

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/203
26 March 1980

Textiles Surveillance Body

DRAFT REPORT OF THE SIXTH MEETING (1980)^{1/}

1. The Textiles Surveillance Body held its sixth meeting of 1980 from 17 to 19 March.
2. The following members, or alternates replacing members were present: Messrs. Bajwa, Beck, Kujirai, Park^{2/}/Chau^{2/}, Pullinen, Santos-Neves and Shepherd.
3. The TSB considered a notification made by the European Community under Article 4:4 of the Arrangement of an agreement between the EEC and Hong Kong. The TSB noted that its general observations and recommendations as set out in COM.TEX/SB/380 and 388 will apply to this agreement.
4. In reviewing the agreement, 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 in 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 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.

^{1/} Hundred-and-first meeting overall of the TSB.

^{2/} Part attendance.

5. The TSB also noted that growth for certain categories had been agreed at less than 6 per cent, and was informed by the notifying party that the agreed lower growth rates reflected the existence of circumstances in the EEC market constituting an exceptional case in terms of paragraph 2, Annex B.
6. The TSB further noted that the parties had agreed to a 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, paragraph 4). The TSB also recalled its previous observations concerning cases where the exporting country waives its right to swing, in full or in part, in return for certain other considerations in the agreement (COM.TEX/SB/519, paragraph 78).
7. The TSB further noted other aspects of the flexibility provisions were less liberal than those provided for in Annex B. Taking into account all the elements of the bilateral agreement, the TSB found that the low swing and these other aspects had been agreed in return for certain other considerations in the bilateral agreement.
8. The TSB considered that, should circumstances change, the procedures which exist in the bilateral agreement for providing additional access should be used.
9. After concluding its examination of this notification, the TSB agreed to circulate the text to the Textiles Committee (see COM.TEX/SB/560).
10. The TSB had received a notification from the EEC of an amendment to its Article 4 bilateral agreement with Brazil. The TSB noted that the new restraint levels had been applied unilaterally by the Community as the two sides had failed to reach a mutually satisfactory solution during consultations.
11. The TSB was informed that the statistical information necessary for the application of the "basket exit" procedure established under Article 6 of the bilateral agreement was presented later than required under the terms of that agreement.

12. The TSB noted that Brazil considers the provision of such statistics as fundamental to the application of the "basket exit" procedure, believing that without the presentation of Community statistics on time, the procedure itself is compromised. At the same time, the TSB noted the Community's view that a delay in the provision of such statistics cannot invalidate application of the "basket exit" procedure.
13. The TSB observed that the timely provision of import statistics was an important element in the application of the "basket exit" procedure, and recommended that, in the future, the Community provide such statistics by the date specified in the bilateral agreement.
14. The TSB agreed to circulate the text of the amendment to the Textiles Committee (see COM.TEX/SB/554).
15. The TSB considered four notifications of amendments to the Article 4 agreements concluded between the EEC and each of India, Macao, Pakistan and Thailand. With regard to the amendment concerning Macao, the TSB took note of the Community's statement that the growth lower than 6 per cent reflected the existence of circumstances in the EEC market constituting an exceptional case in terms of paragraph 2 of Annex B. After its review, the TSB agreed to transmit these amendments to the Textiles Committee (see COM.TEX/SB/542, 555, 556 and 552 respectively).
16. The TSB received a notification from the Community of a bilateral agreement concluded with Bulgaria. This notification had been made bearing in mind the request by the Textiles Committee, that agreements concluded with, or actions taken against, non-participants should be notified. The text of this notification has been transmitted under Articles 7 and 8 to the Textiles Committee for information of participating countries (see COM.TEX/SB/543).
17. Pursuant to its previous request^{1/}, in accordance with the provisions of paragraphs 11 and 12 of Article 11, the TSB received reports from India and Korea. In the context of these reports, the TSB referred to the conclusions set out in the

^{1/} See COM.TEX/SB/457, paragraph 8.

Balance of Payments Committee's reports: BOP/R/104 with regard to India and BOP/R/109 with regard to Korea. After its review the TSB agreed to circulate these reports to the Textiles Committee (see COM.TEX/SB/561 and 550).

18. The TSB continued its discussion on the requirements of Article 11 and decided to revert to this matter at its next meeting scheduled for 14 April 1980.