



Canadian International  
Trade Tribunal

Tribunal canadien du  
commerce extérieur

CANADIAN  
INTERNATIONAL  
TRADE TRIBUNAL

# Textiles

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## RECOMMENDATION

Request No. TR-2008-002

St. Geneve

(Wide-width Cotton, Flax and  
Rayon Fabrics)

*Recommendation issued  
Monday, August 10, 2009*

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Tribunal Members:	Pasquale Michael Saroli, Presiding Member Ellen Fry, Member André F. Scott, Member
Research Director:	Rose Ritcey
Research Officer:	Jo-Anne Smith
Counsel for the Tribunal:	Georges Bujold
Manager, Registrar Office:	Michel Parent

Please address all communications to:

The Secretary  
Canadian International Trade Tribunal  
Standard Life Centre  
333 Laurier Avenue West  
15th Floor  
Ottawa, Ontario  
K1A 0G7

Telephone: 613-993-3595  
Fax: 613-990-2439  
E-mail: [secretary@citt-tcce.gc.ca](mailto:secretary@citt-tcce.gc.ca)

## REPORT TO THE MINISTER OF FINANCE

### INTRODUCTION

1. On July 14, 1994, the Canadian International Trade Tribunal (the Tribunal) received terms of reference<sup>1</sup> from the Minister of Finance (the Minister) pursuant to section 19 of the *Canadian International Trade Tribunal Act*.<sup>2</sup> The Minister directed the Tribunal to investigate requests from domestic producers for tariff relief on imported textile inputs for use in their manufacturing operations and to make recommendations in respect of those requests to the Minister.

2. On September 23, 2008, pursuant to the Minister's reference, the Tribunal received a request from St. Geneve, of Richmond, British Columbia, for the removal, for an indeterminate period of time, of the customs duty on importations from all countries of wide-width cotton, flax and rayon fabrics.

3. On June 12, 2009, being satisfied that the request was properly documented, the Tribunal issued a notice of commencement of investigation,<sup>3</sup> which was distributed to those who might have an interest. The fabrics under investigation are:

- (1) woven fabric, solely of cotton, bleached, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 1,070 or more, of tariff item No. 5208.29.99,<sup>4</sup> for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers;
- (2) woven fabric, solely of cotton, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 730 or more, of tariff item No. 5208.32.90, for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers;
- (3) woven fabric, solely of cotton, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 1,080 or more, of tariff item No. 5208.39.90, for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers;
- (4) woven fabric, solely of cotton, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 830 or more, of tariff item No. 5209.39.90, for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers;
- (5) woven fabric, solely of flax, dyed, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 410 or more, of tariff item No. 5309.19.90, for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers;
- (6) woven fabric, solely of rayon, bleached, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 1,060 or more, of tariff item No. 5516.11.00, for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers; and
- (7) woven fabric, solely of rayon, dyed, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 1,085 or more, of tariff item No. 5516.12.90, for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers (the subject fabrics).

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1. The terms of reference were last modified on October 27, 2005.

2. R.S.C. 1985 (4th Supp.), c. 47.

3. C. Gaz. 2009.I.1824.

4. Tariff items are in the schedule to the *Customs Tariff*, S.C. 1997, c. 36.

4. As part of the investigation, the Tribunal's research staff sent questionnaires to potential domestic producers of fabrics identical to or substitutable for the subject fabrics and to potential users and importers of the subject fabrics. It also requested that the Canada Border Services Agency (CBSA) provide a description of the physical characteristics of the fabric samples submitted by St. Geneve, an opinion on whether the requested tariff relief would be administrable and suggested wording to describe the subject fabrics should tariff relief be recommended. The CBSA provided the information requested by the Tribunal. In addition, it indicated that, in its opinion, the tariff relief would be administrable and that there would be no additional costs, over and above those that it normally incurs, to administer the tariff relief should it be granted.

5. Letters were also sent to the Department of Foreign Affairs and International Trade and the Department of Industry, requesting information that could assist the Tribunal in its investigation. No information was received by the Tribunal.

