

3. Cotton or Man-made Fibre Fabrics and Made-up Goods - 71,765,252 SMEs
4. Cotton or Man-made Fibre Spun Yarns - 11,813,664 kilograms.

#### **(A) TPL allocation**

Subject to the EIPA, the EIPA regulations and applicable policies, Canadian companies with apparel TPL allocations may export to customers in the North American free trade area products manufactured in Canada from fabrics and yarns imported from outside this area up to the limit of their allocations.

Because of the extensive use of TPLs for wool and non-wool apparel, an allocation policy based primarily on historical TPL usage by exporters was developed for these categories of products in 1998. In 2004, a similar allocation policy was implemented for woven fabrics.

The TPLs for knit and other fabrics are allocated on a historical-use basis to the extent of utilization by exporters, and on a first-come, first-served basis for those amounts not allocated directly to exporters. The TPL for yarn is allocated to exporters on a first-come, first-served basis.

#### **(B) TPL utilization in 2004**

The 2004 TPL utilization rates for the four categories of Canadian TPL exports were as follows:

- wool apparel and made-up goods - 100% for the United States and 5% for Mexico;
- cotton or man-made fibre apparel and made-up goods - 79% for the United States and 16% for Mexico;
- cotton or man-made fibre fabrics and made-up goods - 58% for the United States and 10% for Mexico;
- cotton or man-made fibre spun yarns - 26% for the United States and 0% for Mexico.

#### **(TPL historical utilization statistics.)**

As provided for in the NAFTA, the annual growth rates for the TPL volumes for Canadian goods entering the United States were eliminated at the end of 1999. No growth rates were provided for trade with Mexico.

#### **(C) TPL transfer mechanism**

In 1998, a mechanism was established to allow companies to transfer a portion of their TPL allocations to other companies. The mechanism was implemented in two stages, with an implementation date of October 1, 1998 for wool apparel and January 1, 1999 for non-wool apparel. On December 21, 2004 a similar transfer mechanism was implemented for woven fabrics.

#### **(D) TPL for "new entrants"**

The method of allocating TPL is based primarily on historic utilization. However, small TPL pools have been created for woven fabric, wool and non-wool apparel to accommodate new exporters.