4	3	4
52	3	14	0	0	8	11
53	0	0	0	0	1	1
54	8	38	5	22	7	9
55	4	19	4	17	10	14
56	2	10	2	9	6	8
58	1	4.5	2	9	2	3
59	1	4.5	2	9	2	3
60	2	10	5	22	32	43
70	<u>0</u>	<u>0</u>	<u>1</u>	<u>4</u>	<u>0</u>	<u>0</u>
Total	21 ¹	100	23 ¹	100	74 ¹	100

1. Some requests cover more than one chapter.

During 1996-97, almost 70 percent of all requests received covered textile inputs classified in three chapters: Chapter 54, "Man-Made Filaments" (38 percent); Chapter 55, "Man-Made Staple Fibres" (19 percent); and Chapter 60, "Knitted or Crocheted Fabrics" (10 percent). These chapters accounted for 61 percent of all requests in 1995-96 and 66 percent in 1994-95.

Monthly Distribution of Requests

The number of requests received has fluctuated considerably on a month-to-month basis, as shown in Table 5. Out of the 17 requests received in 1996-97, 6 were received in December 1996.

TABLE 5

MONTHLY DISTRIBUTION OF REQUESTS

	1996			1997									Total
	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	
Number	1	0	6	2	0	0	0	3	2	0	0	3	17
Percent	6	0	35	12	0	0	0	18	11	0	0	18	100

Processing of Requests

During the year, the average length of time between the date of the receipt of a request and the date of the commencement of an investigation was 130 days, down from last year's average of 147 days. However, two requests were subject to significant delays; in the first instance, the requester experienced difficulties in providing acceptable samples to the Tribunal, while, in the second instance, the requester asked for a delay, as it was trying to negotiate an agreement with the textile industry concerning the textile input at issue. Excluding these two requests, it took, on average, 99 days from the receipt of a request to the commencement of an investigation.

As of September 30, 1997, there were 4 investigations in progress (covering 4 requests) and 7 requests were awaiting commencement of investigation. Table 6 provides a summary of activities.

	1996-97	1995-96	1994-95
Requests			
Received	17	20	73
For Which Investigations Were Completed	17	59	11
For Which Investigations Were in Progress at Year End	4	9	18
Terminated/Withdrawn	2	7	3
Awaiting Commencement of Investigation	7	4	41
Investigations¹			
Commenced	8	19	27
Completed	11	29	9
In Progress at Year End	4	7	18
Terminated	0	1	0
Recommendations to Minister			
Tariff Relief	15 ³	22 ²	10
No Tariff Relief	<u>3</u>	<u>38</u>	<u>1</u>
	18 ³	60 ²	11
Reports to Minister⁴	11	27	9

1. May cover more than one request.

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

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

4. May cover more than one investigation.

Length of Investigations

The length of time from the receipt of a properly documented request to the Tribunal's report to the Minister is specified in the terms of reference: the Tribunal's recommendations should be made within 120 days from the date of receipt of a properly documented request, or within any earlier specified time frame, which the Tribunal determines to be appropriate, in cases of critical circumstances, after receipt of a properly documented request. In practice, the 120-day period starts with the issuance of the notice of commencement of investigation and ends with the distribution of the Tribunal's report. While a slight improvement was noted this year as compared to last year, on a number of occasions, the Tribunal's report to the Minister exceeded the 120-day time frame. Two principal factors explain most delays: parties and, oftentimes, the requesters themselves failed to meet the Tribunal's deadlines for the provision of information; and, sometimes, samples needed for analysis by the Department of National Revenue (Revenue Canada) were provided late in the investigation. The Tribunal intends to continue to pursue vigorously its objective of enforcing its deadlines so that most of its reports are sent to the Minister within the deadline specified in the terms of reference.

Reports to the Minister and Recommendations

During the period, the Tribunal made 18 recommendations to the Minister, contained in 11 reports. In 15 instances, the Tribunal concluded that granting tariff relief would maximize net economic gains for Canada and, consequently, recommended that tariff relief be granted.

Of those 15 recommendations for tariff relief, indeterminate tariff relief was recommended in 10 instances, while temporary tariff relief for a 5-year period was recommended in 5 instances. In 5 instances, the Tribunal recommended that tariff relief be provided retroactively to the date of the recommendation and, in 1 instance, in a recommendation made on March 27, 1997, the Tribunal recommended that tariff relief be provided retroactive to January 1, 1997. In 6 instances, the Tribunal recommended that tariff relief be company-specific and, in 2 other instances, the Tribunal recommended that tariff relief be country-specific, with a reduction of the US tariff to zero.

In total, in the first three years of investigating requests for tariff relief, the Tribunal issued 47 reports to the Minister, covering 87 requests. The Tribunal recommended that the tariff relief requested be granted with regard to 45 of these requests.

