

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/178
28 June 1979

Textiles Surveillance Body

DRAFT REPORT OF THE NINTH MEETING (1979)¹

1. The Textiles Surveillance Body held its ninth meeting in 1979 from 20 to 22 June. The following members or alternates were present during the session: Messrs. Beck/de Gouvion St. Cyr, Hamid², Kujirai, Martin, Phelan, Suarez, Tsao and Valdepenas.
2. The report of the eighth meeting was approved, and it has been circulated to the Textiles Committee in document COM.TEX/SB/442.
3. The TSB has received a notification from Canada concerning an Article 4 bilateral agreement concluded with the Philippines for a three-year period beginning 1 January 1979. In reviewing this agreement the TSB noted that the restraint levels agreed for the products covered thereby were higher than the trade performance in 1978. The TSB also noted that the agreement provided for adequate growth and flexibility and found that it was in conformity with the Arrangement.³ The TSB agreed to circulate the text of this agreement to the Textiles Committee, see COM.TEX/SB/443.

¹Eighty-seventh meeting overall of the TSB.

²Part attendance.

³While Mr. Suarez did not join the consensus because he held the view that the parties to this agreement should not have referred to paragraph 5:3 of the Protocol as stated in Article 2 of the bilateral agreement he, nevertheless, did not oppose it.

4. The TSB had received a notification from Canada regarding a new Article 4 agreement concluded with Hong Kong. In reviewing this agreement the TSB noted that the restraint levels were based on a product categorization which was different from the classification of Canadian import and Hong Kong export statistics. This made it difficult for the TSB to determine to what extent the new restraint levels compared with the actual level of trade in the proper reference period in terms of Annex B.

5. The TSB also noted that the flexibility provisions in the agreement varied according to the import sensitivity of the products and groups covered therein. The TSB recalled its earlier observations (see COM.TEX/SB/69, paragraph 4, and COM.TEX/SB/365, paragraph 74) with regard to agreed rates of swing lower than those mentioned in paragraph 5 of Annex B, and concluded that they would also be applicable to the agreement in question.

6. The TSB also noted that the growth provisions in the agreement varied likewise according to the import sensitivity of the products and the groups. With respect to the parties' agreement on growth rates lower than 6 per cent for certain products, the TSB recognized that those lower growth rates reflected the parties' understanding of the existence of the then exceptional circumstances prevailing in the Canadian market in terms of paragraph 2 of Annex B.

7. The TSB, on the basis of the data available, found that this agreement provides a net increase in access for Hong Kong exports in 1979 in comparison with Canadian imports from Hong Kong in 1978 when the GATT Article XIX restraint régime was in effect. The TSB concluded that the agreement, in overall terms, was in conformity with the Arrangement.¹ The TSB agreed to circulate the text of this agreement to the Textiles Committee, see COM.TEX/SB/444.

¹While Mr. Suarez did not join the consensus because he held the view that the parties to this agreement should not have referred to paragraph 5:3 of the Protocol as stated in Article 2 of the bilateral agreement he, nevertheless, did not oppose it.

8. The TSB had received a notification from Canada regarding a new Article 4 agreement concluded with Poland. In reviewing this agreement the TSB noted that the restraint levels were based on a product categorization which was different from the classification of Canadian import and Polish export statistics. This made it difficult for the TSB to determine to what extent the new restraint levels compared with the actual level of trade in the proper reference period in terms of Annex B.

9. The TSB also noted that the flexibility provisions in the agreement varied according to the import sensitivity of the products and groups covered therein. The TSB recalled its earlier observations (see COM.TEX/SB/69, paragraph 4, and COM.TEX/SB/365, paragraph 74) with regard to agreed rates of swing lower than those mentioned in paragraph 5 of Annex B, and concluded that they would also be applicable to the agreement in question.

10. The TSB also noted that the growth provisions in the agreement varied likewise according to the import sensitivity of the products and the groups. With respect to the parties' agreement on growth rates lower than 6 per cent for certain products, the TSB recognized that those lower growth rates reflected the parties' understanding of the existence of the then exceptional circumstances prevailing in the Canadian market in terms of paragraph 2 of Annex B.

11. The TSB, on the basis of the data available, found that this agreement provides a significant increase in net access for Polish exports in 1979 in comparison with Canadian imports from Poland in 1978, while noting the absence of flexibility provisions in respect of a minor proportion of the products covered by this agreement. The TSB concluded that the agreement, in overall terms, was in conformity with the Arrangement.¹ The TSB agreed to circulate the text of this agreement to the Textiles Committee, see COM.TEX/SB/445.

¹ While Mr. Suarez did not join the consensus because he held the view that the parties to this agreement should not have referred to paragraph 5.3 of the Protocol as stated in Article 1, paragraph 2, of the bilateral agreement he, nevertheless, did not oppose it.