

THE  
CANADIAN  
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CANADIEN  
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EXTÉRIEUR

**SAFEGUARD  
REVIEW**

SPANDEX YARN

GPT WITHDRAWAL  
REVIEW

# **SAFEGUARD REVIEW**

**SR-90-001**

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**SPANDEX YARN**

**GPT WITHDRAWAL REVIEW**

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LE TRIBUNAL  
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EXTÉRIEUR

CHAIRMAN

PRÉSIDENT

August 31, 1990

The Honourable Michael H. Wilson, P.C., M.P.  
Minister of Finance  
House of Commons  
Ottawa, Ontario  
K1A 0A6

Dear Mr. Wilson:

In a letter dated February 16, 1989, you instructed the Canadian International Trade Tribunal, under section 19 of the *Canadian International Trade Tribunal Act*, to conduct inquiries into possible injury to the Canadian industry as a result of goods imported at the General Preferential Tariff (GPT) rates. You also requested that the Tribunal review cases where the GPT had been withdrawn and report its findings to you.


In 1987, the Governor in Council amended the GPT Order to withdraw the benefit of the GPT on all imports of spandex filament yarn from the Republic of Korea for a period of three years. Unless continued by the Governor in Council, this amendment will expire on October 31, 1990.

Under section 7 of the *Canadian International Trade Tribunal Act*, I appointed Kathleen E. Macmillan, Presiding Member, Sidney A. Fraleigh, Member, and Michèle Blouin, Member, to review the safeguard action applied to imports of spandex yarn from the Republic of Korea. On behalf of the Tribunal, I am pleased to submit this report for your consideration.

In preparing its findings, the Tribunal members sought and reviewed submissions from the domestic producer, importers and exporters of spandex yarn. Relevant market, production and financial data were assembled and distributed to the sole interested party. A public hearing was held on July 18, 1990, at which a representative of the Canadian producer was questioned by members of the Tribunal.

The Tribunal members have concluded that market conditions for spandex yarn have changed considerably since 1986 and that the Canadian producer has fully recovered from any injury suffered as a result of imports from the Republic of Korea. The Tribunal finds that the Canadian industry would face no imminent threat of injury from Korean imports if the safeguard action is permitted to expire at the end of the current Order in Council.

Yours sincerely,

  
John C. Coleman

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## INTRODUCTION

On July 1, 1974, Canada introduced a temporary system of tariff preferences designated as the General Preferential Tariff (GPT) as part of an international system to assist developing countries expand their exports to developed country markets. Under the system, industrial goods originating in some 103<sup>1</sup> developing countries and territories could enter Canada at the lower of the British Preferential Tariff (BPT) or two-thirds of the Most-Favoured-Nation Tariff (MFN). Specifically excluded from GPT coverage were certain products, such as leather footwear and most textile products.

Sections 36 and 38 of the *Customs Tariff* provide for the Governor in Council, on the recommendation of the Minister of Finance (the Minister), to withdraw the GPT benefit on any or all goods that originate in a beneficiary country. In a letter dated February 16, 1989, the Minister directed the Canadian International Trade Tribunal (the Tribunal), under section 19 of the *Canadian International Trade Tribunal Act*, to conduct an inquiry into any written complaint it received from a domestic producer alleging that like or directly competitive goods, which are being imported into Canada under the GPT, are causing or threatening to cause injury to that producer. In so doing, the Minister asked the Tribunal to take into account the economic factors generally recognized as relevant to a determination of injury, such as those contained in the General Agreement on Tariffs and Trade (GATT) Anti-Dumping Code and the Code on Subsidies and Countervailing Duties, and to consider whether withdrawal of the GPT on the product or products concerned would provide significant relief to the Canadian industry.

In those instances where the GPT had been withdrawn, the Minister directed the Tribunal to collect information related to any relief provided during the period that the withdrawal was in effect and to receive and review petitions from interested parties concerning the future of the measure. The Tribunal must report to the Minister on these matters no later than 60 days before the measure is due to lapse.

On October 14, 1986, the Tariff Board<sup>2</sup> recommended that the GPT, under tariff items 56105-1 and 56110-1, be withdrawn on all spandex filament yarn, including covered yarn, imported from the Republic of Korea (Korea).<sup>3</sup> Following this recommendation, the Governor in Council, on the recommendation of the Minister, amended the GPT Order, C.R.C., c. 529,<sup>4</sup> to withdraw the GPT on all imports of spandex filament yarn from Korea, whether or not coated,<sup>5</sup> for a period of three years commencing November 1, 1987. Unless continued by the Governor in Council, this amendment will expire on October 31, 1990.

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1. There are now some 163 countries and territories entitled to GPT benefits.

2. On December 31, 1988, the Tariff Board was dissolved and its operational responsibilities were transferred to the Tribunal.

3. A summary of the Tariff Board's 1986 inquiry (Reference 158, Safeguard Petition No. 15) is attached at Appendix III.

4. This order was later revoked and replaced by the *General Preferential Tariff Withdrawal Order* effective January 1, 1988 (SOR/88-70).

5. Spandex yarn is available in two forms: bare and covered. All imports from Korea during the period of review were of the bare variety, although covered spandex yarn is available from Korea.

On May 23, 1990, the Tribunal gave notice that it would review the future status of the GPT withdrawal and report its findings to the Minister on or before August 31, 1990.

## **CONDUCT OF THE REVIEW**

The Tribunal's Notice of Review issued on May 23, 1990, was published in Part I of the June 2, 1990, edition of the Canada Gazette.

As part of the review, the Tribunal sent detailed questionnaires to the Canadian manufacturer, yarn coverers and known importers of the subject goods requesting production, financial and market information, as well as other information covering the period January 1, 1986, to May 30, 1990. Exporters from the United States and Korea were also asked to provide details on their shipments of the subject goods to Canada for the same period. From the replies to questionnaires and other sources, the Tribunal's research staff prepared public and protected pre-hearing staff reports covering that period, which was the period of review in this GPT safeguard review.

Public and *in camera* hearings were held in Ottawa on July 23, 1990. Du Pont Canada Inc. (Du Pont), the sole Canadian producer of spandex filament yarn, was represented by Harold M. Erlendson, Director, Government and Industry Affairs, Fibres Enterprise. He argued in favor of the extension of the GPT suspension order.

The record of this inquiry consists of all Tribunal exhibits, including the public and protected replies to questionnaires, all exhibits filed by Du Pont at the hearing, as well as the transcript of all proceedings. All public exhibits were made available to Du Pont.

