



TEXTILE AND CLOTHING BOARD

INTERIM REPORT PURSUANT TO SECTION 17(2) OF THE  
TEXTILE AND CLOTHING BOARD ACT RESPECTING  
NYLON FABRICS

OTTAWA, CANADA.  
DECEMBER 17, 1974.

This is an interim report, made pursuant to section 17 (2) of the Textile and Clothing Board Act. It relates to one aspect of concurrent inquiries undertaken by the Textile and Clothing Board at the request of the Minister of Industry, Trade and Commerce.

On November 28, 1974, the Minister tabled in the House of Commons three reports by the Board and stated that he was asking it to conduct new inquiries on the products covered by these reports and on three other textile products. In response to this request the Board gave public notice of its intention to conduct concurrent inquiries concerning broadwoven man-made filament fabrics, double-knit and warp-knit fabrics, polyester-cotton fabrics, worsted fabrics and polyester filament yarn. The notice was given the widest possible distribution and was published in the Canada Gazette of December 7, 1974.

Immediately following the Minister's November 28 press release, the Canadian Textiles Institute wrote to the Board informing it that the Institute, three textile labour unions and Canadian producers of the products in question intended to file submissions with the Board promptly, urging the Board to take action under section 17 (2) of the Textile and Clothing Board Act. This section permits the Board during an inquiry to make a report to the Minister recommending immediate implementation of special measures of protection on an interim basis if the Board is of the opinion that the situation warrants such a step.

This information was included in the Board's public notice, and interested parties wishing to submit views on the question of interim action were advised to communicate with the Board on an urgent basis at the earliest possible date. A copy of the public notice is attached to this report as Annex I.

A brief submitted jointly by the Canadian Textiles Institute, the Fédération Canadienne des Travailleurs du Textile Inc., the Textile Workers' Union of America and the United Textile Workers of America and also private briefs from a number of Canadian producers, were received by the Board on December 9, 1974. The Board met in private sessions with the Canadian producers and the unions on December 10 and 11, 1974. The producers and the unions urged the Board to recommend the immediate implementation of special measures of protection covering all the products included in these inquiries.

On December 11, 1974 the Board received a letter written on behalf of the Japan Silk and Synthetic Textile Exporters' Association and the Japan Chemical Fibres Association expressing the opinion that any request for "emergency action" should be rejected by the Board.

The Board received also reports from the Textiles Division of the Department of Industry, Trade and Commerce on the market situation of the five products in question and a report from the Office of Special Import Policy of the same Department providing background information regarding the recent history of restraint negotiations.

After examining the evidence presented to it so far in these inquiries and bearing in mind the fact that interested parties wishing to oppose the implementation of special measures of protection had not yet

presented their case in any detail, the Board concluded that the need for an interim recommendation covering all the products in question had not yet been established to its satisfaction. On the other hand, the Board is of the opinion that a sufficiently strong case has been made to justify the Board's recommending immediate action with regard to one product from one source. Accordingly, the Board is recommending that immediate steps be taken to limit imports of nylon fabrics from South Korea until such time as the Board can complete its inquiry and submit its final report.

Broadwoven fabrics of nylon (and also of filament rayon) were the subject of an inquiry by the Board in the latter part of 1973, on which a report was submitted on February 5, 1974. At that time the purpose was to determine whether or not imports from Japan and South Korea, which had been under restraints predating the establishment of the Textile and Clothing Board, continued to constitute a serious threat to Canadian production and employment. The Board came to the conclusion that under the conditions then prevailing, nylon fabrics were not being imported under such conditions as to cause serious injury or an immediate threat thereof.

When a new restraint agreement with South Korea was made in 1974 the restraint on nylon fabric was dropped, subject to an agreed minute regarding procedures which would be followed if a need for reimposing the restraint should arise. The text of this minute is reproduced as Annex II.

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.

Recommendation

The Board recommends 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, and that, if necessary, use be made of individual permits under the Export and Import Permits Act in order to put this recommendation into effect.

