



**REPORT TO  
THE MINISTER OF FINANCE**

**REQUEST FOR TARIFF RELIEF BY  
PARIS STAR KNITTING MILLS INC.  
REGARDING  
CERTAIN PRINTED WOVEN FABRICS OF RAYON**

**JULY 31, 1996**

**PARIS STAR KNITTING MILLS INC.**

**REQUEST NO.: TR-95-037**

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## **INTRODUCTION**

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.

Pursuant to the Minister's reference, on July 19, 1995, the Tribunal received a request from Paris Star Knitting Mills Inc. (Paris Star) of Montréal, Quebec, for the permanent removal of the customs duty on importations of certain printed woven fabrics of rayon for use in the manufacture of women's apparel, including blouses, dresses, skirts, shorts, jackets and pants (the subject fabrics).

On December 28, 1995, the Tribunal, being satisfied that the request was properly documented, issued a notice of commencement of investigation, which was distributed and published in the January 13, 1996, edition of the Canada Gazette, Part I.<sup>3</sup>

As part of the investigation, the Tribunal's research staff sent questionnaires to 12 potential producers of fabrics identical to or substitutable for the subject fabrics. Questionnaires were also sent to 16 potential users of the subject fabrics in the manufacture of women's coordinated sportswear and 2 potential importers of the subject fabrics. A letter was sent to the Department of National Revenue (Revenue Canada) requesting information on the tariff classification of the subject fabrics, and samples were provided for laboratory analysis. Letters were also sent to a number of other government departments requesting information and advice.

On March 6, 1996, a staff investigation report, summarizing the information received from these departments, Paris Star and other firms that responded to the questionnaires, was provided to parties that had filed notices of appearance for this investigation. These parties are: Paris Star, Montreal Fast Print Ltd. (Montreal Fast Print) and the Canadian Textiles Institute (CTI).

Following distribution of the staff investigation report, submissions were filed by the above-noted parties and Doubletex Inc. (Doubletex), and Paris Star provided a response to these submissions. A public hearing was not held for this investigation.

## **PRODUCT INFORMATION**

The subject fabrics are described as printed woven fabrics, whether or not obtained from high tenacity yarns, containing 85 percent or more by weight of filaments or staple fibres, or blends thereof, of viscose or cuprammonium rayon and 15 percent or less by weight of other materials, including linen and metallic yarns.

Rayon is composed of regenerated cellulose derived from trees, cotton and woody plants. In the case of viscose rayon, cellulose is converted to a thick solution with the aid of chemicals and then forced through

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1. On March 20, 1996, the Minister of Finance revised the terms of reference.
  2. R.S.C. 1985, c. 47 (4th Supp.).
  3. Vol. 130, No. 2 at 103.

the very fine holes of a spinneret. The resulting filaments are extruded into several solutions of chemicals where they are coagulated, regenerated,<sup>4</sup> stretched, washed, finished, dried and either wound on cones of continuous filament rayon or cut into precise lengths to form rayon staple.

The manufacture of cuprammonium rayon begins with the conversion of cellulose into a soluble compound by dissolving it in a solution of copper and ammonia. This material is then dissolved in a solution of caustic soda and forced through a spinneret, after which the production process is similar to that for viscose rayon. However, cuprammonium rayon is typically produced only in filament form. Rayon manufactured using the cuprammonium process has a distinctive "hand" or texture and is not used extensively in Canada because of its very high cost.

According to Revenue Canada, in 1996, the subject fabrics are classified for customs purposes under seven classification numbers of Schedule I to the *Customs Tariff*<sup>5</sup> and are dutiable as follows:

Classification No.	MFN	BPT	GPT	US	Mexico
5408.10.00.00	19.0%	20.2%	19.0%	Free	17.5%
5408.24.10.00	19.0%	20.2%	19.0%	5.0%	17.5%
5408.24.90.81	19.0%	20.2%	19.0%	5.0%	17.5%
5408.34.00.81	19.0%	20.2%	19.0%	5.0%	17.5%
5516.14.00.10	19.0%	20.2%	19.0%	5.0%	17.5%
5516.14.00.90	19.0%	20.2%	19.0%	5.0%	17.5%
5516.24.00.00	19.0%	20.2%	19.0%	5.0%	17.5%

Paris Star cuts and sews the subject fabrics into women's blouses, dresses, skirts, shorts, jackets and pants at its plant in Montréal and sells the finished garments in both Canada and the United States.

