

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/1081/Add.1*
22 February 1985

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Report on matter examined under Article 11:5

Hong Kong/United States

Note by the Chairman

Attached is a report received from the United States on the consultations held between Hong Kong and the United States, in accordance with the TSB's recommendations made in December 1984.¹

¹ See COM.TEX/SB/1037, TSB's report of its twentieth meeting (1984)

* English only/Anglais seulement/Inglés solamente



UNITED STATES TRADE REPRESENTATIVE

**1-3 AVENUE DE LA PAIX
1202 GENEVA, SWITZERLAND
Telephone: 320970**

February 20, 1985

The Honorable
Ambassador Marcelo Raffaelli
Chairman, Textiles Surveillance Body
GATT
Rue De Lausanne 154
1211 Geneva

Dear Mr. Chairman:

This report is submitted in response to the request by the TSB at its 20th meeting of 1984 that the United States and Hong Kong report the results of the consultations which the TSB had recommended at that meeting.


The United States and Hong Kong held consultations in Washington on February 4-6. Hong Kong tabled proposals which in its view would "restore the balance of rights and obligations under the bilateral agreement," pursuant to TSB recommendation (a), and would constitute cooperation "in the meantime...to avoid disruption to the orderly and equitable development of Hong Kong's trade," pursuant to TSB recommendation (b).

With respect to recommendation (a), Hong Kong proposed that the definition in the interim regulation of what does not constitute substantial transformation and therefore does not confer origin be elaborated to include a list of those finishing operations carried out in Country B subsequent to the knitting of panels in Country A which would, in combination with sewing, looping or linking, confer origin on Country B.

With respect to TSB recommendation (b), Hong Kong proposed that the pre-August 1984 rules of origin be applied for the remainder of calendar year 1985.

In the course of the consultations, the United States stated that since both of Hong Kong's proposals represented desired changes in the substance of the interim regulations themselves and therefore fell outside the parameters of the bilateral agreement, it would be necessary for the United States to consider Hong Kong's proposals within the framework of the review process currently underway. Hong Kong proposed, and the United States agreed, to adjourn the meeting and resume the discussion at such time as the United States was prepared to respond to Hong Kong's proposals. We agreed to report separately to the TSB and to set a provisional date of March 11 for resumption of talks, but with this date subject to change as developments warranted.

Sincerely,



Robert Shepherd
Minister-Counselor