As of September 30, 1997, Tribunal recommendations covering 38 requests had been implemented by the Governor in Council, on the recommendation of the Minister, pursuant to paragraph 68(1)(a) of the *Customs Tariff*, and a further 6 recommendations were under consideration by the Minister. In one instance (Request No. TR-94-014), the Minister decided not to endorse the Tribunal's recommendation. On average, it took slightly less than four months for the Tribunal's recommendations to be implemented during the year.

Of the recommendations that have been implemented to September 30, 1997, 17 (or 45 percent) have been to the benefit of the apparel industry, while 6 (or 16 percent) have been to the benefit of the textile industry. The remaining recommendations cover a range of industries, such as the furniture, footwear and leisure goods industries.

RESOURCE ALLOCATIONS

Members

To date, all Tribunal recommendations to the Minister have been made by three-member panels, although the *Canadian International Trade Tribunal Regulations*² allow the Chairman to appoint one-member panels to consider requests for tariff relief. However, three-member panels will likely continue to be appointed in the foreseeable future.

Staff

During the period, one research director and three research officers were assigned full-time to the textile reference. This represents a substantial reduction in the number of staff assigned to the textile reference as compared to last year when two directors and an average complement of eight research officers were able to reduce substantially the backlog of outstanding cases.

In the Legal Services Branch, all eight lawyers have been assigned textile cases. These assignments constitute an addition to the lawyers' other work in the areas of dumping, appeals and procurement.

The textile reference has also generated substantial volumes of work throughout the Secretariat Branch, principally in the Registrar's Office, Editorial Services and the Registry and Mailroom.

Overall, it is estimated that the program necessitated the expenditure of 5 full-time equivalents, excluding members who were assigned to cases. This represents approximately 6 percent of the Tribunal's full complement (excluding members).

Operating Expenditures

During the period from October 1, 1996, to September 30, 1997, close to \$17,000 was spent on operational activities in support of the textile reference. These expenditures covered, principally, the issuance of notices in the *Canada Gazette*, travel expenses, translation services and the provision of statistical data.

2. SOR/95-27, December 22, 1994, *Canada Gazette* Part II, Vol. 129, No. 1 at 96.

TRIBUNAL COMMENTS ON THE PROGRAM

Effects of the Program

By the end of September 1997, the government had added 43 codes³ to implement Tribunal recommendations. These codes covered imports worth \$139 million during 1996-97 and provided tariff relief worth approximately \$19 million.⁴

TABLE 7

**IMPORTS BENEFITING FROM TARIFF RELIEF
FURTHER TO TRIBUNAL RECOMMENDATIONS**

	October 1 to September 30		
	1994-95	1995-96	1996-97
Number of Codes	4	19	43
Total Imports (\$000)	1,523	22,384	139,223

Source: Statistics Canada.

During 1996-97, imports benefiting from tariff relief provided by these codes represented 0.76 percent of all imports (\$18.4 billion) reported during the year and classified in Chapters 39, 40, 51 to 56, 58 to 60 and 70 of the *Customs Tariff*.

The impact of tariff relief is principally on textile inputs falling in four chapters of the *Customs Tariff*: Chapter 53, "Other Vegetable Textile Fibres; Paper Yarn and Woven Fabrics of Paper Yarn," where almost 8.0 percent of total imports benefit from tariff relief provided by the program; and Chapters 52, "Cotton," 54, "Man-Made Filaments," and 55, "Man-Made Staple Fibres," where these percentages are between 4.6 and 5.1 percent of all imports.

The following table shows the percentage of total imports accounted by imports benefiting from tariff relief further to a Tribunal recommendation, by *Customs Tariff* chapter, for 1996-97.

3. The government implements Tribunal recommendations by adding specific codes to the *Customs Duties Reduction or Removal Order, 1988* made by Order in Council P.C. 1987-2738 dated December 31, 1987.

4. Estimates based on 1997 MFN rates and, as applicable, US tariff rates.

TABLE 8

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

1996-97

Chapter	Percent
39	0.01
40	0.00 ¹
51	0.45
52	5.16
53	7.80
54	4.62
55	4.76
56	0.50
58	0.73
59	0.64
60	1.47
70	<u>0.08</u>
Weighted Average	<u><u>0.76</u></u>

1. Negligible imports.

Source: Statistics Canada.

Workload

In last year's annual status report, the Tribunal noted that, by committing significant resources to the textile tariff relief program, it was able to dispose of most of the backlog of cases that existed at the time. It also noted that there had been a significant decrease in the number of requests received during the year, down to 20 requests from 73 in 1994-95.

The number of requests decreased slightly in 1996-97, as 17 new requests were received. Consequently, while the Tribunal committed over 15 percent of its resources to the investigations of requests for tariff relief in 1995-96, it only utilized 6 percent of its resources this year for this purpose.

While a backlog of cases awaiting investigation still exists, it is much smaller than the one that existed at the beginning of 1995-96. However, the randomness of the monthly distribution of requests is still causing difficulties in terms of scheduling investigations and assigning staff to investigate requests. In addition, the Tribunal's other statutory obligations must be discharged and managed in conjunction with the textile program.