## **THE PRODUCT**

The subject of this review is spandex filament yarn from Korea. The generic description "spandex" is used almost universally in Canada and the United States for this type of synthetic yarn. "Polyurethane yarn" and "elastane yarn" are synonymous terms employed in various parts of the world. Du Pont's spandex is sold under the trade name "Lycra," while the Korean spandex, produced by Tae Kwang Industrial Co., Ltd. (Tae Kwang), is sold under the trade name "Acelan."

Spandex is a synthetic yarn with excellent elastic properties that can be dyed quite easily. It is distinguished from other synthetic yarns, and indeed from all other yarns except rubber, by the fact that, when it is extended, it exhibits a powerful tendency to return to its original length and form. It is extensively used in pantyhose and in other body-hugging apparel, such as swimwear and foundation garments.

Spandex polymer is produced from petrochemicals. The polymer is put into a solution form by means of a solvent, together with other additives, and is extruded through spinnerets into heated cells. In the cells, the solvent is vaporized, leaving a multiplicity of solid filaments cohering to form spandex yarn. The yarn is then wound onto tubes, inspected and packed for shipment to customers.

Spandex yarn is described by its weight in grams per unit of length. Following the conversion to the metric system, Canadian spandex yarn is described by a "decitex" number (often used in the abbreviated form "dtex"), which is the weight in grams of a 10,000-metre length. In the United States and certain other countries, it is designated by "denier," which is the weight in grams of a 9,000-metre length.<sup>6</sup>

Spandex yarn is sold and used in the bare state or covered. Covered yarn is a further processed product that has gone through a covering operation in which another yarn is wrapped around bare spandex yarn. The type of fibre or yarn used for the outside or sheath varies with the end use for which the covered yarn has been designed. This additional process is performed by so-called yarn coverers who purchase their requirements of bare spandex from firms such as Du Pont.<sup>7</sup>

Spandex is a companion yarn; that is, it is used in conjunction with other yarn to provide stretch to the end product. While the percentage content of spandex, relative to other yarn, can reach close to 70 percent in the case of certain styles of pantyhose, its normal percentage mix varies from 2 to 15 percent. In warp knits, the percentage content is 12 to 15 percent and is approximately 10 percent in circular knits.

The ultimate end uses for spandex filament yarn depend on its weight or fineness, which varies considerably. In ladies' hosiery, for example, spandex yarn was first used in waistbands, but, subsequently, with the development of lightweight yarn (44 decitex), it has also been used more extensively for the pant portion. The finest spandex yarn (22 decitex) is currently used in the leg portion of sheer types of pantyhose and, also, for some lingerie. Somewhat heavier yarn (to about 310 decitex), aside from its use in pantyhose, is found in swimwear, in foundation garments, such as pantie-girdles, and in men's socks. The heavy forms of this yarn are principally used in the manufacture of "narrow woven" fabrics (i.e., straps for brassiere), bathing suits, lingerie and, more recently, diapers.

From 1987 to 1990, the cost of raw materials, glycol and isocyanate, used in the production of spandex yarn increased moderately.

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6. To convert denier to decitex, you multiply by 1.111. Conversely, to convert decitex to denier, you multiply by 0.900.

7. There are two coverers in Canada - Rubyco of Montréal, Quebec, the larger coverer of the two, and Shefford Textiles Ltd. of Waterloo, Quebec.



## APPLICABLE TARIFF PROVISIONS

The tariff items of prime concern at the time of the initial Tariff Board inquiry were 56105-1 and 56110-1.

<u>Tariff Item</u>	<u>MFN Tariff</u>	<u>GPT</u>
56105-1	10 p.c. 12.8¢/kg	6.5 p.c. and 7.33¢/kg
56110-1	10 p.c. 12.8¢/kg	6.5 p.c. and 7.33¢/kg

On January 1, 1988, the Harmonized Commodity Description and Coding System of customs tariffs was introduced, and the following tariff rates came into effect in Canada.

<u>Tariff Item</u>	<u>MFN</u>	<u>GPT</u>
5402.49.00, 5402.59.00 5402.69.00, 5404.10.00	10 % and 11¢/kg	6.5 % and 8.52¢/kg

While the ad valorem rates of duty remained the same, there was a downward adjustment in the MFN specific rate and an upward adjustment in the GPT specific rate.

The *Canada-United States Free Trade Agreement* created a new tariff rate in the case of the United States. Effective January 1, 1990, the rate was 8 percent and 8.8¢ per kilogram. This rate will be phased out over the next eight years.

It should be noted that covered spandex yarn enters under the appropriate tariff item that corresponds to the nature of the covering. Thus, the above-listed tariff items do not apply to covered spandex yarn, although the rates for bare and covered spandex yarn are the same.

In 1986, the Tariff Board estimated the GPT margin of preference resulting from the availability of the GPT (instead of the MFN tariff) at 3.8 percentage points. In 1990, this margin of preference was approximately 3.6 percentage points.

## POSITION OF THE PETITIONER

Du Pont is the sole producer of bare spandex filament yarn in Canada. Its manufacturing facilities are located at Maitland, Ontario, where production was established in 1961. Aside from spandex, the Maitland plant is mainly a manufacturer of chemical materials ("intermediates"), which are shipped to Du Pont's nearby nylon-finishing plant at Kingston, Ontario. Other manufacturing activities at the Maitland plant comprise the production of engineering resins, mainly for the automotive market, and fluorocarbon products. The Maitland facility also supplies hydrogen to Du Pont's nylon operation and is currently undergoing major expansion resulting from the addition of a hydrogen peroxide plant. Spandex can be viewed as a specialty fibre for Du Pont, given the unique characteristics of this product and the relatively small size of this operation within the company's much larger fibres subdivision. Whereas sales of all fibres and intermediates by Du Pont amounted to \$461 million in 1989, total sales of spandex, from domestic production and imports, made up a small portion of this total.

Du Pont offers domestically produced and imported spandex yarn ranging from 22 decitex to 2,490 decitex. The bulk of its production lies in the size range over 500 decitex.

Du Pont claimed that imports from Korea would likely injure Canadian production if the GPT were restored.

During the hearing, the witness from Du Pont argued that world demand for spandex began to decrease in early 1990, after several years of strong growth. This market weakness is occurring at a time when massive capacity additions by Korean spandex manufacturers are coming on stream. According to the Du Pont representative, this production capacity, coupled with the aggressive export orientation of Korean producers, will exert pressures on Du Pont's prices and sales volumes.

As evidence of the market pressure that Korea is capable of exerting, Du Pont cited a letter from one of its customers referring to low-price offerings of Korean spandex yarn. It also pointed to recent imports of covered yarn from Korea.

Du Pont's representative maintained that reinstatement of the GPT would jeopardize future investment opportunities for the Canadian industry. Restoring the GPT would make Canada's market the most open of all countries where Du Pont has spandex filament operations. Added to the other disadvantages associated with investing in Canada, such as higher labor costs, interest rates, etc., this relative lack of protection could, according to Du Pont's witness, constitute the final blow to spandex expansions in Canada.

