1. The Textiles Surveillance Body held its second meeting of 1986 on 24-26 March.

2. Present at this meeting were the following members and/or alternates: Messrs. Alfaro, Kawaguchi, Keck, Kuneralp, Salim, Shepherd, Sun/Cartland and Wright/Satuli.

3. The report of the first meeting of 1986 has been circulated in COM.TEX/SB/1138.

Notifications under Article 3:5

United States/Turkey

4. The TSB reverted to the notification received from the United States of unilateral measures taken under Article 3:5 with respect to imports from Turkey of cotton trousers for women, girls and infants (Category 348) and cotton sheets (Category 361). The TSB had agreed at its previous meeting to defer examination of the measures because of consultations scheduled between the parties in the first week of March.

5. In their presentations, delegations from both parties reported on the results of their most recent consultations. The TSB noted that (a) discussions on the two categories had centred on appropriate restraint levels; (b) the consultations had involved, besides these categories, other issues relating to trade in textiles between the two countries; and (c) both governments were ready to resume consultations.

6. The TSB heard a statement from the United States that agreement on these two categories was not contingent on solutions relating to other problems on trade in textiles and clothing, now under discussion between the United States and Turkey.

7. In view of paragraphs 5 and 6 above, the TSB recommended that both parties resume their consultations, bearing in mind the provisions of the MFA, in particular Article 6 and paragraph 12 of the 1981 Protocol of Extension, and report to it on the results of such consultations before 16 June 1986.

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1 Hundred and ninety-seventh meeting overall
2 COM.TEX/SB/1138
United States/China

8. In response to the TSB's invitation to the United States and China to present their respective cases related to the measure taken under Article 3:5 by the United States on imports of man-made fibre luggage, and to the validity of the MFA framework with regard to this product, the TSB received a communication from China regretting its inability to send a delegation to the present meeting.

9. The TSB considered the letter, and decided to defer its examination of the case, on the understanding that it would definitely revert to this matter at its next meeting.

Notifications under Article 4

Austria/China

10. The TSB received a notification from Austria of a new Article 4 agreement concluded with China. The parties agreed to restraints on woven shirts of man-made fibres or of cotton and down-quilted outerwear for the period 1 January 1986-31 December 1988.

11. In this agreement:

(a) base levels were substantially higher than 6 per cent over the rollback levels;

(b) growth rates were set at 1.5 per cent (shirts) and 3 per cent (outerwear), providing for compounded growth at 10.3 and 10 per cent respectively;

(c) swing, carryover and carry forward were each available at 5 per cent.

12. During its review, the TSB took note of a statement made by Austria that the parties had agreed to the growth rates in view of the existence of exceptional circumstances in terms of Annex B of the Arrangement, and that in determining growth and flexibility provisions special account had been taken of the large increases in base levels.

13. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1139).

United States/China

14. The TSB received a notification from the United States of further amendments to its bilateral agreement concluded with China. The parties agreed on specific limits for Categories 438, 369 pt (cotton luggage), 410, 359 pt (cotton vests), 436 and 361.

1COM.TEX/SB/1138
15. During its review, the TSB noted that base levels were in all cases above or considerably above previous twelve-month restraint levels set or agreed according to paragraph 8 of the bilateral agreement. Growth was available at 1 per cent for wool Categories, 3.5 per cent for Categories 359 pt and 361, and 5 per cent for Category 369 pt. Swing was available at 5 per cent, and carryover/carry forward at 10/5 per cent, after consultations.

16. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1140).

United States/Singapore

17. The TSB received a notification from the United States of a further amendment of its bilateral agreement with Singapore. The two parties agreed to an increase in the designated consultation level for Category 640 (man-made fibre shirts, not knitted) for the 1985 agreement year. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1141).

United States/Uruguay

18. The TSB received a notification from the United States of a further amendment of its bilateral agreement with Uruguay, in which the parties agreed to a specific limit on Category 335 (cotton coats for women, girls and infants). The base level was substantially above the reference level. Growth was set at 6 per cent; swing was available at 5 per cent, carryover/forward at 11/7 per cent.

19. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1142).

United States/Indonesia

20. The TSB received a notification from the United States of a new bilateral agreement concluded with Indonesia, valid for the period 1 July 1985 to 30 June 1988. An administrative arrangement with respect to certain folklore-type products was also notified.