Reviews

In addition to the investigation of new requests, the Tribunal must plan for the review of past recommendations that have been implemented by codes with specific expiry dates. Four of these codes are scheduled to expire in 1998, while three additional codes are scheduled to expire in 1999.

During the year, the Tribunal adopted a trial two-step procedure in order to consider what recommendation, if any, the Tribunal would make to the Minister concerning the appropriateness of renewing, extending or amending the temporary orders that implemented Tribunal recommendations for tariff relief. This trial procedure was first applied to two requests originally filed by Château Stores of Canada Ltd. and Hemisphere Productions Inc. These requests concerned a fabric known as "Armani Gabardine" and the Tribunal's recommendation was for a two-year tariff relief.

First, the Tribunal issued a notice of expiry concerning the order and sought submissions from parties requesting or opposing the initiation of a review of the said order. Second, the Tribunal reviewed the submissions received and decided that a review was warranted. This procedure is similar, albeit somewhat less formal, to that which has been adopted by the Tribunal in respect of its mandate for dealing with dumping and subsidy cases.

It is the Tribunal's intention to consult shortly with its stakeholders to determine whether the trial procedure used for "Armani Gabardine" should be continued or modified in other reviews of this nature.

New Procedures

At the end of the period covered by this report, the Tribunal was in the process of finalizing a practice to accept national customs rulings in the filing of requests for textile tariff relief.

Current Tribunal procedures require that, when filing a request for textile tariff relief, a requester submit samples of the textile inputs. Some of these samples are then sent by the Tribunal to Revenue Canada for laboratory analysis and tariff classification. The remaining samples are kept by the Tribunal for the record and possible distribution to parties. The Tribunal commences an investigation only after the samples have been analyzed by Revenue Canada and after it is satisfied that a request is properly documented.

In response to a request by stakeholders for a change in the way requests were being submitted, and after consulting with other stakeholders, the Tribunal has decided to allow a requester to go directly to Revenue Canada in order to apply for a National Customs Ruling (NCR) on the tariff classification of the textile inputs. The application for an NCR must be sent to Revenue Canada's headquarters and addressed to the Director, Nomenclature and Tariff Treatment Policy. In addition, when applying for an NCR, a requester must: (a) indicate to Revenue Canada that it plans to apply for tariff relief on the textile inputs; (b) provide Revenue Canada with all the product information that is currently requested in question 5 of the Requester's Questionnaire found in the Tribunal's *Textile Reference Guide - October 1996*; and (c) submit to Revenue Canada the same quantities of samples as currently required by the *Textile Reference Guide*. Revenue Canada will retain custody of the samples not used for analysis for up to one year.

Once the NCR has been issued by Revenue Canada, a requester may then file a request for tariff relief with the Tribunal. The Tribunal will then write to Revenue Canada to inform it of the request and ask for : (a) a laboratory analysis of the textile inputs; (b) an opinion on the administrability of the tariff relief requested; and (c) suggested wording should tariff relief be recommended by the Tribunal. Upon receipt of the Tribunal's letter, Revenue Canada will send forthwith to the Tribunal the samples that are covered by the NCR. All remaining information will be submitted to the Tribunal within 10 working days.

This new procedure is optional, and a requester that wishes to send samples to the Tribunal, along with its request for textile tariff relief, may still do so.

The Tribunal's practice of announcing the receipt of a request for tariff relief on its Web site at least 30 days before the commencement of an investigation remains unchanged.

Retroactivity

During the past year, in five instances, the Tribunal recommended that tariff relief be implemented as of the dates of its reports to the Minister. This would have provided requesters with a 4- to 5-month period of retroactivity, as this is the length of time that the government needs, on average, to implement a Tribunal recommendation. However, in implementing these recommendations, the government chose not to grant any retroactive tariff relief. Consequently, the Tribunal no longer makes recommendations of this nature and will only recommend retroactive tariff relief in exceptional circumstances.

In one other instance, the Tribunal recommended that tariff relief be granted retroactively for a indeterminate period of time starting three months before the issuance of its recommendation. As of the date of this report, the Minister was still considering this recommendation.

Training

In the previous two annual status reports to the Minister, the Tribunal reported that it had been engaged in providing Tribunal members and staff with in-house training seminars, as well as organizing visits to various textile and apparel operations. It is the Tribunal's intention to continue such seminars and visits, especially in light of the many appointments of new members expected during 1997-98.

Public Hearing

During the year, the Tribunal held its second public hearing in the course of an investigation (Les Collections Shan Inc., Requests Nos. TR-96-008 to TR-96-013). As with the first hearing (Beco Industries Ltd., Request Nos. TR-95-035, TR-95-043 and TR-95-044), the proceedings lasted one day, were conducted in an informal manner and were strictly focused on the case issues which had been communicated to the parties before the hearing.