6. A staff investigation report was not necessary for the purposes of this investigation, since there was no opposition to the request.

### PRODUCT INFORMATION

7. Four of the samples<sup>5</sup> submitted by St. Geneve are made of 100 percent cotton and are as follows:

- Sample No. 1 is a bleached satin weave fabric, woven solely from single yarns. The thread count<sup>6</sup> is 767 yarns per 10 cm in the warp and 360 yarns per 10 cm in the weft. The fabric weighs approximately 105 g/m<sup>2</sup>. It is classified under tariff item No. 5208.29.99.
- Sample No. 2 is a dyed plain weave fabric, woven solely from single yarns. The thread count is 413 yarns per 10 cm in the warp and 360 yarns per 10 cm in the weft. The fabric weighs approximately 115 g/m<sup>2</sup>. It is classified under tariff item No. 5208.32.90.
- Sample No. 3 is a dyed satin weave fabric, woven solely from single yarns. The thread count is 780 yarns per 10 cm in the warp and 360 yarns per 10 cm in the weft. The fabric weighs approximately 116 g/m<sup>2</sup>. It is classified under tariff item No. 5208.39.90.
- Sample No. 4 is a dyed compound weave fabric with two sets of warp yarns and three sets of weft yarns. The thread count is 693 yarns per 10 cm in the warp and 190 yarns per 10 cm in the weft. The fabric weighs approximately 399 g/m<sup>2</sup>. It is classified under tariff item No. 5209.39.90.

8. As of January 1, 2009, the subject fabrics classified for customs purposes under tariff item Nos. 5208.29.99, 5208.32.90, 5208.39.90 and 5209.39.90 are dutiable at 12 percent *ad valorem* under the Most-Favoured-Nation Tariff and are duty-free under the United States Tariff, the Least Developed Country Tariff, the Mexico Tariff, the Canada-Israel Agreement Tariff, the Chile Tariff and the Costa Rica Tariff.

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5. St. Geneve submitted two additional samples that the CBSA determined were already duty-free.

6. "Thread count" refers to the number of warp or weft yarns in a specified width or length of fabric.

9. Three of the samples submitted by St. Geneve are made of 100 percent flax and are as follows:
- Sample No. 5 is a dyed plain weave fabric. The thread count is 235 yarns per 10 cm in the warp and 200 yarns per 10 cm in the weft. The fabric weighs approximately 181 g/m<sup>2</sup>. It is classified under tariff item No. 5309.19.90.
  - Sample No. 6 is a dyed plain weave fabric. The thread count is 270 yarns per 10 cm in the warp and 242 yarns per 10 cm in the weft. The fabric weighs approximately 132 g/m<sup>2</sup>. It is classified under tariff item No. 5309.19.90.
  - Sample No. 7 is a dyed jacquard fabric with a woven-in paisley design. The thread count is 400 yarns per 10 cm in the warp and 217 yarns per 10 cm in the weft. The fabric weighs approximately 184 g/m<sup>2</sup>. It is classified under tariff item No. 5309.19.90.
10. The subject fabrics classified under tariff item No. 5309.19.90 are dutiable at 8 percent *ad valorem* under the Most-Favoured-Nation Tariff and 5 percent *ad valorem* under the General Preferential Tariff and are duty-free under the United States Tariff, the Least Developed Country Tariff, the Mexico Tariff, the Canada-Israel Agreement Tariff, the Chile Tariff and the Costa Rica Tariff.
11. Two of the samples submitted by St. Geneve are made of 100 percent rayon and are as follows:
- Sample No. 8 is a bleached satin weave fabric. The thread count is 773 yarns per 10 cm in the warp and 350 yarns per 10 cm in the weft. The fabric weighs approximately 122 g/m<sup>2</sup>. It is classified under tariff item No. 5516.11.00.
  - Sample No. 9 is a dyed satin weave fabric. The thread count is 780 yarns per 10 cm in the warp and 367 yarns per 10 cm in the weft. The fabric weighs approximately 120 g/m<sup>2</sup>. It is classified under tariff item No. 5516.12.90.
12. The subject fabrics classified under tariff item Nos. 5516.11.00 and 5516.12.90 are dutiable at 14 percent *ad valorem* under the Most-Favoured-Nation Tariff and the Costa Rica Tariff and are duty-free under the United States Tariff, the Least Developed Country Tariff, the Mexico Tariff, the Canada-Israel Agreement Tariff and the Chile Tariff.

