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**Broadwoven fabrics of  
filament nylon  
Broadwoven fabrics  
of filament polyester;  
double-knit and warp-knit fabrics**

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TEXTILE AND CLOTHING BOARD

BROADWOVEN FABRICS OF FILAMENT NYLON

BROADWOVEN FABRICS OF FILAMENT POLYESTER

DOUBLE-KNIT AND WARP-KNIT FABRICS

REPORT TO THE MINISTER OF INDUSTRY, TRADE AND COMMERCE  
PURSUANT TO THE TEXTILE AND CLOTHING BOARD ACT RESPECTING  
BROADWOVEN FABRICS OF FILAMENT NYLON, BROADWOVEN FABRICS  
OF FILAMENT POLYESTER, AND DOUBLE-KNIT AND WARP-KNIT FABRICS.

OTTAWA, CANADA.  
FEBRUARY 6, 1975.

REPORT BY THE TEXTILE AND CLOTHING BOARD  
ON BROADWOVEN MAN-MADE FILAMENT FABRICS  
AND ON DOUBLE-KNIT AND WARP-KNIT FABRICS

This report covers a number of the textile products included in concurrent inquiries of which the Board gave public notice published in the Canada Gazette of December 7, 1974.

The products dealt with are:

- Broadwoven fabrics of filament nylon;
- Broadwoven fabrics of filament polyester; and
- Double-knit and warp-knit fabrics.

During 1974 the Board conducted inquiries or reviews on all of these products, and reports thereon were tabled in the House of Commons on November 28, 1974. However, these reports had been prepared in the first half of the year, when market conditions were quite different from those prevailing in November. Accordingly, on tabling the reports the Minister of Industry, Trade and Commerce announced that he was asking the Board to review recent developments and to inform him "as soon as possible of what changes, if any, they would advise in respect of their previous recommendations".

In its notice of inquiry, which was distributed to the news media and to all parties likely to be interested in the matter, the Board invited interested parties to submit briefs to it by January 6, 1975, and to indicate if they wished to appear before the Board. Producers who submitted or associated themselves with a brief alleging injury or threat of injury and requesting special measures of protection were expected to file with the Board plans describing the adjustments they had already made or proposed to make in their operations in order to increase their ability to meet international competition in the market in Canada.

A written submission was presented to the Board by the Canadian Textiles Institute jointly with the Fédération Canadienne des Travailleurs du Textile Inc. (CSD), the Textile Workers Union of America and the United Textiles Workers of America. The latter also made a separate submission in a telegram addressed to the Board. Other written submissions concerning the products in question were received from the major Canadian producers of broadwoven man-made filament fabrics and several important producers of double-knit and warp-knit fabrics; the two major Canadian producers of nylon and polyester filament yarns; the Apparel Manufacturers Council of Canada; one user of specialized industrial fabrics; a number of Canadian



importers; and a number of associations in other countries representing the interests of exporters to Canada, namely, the Japan Silk and Synthetic Textiles Exporters' Association jointly with the Japan Chemical Fibres Association, the Japan Textile Products Exporters' Association; the British Man-made Fibre Federation; and the British Knitting Export Council.

A private hearing took place on December 10, 1974 for the purpose of receiving supplementary information from the Canadian Textiles Institute, the labour unions and producers who wished to appear in support of the Institute's joint brief with the unions. The same parties presented additional information to the Board at an open hearing which took place on January 15, 1975. Observers at this open hearing were invited to submit any comments they might wish to make to the Board in writing after the hearing. The Board also met privately with several of the Canadian fabric producers who had submitted briefs; the two major Canadian producers of nylon and polyester filament yarns; the Apparel Manufacturers Council of Canada; and the Textile Trade Association.

Statistical data relating to the production and importation of the products covered by this report were examined. The Board was provided with reports from the Textiles Division and from the Office of Special Import Policy of the Department of Industry, Trade and Commerce, and from the Department of Manpower and Immigration on matters within their respective areas of responsibility.

#### Interim Report

On December 17, 1974 the Board submitted an interim report pursuant to section 17(2) of the Textile and Clothing Board Act, concerning one product from one source, namely, nylon fabrics imported from the Republic of Korea. Eleven months earlier the Board had concluded that nylon fabrics were not being imported from any country under such conditions as to cause serious injury or an immediate threat thereof. It now found that conditions had changed, and it summarized its conclusions regarding the effect of current and prospective imports from the Republic of Korea as follows:

"Evidence presented to the Board has established that in recent months nylon fabrics from South Korea have been offered for sale in Canada at prices substantially below those prevailing for similar goods of comparable quality in the Canadian market. Orders either placed or being placed in South Korea for nylon fabrics total many times the 1973 restraint level, while Canadian mills are experiencing sharply reduced order book positions, swollen inventories and lay-offs of workers. Under these circumstances, the Board has concluded that

serious injury is being caused to production in Canada, and that further serious injury is threatened. Furthermore, the Board is of the opinion that, if appropriate action is not taken at once, it will be difficult to repair this injury.

Accordingly, the Board is recommending that steps be taken to ensure that during the 60 days commencing January 1st, 1975, nylon woven fabrics originating in South Korea, whether shipped direct to Canada or through a third country, be not allowed to enter Canada in an amount exceeding 400,000 square yards. In formulating its recommendations in its final report on the subject, the Board will consider whether or not an amount greater than 400,000 square yards could be absorbed in the Canadian market during the whole of the calendar year 1975. This level represents an increase of approximately 18% from the 1973 restraint level of 338,994 square yards. The Board recognizes that it may be necessary to make use of the Import Control List and individual import permits in order to put this recommendation into effect."

The Board now has completed its inquiry respecting the nylon and polyester filament fabrics included in the concurrent inquiries which the Minister requested the Board to undertake, and also respecting double-knit and warp-knit fabrics. The Board decided not to reproduce in this report a great deal of the background factual material which was included in its previous reports on these products.

#### Briefs and Other Evidence

The following is a summary of the evidence presented to the Board in written submissions, open hearings and private meetings, and of the claims and allegations made by the various interested parties in these inquiries.