APPENDIX I

**SUMMARY OF INVESTIGATIONS COMPLETED
BETWEEN OCTOBER 1, 1996, AND SEPTEMBER 30, 1997**

Request No.	Requester	Textile Input	Heading/ Subheading/ Tariff Item/ Classification No.	Date of Commencement of Investigation	Date of Recommendation	Status/ Recommendation
TR-95-054	Handler Textile (Canada) Inc.	Nonwoven	5603.92.90.20	January 18, 1996	October 23, 1996	Indeterminate tariff relief on imports from the United States only
TR-95-056A ⁵	Sealy Canada Ltd.	Fabric	5903.90.20	January 31, 1997	March 17, 1997	Indeterminate tariff relief
TR-95-057 and TR-95-058	Doubletex	Fabric	5407.51.00 5407.61.90 5407.71.00 5515.11.00 5516.21.00 5516.91.00	May 27, 1996	October 24, 1996	Indeterminate tariff relief
TR-95-063	Buckeye Industries	Fabric	5513.22.00 5514.22.00	July 3, 1996	December 19, 1996	Indeterminate tariff relief on imports from the United States only
TR-95-064 and TR-95-065	Lady Americana Sleep Products Inc. and el ran Furniture Ltd.	Fabric	6002.43.90	September 25, 1996	February 12, 1997	Indeterminate tariff relief
TR-95-066	Lenrod Industries Ltd.	Nonwoven	5603.93.90	August 6, 1996	February 25, 1997	No tariff relief
TR-96-003	Venture III Industries Inc.	Fabric	5407.61.90	August 27, 1996	January 31, 1997	Indeterminate tariff relief
TR-96-004	Acton International Inc.	Fabric	5906.99.20	October 18, 1996	February 27, 1997	Indeterminate tariff relief
TR-96-006	Alpine Joe Sportswear Ltd.	Fabric	5514.22	December 3, 1996	March 27, 1997	Indeterminate tariff relief

5. Reference from the Minister of Finance received on January 22, 1997, pursuant to section 19 of the *Canadian International Trade Tribunal Act*, to inquire into whether tariff relief should be granted in respect of fabrics imported by Sealy that may be covered by tariff item No. 5903.90.20 and provide recommendations as to the appropriateness of adding tariff item No. 5903.90.20 to Code 4402.

Request No.	Requester	Textile Input	Heading/ Subheading/ Tariff Item/ Classification No.	Date of Commencement of Investigation	Date of Recommendation	Status/ Recommendation
TR-96-007	H.D. Brown Enterprises Limited	Fabric	5407.91 5513.11 5513.21	February 20, 1997	July 17, 1997	No tariff relief
TR-96-008 to TR-96-013	Les Collections Shan Inc.	Fabric and nonwoven	5208.31 to 5208.59 5210.31 to 5210.59 5212.13 to 5212.15 5212.23 to 5212.25 5407.10.00 5407.42 to 5407.94 5408.22 to 5408.34 55.12 55.13 55.14 55.15 55.16 5603.92 to 5603.94 58.04 58.06 5903.20.20 5906.91.20 6002.30 6002.42 6002.43 6002.92.90 6002.93.00	March 24, 1997	July 22, 1997	Five-year tariff relief No tariff relief in Request No. TR-96-009 (labels)

APPENDIX II

SUMMARY OF INVESTIGATIONS IN PROGRESS AS OF SEPTEMBER 30, 1997

Request No.	Requester	Textile Input	Subheading/Tariff Item No.	Date of Commencement of Investigation
TR-95-013	Doubletex	Fabric	5208.11.10 5208.11.90 5208.12.00 5208.13.00 5208.19.00 5208.21.00 5208.22.10 5208.22.90 5208.23.00 5208.29.00 5209.11.00 5209.12.00 5209.19.00 5209.21.00 5209.22.00 5209.29.00	September 27, 1995
TR-96-005	Peerless Clothing Inc.	Fabric	5111.11.90 5112.11.90 5112.19.91	July 16, 1997
TR-96-014	Peerless Clothing Inc.	Fabric	5407.61.90 5515.12.00 5516.23.00	August 8, 1997
TR-97-001	Jones Apparel Group Canada Inc.	Fabric	5407.91 5407.92 5407.93 5408.21 5408.22 5408.23 5408.31 5408.32 5408.33	August 22, 1997