In 1995, the volume of imports of the subject fabrics reported by Paris Star and other respondents to the Tribunal's questionnaires was approximately 583,000 metres, with a value for duty of \$4 million. In 1995, the wholesale value of garments manufactured by Paris Star from the subject fabrics was in excess of \$5 million, with blouses accounting for over 70 percent of the total. Export sales exceeded 5 percent of the volume of garments manufactured from the subject fabrics.

## **REPRESENTATIONS**

### **Users of the Subject Fabrics**

**Paris Star**, which is a vertically integrated manufacturer of knitted fabrics and women's and children's apparel, submits that there is no Canadian production of fabrics identical to or substitutable for the subject fabrics. It states that no one in Canada manufactures printed woven fabrics containing 85 percent or

4. High tenacity yarns are produced when the viscose rayon fibres are highly stretched in the regenerating stage, increasing the strength level of the fibres.

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

more by weight of viscose rayon and that converters, such as Montreal Fast Print, import the woven fabrics and print the imported fabrics in Canada.

If tariff relief is granted on imports of the subject fabrics, Paris Star submits that it will be able to lower its garment prices, which, in turn, will lead to increased sales and employment. Further, lower prices will enable Paris Star to compete more effectively with imports of finished garments manufactured from the subject fabrics. Finally, Paris Star submits that, without tariff relief, the scheduled elimination of the Duty Drawback Program<sup>6</sup> will negatively affect its ability to export garments to the United States.

Paris Star describes rayon as sharing many of the qualities of silk, including having a vivid lustre, excellent drapability, a soft hand and breathability. In addition, Paris Star submits that rayon accepts prints more brilliantly than nearly any other fabric.

Paris Star imports the majority of the subject fabrics from Europe, citing the very large selection of designs as being one of the major reasons for its choice of supply source. For example, each year, a single large German manufacturer offers up to 4,000 print designs, in different colour combinations. The print designs available from European mills can have 16 or more colours and can be printed on a wide variety of rayon fabric constructions and weights. European print mills are willing to recolour prints to meet exactly customer requirements. In addition, Paris Star submits that European print mills will guarantee their customers the exclusive use of a design for a particular national market with orders as small as 500 metres.

According to Paris Star, another important advantage of European print mills is that they routinely allow customers to purchase 3- to 40-metre samples of fabrics without committing to a future order. The ability to sample prints in advance of making an order is critical because, for each major selling season, Paris Star prepares thousands of sample garments for distribution to its commission salespeople. The garments cover the full range of the subject fabrics to be offered that season. Only after garment orders are received from customers are orders for specific fabrics placed with European mills. The subject fabrics can be delivered to Canada from Europe within four to six weeks.

Paris Star further submits that there are no domestic printers which can offer the same set of services as European print mills, particularly in terms of the availability of a wide selection of print designs and the ability to sample prior to making an order. Paris Star contacted Montreal Fast Print, Consoltex Inc. (Consoltex) and Doubletux and was unable to find a domestic supplier that could satisfactorily meet its needs with respect to printed rayon fabrics. Further, Paris Star submits that there is no Canadian manufacturer of greige rayon.

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6. For Canadian-US trade, a "duty refund system" replaced the Duty Drawback Program on January 1, 1996. The refund is equivalent to the lesser of: (a) the duty paid on a fabric imported to manufacture garments; or (b) the duty paid on the finished garments when exported to the United States. The duty refund system will be phased out at the same pace as the NAFTA tariff-free access is phased in. Full duty drawbacks will continue to apply indefinitely to Canadian apparel exports to the United States which are traded at full MFN rates, after tariff preference levels have been fully utilized. For apparel exports to non-NAFTA countries, duty drawbacks will continue to apply indefinitely.

Paris Star submits that cost is not the principal reason for its reliance on the subject fabrics from Europe, noting that the cost of the subject fabrics available from other sources, especially Asia, is much lower. However, according to Paris Star, the subject fabrics from Asia tend to be challis<sup>7</sup> rayon, which has an inferior hand to many types of rayon manufactured in Europe. In addition, the lead time for delivery of the subject fabrics from Asia is 90 days, and sampling is usually not available.

**Collection Conrad C. Inc.**, a domestic manufacturer of women's coordinated wear, supports the request by Paris Star, submitting that there is no domestic manufacturer of printed rayon fabrics. It submits that, if the customs duty on imports of the subject fabrics is removed, it will be able to lower its garment prices and will, therefore, be able to compete better in the US market.