The Canadian Textiles Institute submitted that the industry sectors concerned in the concurrent inquiries were faced with highly unusual and critical circumstances and that immediate implementation, on an interim basis, of special measures of protection was necessary to avoid market disruption resulting in damage difficult to repair. The Institute stated that this disruption was caused by sharp and substantial increases or imminent increases of imports of the products in question, at prices so low that in some instances they were below the cost of the raw materials used in their production. As a result of these low price quotations and of the actual and imminent imports based on these prices,

the Canadian producers had been forced to curtail their operations and to effect increasingly large lay-offs of workers, to cut down hours of work, and to postpone investments. Additional factors cited by the Institute as evidence of disruption were low levels of capacity utilization, depressed order books and high inventories in all sectors concerned. The Institute conceded that other industries also had problems, but suggested that no other major industry had to compete with imports at laid-down prices lower than those of two or three years ago. The Institute claimed that the present problems of the Canadian textile industry were not caused primarily by a reduction in Canadian consumer demand, but to a large extent were the result of market disruption brought about by exceptionally low-priced quotations for offshore goods. Some users of textile fabrics had been taking advantage of these low price offers and had booked their requirements abroad, while others were waiting to see if prices would decrease further before committing themselves.

Referring specifically to nylon filament fabrics, the Institute claimed that South Korea had not honoured the agreement it had entered into with Canada when restraints on nylon fabrics from that country were lifted in August 1974. It claimed that at least 5,000,000 square yards of nylon fabric had been or were being booked for delivery from South Korea, at prices which made it impossible for Canadian producers to compete. It stated that unless restraints were reimposed immediately, this large quantity of fabric, fifteen times the level of the previous restraints applying to South Korea, would cause irreparable damage. The Institute urged the Board, in view of the situation, to apply section 17(2) of the Textile and Clothing Board Act to recommend that restraints be immediately negotiated with South Korea to limit their 1974 exports of nylon fabrics to Canada to the level of the 1973 restraint, any overshipments being applied against the 1975 restraint level. The Institute recommended also that restraints be negotiated with Japan and Taiwan, from which offers of low-cost goods had been made; that broadwoven nylon filament fabrics be added immediately to the Import Control List; that a method of pre-registering import orders be implemented; that a surtax be applied to all imports of nylon fabrics priced under a certain level; and that methods to control transshipments be effectively applied.

Regarding broadwoven polyester filament fabrics, the Institute pointed out that Canadian producers had invested heavily to serve a market which had developed extensively, particularly in textured wovens. It stated that this market was vulnerable to disposal pricing based on the recession in world textile markets and on an existing surplus of polyester yarn stocks and capacity. It claimed that imports of woven textured fabrics from Japan, and of a wide variety of lighter weight fabrics, including taffetas and sheers, represented an imminent and serious threat to the price viability of the Canadian market. The Institute requested that the Board's recommendations of May 1, 1974 be

fully implemented; that restraints be negotiated with Taiwan, where large scale production facilities had recently been established, and with Hong Kong, to control transshipments; and that a surtax be applied to all imports priced below certain specified levels depending on the type of fabric.

The Canadian Textiles Institute stated that the industry sectors producing double-knit and warp-knit fabrics were suffering from overcapacity and reduced activity in a declining market, as in other countries. However, it contended that it was in addition being disrupted by very low price offers of knitted fabrics from Japan. Unless this price disruption was removed the industry could suffer critical and permanent injury within the next few months. The Institute also said that increased imports of made-up garments of double-knit and warp-knit fabrics were eroding the market further and adding to the injury suffered by the knitted fabric sector. The Institute recommended that existing restraints with South Korea be maintained in force and that a restraint be negotiated with Taiwan in accordance with earlier Board recommendations; that a restraint be negotiated with Japan at a new level of 5,757,000 lbs., not more than 15% of this to be circular knits under 8 ounces and not more than 15% to be warp knits under 8 ounces; that should satisfactory progress towards a restraint agreement not be achieved during the prescribed 60 day period, a restraint be arranged in 7 days; that a surtax be applied to imports at the lowest price levels; that a system of registered orders be instituted; and that knit fabrics be added immediately to the Import Control List.

In the brief which they submitted jointly with the Canadian Textiles Institute, the three textile labour unions expressed their deep concern over the serious disruption of the industry sectors concerned, which had resulted in increasingly larger lay-offs, many of these occurring in small communities with serious damage to the local economy. They expressed their support for the recommendations made by the Canadian Textiles Institute and urged the Board to give immediate attention to the situation to ensure that imports of offshore goods would be kept to an absolute minimum, thereby preserving jobs for Canadians.

In their briefs and in private meetings with the Board the Canadian producers of broadwoven man-made filament fabrics and double-knit and warp-knit fabrics reiterated the arguments presented by the Canadian Textiles Institute. They gave specific confidential details of their operations and of the plans they were either implementing or projecting to improve their efficiency and competitive ability. All of them fully endorsed the recommendations put forth by the Canadian Textiles Institute and urged the Board to recommend immediate action to help them resolve their problems.



Two Canadian producers of filament yarns expressed their support of the Canadian Textiles Institute's brief. They mentioned their dependence on the industry sectors of concern, and related how the current situation had adversely affected their operations. They also gave the Board confidential details of their plans for improvement and expansion of their production facilities.

In its brief and in private appearances before the Board the Apparel Manufacturers Council of Canada stated that it recognized the need for a healthy Canadian textile industry, but it did not believe that there existed emergency conditions that could be traced to imported fabrics that would indicate the need for precipitous action. It was of the opinion that a policy should be developed to assure Canadian textile producers a fair share of the domestic market without at the same time limiting the ability of apparel producers to compete with producers of clothing throughout the world. The Council contended that if Canadian clothing manufacturers were to compete with clothing from world markets, they must have access to world fabric markets.

One user of industrial nylon fabrics expressed concern about being cut off from his foreign sources of supply, since the specialized fabrics he required were not made in Canada.

The Canadian importers who made representations to the Board stated that imports were not causing injury, and that they were opposed to restrictions on imports. They were of the opinion that imports had been filling a vacuum which Canadian producers had not been capable of filling or willing to fill. They expressed the opinion that the current difficult conditions were not attributable to imports, but to a slowing down in the production of garments.

