

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL
TEX.SB/W/161
1 February 1979

Textiles Surveillance Body

DRAFT REPORT OF THE FIRST MEETING (1979)¹

1. The Textiles Surveillance Body held its first meeting of 1979 from 24 to 26 January.
2. The Chairman welcomed the following members and alternates for the year 1979:

Members

Mr. Martin (Canada)
Mr. Suarez (Colombia)
Mr. Beck (EEC)
Mr. Hamza (Egypt)
Mr. Tsao (Hong Kong)
Mr. Kujirai (Japan)
Mr. Valdepeñas (the Philippines)²
Mr. Phelan (USA)

Alternates

Mr. Patek (Sweden)
Miss Arcienega (Peru)
Mr. de Gouvion St. Cyr (EEC)
Mr. Hamid (Pakistan)
Mr. Park (Korea)
Mr. Abe (Japan)

3. The following members were present: Messrs. Beck, Hamza³, Kujirai³, Martin, Phelan, Suarez, Valdepeñas and Wise⁴. The report of the fourteenth and last meeting of 1978, which had already been approved, has been circulated to the Textiles Committee in document COM.TEX/SB/338.

¹ Seventy-ninth meeting

² Alternate to be nominated.

³ Present on the first day.

⁴ Substitute alternate for Mr. Tsao.

4. The TSB considered a notification made by the European Community under Article 4:4 of the Arrangement of an initialled agreement between the EEC and Korea. The TSB noted that its general observations and recommendations as set out in COM.TEX/SB/380 and 388 will apply to this agreement.

5. In reviewing the bilateral agreement concluded between the EEC and Korea, the TSB, while noting that its general observations on other EEC bilateral agreements as set forth in paragraph 5 of COM.TEX/SB/388 were applicable in this case, further noted that certain restraint levels in the bilateral agreement involved reductions not only on 1977 quota levels, but also on 1976 trade levels. The TSB found, on all the available evidence, that in negotiating these reductions the parties had departed from paragraph 3 of Annex B of the Arrangement. The TSB noted that such a departure had been presented by the notifying party as being within the purview of paragraph 5:3 of the Conclusions adopted by the Textiles Committee on 14 December 1977.

6. The TSB also noted that growth for certain categories had been agreed at less than 6 per cent, and found that the agreed lower growth rates reflected the existence of circumstances in the EEC market comprising an exceptional case in terms of paragraph 2, Annex B. The TSB considered that, should circumstances change, the provisions which exist in the bilateral agreement for negotiating improved access should be used.

7. The TSB further noted that the parties had agreed to swing of less than 5 per cent for some of the categories under restraint. It recalled its earlier observations that swing was one of the essential elements in agreements under Articles 3 and 4 (COM.TEX/SB/69, para.4). The TSB also recalled its previous observation concerning cases where the exporting country waives its rights to swing in return for certain other considerations in the agreement (COM.TEX/SB/365, paragraph 74). The TSB concluded that the observations would also apply to cases with agreed rates of swing lower than those mentioned in paragraph 5 of Annex B to the Arrangement.

8. The TSB further noted other aspects of the flexibility provisions that were less liberal than those provided for in Annex-B. On the evidence available, the TSB found that the low swing and these other aspects might have been agreed in return for certain other considerations in the bilateral agreement.

9. After concluding its examination of this notification, the TSB agreed to circulate the text to the Textiles Committee and reserved its right to revert to the agreement for an overall view at an appropriate stage. (see COM.TEX/SB/389).