

TEXTILE TARIFF INVESTIGATIONS

INTRODUCTION

In 1994, the Minister of Finance (the Minister), under a provision of the *Canadian International Trade Tribunal Act* (the *CITT Act*), directed the Canadian International Trade Tribunal (the Tribunal) to investigate requests from Canadian producers for tariff relief on imported textile inputs used in their manufacturing operations. The Tribunal was directed to make recommendations to the Minister on tariff relief that would maximize net economic gains for Canada.

Domestic producers may request tariff relief on the following fibres, yarns, fabrics and other materials used to produce goods in Canada:

- Fibres, yarns and fabrics of Chapters 51, 52, 53, 54, 55, 56, 58, 59 or 60 of the schedule to the *Customs Tariff*, with the exception of certain knitting yarns of Chapter 52;
- Certain monofilaments or strips and textile and plastic combinations of Chapter 39;
- Rubber thread and textile and rubber combinations of Chapter 40; and
- Products of textile glass fibres of Chapter 70.

The Tribunal's recommendations are generally for complete tariff relief for an indeterminate period of time. However, the Tribunal has the authority to recommend partial reductions in duties and to specify a time period for the relief. The Tribunal can also recommend that the tariff relief be restricted to specific textile inputs or end uses. (Refer to the *Textile Reference Guide* found on this Web site.)

INVESTIGATION PROCESS

Starting the Investigation

The first step in an investigation is filing a request with the Tribunal. Domestic producers are required to provide a complete and clear description of the textile input and complete a questionnaire in which relevant information is requested, including the volume and value of their imports of the textile input, their experience with sourcing domestic identical or substitutable textile inputs, and their anticipated benefits from the requested tariff relief.

When the Tribunal receives a request, it issues a brief notice containing the name of the requester, date of the request, description of the textile input and its end use, and tariff item number.

Before the Tribunal commences an investigation, the Canada Border Services Agency (CBSA) must analyze a sample of the textile input for which tariff relief is being requested. After completing a laboratory analysis, the CBSA issues a National Customs Ruling (NCR) outlining the description of the textile input and the tariff rate applicable to its importation. If the request does not include an NCR, the Tribunal forwards samples of the textile input to the CBSA for analysis. (Refer to the Tribunal's Practice Notice, *Acceptance of National Customs Rulings in the Filing of Requests for Tariff Relief on Imported Textile Inputs* found on this Web site.)

Once the Tribunal is satisfied that the request is properly documented and that the product is clearly defined, it sends a notice of commencement of investigation to the requester and all known interested parties. Interested parties include other domestic producers, industry associations, competitors of the

requester, domestic suppliers of textile inputs that may be identical to or substitutable for the imported textile input and downstream users of goods produced from the imported textile input.

The other domestic producers may support the request, while domestic suppliers of textile inputs may oppose the request. The notice directs parties that wish to participate in the investigation to the appropriate questionnaires on this Web site and provides timelines for responding.

The Tribunal also informs appropriate government departments or agencies of the investigation, such as the CBSA, the Department of Foreign Affairs and International Trade, the Department of Industry and the Department of Finance. The notice is also published in Part I of the *Canada Gazette*.

Investigation

If the Tribunal receives no opposition to the request, it proceeds directly with its recommendation.

If the Tribunal receives opposition to the request, it prepares a staff investigation report summarizing the responses to the questionnaires. The staff investigation report and other case material are distributed to the parties.

Next, parties other than the requester file submissions in support of their points of view. Then, the requester files a submission in reply to these submissions.

The Tribunal then assesses the economic impact on domestic producers, on a “commercial cost/benefit” basis, of reducing or removing the tariff and makes a recommendation based on whether the requested tariff relief will maximize net economic gains for Canada. The Tribunal takes into consideration a variety of factors in its assessment, including its staff analyses of the costs and benefits of granting tariff relief, as well as more qualitative factors.

Hearing

In most cases, an hearing is not required, and the Tribunal makes a recommendation on the basis of the written record. In cases where the Tribunal determines that the written record is insufficient, an hearing is held.

Report to the Minister

The Tribunal generally issues its Report to the Minister within 100 days from the date of commencement of the investigation.

The Government decides whether to act on the Tribunal’s recommendation. If the Government accepts the Tribunal’s recommendation, it implements it by making the necessary amendments to the schedule to the *Customs Tariff* or, occasionally, by issuing customs duty remission orders.

REVIEW PROCESS

Canadian producers may ask the Tribunal to commence an investigation to recommend the renewal, amendment or termination of tariff relief. A review is initiated where the Tribunal is satisfied that there has been a change in the circumstances that led to the initial recommendation. The procedures in a review are similar to those in an investigation.

INVESTIGATION PROCESS