**Lana Lee Fashions Inc.**, a domestic manufacturer of women's coordinated sportswear, also supports Paris Star's request for tariff relief. It submits that those domestic printers which print on imported greige rayon are unable to offer the same selection of print designs as those of European and Asian print mills. The subject fabrics are currently in great demand at all price levels in the Canadian apparel industry and removing the customs duty on the subject fabrics would make domestic manufacturers more competitive with foreign manufacturers, in both Canadian and export markets.

**Looks Sportswear Ltd.** (Looks), which manufactures women's better contemporary sportswear in the medium- to high-price categories, also supports the request for tariff relief. Most of Looks' garments are produced using woolen fabrics, but printed fabrics are used to offer a total coordinated look. Looks imports 100 percent viscose rayon fabrics for use in the manufacture of blouses, skirts, bermuda shorts, tops and dresses.

Looks submits that domestic printers have a minimal selection of print designs from which to select, offer lesser quality fabrics and are unable to guarantee exclusivity unless very large volumes are purchased. In comparison, European print mills maintain large collections of prints, offer exclusivity of designs for even small orders and are able to rework colours to meet exactly customers' requirements.

Looks submits that, if tariff relief is granted in this case, it will be able to lower its prices, which will enable it to be more competitive against garments produced in Asia. In addition, Looks expects that its sales to existing customers will increase.

**Jones Apparel Group Canada Inc.** (Jones), which manufactures women's apparel for the more expensive segments of the Canadian market, is not opposed to Paris Star's request, but neither is it seeking a reduction in the customs duty on imports of the subject fabrics at this time because its needs are being satisfied through current sourcing channels.

In the past, Jones has, for the most part, sourced both the subject fabrics and finished apparel manufactured from the subject fabrics in Pacific Rim countries. However, for the 1996 summer season, Jones also planned to import the subject fabrics from the United States. These imports will qualify for the US tariff treatment of 5 percent *ad valorem*.

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7. Challis is a soft, supple, lightweight, plain weave fabric made of wool, rayon staple, cotton or polyester blends. *Fairchild's Dictionary of Textiles*, 6th ed. (New York: Fairchild Publications, 1979) at 118.

**S.R. Gent (Canada) Inc.** (S.R. Gent), which is a custom manufacturer and importer of coordinated apparel for women and children sold at medium price points, supports Paris Star's request for tariff relief. It submits that the removal of the customs duty on imports of the subject fabrics will enable it to price its garments more competitively with imports, which, in turn, will lead to increases in sales volume and employment. S.R. Gent imports the subject fabrics largely from Europe.

S.R. Gent submits that, in order to meet its needs, suppliers of the subject fabrics must have a large inventory of prints, be able to recolour prints, be willing to accept minimum orders of 1,000 metres and be able to offer exclusivity of prints in the Canadian market. It supports Paris Star's contention that there are no domestic suppliers that can provide the same range of products and services as can foreign mills and, in particular, notes that there are no domestic manufacturers which produce rayon base cloth and then convert it.

S.R. Gent asks that tariff relief be granted on imports of dyed rayon fabrics that it imports under the following three additional classification numbers:

- 5408.22.90.90 - Dyed woven fabrics containing 85 percent or more of artificial filament;
- 5516.12.00.10 - Dyed viscose rayon fabrics containing 85 percent or more of artificial staple fibres;  
and
- 5516.22.00.00 - Dyed woven fabrics containing less than 85 percent of artificial staple fibres.

#### **Domestic Producers of Allegedly Identical or Substitutable Fabrics**

**Consoltex**, a major Canadian manufacturer of man-made fabrics, does not oppose the request by Paris Star with respect to imports of the subject fabrics for use in the manufacture of women's blouses. However, Consoltex does oppose the request with respect to imports of the subject fabrics for use in the manufacture of women's dresses, skirts, shorts, jackets and pants. According to Consoltex, at the retail level, garments of many different fabrics are presented side by side on the same rack, and the consumer chooses which to purchase. The consumer may choose because of the style, the colour, the prints or the price. Therefore, garments manufactured from plain dyed, patterned and printed fabrics compete against one another in the marketplace.

Consoltex submits that duty-free entry of the subject fabrics will put downward pressure on the prices of its competing fabrics and will lead to a loss of market share. If tariff relief is granted, then those firms that purchase competing fabrics from Consoltex will be at a competitive disadvantage. It further submits that Canadian apparel manufacturers have already benefited from several tariff reductions, including those implemented pursuant to the Tribunal's 1989 textile inquiry,<sup>8</sup> the *Canada-United States Free Trade Agreement*,<sup>9</sup> the *North American Free Trade Agreement*<sup>10</sup> and the *World Trade Organization Agreement*

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8. *An Inquiry into Textile Tariffs*, Reference No. MN-89-001, February 1990.