In a joint presentation to the Board, the Japan Silk and Synthetic Textiles Exporters' Association and the Japan Chemical Fibres Association urged the Board not to recommend special measures of protection on nylon fabrics from Japan on the grounds that the quantities of these fabrics imported from Japan which might be considered competitive with Canadian production had declined substantially, and that in terms of price, imports from Japan had become less competitive.

With regard to broadwoven polyester filament fabrics, the Associations requested that the Board recommend that imports of these fabrics from Japan be no longer subject to special measures of protection. They gave as reasons for such a request the cut-back in production in Japan; the relatively buoyant market conditions in Canada for such fabrics; and expansion plans announced by two Canadian producers. They claimed that imports from Japan had been substantially less than the restraint level in recent years, and that changes in the composition of the imports had made them less competitive with Canadian production.



The Japan Textile Products Exporters' Association, in its brief to the Board, contended that Japanese exports of double-knit and warp-knit fabrics to Canada were not in any way harming the interests of Canadian mills or of the Canadian people. The Association claimed that Japanese exports were of higher quality than the fabrics made in Canada in terms of styling and variety. The Association said that Japanese exports of double-knit and warp-knit fabrics were not competitive with Canadian production. The Association urged the Board not to recommend interim action pursuant to section 17(2) of the Textile and Clothing Board Act, but to conduct a review in full conformity with the provisions of the Agreement Regarding International Trade in Textiles.

The British Knitting Export Council in its submission to the Board expressed the opinion that Canadian double-knit fabric producers, after a late start, had established a position which had brought about a rapid decline in imports. Any further restrictive measures could lead to complete elimination of this trade. The Council felt that there were no grounds for introducing a greater degree of protection for the Canadian double-knitting industry.

In its brief to the Board on behalf of the Warp Knitters Association, the British Man-made Fibres Federation submitted that difficulties being experienced by the Canadian domestic industry reflected the world-wide economic situation, and that further protection for the Canadian market against imported supplies would be inappropriate.

The Department of Manpower and Immigration provided the Board with a report on the employment situation in those localities where broadwoven man-made filament fabrics and double-knit and warp-knit fabrics were produced.

The Textiles Division of the Department of Industry, Trade and Commerce submitted comprehensive detailed reports of the situation in the industry sectors concerned. From the same Department, the Office of Special Import Policy reported to the Board on the negotiation and administration of relevant restraint arrangements covering the products in question.

#### Recent Market Developments

In general world markets for textiles were strong in 1973, and the prices of man-made fibres and fabrics were rising even before the oil crisis. Late in the year the oil crisis created fears that there would be acute shortages of the basic chemicals for the production of man-made fibres and prices surged upward.

This period of shortages and sharp price increases was quickly followed by a world wide recession in the textile industry. This recession became apparent in Japan early in 1974, and somewhat later in Europe and North America. It has been characterized by inventory liquidations and sharp price declines, in some cases back to about 1972 levels.

In Canada, indications of a softening market for textiles appeared early in the summer of 1974 but until early fall shipments were well maintained for most products. As the fall progressed, more and more Canadian producers reported lower shipments, rapidly increasing inventories and sharp declines in new orders. Price adjustments were made but buyers continued to hold off, in part because they could get imported goods at much lower prices, especially from Japan, South Korea and Taiwan. To curb the growth of inventories, substantial production cut-backs, some permanent plant closures, and numerous short-term shut-downs were put into effect. It is too early for the effects of falling prices abroad in the summer and fall of 1974 to be reflected fully in published data regarding Canadian import volumes and values for duty, or for the impact on Canadian shipments to be clear. Nevertheless, a good indication of the magnitude of the changes taking place is provided by data which the Board has obtained regarding employment and shipments.

#### Employment

Data compiled by the Canadian Textiles Institute indicate that in the week of January 10, 1975 man-hours worked in the production of broadwoven fabrics and man-made filament yarn were 12 per cent lower than in the corresponding week of 1974, and that in the case of knitted fabrics the decline was 31 per cent from a year earlier. (Table 1).

Employment in the production of double-knit fabrics by seven of the largest firms in this sector declined from 1,187 on November 30, 1973 to 942 a year later. In the same period the employment decline for six large firms in the warp-knit sector was from 631 to 486. Firms in these two sectors had numerous large lay-offs and at least four double-knitting plants closed permanently. Both sectors have operated far below capacity levels for several months. A survey by the Textiles Division indicated that in December the double-knitting sector was operating at less than 50 per cent of capacity.

The man-made filament fibre broadwoven fabric plants are concentrated in a number of small cities and towns of the Eastern Townships of Quebec in which they are among the major employers. Several of the largest double-knit and warp-knit fabric plants are in metropolitan areas where they have less impact on over-all employment levels, but others are located in relatively small communities. Tables 2 and 3 in the Appendix provide data on the size of the labour force and unemployment in communities where products affected by the present inquiries are produced.

### Shipments

The Canadian Textiles Institute furnished data which make possible comparisons of total Canadian shipments, which include exports, of these fabrics in the first half, first three quarters, and first eleven months of 1974 with the same periods in 1973. The results are as follows:

	<u>Nylon Fabrics</u>	<u>Polyester Filament Fabrics</u>	<u>Double- Knit Fabrics</u>	<u>Warp- Knit Fabrics</u>
	-million square yards-		- million pounds -	
January - June 1973	22.6	6.2	15.9	13.1
January - June 1974	21.5	7.6	17.6	13.4
July - September 1973	8.5	2.4	6.8	5.5
July - September 1974	5.8	4.0	4.9	4.3
October - November 1973	6.5	2.2	5.6	4.8
October - November 1974	4.3	3.4	3.8	3.1
January - November 1973	37.6	10.8	28.3	23.4
January - November 1974	31.6	15.0	26.3	20.8

Canadian shipments of double-knit, warp-knit and nylon fabrics were lower in each of the three periods in 1974 than in the corresponding period a year earlier, and in each case the shortfall relative to the previous year increased as the year progressed. Shipments of polyester filament fabrics were higher in 1974 than in 1973, when production had been reduced by strikes.