In its submission before the Tribunal, Du Pont also provided statistics of the growth in Korea's synthetic fibre production, from 2 percent of world production in 1974 to 8.7 percent in 1989, compared to a decrease from 1.2 percent to 0.9 percent for Canada's share in the same period. Furthermore, according to Du Pont, Korean fibre producers are strongly export-oriented and have received generous government assistance to expand and modernize.

Du Pont stated that, prior to 1986, Tae Kwang was the only Korean spandex producer, with a capacity of 3 tons per day. Since 1986, Tae Kwang has increased its capacity sixfold, and two new producers have set up operations. In total, Korea now possesses a spandex yarn capacity of 22 tons per day, many times its own domestic requirements. Not only, Du Pont argued, does this significantly increase Korea's capacity to injure the Canadian industry, but it also raises questions about why Korea is entitled to special status as a developing country under Canada's GPT system. Du Pont's position is that Korea should not be entitled to GPT treatment. The United States, it was argued, has never granted GPT preference to textile imports and, recently, graduated Korea to the status of industrialized country. Furthermore, the European Economic Community (the EEC) has also withdrawn GPT privileges from Korea.

#### **POSITION OF OTHER PARTIES**

In a letter dated February 22, 1990, Rubyco, a yarn coverer, stated that it was against allowing Korea the benefit of the GPT and that it was a well-known fact that exports from Korea were being subsidized to the disadvantage of producers such as Rubyco.

The Canadian Apparel Manufacturer's Institute, in a letter dated March 7, 1990, supported the scheduled expiry of the amendment, stating that renewal or extension would be inconsistent with the Canadian government's general policy of reductions in Canada's textile tariff.

In a letter dated February 19, 1990, Cartier Trading Co., a yarn importer, argued that the GPT should be reinstated since imports of spandex yarn were small and that there had been large shortages in the market for the product in question.

Responses to Tribunal questionnaires were received from three other firms. Shefford Textiles Ltd., a small yarn coverer, felt that the GPT suspension order helped stabilize the market. Fils Cydco, which does not use spandex yarn, was also opposed to the withdrawal of the GPT suspension order. Finally, Trimfit Canada Co., which imports all of its needs from the United States, felt that the GPT should apply to all imports of covered spandex, regardless of the source.

## RELEVANT DATA

Most of the data contained in this section were generated through responses to Tribunal questionnaires and, as such, are not publicly available. Accordingly, in order to preserve confidentiality, most in-text tables are presented either in indexed or percentage form.

### Production

The following table summarizes the production by Du Pont of bare spandex yarn, by decitex size range, since 1986.

<b>TABLE 1</b>					
<b>Index of Production</b>					
<b>1986 = 100</b>					
<u>Decitex Range</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Jan. - May 1990</u>
22-99	100	109	104	99	84
100-200	100	63	65	117	46
200-500	100	95	72	75	23
500-2490	<u>100</u>	<u>225</u>	<u>445</u>	<u>1452</u>	<u>679</u>
<b>Total</b>	<u>100</u>	<u>106</u>	<u>116</u>	<u>214</u>	<u>101</u>
<b>% Increase (decrease)</b>		<b>6</b>	<b>9</b>	<b>84</b>	
<b>Percent Distribution</b>					
22-99	40	41	36	19	25
100-200	20	12	11	11	9
200-500	31	28	19	11	7
500-2490	<u>9</u>	<u>19</u>	<u>34</u>	<u>59</u>	<u>59</u>
<b>Total</b>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
<b>Note:</b> Production in kilograms.					
<b>Source:</b> Reply to questionnaire.					

Du Pont's production increased moderately between 1986 and 1988, before doubling in 1989. Year-to-date figures for 1990 show continued high production volumes.

Production increases in the size range over 500 decitex account for most of the production increases. The product in this decitex size range is destined for the diaper trade.

Exports by Du Pont of spandex filament yarn increased by 205 percent between 1987 and 1989. A significant part of this increase is attributable to Du Pont's corporate decision to manage the production of spandex on a global basis. In 1989, exports represented 70 percent of domestic production, and the bulk of these were in the size range over 500 decitex.

### Apparent Imports

Apparent imports of spandex filament yarn, bare as well as covered, in volume, are shown in Table 2.<sup>8</sup>

<u>Source</u>	<u>1986</u>	<u>%</u>	<u>1987</u>	<u>%</u>	<u>1988</u>	<u>1989</u>	<u>Jan. - May</u>	
							<u>1989</u>	<u>1990</u>
Korea	28,275	18	16,608	10	XXX	XXX	XXX	XXX
United States	125,429	78	130,917	78	XXX	XXX	XXX	XXX
Other Countries	<u>6,845</u>	<u>4</u>	<u>21,205</u>	<u>13</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>	<u>XXX</u>
Total	<u>160,549</u>	<u>100</u>	<u>168,730</u>	<u>100</u>	<u>296,328</u>	<u>349,687</u>	<u>144,598</u>	<u>170,450</u>
% Increase (decrease)			5		76	18		18

XXX denotes confidential data.

Korea, United States, 1988 and 1989 replies to questionnaires.

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Sources: 1986 and 1987: Statistics Canada  
 1988 and 1989: Korea and United States - replies to questionnaires.  
 Other countries - Du Pont's actual imports, plus imports by others estimated on the basis of their share of 1987 imports.

Over the review period, total imports of spandex filament yarn increased from 160,549 kilograms in 1986 to 349,687 kilograms in 1989. This increase is continuing into 1990, as imports grew by a further 18 percent as compared to the same period in 1989.

8. Imports for the period 1980 to the first seven months of 1986, as generated by the Tariff Board during its 1986 inquiry, are shown as Appendix IV.

Korean imports decreased substantially in 1987 and almost disappeared from the market in 1988. In 1989, while imports from Korea increased substantially in volume, they still represented less than 10 percent of total imports. In the first five months of 1990, imports from Korea continued to grow compared to the corresponding period in 1989.

Imports from the United States accounted for between 78 and 90 percent of total imports during the review period. After two years of relative stability in 1986 and 1987, imports from that source increased in both 1988 and 1989. Du Pont was, by far, the largest importer from the United States during the period of review.

Imports from other countries increased in 1987 and in 1988, but abated somewhat in 1989 and 1990. Such imports were effected, in the main, by Du Pont; they also include transshipments of spandex that have been further processed in non-producing countries into a covered product and imported by the end users of such products.