*G. R. Purdie*

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Chairman

TEXTILE AND CLOTHING BOARD

PUBLIC NOTICE OF INQUIRY

Broadwoven man-made filament fabrics

Double-knit and warp-knit fabrics

Polyester-cotton fabrics

Worsted fabrics

Polyester filament yarn

The Minister of Industry, Trade and Commerce has requested that pursuant to Section 9 of the Textile and Clothing Board Act the Textile and Clothing Board:

- (a) undertake forthwith concurrent inquiries into the impact of actual and imminent imports of broadwoven man-made filament fabrics, double-knit and warp-knit fabrics, polyester-cotton fabrics, worsted fabrics and polyester filament yarn on Canadian production, to determine whether special measures of protection are required;
- (b) examine the plans for adjustment in their operations which Canadian producers of such goods submit to the Board, and
- (c) present the results of its inquiries and any recommendations as soon as possible.

In response to the request received from the Minister of Industry, Trade and Commerce the Textile and Clothing Board hereby gives notice of its intention to conduct concurrent inquiries concerning the products in question.

The Board invites all parties with an interest in the matter to submit briefs relating to any or all of the products named above as soon as possible, and in any case not later than January 6, 1975. Eight copies of each brief should be supplied. The Board will not make public the contents of such briefs and the confidentiality of confidential material contained in them will be maintained. Those submitting briefs are free to make them public if they wish.

Any Canadian producer who submits or associates himself with a request for the implementation of special measures of protection will be required to file with the Board by January 6, 1975, a plan describing the adjustments he has made or proposes to make in his operations in order to increase his ability to meet international competition in the market in Canada.

Hearings relating to these inquiries will be held if and as required. At any such hearings, supplementary presentations or arguments will be accepted at times fixed by the Board from organizations or persons who, by January 6, 1975, have submitted briefs and have given notice of their wish to make supplementary oral presentations. Hearings will be in public if, in the opinion of the Board, the nature of the information to be disclosed so permits.

Interested parties should note that the Canadian Textiles Institute has advised the Board that the Institute, jointly with certain producers and unions having an interest in the matter, intends to submit urgent representations to the effect that in respect of the products in question interim reports should be made pursuant to section 17(2) of the Textile and Clothing Board Act, which reads as follows:



"(2) Where, during the course of an inquiry, the Board is of the opinion that the textile and clothing goods that are the subject matter of the inquiry are being imported at such prices, in such quantities and under such conditions as to cause or threaten serious and immediate injury to the production in Canada of any textile and clothing goods that would be difficult to repair, the Board may, before making any evaluation of the plans required to be submitted in connection with the inquiry, make a written report to the Minister recommending that special measures of protection be implemented immediately on an interim basis pending its evaluation of the plans."

Any interested party who wishes to submit views to the Board regarding the advisability or otherwise of the Board submitting an interim report or reports pursuant to section 17(2) during the course of these inquiries should present them in writing on an urgent basis at the earliest possible date.

All correspondence and briefs relating to these inquiries should be addressed to the Executive Director, Textile and Clothing Board, Place de Ville, Ottawa, Ontario, K1A 0H5.

Ottawa, Canada.

December 6, 1974.

AGREED MINUTES

Regarding sheets (all fibres), pillowcases (all fibres), cotton broad-woven fabrics and broad-woven fabrics substantially of nylon, it was agreed:

- i) restraints on these products should be dropped until such time as the findings of the Textile and Clothing Board inquiries taking place this year are known but, if these findings are that safeguard measures are necessary,
  - a) Korea will initiate restraint action immediately, if requested by Canada, at the annual quantitative levels established for 1973;
  - b) Korea and Canada will enter negotiations as soon as possible regarding what changes may be warranted in the foregoing restraint levels;
  
- ii) meantime, the Government of Korea will provide export statistics for these products, when requested by the Canadian Government and should the rate of exportation reach disruptive proportions, consultation will take place immediately to correct the situation.

Ottawa, Canada

August 26, 1974.