### Imports

In the first half of 1974 imports of nylon woven fabrics and of double-knit fabrics were lower than in the first half of 1973, partly as a result of high prices prevailing in major exporting countries in the fall and winter of 1973/74. However, prices abroad fell sharply during 1974, and this began to be reflected in increases in Canadian imports by the fall of the year, as may be seen from the following import data:

	<u>Broadwoven Nylon Fabrics</u>	<u>Broadwoven Polyester Fabrics</u>	<u>Double- Knit Fabrics</u>	<u>Warp- Knit Fabrics</u>
	- 000 pounds -			
January - June 1973	2,804	3,914	6,562	2,063
January - June 1974	1,635	3,939	3,830	3,291
July - September 1973	1,011	1,596	2,413	1,116
July - September 1974	739	2,029	1,907	1,424
October - November 1973	606	1,273	1,623	1,016
October - November 1974	547	1,944	1,642	1,249
January - November 1973	4,421	6,783	10,598	4,195
January - November 1974	2,921	7,912	7,379	5,964

A major factor in the high level of imports of nylon fabrics in the first three quarters of 1973 was heavy imports of greige fabrics by Canadian producers affected by strikes.

The Textiles Division estimates the share of the domestic market filled by imports of these various fabrics as follows:

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>Jan.-Sept. 1974</u>
	- per cent -			
Nylon	38.4	44.0	46.2	44.6
Polyester	80.2	79.1	79.5	73.7
Double-knit	55.7	46.9	30.6	20.7
Warp-knit	24.1	30.6	17.0	21.4

The United States, the United Kingdom and Japan are traditionally the leading exporters of broad woven nylon fabrics to Canada (See Table 4 for further details). In 1973, Italy became a major supplier, largely as a result of special circumstances arising out of Canadian strikes, but in 1974 imports from this source tapered off. There were reports of very large contracts for nylon fabrics being placed in South Korea, previously a minor supplier, during the second half of 1974 and substantial shipments are known to have arrived in December, for which import statistics are not yet available.

Japan, the United States, France and South Korea were the leading import suppliers of broadwoven polyester fabrics to Canada during the last three years. (See Table 5 for details.) Japan and South Korea restrain their exports to Canada, and present indications are that both countries fully utilized their restraints in 1974.



Japan and the United Kingdom were the dominant suppliers of the very high levels of imports of double-knit fabrics to Canada in 1971 and 1972 (See Tables 6, 7 and 8 for details). As Canadian production came on stream imports of these fabrics from the United Kingdom declined very sharply and imports from Japan also declined. Meanwhile imports from the United States and South Korea increased.

The United States and Japan have been the dominant suppliers of warp-knit (tricot) fabrics to Canada since 1971 (See Table 9 for details). Imports from both these sources increased sharply in 1974. The United Kingdom is another important source of supply.

While imports of double-knit and warp-knit fabrics from the three restraining countries (Japan, South Korea and Taiwan) were below year earlier levels during the first half of 1974, they substantially exceeded 1973 levels in each of the four months August to November.

#### Prices

The Japan Textile News regularly reports export prices for a number of fabrics. Prices quoted in that publication have been as follows:

	<u>Early 1973</u>	<u>Recent high</u>	<u>Recent low</u>
	- U.S. cents per yard -		
<u>Nylon</u> a)			
Fabric 1	51 (February)	56 (Sept. '73)	38 (Nov. '74)
Fabric 2	61 (February)	75 (Jan. '74)	60 (Nov. '74)
<u>Polyester</u> a)			
Fabric 1	110 (May)	110 (July '73)	70 (Nov. '74)
Fabric 2	230 (May)	267 (Dec. '73)	185 (Nov. '74)
<u>Double-Knits</u> a)			
Fabric 1	233 (May)	272 (Jan. '74)	163 (Nov. '74)
Fabric 2	205 (May)	300 (Jan. '74)	200 (Nov. '74)

a) See Appendix, Table 10, for descriptions of these fabrics.

The price increases for Japanese fabrics during 1973 were very sharp, some of them exceeding 40 per cent, and the subsequent declines were equally sharp. By November 1974 many fabrics were being offered at prices lower than in early 1973, despite higher wage rates and raw material costs. Canadian producers report that prices in South Korea and Taiwan followed the same trend as in Japan, and in general were lower.

During 1973 Canadian prices of similar fabrics increased relatively little, in most cases by less than 10 per cent. As this increase was much smaller than that in Asiatic prices, Canadian mills became more price competitive during 1973. However, this soon changed. Canadian fabric prices declined very little or not at all in 1974, and of course costs rose. Consequently, in the latter part of 1974 there was a sharp adverse swing in the relative prices of Canadian produced fabrics and fabrics imported from Asiatic countries.

#### Conclusions

As noted earlier, the products being dealt with in this report - broadwoven nylon fabrics, broadwoven polyester filament fabrics, and double-knit and warp-knit fabrics - were the subject of inquiries or reviews by the Board in the first half of 1974.

However, as the Board commented in an interim report of December 17th on nylon fabrics, a remarkable change in the demand/supply relationships in most textile markets took place world-wide during 1974. Shortages and high prices which had been characteristics of 1973 disappeared abruptly and about the middle of 1974 were replaced by surpluses and sharply declining prices. These conditions have had a serious impact on Canadian production and employment. We do not know how long they will last, but in the Board's opinion, it is prudent to assume that textile markets will remain weak and unsettled through most of 1975.

Throughout these concurrent inquiries, the Board has had to accept the fact that statistical evidence regarding the current volume of imports is not available, and in the nature of the case could not be available, to back up allegations that the obvious deterioration in the state of Canadian production and employment is directly attributable to imports. This is due to time lags between the offering of offshore goods to Canadian buyers at very low prices and the arrival at a Canadian port of goods purchased as a result of these offerings. The Board has had to reach its conclusions largely on the basis of qualitative rather than quantitative evidence, supported by statistics relating to Canadian production, prices and employment. The Board's judgment as to the probable course of future events has naturally been influenced by a knowledge of events which have occurred in the past.

After weighing all the evidence before it, including evidence relating to prices and quantities of textile goods being offered for sale, the Board has concluded that broadwoven nylon fabrics, broadwoven polyester filament fabrics and double-knit and warp-knit fabrics are being imported from certain countries at such prices and under such conditions as to cause or threaten serious injury to production in Canada. By and large the imports causing or threatening injury have not yet shown up in the published statistics, which lag about three months after the entry of the goods, and to some extent they have not yet entered Canada. However, it should be recognized that injury to Canadian production occurs when orders which could be supplied from Canadian sources are placed offshore. In this sense serious injury has been occurring for some months because of increased offers at low prices of a wide range of distress merchandise. In the Board's judgment there can be no doubt that there are real and imminent threats of further serious injury.