Up to the end of 1989, most spandex yarn was imported in its bare form, and covered spandex was only imported from the United States. During the first five months of 1990, there was a dramatic increase in the imports of covered spandex from the United States. Table 3 illustrates the changes in the product mix of spandex from the United States during the review period.

<b>TABLE 3</b>						
<b>Apparent Imports from the United States - Volume</b>						
<b>Percent Distribution by Type</b>						
<b>Type</b>	<b>1986</b>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>Jan. - May</b>	
					<b>1989</b>	<b>1990</b>
Bare	96	90	82	89	89	65
Covered	4	10	18	11	11	35
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
<b>Index</b>						
<b>1986 = 100</b>						
Bare	100	167	206	264	122	109
Covered	100	471	1207	851	376	1509

Source: Replies to questionnaires.

Imports of covered yarn gained in terms of share of imports from the United States in 1987 and 1988 and decreased somewhat in 1989. During the first five months of 1990, compared to the corresponding 1989 period, covered yarn represented 35 percent of imports of spandex yarn from the United States in volume.

It is estimated that, on average, covered spandex represented no more than 20 percent of all imports of spandex yarn during the 1986-89 period.

Total apparent imports of spandex filament yarn, in value, are presented in Table 4.

<b>TABLE 4</b>						
<b>Apparent Imports</b>						
(thousands of dollars)						
<u>Source</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Jan. - May</u>	
					<u>1989</u>	<u>1990</u>
Korea	379	251	XXX	XXX	XXX	XXX
United States	2,630	3,105	XXX	XXX	XXX	XXX
Other Countries	109	454	XXX	XXX	XXX	XXX
Total	<u>3,118</u>	<u>3,810</u>	<u>7,073</u>	<u>9,350</u>	<u>3,612</u>	<u>5,595</u>
% Increase (decrease)		22	86	32		55

XXX denotes confidential data.

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Sources: 1986 and 1987: Statistics Canada  
1988 and 1989: Korea and United States - replies to questionnaires.  
Other countries - Du Pont's actual imports, plus imports by others estimated on the basis of their share of 1987 imports.

Over the review period, the value of total imports of spandex filament yarn increased from \$3.1 million in 1986 to \$9.4 million in 1989. This increase is continuing into 1990, with a further 55-percent increase over the previous comparable period.

Korea saw its share of imports, in value, decrease in 1989 compared to 1986. In the first five months of 1990, compared to the corresponding 1989 period, its share of imports remained stable. While Korea's share of imports, on a value basis, was lower in 1986 than its share on a volume basis, the situation had reversed itself in 1989, as Korean exports were made up of higher value products. Whereas, in 1986, spandex imports from Korea were destined for the hosiery trade, in 1989, most imported spandex was of the lighter variety destined for the warp knit and circular knit trades. Such spandex is more expensive to produce and requires more handling and special packaging to accommodate the user's machinery. Table 5 illustrates this point.

<b>TABLE 5</b>					
<b>Apparent Imports from Korea - Volume</b>					
<b>Percent Distribution by Decitex Size Range</b>					
<b>(kg)</b>					
<b>Decitex Size Range</b>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>Jan. - May</b>	
				<b>1989</b>	<b>1990</b>
22-89	10	100	100	100	100
100-199	9	0	0	0	0
200-499	81	0	0	0	0
<b>Average Values per Kilogram</b>					
	16.61	18.12	37.85	36.90	32.79

Source: Reply to questionnaire.

While average values decreased by 11 percent in 1990, compared to the corresponding period in 1989, they still remained substantially higher than in 1987 and 1988.



## Apparent Market

Table 6 provides the total apparent market in indexed form (based on volume) for spandex yarn.<sup>9</sup>

<b>Type</b>	<b>1986</b>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>Jan. - May</b>	
					<b>1989</b>	<b>1990</b>
Domestic Sales						
Du Pont	100	109	107	122	47	44
Imports:						
From the United States	100	104	XXX	XXX	XXX	XXX
From Korea	100	59	XXX	XXX	XXX	XXX
From Other Countries	100	310	XXX	XXX	XXX	XXX
Total Imports	100	105	171	217	88	106
Apparent Canadian Market	100	107	128	153	60	64

XXX denotes confidential data.

---

Sources:   1986 and 1987:   Statistics Canada  
           1988 and 1989:   Korea and United States - replies to questionnaires.  
                               Other countries - Du Pont's actual imports, plus imports by others estimated on the basis of their share of 1987 imports.

In its 1986 report, the Tariff Board reported the total apparent domestic market for spandex filament yarn in 1985 as being 500,900 kilograms. For the first three months of 1986, the market was 120,900 kilograms, a decrease of 9 percent over the corresponding period in 1985. The Tribunal's market figures show that this decrease continued throughout 1986. Starting in 1987, the market experienced steady annual growth. The market continued its upward trend during the first five months of 1990, increasing by 6.7 percent over the comparable period in 1989.

9. The market for the period 1980 to the first three months of 1986 is shown at Appendix V. As with imports, these data were generated by the Tariff Board.

Sales from imports grew from 160,549 kilograms in 1986 to 347,687 kilograms in 1989, an increase of 187,138 kilograms or 117 percent. Most of these imports came from the United States and a large share of these were effected by Du Pont to supply spandex yarn not produced in Canada. Overall, between 1986 and 1989, the United States accounted for over 75 percent of the total increase in sales from imports.

Throughout the period of review, Du Pont was, by far, the largest player in Canada, accounting for 70 to 80 percent of the market for spandex yarn. However, between 1986 and 1989, while volume sales increased, Du Pont's market share remained relatively constant. Du Pont suffered market share losses during the first five months of 1990, as compared to the same period in 1989.

Du Pont supplies the market with domestically produced spandex, as well as imported spandex. Since 1987, Du Pont has been supplying the market with an increasing proportion of imports.

**TABLE 7**  
**Index of Breakdown of Sales, by Source**  
**Du Pont**  
**1986 = 100**

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Jan. - May</u>	
					<u>1989</u>	<u>1990</u>
Sales from:						
Domestic Production	100	101	84	80	78	68
Imports	100	190	347	428	473	357
<b>Total</b>	<u>100</u>	<u>108</u>	<u>105</u>	<u>108</u>	<u>110</u>	<u>92</u>

Source: Reply to questionnaire.

Korean spandex yarn almost totally disappeared from the market in 1988. In 1989, sales from that source accounted for less than 5 percent of the market. A slight increase was reported for the first five months of 1990, as compared to the same period in 1989.

### Financial

Total sales of domestically produced spandex yarn account for a very small percentage of Du Pont's total corporate sales. As such, Du Pont's public financial statements, as published in its annual report, shed little light on the company's performance in the production and sale of spandex yarn.

