

- to control the importation into Canada of arms, ammunition, implements or munitions of war, army, naval or air stores, or any articles deemed capable of being converted thereto or made useful in the production thereof;
- to implement any action taken under the *Farm Income Protection Act*, the *Fisheries Prices Support Act*, the *Agricultural Products Cooperative Marketing Act*, the *Agricultural Products Board Act* or the *Canadian Dairy Commission Act*, with the object or effect of supporting the price of the article;
- to implement an inter-governmental arrangement or commitment;
- to limit, pursuant to an enquiry by the Canadian International Trade Tribunal, the importation of goods causing or threatening to cause serious injury to domestic producers;
- to place certain steel products on the Import Control List for the purpose of collecting information on imports of such products; and;
- to facilitate implementation of action taken under the Customs Tariff to enforce Canada's rights under a trade agreement or respond to acts of another country that would adversely affect trade in Canadian goods or services.

(a) Textiles and Clothing

(i) World Trade Organization and Agreement on Textiles and Clothing:

The Agreement on Textiles and Clothing (ATC) of the **World Trade Organization** is an interim arrangement that took effect on January 1, 1995 and expires on December 31, 2004. Its purpose is to establish a framework for the phased elimination of quotas on textiles and clothing. Quotas are being eliminated in four discreet stages over the ten-year implementation period. Trade in products on which quotas have been eliminated are thereafter governed by normal WTO rules - i.e., they are "integrated" into the provisions of the General Agreement on Tariff and Trade (GATT) under the WTO.

(ii) Quotas and Bilateral agreements

During 2004, Canada applied quotas to 40 countries, 31 of which were WTO members. Of the remaining nine countries, Canada had bilateral arrangements with seven countries, and two countries were subject to unilateral measures.

Canada introduced no new import quotas in 2004. All of Canada's quota agreements with non-WTO member countries concluded on December 31, 2004, to coincide with the conclusion of the ATC.

(iii) Trade with NAFTA countries:

Products must originate in North American Free Trade Agreement (**NAFTA**) countries in order to qualify for NAFTA rates of duties. This is determined through the use of NAFTA rules of origin for yarn, fabric and clothing. For apparel and textiles that do not meet these rules of origin, NAFTA provides preferential access to the Canadian, U.S. and Mexican markets through the use of Tariff Preference Levels (TPLs). The four broad categories of TPL and their corresponding volumes for access to the U.S. market, which have been fixed since 1999, are as follows:

1. Wool Apparel - 5,325,413 square metre equivalents (SMEs)
2. Cotton or Man-made Fibre Apparel - 88,326,463 SMEs