21. In this agreement:

(a) all existing restraints were maintained. Two group limits as well as nine specific limits were introduced. Three specific limits previously on only part-categories were expanded to cover the whole categories;

(b) increases in base levels over previous restraint levels were in twenty-one cases above or considerably above six per cent, and in one case at 0.7 per cent. The base level increase for an existing sub-limit was set at 5 per cent;

(c) with respect to the new specific limits, base levels were in eight cases considerably more than six per cent over the rollback level, and in one case less than 6 per cent over the rollback level;
(d) all specific limits were included in Group I, and the limit for this group was the exact sum of the specific limits; Group II covered all categories subject to the agreement but not subject to specific limits. The two group limits as well as a sub-limit introduced for wool categories falling within Group II were higher than previous trade;

(e) an additional five per cent of the quotas for Categories 336, 341, 641 and 648 was available for folklore-type products;

(f) growth was available at six per cent for all specific limits, with the exception of one limit on a non-wool category where it was available at 5.5 per cent, and one wool category at 1 per cent. Growth was available at 6 per cent for Group I, 10 per cent for Group II, and 1 per cent for the sub-limit for wool products contained in Group II;

(g) swing between groups was available at 7 per cent. Swing was equally available within each group at 7 per cent for specific limits on cotton and man-made fibre categories and at 5 per cent for wool categories. Carryover/carry forward was available at 11/6 per cent.

22. The TSB was of the opinion that the language of paragraph 4(b) of the agreement appeared not to be in conformity with Article 12:3 of the Arrangement; however, after having heard statements from Indonesia and the United States that the products falling under this provision were not traditional folk-lore garments, the TSB understood that the intention of the paragraph was in conformity with the Arrangement, and recommended that the parties clarify this matter at the first opportunity and report back to it in due course.

23. The TSB noted that the agreement also contained provisions concerning possible adjustment of the United States' category system as a result of the adoption by the United States of the Harmonized Commodity Code. Under these provisions, prior consultations between the parties are mandatory, if adjustments to the category system were to be made during the validity of the agreement; the United States reserved its right to make the necessary adjustments in the absence of mutual agreement. In this context, the TSB noted that "the intent of this conversion on the part of the United States Government will not be to diminish overall trade with Indonesia".

24. After its review, the TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/1143).

United States/Colombia

25. The TSB received a notification from the United States of a modification of its bilateral agreement with Colombia, under which the consultation levels for Categories 632 (man-made fibre hosiery) and 666 (man-made fibre furnishings), were raised considerably for the last agreement period ending 30 June 1986.

26. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1144).
United States/Hong Kong

27. The TSB received a notification from the United States of a further modification of its bilateral agreement with Hong Kong. Limits were introduced for the 1985 agreement year at the formula levels set in accordance with paragraph 7E(I) of the agreement on Categories 360 (cotton pillow cases) and 637 (man-made fibre playsuits). The limit on Category 637 was converted into a specific limit, with growth set at 2 per cent in accordance with the provisions of the agreement.

28. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1145).

United States/India

29. The TSB received a notification from the United States of a further modification of its bilateral agreement with India. The parties agreed to restraints on Categories 310 (ginghams), 318 (yarn dyed fabrics) and 337 (cotton playsuits) for 1985 and 1986 agreement years, with growth at 7 per cent.

30. The TSB also took note that as a result of consultations between the parties, the United States had rescinded restraints on Categories 350, 359-coveralls and 359-vests.

31. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1146).

United States/Korea

32. The TSB received a notification from the United States of a further modification of its bilateral agreement with Korea. Limits for 1985 were introduced on Categories 310/318 (cotton dyed fabrics), 342 (cotton skirts), 350 (cotton dressing gowns), 352 (cotton underwear), 359-H (cotton headwear) and 632 (man-made fire hosiery); these limits, as well as limits on Categories 605-0 (other man-made fibre yarns) and 611 (woven fabrics of spun cellulosic yarns), were converted to specific limits for the 1986 and 1987 agreement years, with growth at 2.5 per cent.

33. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1147).

United States/Peru

34. The TSB received a notification from the United States of a modification of its bilateral agreement with Peru. The consultation level for Category 300 (cotton yarn) was increased for the 1985/86 agreement year, and the consultation level for Category 313 (cotton sheeting) was converted into a specific limit for the agreement period beginning 1 May 1985. The base level for this limit was higher than 6 per cent over the consultation level, and growth was set at 7 per cent.

35. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1148).
Notifications under Articles 7 and 8

Canada/Bulgaria

36. The TSB received a notification from Canada of a modification of its bilateral agreement with Bulgaria. The consultation level for winter outerwear was converted to a specific limit for the period 1 October 1985-31 December 1986. Since Bulgaria is a non-participating country, the notification has been made under Articles 7 and 8, in accordance with a request made by the Textiles Committee, for the information of participants (COM.TEX/SB/1149).

Notification under Article 11

37. The TSB began its review of a notification received from Mexico regarding restrictions maintained by it on textiles and textile items. The notification was made under Article 11, in response to a request made by the TSB in April 1985.\(^1\)

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\(^1\) COM.TEX/SB/1067, paragraph 28