9. Canada Treaty Series, 1989, No. 3 (C.T.S.), signed on January 2, 1988.

10. Done at Ottawa, Ontario, December 11 and 17, 1992, at Mexico, D.F., on December 14 and 17, 1992, and at Washington, D.C., on December 8 and 17, 1992 (in force for Canada on January 1, 1994).

*Implementation Act.*<sup>11</sup> Additional tariff reductions will place increased pressure on domestic textile producers at a time when they already face substantial challenges.

Consoltex also submits that it uses a pigment printing<sup>12</sup> process on a variety of fabrics, including blends of rayon/polyester and polyester/rayon, and that it has the capability to print designs with up to eight colours. It is developing a burn-out printing<sup>13</sup> process which could be used to print fabrics for the apparel market. It has an inventory of more than 1,000 print screens from which customers can choose. The minimum order for printed fabrics is 500 metres, and delivery can be made within two weeks from an existing screen and within three weeks from a new screen.

**Doubletex**, which is Canada's largest fabric converting mill, submits that, if tariff relief is granted in this case, then similar relief should also be granted on imports of the unbleached, bleached or "prepared-for-dye" version of the subject fabrics. It supports the CTI's position to have the tariff removed on the lightweight viscose rayon; however, such relief should also apply to greige fabrics of the same description. It notes that, in the case of greige fabrics, a specific end use, such as women's blouses, is not administrable. Rather, it suggests that any end-use restriction be phrased as follows: "For use by textile converting mills only to produce a dyed and finished fabric." This would permit integrated and non-integrated converters to use the tariff line.

**Montreal Fast Print**, which prints, dyes, continuous dyes, bleaches and finishes textiles, opposes the request for tariff relief. It submits that it produces identical fabrics. It claims that, although it prints mostly on 100 percent greige rayon fabrics of 117 g/m<sup>2</sup> with a construction of 68 x 68, 30 x 30, the quality that is most often required by its customers, it can, however, dye and print on a large range of weights and constructions of 100 percent rayon. The largest demand is for prints with 4 to 6 colours, although Montreal Fast Print is capable of printing designs with up to 12 colours. It agrees with Paris Star that some European print mills can print designs with 16 colours, but submits that this does not represent the bulk of their production.

Montreal Fast Print views itself as primarily competing with the subject fabrics from Asia and claims that domestic fabrics would become completely uncompetitive with a small price differential. If the customs duty on imports of the subject fabrics is removed, Montreal Fast Print submits that it will lose its entire volume of sales to imports because it will not be able to lower its prices sufficiently to remain competitive.

Rather than remove the customs duty on value-added printed fabrics, Montreal Fast Print submits that the Minister should remove the customs duty on imports of greige rayon fabrics, which would lower costs for printers, converters and domestic apparel manufacturers.

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11. S.C. 1994, c. 47.

12. Printing is done with pigments rather than with dyes. The pigments do not penetrate the fibre, but are affixed to the surface of the fabric by means of synthetic resins which are cured after application to make them insoluble. The resultant colours are bright and generally fast. *Dictionary of Fiber & Textile Technology* (Charlotte: Hoechst Celanese, 1990) at 122.

13. A method of printing to obtain a raised design on a sheer ground. The design is applied with a special chemical onto a fabric woven of pairs of threads. Burn-out printing is often used on velvet. *Ibid.* at 121.



The CTI, representing Canadian manufacturers of textiles, does not oppose the request for tariff relief for printed plain woven fabrics, wholly of viscose rayon, weighing less than 110 g/m<sup>2</sup>, for use in the manufacture of women's blouses. This position, according to the CTI, has the support of both Consoltex and Doubletex. The CTI, however, strongly opposes any tariff reduction in respect of the subject fabrics weighing 110 g/m<sup>2</sup> or more, regardless of end use.

The CTI notes that the textile industry in Canada, and specifically Consoltex, currently produces a broad range of woven fabrics based on viscose rayon. There also exist facilities in Canada for the printing of viscose rayon fabrics. The capabilities of the industry, as evidenced by information provided by Montreal Fast Print, are not limited to pigment printing. The CTI asks the Tribunal to note that the principal viscose rayon fabric used for printing by Montreal Fast Print weighs 117 g/m<sup>2</sup>.