#### Nylon Fabrics

The Board has concluded that imports of woven nylon fabrics originating in Japan and the Republic of Korea are causing or threatening serious injury to production in Canada and that the circumstances warrant the application of special measures of protection, at least for the calendar year 1975. The Board considers also that there is a threat of injury from imports from Taiwan and Poland. On the basis of preliminary and possibly incomplete information regarding orders placed or under negotiation at this time, the Board considers that in the case of Taiwan the threat is so serious and so immediate that steps should be taken at once to secure the application of an appropriate restraint. In the case of Poland, it does not think that the situation has developed to the point where direct intervention is required. In the Board's opinion, an alerting of the appropriate authorities in Poland to Canada's concern in this matter, coupled with a public announcement that the Government will take prompt action under the Arrangement Regarding International Trade in Textiles if imports from any source increase disruptively, will meet the present needs of the situation.

As to the quantity of nylon fabrics which can be accepted from Japan during 1975, the Board is of the opinion that the appropriate level is that of the last formal restraint (1973) increased by 6%. In the case of the Republic of Korea the Board has concluded that in the light of events, the level of 400,000 square yards recommended in the Board's December 17, 1974 interim report, which represents an 18% increase over the level agreed with the Republic of Korea for 1973, should not be exceeded during the whole of the calendar year 1975. Annex B of the Arrangement Regarding International Trade in Textiles provides a formula which the Board thinks it would be appropriate to apply to imports from Taiwan.

### Polyester Filament Fabrics

In May 1974, the Board recommended that quantitative limitations on the importation of woven polyester filament fabrics originating in Japan and the Republic of Korea be maintained, and that action be taken to prevent the circumvention of restraint arrangements by transshipments. During the current review, the Canadian producers suggested that restraints should be negotiated with Taiwan and Hong Kong also, on the grounds that production facilities had been installed in those countries. The Board has received confirmation that both countries now have facilities in operation for finishing polyester filament fabrics, and are in a position to export in volume.

The Board has concluded that, in view of the recent levels of imports of polyester filament fabrics from Japan and the Republic of Korea, and the prices being quoted for exports from those countries, the threat of serious injury to Canadian production continues to exist, and that restraints covering 1975 should be arranged with those countries. The Board is still of the opinion that restraint levels stated in pounds instead of square yards would be preferable from the Canadian point of view, but does not consider this matter to be of sufficient importance at this time to warrant unilateral action by Canada if agreements that are in other respects satisfactory can be reached. In view of the high level of the previously existing restraints and in the light of paragraph 2 of Annex B of the Arrangement Regarding International Trade in Textiles, the Board has concluded that Canada should agree to an increase of not more than one per cent from the restraint level of 18,232,000 pounds recommended by the Board for 1974 in the case of Japan and of not more than one per cent from the level of the last formal arrangement in the case of the Republic of Korea.

As to Hong Kong and Taiwan, the Board is now persuaded that it would be advisable to make arrangements for formal restraints with these countries covering this product. The Board thinks that the best way to reduce the risk of injury from imports from other new sources would be for the Canadian government to make a public announcement that disruptive increases in imports of polyester filament fabrics from any source will trigger prompt action by Canada under the Arrangement Regarding International Trade in Textiles. The Board suggests also that more vigorous action should be taken under Article 8 of that Arrangement to prevent the circumvention of agreements reached under it.

### Double-Knit and Warp-Knit Fabrics

In June 1974, following a review of the knit fabric situation, the Board reported its conclusion that restraint arrangements covering these products were needed with Japan, the Republic of Korea and Taiwan, and that exports from Hong Kong should be kept under surveillance by that country. Since that time, the situation in the Canadian knit fabric



industry has deteriorated seriously. Instead of showing the anticipated growth, the Canadian market for double-knit fabrics declined in 1974 for the second year in a row and this fact, coupled with sharp declines in prices from overseas sources and the recent upward trend in imports from Japan, has convinced the Board that imports of knit fabrics are causing or threatening serious injury to production in Canada and that limitations in imports of this product should be continued during 1975.

In the Board's opinion, continuation of the existing restraint and surveillance arrangements with the Republic of Korea, Taiwan and Hong Kong would be satisfactory. In the light of the continuing decline in the size of the Canadian market, the Board believes that no increase in the levels of the restraints in question is really justified, but, to meet the requirements of the Arrangement Regarding International Trade in Textiles, the Board is recommending an increase of 1%.

With regard to Japan, the situation is a very difficult one. It cannot be denied that entry into the Canadian market of Japanese double-knit and warp-knit fabrics at the level of the last formal restraint (1973) of over twelve million pounds would have disastrous effects on Canadian production and employment in this sector, which is already severely depressed. It was argued by Canadian producers during this review that, since no formal restraint agreement was negotiated with Japan for 1974, the "over-lap" provision contained in paragraph 1(b) of Annex B of the Arrangement Regarding International Trade in Textiles could properly be applied. This would result in a restraint level of under six million pounds. The Board would have difficulty in accepting such a legalistic argument completely, in view of the apparently well-established practice of the Japanese authorities of maintaining an export restraint in effect pending new negotiations. On the other hand, it could hardly be in the longer term interests of the Japanese exporters to have the Canadian market disrupted to the extent it would be by the importation of anything like twelve million pounds of Japanese double-knit and warp-knit fabrics. Bearing these factors in mind, the Board has decided it should recommend that the Canadian negotiators be instructed to seek to reach agreement with Japan on a restraint covering double-knit and warp-knit fabrics for 1975 at a level not exceeding seven million pounds. This total would exceed by a substantial margin the levels of actual imports of these products from Japan during the last two years. If an agreement cannot be reached, consideration will have to be given to other measures.

\* \* \* \* \*

It was suggested during this review that a system of pre-registration of orders placed overseas for these products would have beneficial effects. The Board can see a number of difficulties in

connection with the development of a system which would give an accurate indication of impending levels of imports, but agrees that every effort should be made to develop such a system, which could be used with advantage in dealing with sudden increases in imports of sensitive products.