In order to assist the Tribunal in its review, Du Pont provided a profit centre statement for spandex yarn that segregates domestic and export sales at the gross margin level and shows aggregated results at the operating margin level. Corporate central administration charges are not included in this statement.

This statement indicates that, over the 1987 to 1989 period, gross margins have been consistently high for all spandex sales (from domestic production) and that domestic sales have been more profitable than export sales. Such good results are principally attributable to a booming worldwide demand for spandex-based attire, which resulted in optimization of plant utilization and contributed to lower production costs. In addition, Du Pont's profitability was enhanced by the firm's decision to concentrate on a narrower production range, which allowed the company to benefit from economies of scale.

During the 1987 to 1989 period, heavy investments were made to improve capacity, by adding 14 new spinning cells, to develop new product end uses for spandex yarn and to make quality improvements. Future investments will be aimed at developing new end uses and making further quality improvements. In its 1989 annual report, Du Pont indicated that "Lycra XA, a new product developed in Canada and designed for disposable diapers, met with excellent acceptance."<sup>10</sup>

### Pricing

Du Pont's selling prices vary considerably according to decitex weight. Prices per kilogram are substantially higher for fine yarn than for coarse yarn. As an example, on April 1, 1990, Du Pont's price for 22 decitex yarn destined to the warp trade was 60 percent higher than a 470 decitex yarn destined to the same trade. This price difference reflects the greater technical requirements associated with making finer yarn.

Selling prices, even for the same yarn weight, also vary according to use and market segment. With respect to 235 decitex yarn in 1990, for example, the selling price for the warp knit market was 11 percent higher than the price for this same yarn when sold for hosiery, on specially engineered packages, rewound for direct knitting.

The following tabulation gives Du Pont's average domestic prices for spandex yarn since 1986.

(\$/kg)			
<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>
25.37	26.11	27.11	27.40

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10. Page 6.

Du Pont's average prices grew by 3 percent in 1987 and a further 3.8 percent in 1988. For 1989, average prices increased by less than 1 percent. A possible reason for this limited increase may be Du Pont's decision, in 1989, to concentrate its production in the heavier decitex yarn (500 decitex and above) for the diaper trade, which costs less to produce and commands a lower selling price than the finer, lighter yarn.

In 1989, heavier weight yarn in the 500 to 2,490 decitex range accounted for 59 percent of Du Pont's production compared to 33 percent in 1988 and 9 percent in 1986.

Table 8 provides data on the average annual value for duty of imports of spandex filament yarn from the principal import sources. Korea ships only bare spandex,<sup>11</sup> while the United States exports both bare and covered spandex. It should be noted that these values are averages covering a wide range of the product and, consequently, a change in the decitex mix can have a large impact on average values.

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Jan. - May</u>	
					<u>1989</u>	<u>1990</u>
Korea	13.40	15.35	17.60	36.79	35.63	31.82
United States						
Bare	21.49	19.92	18.07	23.12	20.70	26.39
Covered	<u>43.48</u>	<u>47.48</u>	<u>46.83</u>	<u>52.22</u>	<u>53.63</u>	<u>46.10</u>
<b>Total Weighted Average</b>	<u>22.30</u>	<u>22.60</u>	<u>23.34</u>	<u>26.31</u>	<u>24.18</u>	<u>33.22</u>

Source: Replies to questionnaires.

The first apparent observation from the above table is that the value for duty of bare spandex filament yarn increased every year between 1986 and 1989 from both Korea and the United States; by 175 percent in the case of Korea and 18 percent in the case of the United States.

Secondly, Tae Kwang, the Korean producer that the Tariff Board found was making rapid inroads, in 1985, into Du Pont's traditional market in the ladies' hosiery market segment, appears to have relinquished part of this market, concentrating rather on the warp knit and circular knit markets, which, in 1990,

11. Korea only recently started shipping covered yarn to Canada, on a trial basis, in low volumes.

accounted for 72 percent of its shipments in kilograms. The handling and packaging of spandex for the warp knit trade requires that the yarn be wound onto large beams to accommodate the user's machinery. This is a more expensive operation and helps account for the higher landed values of the Korean product since 1989.

### Plant Capacity, Utilization and Employment

Du Pont has doubled its production capacity at the Maitland facility since 1987 by adding 14 new spinning cells.

<b>TABLE 9</b>			
<b>Bare Spandex Filament Yarn</b>			
<b>Index of Plant Capacity (1987 = 100)</b>			
<b>Utilization Rate</b>			
	<u>1987</u>	<u>1988</u>	<u>1989</u>
Capacity (kg)	100	109	200
Utilization Rate (%)	97	98	98

Source: Reply to questionnaire.

Major capital expenditures were directed towards the production capability of heavier spandex yarn destined for the diaper trade. Plant capacity is influenced by the decitex mix and is based on continuous operation, that is 24 hours a day, 365 days a year. Over the past three years, spandex yarn operations have essentially been at capacity. In Du Pont's 1989 annual report, it is stated that "Lycra sales are expected to remain strong based on continued growth in end uses. We forecast operating at capacity in 1990."<sup>12</sup>

Employment in the production of bare spandex filament yarn by Du Pont increased steadily since 1986 and, in 1989, was 21 percent higher than in 1986.

### World Situation for Bare Spandex<sup>13</sup>

Bare spandex yarn is manufactured in the United States, Japan, West and East Germany, Canada, Italy, Brazil, Argentina, Ireland, Spain, Mexico, the Netherlands and Korea.

12. Page 9.

13. Information provided by Du Pont.

Du Pont has manufacturing facilities in eight countries. In addition to the United States and Canada, the others are Brazil, Argentina, Ireland, Japan, the Netherlands and Mexico.

In the United States, apart from E.I. du Pont de Nemours & Company, there is one other manufacturer of bare spandex yarn, Globe Manufacturing Company of Fall River, Massachusetts. In Japan, there are five or six producers. West Germany and Mexico have one manufacturing plant each. There are also small manufacturing facilities in Italy and Spain.

In 1987, there was one producer in Korea, with a capacity of 3 tons a day. That producer, Tae Kwang, is alleged to have since increased its capacity sixfold to 18 tons a day. It appears that two new Korean producers have begun production of spandex yarn: Cheil Synthetic Fibers (Cheil) and Dongkook Synthetic Fibers (Dongkook). Cheil has just started a 1.4-ton-a-day unit and plans to increase its capacity to 2.8 tons a day in 1991. Dongkook announced that capacity is 1.5 tons a day and is scheduled to begin production this year. The company apparently has plans to increase this capacity to 4.5 tons a day.

### Currency

The following table provides exchange rates for the past four years for Korea and the United States, the major exporting countries of spandex filament yarn to Canada.