The CTI also asks the Tribunal to bear in mind that the threat of injury imposed by the request to domestic weavers, converters and printers is not restricted to the costliest subject fabrics from Europe. The requested duty removal would apply also to the lower-priced subject fabrics from Asia.

### **Response to the Industry's Submissions**

Paris Star, in its final submission to the Tribunal and in response to the various parties' submissions and evidence, reiterated its argument that fabrics identical to or substitutable for the subject fabrics imported from Europe are not produced in Canada. It notes that Consoltex's own listing of the fibre/yarn content of the allegedly substitutable fabrics in its current product range does not include a single reference to the subject fabrics (i.e. containing 85 percent or more by weight of viscose rayon). At most, its fabrics contain 80 percent rayon, with most of them containing less than 75 percent.

Paris Star also notes that Doubletex does no printing. Doubletex is a commission dyer that specializes in plain woven fabrics. It imports greige fabrics and dyes and finishes them domestically.

Paris Star also rejects any suggestion that Montreal Fast Print produces identical or substitutable fabrics for the reasons that: (1) Montreal Fast Print views itself as competing with fabrics from Asia, whereas the overwhelming majority of imports by Paris Star are from Europe; (2) it uses reactive dyes to print rayon and only has the **capability** to perform discharge printing; and (3) customers must provide the design to be printed, which is in stark contrast to the thousands of designs offered by European mills.

In making its argument that there are no substitutable Canadian fabrics, Paris Star referred to the following factors of substitution that the Tribunal considered and enumerated in Request Nos. TR-94-011 and TR-94-019.<sup>14</sup>

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14. Report to the Minister of Finance: Requests for Tariff Relief by Château Stores of Canada Ltd. and Hemisphere Productions Inc. Regarding Armani Gabardine, September 19, 1995.

### Factors of Substitution

- Technical Description

Paris Star argues that not one single fabric produced by Consoltex meets the technical description or tariff classification test of the subject fabrics (i.e. 85 percent or more by weight of viscose rayon). Indeed, the overwhelming majority of Paris Star's imports feature a very high or a 100 percent viscose rayon content. It remains uncontradicted that the subject fabrics meet the end uses under investigation, in that they are characterized by high absorbency, a pleasant hand, good draping qualities and an excellent ability to be dyed and printed in brilliant colours. In this regard, Paris Star submits that a direct substitute is not available.

- Market Acceptance

Paris Star contends that the evidence submitted by the various users of the subject fabrics outlines historical and projected imports of the subject fabrics and sales of finished goods made with the subject fabrics which, as in *Armani Gabardine*, "demonstrate that there is a demand and identified market acceptance for the subject fabric[s] which are quite separate and distinct from the demand for alleged substitutable domestic fabrics."<sup>15</sup> That is, for the higher-end fashion market, only a very high content (85 percent or more) viscose rayon fabric is acceptable. The domestically produced or converted fabrics do not, according to Paris Star, compete in the same market segment.

- Price

Paris Star also notes that the price evidence on the record is compelling and establishes that the domestically produced fabrics for the end uses under investigation are not directly substitutable for the subject fabrics in the market in which the subject fabrics compete. It points out that there is no single domestic fabric offered over \$5/m<sup>2</sup>. Paris Star argues that, as outlined in *Armani Gabardine*, "[p]rice is linked to market acceptance."<sup>16</sup> It disputes suggestions by Consoltex and Montreal Fast Print that the individual consumer, let alone a cost-conscious retailer, could confuse clothing made with domestic fabrics with clothing made with the subject fabrics. Paris Star notes that, even duty-free, the subject fabrics are significantly more expensive than allegedly substitutable fabrics and are, therefore, as contended by Paris Star, not in the same market.

- Ability to Supply

Paris Star contends that there is no evidence on file to support this factor of substitutability. As stated in *Armani Gabardine*: "Further, the domestic textile producers should be able to demonstrate the ability and willingness to supply both large and small quantities as required, on acceptable commercial terms."<sup>17</sup> Paris Star contends that no Canadian fabric manufacturer pursues or markets identical or substitutable fabrics on acceptable commercial terms.

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15. *Ibid.* at 5.

16. *Ibid.* at 6.

17. *Ibid.*

Therefore, Paris Star submits that there would be positive net economic benefits for Canada if tariff relief were granted, as there is no evidence of production in Canada of identical and/or substitutable fabrics.

Finally, Paris Star does not object to duty-free treatment being given to the subject fabrics in their greige form, if this duty-free treatment is restricted to the specific conditions and end uses under investigation.