The Board has concluded that the application of a surcharge to imports of these products when quantitative limitations are being applied, is not appropriate.

#### RECOMMENDATIONS

The Board recommends that arrangements be made to ensure that in the calendar year 1975 imports into Canada of certain textile products from certain countries do not exceed the limits set out hereunder:

##### Broadwoven fabrics of nylon

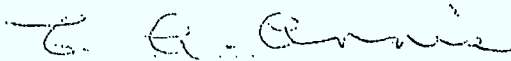
<u>Source</u>	<u>Limit</u>
Japan	106 per cent of the restraint level specified in the last formal arrangement.
Republic of Korea	400,000 square yards.
Taiwan	To be determined in accordance with Annex B of the Arrangement Regarding International Trade in Textiles.

##### Broadwoven fabrics of filament polyester

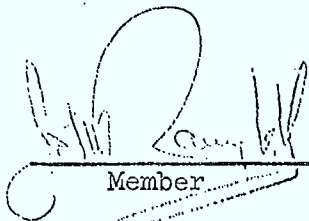
Japan	101 per cent of the restraint level (18,232,000 square yards) recommended in the Board's report of May 1, 1974.
Republic of Korea	101 per cent of the restraint level (1,490,000 square yards) agreed for 1974.
Hong Kong	To be determined in accordance with Annex B of the Arrangement Regarding International Trade in Textiles.
Taiwan	To be determined in accordance with Annex B of the Arrangement Regarding International Trade in Textiles.

Double-Knit and Warp-Knit fabrics

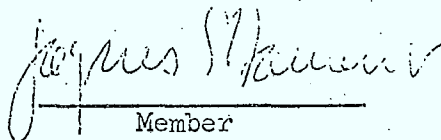
<u>Source</u>	<u>Limit</u>
Japan	Seven million pounds.
Republic of Korea	101 per cent of the amount (560,000 pounds) agreed for 1974.
Taiwan	101 per cent of the amount (375,000 pounds) fixed for 1974.



Chairman



Member



Member

## STATISTICAL APPENDIX

Table 1	-	Employment and Total Man-Hours Worked in 24 Companies in the Primary Textiles Sectors Covered by the Concurrent Inquiry Before the Board.
Table 2	-	1971 Labour Force in Localities and C.M.C. Areas Where Textile Products are Manufactured.
Table 3	-	Registered Clients Without Employment in C.M.C. Areas Where Textile Products are Manufactured - November 1974.
Table 4	-	Imports of Nylon Broadwoven Fabrics, by Country, 1971-1974.
Table 5	-	Imports of Polyester Broadwoven Fabrics, by Country, 1971-1974.
Table 6	-	Imports of Double-Knit and Tricot Fabrics, by Country, 1971-1974
Table 7	-	Imports of Double-Knit Fabrics, Polyester, by Country, 1971-1974
Table 8	-	Imports of Double-Knit Fabrics, N.E.S. by Country, 1971-1974
Table 9	-	Imports of Tricot Fabrics, by Country, 1971-1974
Table 10	-	Japan Textile News - Descriptions of Fabrics



TABLE 1

EMPLOYMENT AND TOTAL MAN-HOURS WORKED IN  
24 COMPANIES IN THE PRIMARY TEXTILES SECTORS  
COVERED BY THE CONCURRENT INQUIRY BEFORE THE BOARD

	Week of January 11, <u>1974</u>	Week of January 10, <u>1975</u>	<u>Change</u>
	number		per cent
<u>Total Hourly Paid Employees</u>			
Broadwoven Filament Fabrics	3,165	2,780	- 12.2
Double and Warp-Knit Fabrics	1,600	1,142	- 28.6
Worsted Fabrics	1,030	919	- 10.8
Cotton & Polyester-Cotton Fabrics	10,003	8,513	- 14.9
Acrylic and Polyester Yarns	3,834	2,536	- 33.9
Cotton and Cotton Blend Yarns	1,385	1,222	- 11.8
Fibres	<u>2,577</u>	<u>2,251</u>	- 12.7
<u>Total</u>	23,594	19,363	- 17.9
<u>Total Man-Hours Worked</u>			
Broadwoven Filament Fabrics	129,523	113,418	- 12.4
Double and Warp-Knit Fabrics	68,684	46,848	- 31.8
Worsted Fabrics	42,522	38,278	- 10.0
Cotton and Polyester-Cotton Fabrics	414,850	337,686	- 18.6
Acrylic and Polyester Yarns	152,786	97,028	- 36.5
Cotton and Cotton Blend Yarns	59,555	48,880	- 17.9
Fibres	<u>101,025</u>	<u>88,183</u>	- 12.7
<u>Total</u>	968,675	770,321	- 20.5

Source: Canadian Textiles Institute, Special Survey of 24 firms. The firms surveyed include the largest in each sector

TABLE 2

1971 LABOUR FORCE IN LOCALITIES AND  
C. M. C. AREAS WHERE TEXTILE PRODUCTS  
ARE MANUFACTURED

Canada Manpower Centre	Locality	1971 Estimated Labour Force	
		Canada Manpower Centre	Locality
<u>N.S.</u>			
Kentville	Bridgetown	31,120	N/A
<u>N.B.</u>			
Bathurst	Caraquet	22,665	N/A
Moncton	Moncton	52,145	4,570
<u>Quebec</u>			
Beauharnois	Beauharnois	24,060	N/A
Berthierville } Joliette }	Joliette	32,740	8,010
Cowansville	Cowansville	8,995	4,320
Drummondville	Drummondville	24,665	12,700
Farnham	Farnham	7,690	N/A
Granby	Granby	25,925	13,455
Grand Mère	Grand Mère	12,195	5,990
Levis - Montmagny	Montmagny	56,400	4,570
Louiseville	Louiseville	9,035	N/A
Magog	Magog	9,060	5,150
Montreal Metro	Chomedey	973,630	N/A
St. Jean	Iberville	36,185	N/A
St. Jean	St. Jean	36,185	14,185
Ste Thérèse	St. Placide	30,985	N/A
St. Hyacinthe	St. Hyacinthe	38,475	10,060
St. Jérôme	St. Jérôme	20,015	9,800
Sherbrooke	Coaticook	62,530	N/A
Sherbrooke	Sherbrooke	62,530	31,530
Valleyfield	Huntingdon	23,045	N/A
Valleyfield	Valleyfield	23,045	11,160
Victoriaville	Victoriaville	18,690	8,490
<u>Ontario</u>			
Cambridge	Cambridge	31,515	N/A
Cambridge	Hespeler	31,515	N/A
Cornwall	Alexandria	35,455	-
Cornwall	Long Sault	35,455	N/A
Hawkesbury	Hawkesbury	9,515	N/A
Hamilton	Hamilton	226,170	137,085

TABLE 2 (CONT'D.)