<u>Country</u>	<u>1986</u>	<u>% Change</u>	<u>1987</u>	<u>% Change</u>	<u>1988</u>	<u>% Change</u>	<u>1989</u>	<u>% Change</u>
Korea (Won)	.001576	0.1	.001609	2.1	.001683	4.6	.001764	4.8
United States (dollar)	1.38947	1.8	1.32595	(4.6)	1.23087	(7.2)	1.18387	(3.8)

Source: Bank of Canada Monthly Average.

The Korean won has appreciated in value against the Canadian dollar by approximately 12 percent between 1986 and 1989. However, since the transactions involving Korean imports of spandex yarn are denominated in US dollars, it is the nominal value of the latter vis-à-vis the Canadian dollar that assumes significance in purchasing decisions. Between 1986 and 1989, the US dollar lost nearly 15 percent in value vis-à-vis the Canadian dollar.

## CONSIDERATION OF THE EVIDENCE

Demand for spandex yarn grew rapidly over the review period, as a result of rising consumer demand for stretch clothes and the development of new applications for spandex. In 1989, the market for spandex stood some 60 percent higher than the 1986 level. During this period of strong market growth, shortages developed and price increases outstripped increases in production costs. The witness for Du Pont characterized the market in the late 1980s as being relatively price-insensitive and acknowledged that Du Pont exerted a fair degree of price leadership, by virtue of its domestic presence and the strong brand-following for Lycra.

Although the market continued to grow in early 1990, some signs of softening demand have appeared in recent months. According to the Du Pont witness, however, recent decreases in spandex orders have been less than that observed for other man-made yarn, such as nylon.

During the review period, Du Pont was able to maintain the lion's share of the domestic market. In addition to significant growth in production, capacity, exports and employment, Du Pont has also recorded healthy pre-tax profits on its spandex operations.

Du Pont has experienced a decline in its share of the domestic market over the review period. This decrease is attributable to imports from the United States and other countries, the majority of which were Du Pont's own imports of the product from its sister plants, and not to Korean imports. Imports from Korea decreased significantly in 1987 and 1988. Although there was an increase in 1989, the volume of shipments only reached 1986 levels and represented a much reduced share of the market, in view of the demand growth that occurred over the review period.

The evidence also revealed a shift in Korean imports to a higher valued, finer decitex yarn and beamed product. Since 1986, Du Pont has focused much of its production on the higher decitex lines of spandex yarn, while supplementing its product range through imports from its affiliates in other countries.

## CONCLUSION

In reviewing GPT withdrawals, the Tribunal must consider two basic questions. One is whether the domestic industry is likely to be injured by a reinstatement of the preferential tariff. If the Tribunal decides that a threat of injury exists, it must also be satisfied that continued withdrawal of the GPT would provide significant relief to Canadian producers. In conducting its review, the Tribunal is guided by the directive, contained in the Minister's letter of February 16, 1989, that the temporary safeguard action should be continued only for such time as is necessary to prevent or remedy the injury caused to domestic producers by the GPT preference.

In this particular case, the Tribunal must decide if Du Pont, the sole domestic producer of spandex filament yarn, would be injured if the tariff rate on spandex imports from Korea were to return to the GPT level, some 3.6 percentage points below the MFN rate of roughly 11 percent. The Tribunal must also determine, if a threat of injury exists, whether the additional 3.6 percentage points of protection would confer significant relief on Du Pont's production of spandex. In examining these questions, the Tribunal relied principally on evidence concerning market demand, prices, production and import patterns for spandex yarn over the period that the safeguard measure was in effect.

In 1986, the Tariff Board based its recommendation for withdrawal of the GPT on Du Pont's significant loss in market share due to the rapid inroads made by Korean imports. In the Tariff Board's view, Korea was in a position to increase its foreign exports even further because of plant capacity additions. The Tariff Board also noted that there was no difference in basic product quality that would limit the acceptance of Korean yarn by Canadian users.

In this review, the Tribunal finds that market conditions have changed considerably since 1986 and that Du Pont has fully recovered from any injury suffered as a result of imports from Korea. Du Pont's spandex operations grew significantly over the review period and exhibited strong financial performance. The company's decision to focus production in the larger decitex diaper yarn promises to yield substantial financial benefits, at least in the short and medium terms.

As noted above, Korea's share of the Canadian spandex market has fallen since withdrawal of the GPT in 1986 and has been largely replaced by Du Pont's own imports from affiliated plants in the United States and abroad. This, combined with indications of specialization both by Du Pont and Korean imports, suggests to the Tribunal that the competitive threat from Korea is less formidable than at the time of the Tariff Board's original inquiry.

The Tribunal sees no clear indication of future injury, despite the substantial capacity additions implemented in Korea since 1986. The Tribunal recognizes that the availability of the Korean product will continue to be a factor overhanging Du Pont's pricing. However, the small degree of market penetration achieved by Korea suggests that the influence on domestic prices will be small and confined to only certain segments of the overall market for spandex. Furthermore, non-price factors such as quality, service and brand identification, are also expected to continue to influence competition.

There remains the question of whether continued withdrawal of the GPT would confer significant relief on the domestic industry. The Tribunal finds that the 3.6 percentage points separating the MFN and GPT rates are not sufficient to appreciably affect Du Pont's prices or profits, even if the threat of injury had been found to exist. Moreover, the Tribunal believes that Du Pont would not necessarily draw any important benefits if Korean yarn were to continue to enter Canada at the higher MFN rate of duty as it is expected that import pressures will likely continue to be felt from suppliers located in the United States, benefiting from the

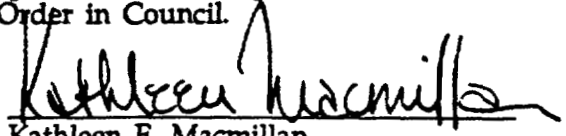


FTA program of tariff reductions, and in other countries, whose producers are under E.I. du Pont de Nemours & Company's control, for the most part.


The Canadian producer argued that Korea should not be entitled to general preferential benefits, in light of its developed country status and modern and sizeable production capacity in spandex yarn. However, it is not within the Tribunal's jurisdiction to recommend what countries or territories should be eligible for GPT treatment.

## FINDING

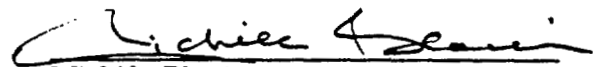
The Tribunal concludes that the Canadian producer has recovered from any injury suffered as a result of spandex yarn imports from Korea and would face no imminent threat of injury from Korean imports if the safeguard action were permitted to end at the expiry of the current Order in Council.