### **ANALYSIS**

The Tribunal, in accordance with the Minister's terms of reference, must determine, on the basis of the evidence, whether identical or substitutable fabrics are produced in Canada and whether there would be an economic benefit for the Canadian economy of tariff relief being granted.

From the evidence in the file, the Tribunal is satisfied that Paris Star cannot obtain from Canadian production identical or substitutable fabrics for the high end of the market which it serves. The Canadian producers, such as Consoltex, do not produce printed fabrics for apparel that is in competition with apparel produced from the subject fabrics imported by Paris Star; neither do the converters finish fabrics for the high end of the market served by Paris Star. Doubletex does not print, and Montreal Fast Print competes with finished fabrics from Asia which are priced much lower than the European fabrics.

Paris Star competes in the high end of the women's apparel market with companies which either make garments from imported fabrics or import the finished garments. Canadian producers or finishers of allegedly substitutable fabrics are serving a lower-priced and lower-quality segment of the women's apparel market. The pricing evidence provided in this case showed that the landed cost of the subject fabrics imported by Paris Star and other apparel manufacturers which primarily source product in Europe is significantly greater than the landed cost of the subject fabrics imported from Asia and the selling price of the allegedly substitutable fabrics produced in Canada by Consoltex and Montreal Fast Print. The subject fabrics imported by Paris Star, on average, cost more than twice as much as the subject fabrics from Asia and the allegedly substitutable fabrics of Canadian origin. The subject fabrics from Europe are also of much higher quality compared to the quality offered by Asian exporters or Canadian producers. As noted by Paris Star, the subject fabrics from Asia tend to be challis rayon, which has an inferior hand to many types of European rayon fabrics. The evidence also showed that the Canadian fabrics compete with the Asian fabrics and not with the European fabrics. As a result of the large differences in cost and quality of these fabrics, the garments produced from the subject fabrics from Europe are necessarily sold in a much higher segment of the women's apparel market and, therefore, are not in competition with garments made from the allegedly substitutable fabrics made in Canada or even those made from the subject fabrics from Asia.

The Tribunal is convinced that the higher-priced subject fabrics from Europe do not impact on any production or value-added operation in Canada. However, it recognizes that Montreal Fast Print competes in the low end of the market with garments made from the less expensive subject fabrics originating in Asia and, therefore, the Tribunal is of the view that only the higher-value subject fabrics should be allowed duty-free entry into Canada. The evidence showed that imports from Asia and the allegedly substitutable fabrics are priced at less than \$5/m<sup>2</sup>. Consequently, it suggests that tariff relief could be granted on the subject fabrics that have a value for duty of \$5/m<sup>2</sup> and more. The Tribunal estimates that the granting of such tariff relief would cause a net commercial benefit in excess of \$500,000. The benefit would be equivalent to the customs duty that would be otherwise payable on such imports.

With respect to S.R. Gent's request that tariff relief be extended to imports of dyed rayon fabrics, the Tribunal's notice of commencement of investigation was limited to the printed rayon fabrics described in Paris Star's request for tariff relief and, therefore, the Tribunal did not receive proper information to make a recommendation with respect to dyed rayon fabrics.

Regarding the requests made by Doubletex and Montreal Fast Print to have the customs duty removed on imports of greige fabrics, the Tribunal notes that its investigation did not include greige fabrics. Furthermore, the Canadian converters' finished fabrics are not used in garments that compete in the high end of the women's apparel market. Nevertheless, the Tribunal recognizes that, in the event Canadian converters did import higher-quality greige fabrics, the tariff anomaly between the finished fabrics and the greige fabrics could hamper Canadian converters' ability to compete in the high end of this market. In that event, such parties may seek relief on imports of higher-quality greige fabrics by filing a request for tariff relief with the Tribunal.

### **RECOMMENDATION**

In light of the foregoing, the Tribunal hereby recommends to the Minister that the customs duty on importations of printed woven fabrics or blends thereof that contain 85 percent or more by weight of viscose or cuprammonium rayon and 15 percent or less by weight of other materials, including linen and metallic yarns, with a value for duty of \$5/m<sup>2</sup> or more, for use in the manufacture of women's apparel, including blouses, dresses, skirts, shorts, jackets and pants, be removed for an indeterminate period.

Arthur B. Trudeau

Arthur B. Trudeau  
Presiding Member

Lyle M. Russell

Lyle M. Russell  
Member

Charles A. Gracey

Charles A. Gracey  
Member