1971 LABOUR FORCE IN LOCALITIES AND C. M. C.  
AREAS WHERE TEXTILE PRODUCTS ARE MANUFACTURED

Canada Manpower Centre	Locality	1971 Estimated Labour Force	
		Canada Manpower Centre	Locality
Kingston	Kingston	47,370	27,050
Kitchener	Elmira	87,305	N/A
Owen Sound	Meaford	26,375	N/A
Prescott	Prescott	12,315	N/A
St. Catharines	St. Catharines	63,260	45,900
Toronto Metro	Toronto Metro	1,134,400	367,000
Woodstock	Woodstock	27,800	11,930
<u>Manitoba</u>			
Selkirk	Selkirk	28,825	N/A
<u>B.C.</u>			
Vancouver	Vancouver	468,425	208,955

Source: Department of Manpower and Immigration.

TABLE 3

REGISTERED CLIENTS WITHOUT EMPLOYMENT  
IN C. M.C. AREAS WHERE TEXTILE  
PRODUCTS ARE MANUFACTURED

NOVEMBER 1974

Canada Manpower Centre	Locality	Registered Clients Without Employment for CMC's		
		Male	Female	Total
<u>N.S.</u>				
Kentville	Bridgetown	1,531	1,351	2,882
<u>N.B.</u>				
Bathurst	Caraquet	3,729	2,183	5,912
Moncton	Moncton	5,851	4,807	10,658
<u>Quebec</u>				
Beauharnois	Beauharnois	576	819	1,395
Berthierville } Joliette }	Joliette	1,219	841	2,060
Cowansville	Cowansville	176	149	325
Drummondville	Drummondville	1,480	1,146	2,626
Farnham	Farnham	316	339	655
Granby	Granby	786	1,130	1,916
Grand Mère	Grand Mère	846	579	1,425
Levis - Montmagny	Montmagny	3,598	1,736	5,334
Louiseville	Louiseville	445	243	688
Magog	Magog	504	352	856
Montreal Motro	Chomedey	23,611	19,042	42,653
St. Jean	Iberville	1,965	1,892	3,857
St. Jean	St. Jean	1,965	1,892	3,857
Ste Thérèse	St. Placide	973	1,057	2,030
St. Hyacinthe	St. Hyacinthe	1,304	1,417	2,721
St. Jérôme	St. Jérôme	1,944	1,387	3,331
Sherbrooke	Coaticook	3,461	2,533	5,994
Sherbrooke	Sherbrooke	3,461	2,533	5,994
Valley field	Huntingdon	822	1,250	2,072
Valley field	Valleyfield	822	1,250	2,072
Victoriaville	Victoriaville	1,057	720	1,777
<u>Ontario</u>				
Cambridge	Cambridge	790	982	1,772
Cambridge	Hespeler	790	982	1,772
Cornwall	Alexandria	2,341	2,096	4,437
Cornwall	Long Sault	2,341	2,096	4,437
Hawkesbury	Hawkesbury	449	280	729
Hamilton	Hamilton	5,900	7,816	14,445



TABLE 3 (CONT'D.)

REGISTERED CLIENTS WITHOUT EMPLOYMENT  
IN C. M. C. AREAS WHERE TEXTILE  
PRODUCTS ARE MANUFACTURED

NOVEMBER 1974

Canada Manpower Centre	Locality	Registered Clients Without Employment For CMC's		
		Male	Female	Total
Kingston	Kingston	2,138	2,071	4,209
Kitchener	Elmira	1,985	1,679	3,664
Owen Sound	Meaford	1,203	1,122	2,325
Prescott	Prescott	506	396	902
St. Catharines	St. Catharines	3,360	3,754	7,114
Toronto Metro	Toronto Metro	30,902	22,475	53,377
Woodstock	Woodstock	423	537	960
<u>Manitoba</u>				
Selkirk	Selkirk	773	397	1,170
<u>B.C.</u>				
Vancouver	Vancouver	14,525	9,447	23,972

Source: Department of Manpower and Immigration.

TABLE 4

IMPORTS OF NYLON BROAD WOVEN FABRICS,  
BY COUNTRY, 1971 - 1974

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>January</u> <u>1973</u>	<u>November</u> <u>1974</u>
	-000 pounds -				
United States	1,029	1,578	1,712	1,609	1,605
United Kingdom	584	1,494	1,022	961	558
Japan	432	675	510	482	258
Italy	129	209	779	765	168
Poland	2	26	102	91	103
Belgium-Luxembourg	85	81	379	345	71
All Other	<u>145</u>	<u>267</u>	<u>170</u>	<u>168</u>	<u>158</u>
Total	2,406	4,330	4,674	4,421	2,921

Source: Statistics Canada, Imports by Commodities

TABLE 5

IMPORTS OF POLYESTER BROAD WOVEN FABRICS,  
BY COUNTRY, 1971 - 1974

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>January</u> <u>1973</u>	<u>November</u> <u>1974</u>
	-000 pounds -				
Japan	2,482	3,059	3,086	2,885	3,353
United States	589	964	1,706	1,570	2,233
France	329	523	682	613	651
South Korea	173	381	567	532	545
Spain	91	135	178	166	246
West Germany	451	360	232	212	188
Italy	72	210	228	198	159
Hong Kong	9	119	242	234	140
Switzerland	89	147	126	119	117
All Other	<u>98</u>	<u>126</u>	<u>279</u>	<u>254</u>	<u>280</u>
Total	4,383	6,024	7,326	6,783	7,912

