Report of the Eighth Meeting (1986)¹

1. The Textiles Surveillance Body held its eighth meeting of 1986 on 17-19 November.

2. The report of the seventh meeting has been circulated in COM.TEX/SB/1184.

3. The TSB considered the situation created by the entry into force, on 1 August 1986, of a new Protocol of Extension. It decided that, as a general rule, notifications of actions taking effect no later than 31 July 1986 should be considered as falling under the terms of the 1981 Protocol of Extension, even if their effect carried over after 31 July 1986. New agreements or measures taking effect from 1 August 1986 or later should be treated as falling under the provisions of the 1986 Protocol, even if they had been negotiated before 1 August 1986. The TSB would continue, however, to consider all notifications on a case-by-case basis.

Report on measures reviewed under Article 3:5

United States/China

4. In accordance with its recommendation made in July 1986 with respect to measures taken by the United States under Article 3:5, the TSB was informed by the United States that a bilateral agreement had been negotiated regarding China's exports of man-made fibre luggage to the United States, which would be notified to the Body in due time.

Report related to measures taken under Article 3:5

5. United States and Japan, which had requested the TSB to defer its examination of measures taken by the United States under Article 3:5 on imports of certain products from Japan, reported that, following bilateral consultations, agreed solutions had been found in all cases in the context of a bilateral agreement. The text of the agreement will be notified on completion of all formalities between the parties.

Notifications under Article 4

United States/Korea

6. The TSB received a notification from the United States of a further modification of its agreement with Korea.

¹Two hundred and third meeting overall
²COM.TEX/SB/1180
³See COM.TEX/SB/1184
7. An agreed restraint on Category 670B (man-made fibre luggage, wholly or in part braid) was set for the period 1 September-31 December 1985, with provision for special carry forward. With effect from 1 January 1986, Categories 670L (man-made fibre luggage) and 670B were merged with a limit set on this merged Category, and adjusted sub-limits on 670L and 670B. Growth was set in accordance with the provisions of the agreement at 2.5 per cent. Swing was not available to these Categories.

8. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1185)

United States/Hong Kong

9. The TSB received a notification from the United States of an extension and modification of its agreement with Hong Kong, according to which the agreement, which would expire on 31 December 1987, was extended on 4 August 1986 until 31 December 1991, superseding in full the provisions applicable to agreement years 1986 and 1987.

10. In this modified agreement:

(a) the coverage had been expanded to include silk blends and other vegetable fibre textiles and apparel;

(b) three Group limits were established;

(c) all forty-nine specific limits were maintained, and nine new restraints were introduced as of 1 August 1986 on categories or sub-categories covering products of silk blends or of vegetable fibres other than cotton;

(d) restraint levels for products of cotton, wool and man-made fibre in the superseded years were in nineteen cases higher than the superseded levels, and in three cases lower, reflecting the new growth rates agreed for those categories;

(e) restraint levels on products of silk blends and other vegetable fibres were set at agreed reference levels;

(f) growth rates of products previously under restraint varied between 0.5 and 2.5 per cent. They were increased in nineteen cases and decreased in three cases. Those for the nine new restraints were between 0.1 and 2 per cent. Growth for the Group limits progressively increased from 0.5 per cent in the first agreement year to 2.5 per cent in the last agreement year giving a compounded growth rate of 1.6 per cent;

(g) swing was available at 5 or 7 per cent for specific limits, at 1 per cent between any of the three Groups, with an additional 1 per cent between Groups I and II for 1986; swing was not available for Categories 645/6, 845 and 846;

(h) carryover/carry forward were available at 1/3 per cent for Group limits and at 1/2 per cent for specific limits. Category 648 continued to be accorded 7.15 per cent carry forward;

(i) consultation provisions and criteria pursuant to which restraints on additional products could be established were set out in the agreement.
11. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1186)

United States/Sri Lanka

12. The TSB received a notification from the United States of a modification of its agreement with Sri Lanka. Two new specific limits have been agreed on Category 351 (cotton nightwear) and 664 (man-made fibre suits, women, girls and infants) as of 2 May 1986 and 29 April 1986, respectively.

13. The limits were much higher than the reference levels of the bilateral agreement. Growth was set at 6 per cent, swing available at 6 per cent, and carryover/carry forward at 11/6 per cent.

14. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1187)

Notifications under Articles 7 and 8

Canada/Mauritius

15. The TSB received a notification from Canada of an agreement reached with Mauritius concerning imports of two clothing items for the period 1 January 1986-31 December 1990.

16. This notification was made in accordance with a request made by the Textiles Committee that participating countries notify any actions or measures taken regarding trade in textiles with non-participating countries. The TSB is transmitting the text of the agreement to the Textiles Committee for information. (COM.TEX/SB/1188)

Canada/North Korea

17. Canada has notified the application of import controls on clothing items when imported from North Korea for the twelve-month period beginning 23 August 1986.

18. This notification was made in accordance with a request made by the Textiles Committee that participating countries notify any actions or measures taken regarding trade in textiles with non-participating countries. The TSB is transmitting the text of the agreement to the Textiles Committee for information. (COM.TEX/SB/1189)

Notifications under Article 11

Mexico

19. The TSB reverted to its review of the notification made by Mexico, prior to its accession to GATT, under Article 11 on the status of restraints maintained by it on imports of textiles. The notification listed the textile products subject to the prior permit system. The TSB recalled that it had deferred completion of its review, awaiting Mexico's negotiations leading to its accession to GATT.

1See COM.TEX/SB/1181, paragraph 1.62
20. Following its accession to the GATT, Mexico sent a further communication to the TSB, in which it made particular reference to its engagement as a Contracting Party that "in conformity with its policy of gradual substitution of tariff protection for prior permits, Mexico will continue to eliminate prior import permits to the fullest extent possible. Residual quantitative restrictions and import permit requirements will be notified and justified in accordance with relevant provisions of the General Agreement ...".

21. The TSB understood that the notification and justification referred in the section on Mexico's policy on import licences in the Report of the Working Party on the Accession of Mexico to the GATT would be conducted in the competent GATT bodies. The TSB agreed to transmit the notification to the Textiles Committee for its information. (COM.TEX/SB/1115/Add.25)