Kathleen E. Macmillan  
Presiding Member



Sidney A. Fraleigh  
Member



Michèle Blouin  
Member

Ottawa, Canada  
August 31, 1990

## **APPENDICES**

## APPENDIX I

### The General Preferential Program

The concept of a generalized system of preferences (GSP) was first introduced in the United Nations Conference on Trade and Development (UNCTAD) in 1964. Developing countries asserted that one of the major impediments to accelerated economic growth and development was their inability to compete on an equal basis with developed countries in the international trading system. Through tariff preferences in developed country markets, the least developed countries claimed that they could increase exports and foreign exchange earnings needed to diversify their economies and reduce dependence on foreign aid.

After several international meetings and long internal debate in 1968, the United States joined other industrialized countries in supporting the concept of GSP. As initially conceived, GSPs were to be: (1) temporary, unilateral grants of preferences by developed countries to developing countries; (2) designed to extend benefits to sectors of developing countries that were not competitive internationally; and (3) designed to include safeguard mechanisms to protect domestic industries sensitive to import competition from articles receiving preferential tariff treatment. In the early 1970s, 19 other members of the Organization for Economic Cooperation and Development (OECD) also instituted, and have since renewed, GSP schemes.

In order to implement their GSPs, the developed countries obtained a waiver from the MFN clause of article I of the GATT, which provides that trade must be conducted among countries on a nondiscriminatory basis. A 10-year MFN waiver was granted in June 1971 through the "enabling clause" of the Texts Concerning a Framework for the Conduct of World Trade concluded in the Tokyo round of GATT Multilateral Trade Negotiations. The enabling clause, which has no expiration date, provides the legal basis for "special and differential" treatment for developing countries.

On July 1, 1974, Canada introduced a system of tariff preferences designated as the GPT. Thereby, industrial goods, then originating in 103 less developed countries and territories,<sup>14</sup> generally became admissible into Canada at the lower of the BPT rate or two-thirds of the MFN rate.<sup>15</sup> Specific duty preferences were also established in relation to selected agricultural products. However, many agricultural commodities, a few industrial raw materials, most textile and clothing products, all leather footwear and certain electron tubes were excluded from the coverage of the GPT, primarily on account of the perceived sensitivity of Canadian production in these sectors to import competition.

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14. The list of countries has been modified subsequently and some 163 countries and territories are entitled to GPT benefits. Those whose goods were eligible to enter under the GPT as of January 1, 1990, are listed in Appendix II.

15. However, no such formula is specified in the latest version of the *Customs Tariff*, effective January 1, 1988.

The GPT has not been made a permanent part of the Canadian tariff structure. Initially, it was put in place for a 10-year period, which has since been extended. The GPT is now scheduled to expire on June 30, 1994, "or on such earlier day as may be fixed by proclamation."<sup>16</sup>

Changes to the GPT, notably with respect to the list of beneficiary countries and the range of admissible products, may be effected by Order in Council.

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16. For legislative provisions respecting the GPT, see *Customs Tariff*, sections 35 to 45.

## APPENDIX II

### Countries Entitled to Enter Goods Under the General Preferential Tariff as of January 1, 1990

Afghanistan +	Dominican Republic
Algeria	Ecuador
Angola	Egypt
Anguilla *	El Salvador
Antigua and Barbuda *	Emirates, United Arab
Antilles, Netherlands	Equatorial Guinea +
Argentina	Ethiopia +
Ascension *	Falkland Islands *
Bahamas *	Fiji *
Bahrain	Gabon
Bangladesh * +	Gambia * +
Barbados *	Ghana *
Belize *	Gibraltar *
Benin +	Grenada *
Bermuda *	Guam
Bhutan +	Guatemala
Bolivia	Guinea +
Botswana * +	Guinea-Bissau +
Brazil	Guyana *
British Indian Ocean Territory *	Haiti +
Brunei Darussalam *	Honduras
Bulgaria	Hong Kong
Burkina Faso +	Hungary
Burma +	India *
Burundi +	Indonesia
Cameroon	Iran, Islamic Republic of
Cape Verde +	Iraq
Caroline Islands	Israel
Cayman Islands *	Jamaica *
Central African Republic +	Jordan
Chad +	Kampuchea, Democratic
Chile	Kenya *
China, People's Republic of	Kiribati * +
Christmas Island *	Korea, Republic of (South)
Cocos (Keeling) Islands *	Kuwait
Colombia	Lao People's Democratic Republic +
Comoros +	Lebanon
Congo	Lesotho * +
Cook Islands *	Liberia
Costa Rica	Macao
Côte d'Ivoire	Madagascar
Cuba	Malawi * +
Cyprus *	Malaysia *
Djibouti+	Maldives * +
Dominica *	

Mali +  
 Malta \*  
 Mariana Islands  
 Marshall Islands  
 Mauritania +  
 Mauritius \*  
 Mexico  
 Montserrat \*  
 Morocco  
 Mozambique  
 Nauru \*  
 Nepal +  
 New Caledonia and Dependencies  
 Nicaragua  
 Niger +  
 Nigeria \*  
 Niue  
 Norfolk Island \*  
 North Africa, Spanish  
 Pakistan \*  
 Panama  
 Papua New Guinea \*  
 Paraguay  
 Peru  
 Philippines  
 Poland  
 Pitcairn \*  
 Polynesia, French  
 Qatar  
 Romania  
 Rwanda +  
 St. Christopher (St. Kitts) and  
 Nevis \*  
 St. Helena and Dependencies \*  
 St. Lucia \*  
 St. Vincent and the Grenadines \*  
 Samoa, American  
 Samoa, Western \* +  
 Sao Tome and Principe +  
 Senegal

Seychelles \*  
 Sierra Leone \* +  
 Singapore \*  
 Solomon Islands \*  
 Somalia +  
 Southern and Antarctic  
 Territories, French  
 Sri Lanka \*  
 Sudan +  
 Suriname  
 Swaziland \*  
 Syrian Arab Republic  
 Tanzania, United Republic of \* +  
 Thailand  
 Togo +  
 Tokelau Islands \*  
 Tonga \*  
 Trinidad and Tobago \*  
 Tristan Da Cunha \*  
 Tunisia  
 Turkey  
 Turks and Caicos Islands \*  
 Tuvalu \* +  
 Uganda \* +  
 Uruguay  
 Vanuatu \* +  
 Venezuela  
 Viet Nam  
 Virgin Islands, British \*  
 Virgin Islands, U.S.A.  
 Yemen Arab Republic +  
 Yemen, People's Democratic  
 Republic of +  
 Yugoslavia  
 Zaire  
 Zambia \*  
 Zimbabwe \*

\* Denotes GPT beneficiary countries and territories whose goods are also eligible for entry under the BPT.

+ Denotes GPT beneficiary countries and territories designated as least developed developing countries whose goods are eligible for duty-free entry.