APPENDIX III

TARIFF RELIEF RECOMMENDATIONS IN PLACE AS OF SEPTEMBER 30, 1997

Request No.	Requester	Order in Council	Date	Duration
TR-94-001	Canatex Industries (Division of Richelieu Knitting Inc.)	Partially oriented filament yarn (POY), solely of nylon, unbleached or solution-dyed, measuring less than 50 tex, of tariff item No. 5402.41.10, for use in Canadian manufactures (Code 4077)	May 30, 1995	Permanent tariff relief
TR-94-002A	Kute-Knit Mfg. Inc.	The following for use in the manufacture of knitted fabrics or knitted garments: Ring-spun yarns (other than mock twist), single, unbleached or bleached, solely of cotton or solely of cotton and polyester staple fibres, containing not more than 80% by weight of polyester staple fibres, measuring 190 decitex or less, of subheading No. 5205.14, 5205.15, 5205.24, 5205.26, 5205.27, 5205.28, 5206.14, 5206.15, 5206.24, 5206.25 or 5509.53 (Code 4117) Ring-spun yarns, two-ply, unbleached or bleached, solely of cotton, measuring less than 125 decitex per single yarn, of subheading No. 5205.35, 5205.46, 5205.47 or 5205.48 (Code 4118)	July 10, 1996	Three-year tariff relief
TR-94-004	Woods Canada Limited	Woven flannel fabric, solely of cotton, printed, of tariff item No. 5208.52.90, for use as inner lining in the manufacture of sleeping bags (Code 4232)	July 26, 1995	Permanent tariff relief
TR-94-005	Hemisphere Productions Inc.	Woven fabric, pointed twill weave, dyed, solely of polyester filament yarns measuring 155 decitex or more, with a twist of 960 or more turns per metre, having in the warp 157 or more yarns per 10 cm, and in the weft 315 or more yarns per 10 cm, of tariff item No. 5407.60.90, for use in the manufacture of women's apparel (Code 4242) (Amended on December 13, 1995, to remove the word "dyed" in Code 4242.)	July 26, 1995	Three-year tariff relief

Request No.	Requester	Order in Council	Date	Duration
TR-94-009	Équipement Saguenay (1982) Ltée	Woven fabric, containing 83% or more by weight of vinal staple fibres and 13% or more of polynosic staple fibres, of tariff item No. 5512.99.00, for use in the manufacture of protective outerwear worn in high-temperature applications in aluminum plants (Code 4282)	July 26, 1995	Three-year tariff relief
TR-94-010	Palliser Furniture Ltd.	Narrow woven fabrics, of a width of 4.5 cm or more but not exceeding 8 cm, containing 25% or more but not exceeding 40% by weight of rubber thread and 60% or more but not exceeding 75% by weight of polypropylene, of tariff item No. 5806.20.00, for use in the manufacture of upholstered furniture (Code 4397)	April 30, 1996	Permanent tariff relief
TR-94-011 and TR-94-019	Château Stores of Canada Ltd. and Hemisphere Productions Inc.	Five-harness satin weave fabrics, containing 65% by weight of polyester staple fibres and 35% by weight of viscose rayon staple fibres, with a twist exceeding 1,000 turns per metre, of a weight of 255 g/m ² or more but not exceeding 275 g/m ² , of tariff item No. 5515.11.00, for use in the manufacture of women's waistcoats (vests), trousers, skirts, dresses, shorts, jackets or blazers and men's waistcoats (vests), trousers, jackets or blazers (Code 4263)	April 30, 1996	Two-year tariff relief
TR-94-012	Peerless Clothing Inc.	Woven fabrics, containing 50% or more but not exceeding 85% by weight of flax, of tariff item No. 5309.29.00, for use in the manufacture of men's fine tailored suits, jackets (sports coats), tailored waistcoats (vests), trousers and walking shorts (Code 4393)	April 30, 1996	Indeterminate tariff relief

Request No.	Requester	Order in Council	Date	Duration
TR-94-013 and TR-94-016	MWG Apparel Corp.	<p>The following for use in the manufacture of tailored collar shirts:</p> <p>Woven fabrics, of blended single yarns, measuring 124 decitex or more but not exceeding 138 decitex, containing 58% or more but not exceeding 67% by weight of polyester staple fibres and 33% or more but not exceeding 42% by weight of mercerized cotton fibres, having in the warp 374 yarns or more but not exceeding 414 yarns per 10 cm and in the weft 256 yarns or more but not exceeding 296 yarns per 10 cm, of subheading No. 5513.31, 5513.32 or 5513.33 (Code 4268)</p> <p>Woven flannel fabrics, brushed on both sides, solely of single cotton yarns, measuring 267 decitex or more but not exceeding 295 decitex, having in the warp 305 yarns or more but not exceeding 335 yarns per 10 cm and in the weft 208 yarns or more but not exceeding 248 yarns per 10 cm, of tariff item No. 5208.42.90, 5208.43.00 or 5208.49.00 (Code 4269)</p>	April 30, 1996	Permanent tariff relief
TR-94-017 and TR-94-018	Elite Counter & Supplies	<p>The following for use in the manufacture of footwear:</p> <p>Felts and nonwovens, impregnated with or having a bonding agent composed of rubber, of heading No. 40.05, 40.08 or 56.03 (Code 4495)</p> <p>Felts and nonwovens, impregnated with or having a bonding agent composed of a styrene-butadiene copolymer, coated on one or both sides with plastics, of heading No. 39.21 or 56.03 (Code 4496)</p>	December 13, 1995	Permanent tariff relief