## REPRESENTATIONS

### Position of Domestic Users

13. St. Geneve is a manufacturer of bed linen in Richmond, where it cuts the subject fabrics by hand and sews, presses and packages bed linen.
14. St. Geneve imports the subject fabrics from Italy, Portugal and Germany and submits that there are no Canadian or U.S. textile mills that produce identical or substitutable wide-width fabrics.
15. According to St. Geneve, many inexpensive bed linens imported from the People's Republic of China, Pakistan and India are sold in the Canadian market. Tariff relief would enable St. Geneve to keep its prices competitive with those of such imported goods.
16. Northern Feather Canada Ltd., a domestic producer of bed linen, advised the Tribunal that it supports the request for tariff relief.

## Position of the Textile Industry

17. Three domestic fabric producers, PGI/DIFCO Performance Fabrics Inc., Doubletex and Consoltex Inc., advised the Tribunal that they do not oppose the request for tariff relief.

## ANALYSIS

18. The Minister's terms of reference direct the Tribunal to assess the economic impact on domestic textile and downstream producers of reducing or removing a tariff and, in so doing, to take into account all relevant factors, including the substitutability of an imported fabric for a domestic fabric and the ability of domestic producers to serve the Canadian downstream industries. Consequently, the Tribunal's decision on whether to recommend tariff relief is based on the extent to which it considers that such tariff relief would provide net economic gains for Canada.

19. St. Geneve submitted that there is no domestic production of fabrics identical to or substitutable for the subject fabrics. This position was not contested by any domestic fabric producers. Therefore, other than the corresponding duty revenues forgone by the Government, the Tribunal does not believe that there will be any direct commercial costs associated with the removal of the customs duty on the importation of the subject fabrics. On the basis of the information available to the Tribunal, tariff relief would result in yearly benefits to users of the subject fabrics in excess of \$35,000. In summary, the Tribunal finds that the tariff relief requested by St. Geneve would provide net economic gains for Canada.

## RECOMMENDATION

20. In light of the foregoing, the Tribunal hereby recommends to the Minister that tariff relief be granted as soon as possible, for an indeterminate period of time, on importations from all countries of:

- (1) woven fabric, solely of cotton, bleached, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 1,070 or more, of tariff item No. 5208.29.99, for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers;
- (2) woven fabric, solely of cotton, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 730 or more, of tariff item No. 5208.32.90, for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers;
- (3) woven fabric, solely of cotton, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 1,080 or more, of tariff item No. 5208.39.90, for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers;
- (4) woven fabric, solely of cotton, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 830 or more, of tariff item No. 5209.39.90, for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers;
- (5) woven fabric, solely of flax, dyed, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 410 or more, of tariff item No. 5309.19.90, for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers;

- (6) woven fabric, solely of rayon, bleached, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 1,060 or more, of tariff item No. 5516.11.00, for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers; and
- (7) woven fabric, solely of rayon, dyed, of a width exceeding 280 cm, having a sum of yarns per 10 cm in the warp and the weft of 1,085 or more, of tariff item No. 5516.12.90, for use in the manufacture of bed linen, duvet covers, pillow shams, cushions and cushion covers (the subject fabrics).

Pasquale Michaele Saroli  
Pasquale Michaele Saroli  
Presiding Member

Ellen Fry  
Ellen Fry  
Member

André F. Scott  
André F. Scott  
Member

Hélène Nadeau  
Hélène Nadeau  
Secretary