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Source: *Customs Tariff*, Schedule III, January 1, 1990.

## APPENDIX III

### Summary of Tariff Board's 1986 Inquiry

The goods at issue, all weights of spandex filament yarn, were the subject of an inquiry by the Tariff Board (the Board) in 1986. In its report of October 16, 1986, the Board, pursuant to reference 158, issued a recommendation that the GPT, under tariff items 56105-1 and 56110-1, be withdrawn for a period of three years with respect to all spandex filament yarn, including covered yarn, entering from Korea.

In addressing the subject of injury to the Canadian producer, Du Pont, the Board was of the opinion that there were two distinct issues. The first concerned current injury and pertained to the actual impact resulting from increased Korean imports since 1983. The second question was broader in scope, in that it necessitated an evaluation of likely future developments, and whether or not there existed the threat of injury. Du Pont's position was that, in addition to the ladies' hosiery market, there was a clear likelihood of future import penetration by Korea in all markets and for all weights of spandex.

In viewing the submarket for ladies hosiery, the Board noted that such hosiery constituted a major use of spandex yarn. It was this market segment that was solely affected by imports from Tae Kwang, the only Korean producer and exporter of spandex at that time. During the period 1983 to 1985, Du Pont's market share declined from 87 percent to 62 percent. The Board concluded that this was due almost entirely to import competition. The counter-petitioner, Cartier Trading Corp., the sole importer of the Korean product at that time, contended that the effect of Korean imports did not cause a decline in Du Pont's market position but rather displaced other imports in the ladies hosiery submarket. However, the Board found no evidence to support this argument since spandex had risen from both Japan and West Germany and, thus, there was no obvious displacement impact resulting from increased Korean imports. Essentially, there were only two suppliers to the ladies' hosiery market, Du Pont and Tae Kwang. As a result, the Board concluded that the major gains obtained in this particular segment by Tae Kwang, since 1983, were necessarily achieved at the expense of Du Pont, the principal supplier, and that, consequently, imports from Korea resulted in injury to the Canadian producer.

On the broader issue of the threat of further injury to the domestic producer, the Board took into account a number of factors which affected the nature of spandex production in Korea, in comparison to production and marketing in Canada. The Board looked at such areas as production capacity and utilization, Tae Kwang's export orientation, production technology and product quality. It concluded that it was likely that incremental output resulting from new additions to plant capacity would be directed towards a further increase in exports and that there was no difference in basic product quality that would limit the acceptance of Korean yarn by Canadian users. Furthermore, the Board concluded that there did not appear to be any characteristics peculiar to the ladies' hosiery market that would restrict spandex imports from Korea to this market segment alone. The

Board was impressed by both the size of Tae Kwang's total textile and yarn operation and the rapidity with which it had grown, since 1979, into a worldwide manufacturer of spandex yarn. There was little to suggest that Tae Kwang's recent emergence would be restricted to yarn of only 156 and 234 decitex for ladies hosiery. Therefore, the Board concluded that, in the foreseeable future, the Canadian producer would likely be confronted with Korean competition in other spandex submarkets.

The Board recommended that the GPT be withdrawn for a period of three years with respect to all filament yarn, including covered yarn, entering from Korea. The Board concluded that the protection from the withdrawal of the GPT is equal to a 3.8-percent duty.



**APPENDIX IV**

**Imports of Yarn, Polyurethane/Spandex  
Under Commodity Class 366-99-45, by Country, 1980-86**

(kilograms)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>7 months</u>	
							<u>1985</u>	<u>1986</u>
<u>GPT Countries</u>								
Korea	-	-	-	100	12,105	34,340	24,720	17,032
Israel	498	4,257	3,418	3,922	2,639	645	645	-
Other(a)	-	<u>1,909</u>	-	-	-	-	-	<u>1,329</u>
Total GPT	498	6,166	3,418	4,022	14,744	34,985	25,365	18,361
<u>Non-GPT Countries</u>								
West Germany	60	-	110	-	795	10,862	5,043	1,088
Japan	20	-	46	270	3,571	460	194	105
United States	156,330	133,851	96,646	172,050	150,917	127,553	76,605	55,496
Other(b)	<u>494</u>	<u>136</u>	<u>10</u>	<u>398</u>	<u>2,187</u>	<u>2,721</u>	<u>1,326</u>	<u>2,743</u>
Total Non-GPT	156,904	133,987	96,812	172,718	157,470	141,596	83,168	59,432
<b>Total</b>	<b>157,401</b>	<b>140,153</b>	<b>100,230</b>	<b>176,740</b>	<b>172,214</b>	<b>176,582</b>	<b>108,533</b>	<b>77,793</b>

Source: Tariff Board Report - SP-15, p. 39.

## APPENDIX V

### The Canadian Market for Spandex Yarn, 1980-86

(thousands of kilograms)

	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>First 3 months</u>	
							<u>1985</u>	<u>1986</u>
Domestic sales - Du Pont <sup>(a)</sup>	302.9	263.7	277.9	329.7	330.0	324.3	90.3	88.1
Imports from: <sup>(a)</sup>								
United States	156.3	133.9	96.6	172.0	150.9	127.6	29.0	22.0
West Germany	0.1	-	0.1	-	0.8	10.9	3.8	1.1
Japan	•	-	•	0.3	3.6	0.5	-	0.1
Korea	-	-	-	0.1	12.1	34.3	8.5	9.6
Other Countries	<u>1.0</u>	<u>6.3</u>	<u>3.4</u>	<u>4.3</u>	<u>4.8</u>	<u>3.4</u>	<u>1.4</u>	<u>-</u>
Total Imports	157.4	140.2	100.2	176.7	172.2	176.6	42.5	32.8
Apparent Domestic Market	460.3	403.9	378.0	506.4	502.2	500.9	132.8	120.9

(In percent)

<u>Market Shares:</u>								
Du Pont	65.8	65.3	73.5	65.1	65.7	64.7	68.0	72.9
All Imports	34.2	34.7	26.5	34.9	34.3	35.3	32.0	27.1
United States	34.0	33.1	25.6	34.0	30.0	25.5	21.9	18.2
West Germany	•	-	•	-	0.2	2.2	2.7	0.9
Japan	•	-	•	0.1	0.7	0.1	•	•
Korea	-	-	-	•	2.4	6.8	6.4	7.9
Other Countries	0.2	1.6	0.9	0.8	1.0	0.7	1.1	-

Notes:

(a) Sales of spandex of own manufacture excluding imports for subsequent resale.

(b) Includes imports by Du Pont from Du Pont - United States.

Total may not add due to rounding.

\*Less than 500 kilograms or 0.1 percent.

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Source: Tariff Board Report - SP-15, p. 20.