Request No.	Requester	Order in Council	Date	Duration
TR-95-003	Landes Canada Inc.	Nonwovens of textile materials, impregnated with or having a bonding agent of rubber, certified by the exporter to have been buffed on one or both surfaces, of tariff item No. 5603.00.99, for use in the manufacture of labels, badges and similar articles of a kind normally sewn to the outer part of wearing apparel (Code 4288)	December 13, 1995	Permanent tariff relief
TR-95-004	Lingerie Bright Sleepwear (1991) Inc.	Woven fabrics, solely of cotton, brushed on both sides, of tariff item No. 5208.12.00 or 5208.52.90, for use in the manufacture of women's, boys' or girls' nightshirts, nightdresses, pyjamas, négligés, bathrobes, dressing gowns and similar articles (Code 4250)	July 10, 1996	Indeterminate tariff relief
TR-95-005	Lingerie Bright Sleepwear (1991) Inc.	Woven fabrics, of polyester staple fibres mixed solely with cotton, of a seersucker or similar crinkle stripe appearance, of a weight not exceeding 100 g/m ² , of subheading No. 5513.11 or 5513.41, for use in the manufacture of women's, boys' or girls' nightshirts, nightdresses, pyjamas, négligés, bathrobes, dressing gowns and similar articles (Code 4251)	July 10, 1996	Indeterminate tariff relief
TR-95-009	Peerless Clothing Inc.	The following for use as lining in the manufacture of men's suits, jackets, blazers and vests (waistcoats): Woven fabrics, solely of cuprammonium rayon filament yarns measuring less than 200 decitex, of a weight not exceeding 100 g/m ² , of tariff item No. 5408.21.00 or 5408.22.10 (Code 4271) Woven fabrics, solely of viscose rayon filament yarns measuring less than 200 decitex, of a weight not exceeding 100 g/m ² , of tariff item No. 5408.21.00 or 5408.22.90 (Code 4272)	August 28, 1996	Indeterminate tariff relief

Request No.	Requester	Order in Council	Date	Duration
		Woven fabrics, of rayon filament yarns and non-textured polyester filament yarns, each yarn measuring less than 200 decitex, of a weight not exceeding 100 g/m ² , of tariff item No. 5408.31.00 or 5408.32.00, for use as lining in the manufacture of men's trousers (Code 4273)		Two-year tariff relief
TR-95-010 and TR-95-034	Freed & Freed International Ltd. and Fen-nelli Fashions Inc.	Woven fabrics of carded yarns, solely of virgin wool (certified by the exporter), or of fine animal hair, or containing 95% or more by weight of wool or fine animal hair, mixed with synthetic staple fibres, of a weight exceeding 300 g/m ² but not exceeding 500 g/m ² , valued at \$13.16/m ² or more (\$20.00/linear metre or more; assuming a fabric width of 1.52 m) indexed annually to compensate for inflation, of subheading No. 5111.19 or 5111.30, for use in the manufacture of women's or men's overcoats of heading No. 62.01 or 62.02 (Code 4410)	December 19, 1996	Indeterminate tariff relief
TR-95-011	Louben Sportswear Inc.	Woven fabrics, of cellulose triacetate filaments mixed solely with polyester filaments, containing 70% or more by weight of cellulose triacetate filaments, with a yarn twist of 900 or more turns per metre, of a weight of 165 g/m ² or more but not exceeding 310 g/m ² , of subheading No. 5408.31 or 5408.32, for use in the manufacture of women's jackets, blazers, dresses, skirts, trousers or waistcoats (vests) (Code 4218)	July 10, 1996	Indeterminate tariff relief
TR-95-012	Perfect Dyeing Canada Inc.	Yarns, solely of acrylic staple fibres, unbleached, in hanks, measuring 450 decitex or less per single ply, of subheading No. 5509.32, for use in the manufacture of bulk, dyed, acrylic yarn for use in Canadian manufactures (Code 4155)	July 10, 1996	Indeterminate tariff relief

Request No.	Requester	Order in Council	Date	Duration
TR-95-014	Palliser Furniture Ltd.	Woven, cut warp pile fabrics, of pile yarns solely of acrylic staple fibres, certified by the exporter to be dry spun, or of pile yarns of acrylic staple fibres, certified by the exporter to be dry spun, mixed solely with pile yarns of polyester staple fibres, of a ground fabric of yarns of polyester filaments in the warp and of yarns of cotton and polyester staple fibres in the weft, coated on one side, of subheading No. 5801.35, for use as decorative outer coverings in the manufacture of upholstered furniture (Code 4418)	March 19, 1997	Two-year tariff relief
TR-95-036	Canadian Mill Supply Co. Ltd.	Woven gauze fabrics, solely of cotton, bleached, of a width not exceeding one metre, of a weight not exceeding 65 g/m ² , of tariff item No. 5208.21.00, for use in the manufacture of resin-coated wiping cloths (Code 4401)	October 8, 1996	Indeterminate tariff relief
TR-95-037	Paris Star Knitting Mills Inc.	Woven fabrics, printed, containing 85% or more by weight of viscose rayon or cuprammonium rayon, valued at \$5.00/m ² or more, of tariff item No. 5408.24.10, 5408.24.90, 5408.34.00, 5516.14.00 or 5516.24.00, for use in the manufacture of women's jackets, blazers, dresses, skirts, trousers, shorts, waistcoats (vests) and blouses (Code 4409)	October 8, 1996	Indeterminate tariff relief
TR-95-051	Camp Mate Limited	The following for use in the manufacture of family or recreational tents of a floor area of 3 m ² or more but not exceeding 21 m ² , and tent flies: Woven fabrics, solely of single non-textured nylon filament yarns, coated on one side with non-cellular polyurethane, with a total weight of the coated fabric not exceeding 72 g/m ² , of subheading No. 5407.42 or of tariff item No. 5903.20.20 (Code 4407)	October 8, 1996	Indeterminate tariff relief