Source: Statistics Canada, Imports by Commodities

TABLE 6

IMPORTS OF DOUBLE-KNIT AND TRICOT FABRICS;  
BY COUNTRY, 1971 - 1974

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>January - November</u> <u>1973</u>	<u>1974</u>
	-000 pounds -				
United States	3,386	2,688	4,612	4,017	6,063
Japan	9,579	13,121	3,902	3,764	3,962
United Kingdom	14,074	8,791	4,075	3,934	929
South Korea	174	373	454	399	310
Germany, West	1,992	1,783	690	684	267
Italy	987	947	234	220	262
Spain	44	164	129	122	223
South Africa	11	-	40	30	203
Hong Kong	74	298	422	422	170
Ireland	145	122	200	175	146
Sweden	81	176	75	71	142
Malta	42	195	61	61	123
All Other	<u>1,225</u>	<u>870</u>	<u>1,010</u>	<u>895</u>	<u>543</u>
Total	31,814	29,528	15,904	14,794	13,343

Source: Statistics Canada, Imports by Commodities

TABLE 7

IMPORTS OF DOUBLE-KNIT FABRICS, POLYESTER,  
BY COUNTRY, 1971 - 1974

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>January - November</u> <u>1973</u>	<u>1974</u>
	-000 pounds -				
Japan	6,682	7,925	2,134	2,063	2,539
United States	139	195	440	386	830
United Kingdom	9,802	4,391	1,774	1,698	436
South Korea	72	116	413	374	310
South Africa	11	-	40	30	203
Hong Kong	17	229	399	399	151
Ireland	140	106	171	152	118
Sweden	68	164	51	47	113
Taiwan	21	17	352	302	110
Italy	60	32	38	36	65
West Germany	1,310	546	452	449	58
Israel	257	96	79	77	49
Other	<u>472</u>	<u>171</u>	<u>164</u>	<u>162</u>	<u>93</u>
Total	19,051	13,988	6,507	6,175	5,075

Source: Statistics Canada, Imports by Commodities



TABLE 8

IMPORTS OF DOUBLE-KNIT FABRICS, NES  
BY COUNTRY, 1971 - 1974

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>January -</u> <u>1973</u>	<u>November</u> <u>1974</u>
	-000 pounds -				
United States	721	569	1,686	1,455	1,772
United Kingdom	3,663	3,966	1,724	1,709	190
Japan	1,012	1,983	955	933	137
West Germany	186	197	41	40	77
Italy	106	226	64	58	38
France	64	172	61	56	25
All Other	<u>117</u>	<u>132</u>	<u>181</u>	<u>173</u>	<u>65</u>
Total	5,869	7,245	4,712	4,424	2,304

Source: Statistics Canada, Imports by Commodities

TABLE 9

IMPORTS OF TRICOT FABRICS,  
BY COUNTRY, 1971 - 1974

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>January -</u> <u>1973</u>	<u>November</u> <u>1974</u>
	-000 pounds -				
United States	2,525	1,924	2,486	2,176	3,461
Japan	1,885	3,214	812	767	1,286
United Kingdom	609	434	576	526	302
Spain	42	160	128	121	220
Italy	821	689	132	125	158
West Germany	496	1,041	197	195	133
Malta	42	195	61	61	123
Brazil	-	-	36	-	66
All Other	<u>474</u>	<u>638</u>	<u>257</u>	<u>224</u>	<u>215</u>
Total	6,894	8,295	4,685	4,195	5,964

Source: Statistics Canada, Imports by Commodities

TABLE 10

JAPAN TEXTILE NEWS

DESCRIPTIONS OF FABRICS

Nylon

Fabric 1      Unitika N.R.C. Nylon #507  
Taffeta 45" x 50 yds.

Fabric 2      Unitika N.R.C. Nylon #900  
Satin 36" x 50 yds.

Polyester

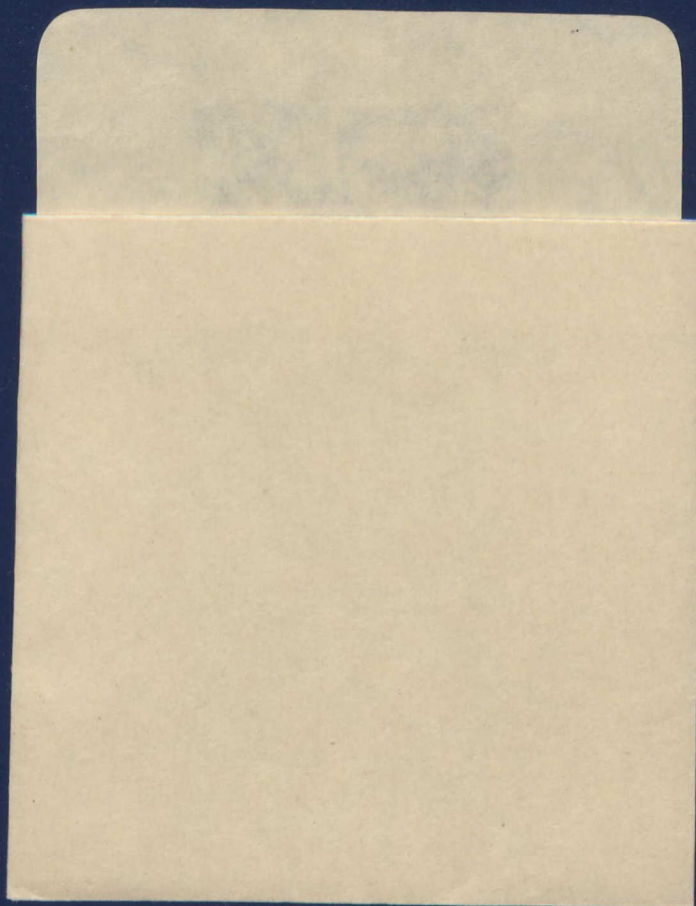
Fabric 1      Soluna G 8315 Amunzen 44" dyed,  
75 x 150 denier.

Fabric 2      Soluna G 5418 Gabardine 58" dyed,  
150 denier/2

Double-Knit

Fabric 1      Acrylic EX3000 Exlan 61 x 63"  
450 gr./yd.

Fabric 2      Unitika Polyester, Jersey PK-7033  
Jacquard (Plain Dyed) 58/62" x abt. 30 yds.  
abt. 330 gr./yd.



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