Request No.	Requester	Order in Council	Date	Duration
TR-95-053 and TR-95-059	Majestic Industries (Canada) Ltd. and Caulfeild Apparel Group Ltd.	<p>Woven fabrics, solely of single non-textured nylon filament yarns measuring 78 decitex, of subheading No. 5407.41 or 5407.42, to be coated on one side in Canada with non-cellular polyurethane (Code 4408)</p> <p>The following for use in the manufacture of bathrobes:</p> <p>Woven terry fabrics, warp pile, of dyed yarns of different colours, solely of cotton or containing 85% or more by weight of cotton mixed solely with polyester staple fibres, of subheading No. 5802.19 (Code 4276)</p> <p>Woven terry fabrics, warp pile, solely of cotton or containing 85% or more by weight of cotton mixed solely with polyester staple fibres, unbleached, bleached or dyed, certified by the exporter to be Jacquard fabrics woven on Jacquard looms, of subheading No. 5802.11 or 5802.19 (Code 4277)</p>	October 8, 1996	Indeterminate tariff relief
TR-95-054	Handler Textile (Canada) Inc.	<p>Nonwovens, solely of polyester staple fibres, or mixtures of polyester staple fibres and viscose rayon staple fibres, containing 50% or more by weight of polyesters, held together by thermal bonding, partially coated on one side with small dots of hot-melt adhesive, of subheading No. 5603.92, for use as fusible interlinings in the manufacture of apparel (Code 4417)</p> <p>(Amended on April 8, 1997, to limit relief to US tariff only.)</p>	March 19, 1997	Indeterminate tariff relief
TR-95-056 and TR-95-056A	Sealy Canada Ltd.	<p>The following for use as ticking in the manufacture of mattresses and mattress supports:</p> <p>Stitch-bonded, warp knit fabrics, solely of polyesters, coated on one side with a cellular acrylic polymer, of tariff item No. 3921.19.90 (Code 4402)</p> <p>(Amended on April 22, 1997, to add tariff item No. 5903.90.20 to Code 4402.)</p>	October 8, 1996	Indeterminate tariff relief

Request No.	Requester	Order in Council	Date	Duration
		Woven fabrics, solely of polyesters or of polyesters mixed solely with polypropylene, of tariff item No. 5407.69.00 or 5407.73.00 (Code 4403)		
		Woven fabrics, printed, of polyesters mixed solely with cotton, of a weight not exceeding 170 g/m ² , of tariff item No. 5407.94.00 (Code 4404)		
		Woven fabrics, of rayon mixed solely with polypropylene, of tariff item No. 5516.23.00 (Code 4405)		
		Warp knit fabrics, printed, solely of polyesters, of tariff item No. 6002.43.90 (Code 4406)		
TR-95-057 and TR-95-058	Doubletex	The following, bleached or unbleached, to produce dyed fabrics for the manufacture of apparel:	March 19, 1997	Indeterminate tariff relief
		Woven fabrics, solely of polyester filaments, with a twist of 1,050 turns per metre or more in the warp or the weft, of a weight not exceeding 300 g/m ² , of tariff item No. 5407.51.00, 5407.61.90 or 5407.69.00 (Code 4415)		
		Woven fabrics, solely of polyester fibres and viscose rayon staple fibres, or solely of polyester fibres, viscose rayon fibres and flax, with a twist of 1,050 turns per metre or more in the warp or the weft, of a weight not exceeding 300 g/m ² , of tariff item No. 5515.11.00, 5516.21.00 or 5516.91.00 (Code 4416)		
TR-95-060	Triple M Fiberglass Mfg. Ltd.	Double woven space fabric solely of borosilicate glass filaments, consisting of two fabrics woven simultaneously and joined with common yarns, of an overall thickness not exceeding 2.54 cm, of heading No. 70.19, for use in Canadian manufactures (Code 4412)	December 19, 1996	Indeterminate tariff relief

Request No.	Requester	Order in Council	Date	Duration
TR-95-061	Camp Mate Limited	Warp knit fabrics, open mesh, solely of polyester filaments and polyester monofilaments, treated with a fire retardant material, of tariff item No. 6002.43.90, for use in the manufacture of mesh windows and ventilation for tents (Code 4411)	December 19, 1996	Indeterminate tariff relief
TR-95-063	Buckeye Industries	Woven fabrics, dyed, 3-thread or 4-thread twill weave, containing 63% or more by weight of polyester staple fibres and 33% or more by weight of cotton, having in the warp 415 yarns or more per 10 cm and in the weft 240 yarns or more per 10 cm, of a weight of 160 g/m ² or more but not exceeding 190 g/m ² , of tariff item No. 5513.22.00 or 5514.22.00, for use in the manufacture of men's shirts (Code 4413) (Amended on April 8, 1997, to limit relief to US tariff only.) Woven fabrics, dyed, 3-thread or 4-thread twill weave, containing 63% or more by weight of polyester staple fibres and 33% or more by weight of cotton, having in the warp 425 yarns or more per 10 cm and in the weft 165 yarns or more per 10 cm, of a weight of 260 g/m ² or more but not exceeding 290 g/m ² , of tariff item No. 5514.22.00, for use in the manufacture of men's trousers (Code 4414) (Amended on April 8, 1997, to limit relief to US tariff only.)	March 19, 1997	Indeterminate tariff relief
TR-95-064 and TR-95-065	Lady Americana Sleep Products Inc. and el ran Furniture Ltd.	Stitch-bonded, warp knit fabrics, printed, of a blend of viscose rayon and polyester staple fibres, stitch-bonded with nylon filament yarns, of a weight of 100 g/m ² or more but not exceeding 150 g/m ² , of tariff item No. 6002.43.90, for use in the manufacture of mattresses, mattress supports (box springs) and upholstered furniture (Code 4419)	April 22, 1997	Indeterminate tariff relief

Request No.	Requester	Order in Council	Date	Duration
TR-96-003	Venture III Industries Inc.	Woven fabrics of faille, georgette or crêpe de Chine, solely of single, non-textured polyester yarns, with a twist exceeding 1,250 turns per metre in the warp or the weft, measuring 50 decitex or more but not exceeding 180 decitex, of a weight of 90 g/m ² or more but not exceeding 120 g/m ² , of tariff item No. 5407.61.90, for use in the manufacture of women's blouses, or blouses and coordinated skirts (Code 4421)	April 22, 1997	Indeterminate tariff relief
TR-96-004	Acton International Inc.	Woven fabrics, coated or impregnated with styrene-butadiene rubber or butadiene rubber, of high tenacity yarns solely of nylon filaments or of high tenacity yarns of polyester filaments and nylon filaments, of a weight not exceeding 1,000 g/m ² , of tariff item No. 5906.99.20, for use as a stabilizing/reinforcing fabric in the manufacture of unvulcanized, calendered rubber of a kind used in the manufacture of snowmobile track and industrial track (Code 4420)	April 22, 1997	Indeterminate tariff relief

APPENDIX IV

TRANSMITTAL LETTER REVISING TERMS OF REFERENCE

November 26, 1997

Dr. Patricia M. Close
Acting Chairman
Canadian International Trade Tribunal
17th Floor, Standard Life Centre
333 Laurier Avenue, West
Ottawa, Ontario
K1A 0G7

Dear Dr. Close:

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

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

- a) examine any properly documented request that it receives from a domestic producer for tariff relief on any of the following textile inputs used in its downstream manufacturing activities: fibres, yarns¹ and fabrics of Chapters 51, 52, 53, 54, 55, 56, 58, 59, and 60 of the *Customs Tariff*; certain monofilaments or strips and textile and plastic combinations of Chapter 39; rubber thread and textile and rubber combinations of Chapter 40; and, products of textile glass fibres of Chapter 70;
- b) conduct open and transparent investigations of these requests, ensuring that reasonable steps are taken to advise interested parties of any properly documented request for tariff relief and that all parties that have indicated an intention to participate in an investigation have the opportunity to make their views known, through written submissions or public hearings, as the Tribunal may determine to be necessary;

1. Knitting yarns, solely of cotton or solely of cotton and polyester staple fibres, measuring more than 190 decitex, of Chapter 52 or subheading No. 5509.53 other than those used to make sweaters, having a horizontal self-starting finished edge and the outer surfaces of which are constructed essentially with 9 or fewer stitches per 2 centimetres (12 or fewer stitches per inch) measured in the horizontal direction, are not included in the textile tariff reference, at least until July 1, 1999.

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

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

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

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

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

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

- a) the effect on domestic textile and downstream producers of tariff and non-tariff liberalization flowing from the Canada-U.S. Free Trade Agreement, the North American Free Trade Agreement and the GATT 1994 Agreement; and,
- b) the effect of the elimination of full manufacturing duty drawback on non-NAFTA inputs post-1996, in the case of exports to the U.S. and 2001, in the case of exports to Mexico.

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

Sincerely,

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