

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/295*

20 December 1982

Textiles Surveillance Body

DRAFT REPORT OF THE TENTH MEETING (1982)^{1/}

1. The Textiles Surveillance Body held its tenth meeting of 1982 on 8-10 December.
2. Present at this meeting were the following members and/or alternates: Messrs. Beck, Delgado, Haron, Hyun, MacNeil, Sato and Shepherd.
3. The report of the ninth meeting was adopted and has been circulated as COM.TEX/SB/817.
4. The following points were discussed:

United States/Hong Kong

5. The TSB concluded its review of the new Article 4 agreement between the United States and Hong Kong, valid from 1 January 1982 to 31 December 1987. The TSB took note of additional statements and clarifications supplied by the two parties at the request of the Body.
6. In reviewing this agreement, the TSB noted that:
 - (a) the aggregate and group limits contained in the previous agreement between the parties had been removed;
 - (b) restraints on two textile categories (cotton sheeting and duck) had been liberalized, leaving twenty-four specific limits on individual or merged categories;

¹ Hundred and fortieth meeting overall

* English only/Anglais seulement

- (c) the parties had agreed that the first year of the agreement (1982) would replace and supersede the final year of their previous agreement, and that 1981 would therefore be considered as the reference year for the restraint levels established;
- (d) base levels agreed for 1982 were set at 0.5 per cent higher than 1981 quota levels in eighteen cases, and 1.5 per cent higher in six cases;
- (e) growth rates agreed during the life of the agreement would also be 0.5 per cent, or 1.5 per cent annually for categories under specific restraint and 2 per cent for categories brought under restraint pursuant to the consultation procedure in the agreement;
- (f) (i) swing was established at 6 per cent for categories with 1.5 per cent growth, 5 per cent for categories with 0.5 per cent growth, and 7 per cent for categories brought under restraint following consultations;

(ii) no swing was available into combined category 645/6, (sweaters), from other categories;
- (g) the extent to which limits might, after consultation between the parties, be exceeded by carryover and/or carry forward, was 10 per cent, of which carry forward would not be more than 5 per cent. 7.15 per cent carry forward had been agreed in the case of category 648;
- (h) the agreement also contained consultation procedures and criteria pursuant to which restraints on additional products could be established.

7. The TSB requested further clarifications from the two parties concerning all the points mentioned in (c) to (h) above.

8. With respect to the growth and swing provisions contained in the agreement, the TSB heard a statement by the United States that these reflected the existence of exceptional circumstances. The TSB also heard statements by both parties relating to the use of 1982 as the first agreement year, the fact that the base levels agreed to were higher, taken overall, than both quotas and trade in 1981, the criteria and procedures for establishing limits in the absence of agreement, and the overall balance of the agreement.

9. In reaching its conclusions, the TSB took account of the balance of the elements contained in the agreement as set out in paragraphs 6 and 8 above. While noting that the base levels in the new agreement were substantially lower than those in the superseded year of the previous agreement, and that growth rates were lower than in the previous agreement, the TSB observed that the liberalization of restraints noted in paragraph 6(a) and (b) above could contribute to increased access for Hong Kong. On the basis of this overall assessment, the TSB agreed to transmit the agreement to the Textiles Committee. (COM.TEX/SB/)

Canada/Thailand

10. The TSB reviewed a notification of a new Article 4 bilateral agreement concluded between Canada and Thailand, valid from 1 January 1982 to 31 December 1986. The TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/)

Canada/Malaysia

11. The TSB reviewed a new agreement concluded under Article 4 between Canada and Malaysia, valid from 1 January 1982 to 31 December 1986. In this new agreement two items subject to restraint in the previous agreement had been made subject to consultations, and a new restraint had been introduced on one item.

12. The TSB noted that there was a limit of 15 per cent on cumulative use of flexibility, but that on overall terms the agreement was consistent with Article 4 of the Arrangement.

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

Canada/Macao

14. The TSB reviewed a new Article 4 agreement concluded between Canada and Macao, valid from 1 January 1982 to 31 December 1986.

15. In considering this agreement, the TSB noted that:

- (a) Three product categories previously under restraint had been made subject to consultation;
- (b) There was a group limit for clothing, comprising both products under restraint and those subject to consultation, as well as procedures and criteria for establishing specific limits for products covered only by the group limit;
- (c) swing was provided at a rate of 6 per cent;
- (d) no swing was provided as between groups A and B;
- (e) use of cumulative flexibility was limited to 15 per cent;
- (f) additional swing was possible within each category covering children's and infants' sizes whereby levels may be increased at a ratio of 5 children's and infants' garments to 3 adults' garments, and products covered by the agreement were fully interchangeable regardless of their fibre content;
- (g) base levels were increased by ratios of between 6 and 11 per cent over previous restraints.

16. The TSB found that, on overall terms, the agreement was consistent with Article 4 of the Arrangement, and agreed to transmit it to the Textiles Committee. (COM.TEX/SB/)

Canada/Poland

17. The TSB reviewed a new Article 4 agreement between Canada and Poland valid from 1 January 1982 to 31 December 1986.

18. In considering this agreement, the TSB noted that:

- product coverage of the agreement was expanded to include three new categories and three categories previously under specific restraints were brought under consultation at lower levels;
- base levels for 1982 for two products were below levels of restraints in 1981, but well above levels of trade in both 1980 and 1981. Other base levels showed increases over previous restraints or trade levels, of below 6 per cent in three cases, 6 per cent in four cases and substantially above 6 per cent in three cases;
- growth of less than 6 per cent was provided with respect to five categories, while for the other seven categories growth was set at 6 per cent;
- swing was available at a rate of 5 per cent, but no swing was permitted into two clothing categories, nor was it provided as between clothing and fabric groups, and use of cumulative flexibility was limited to 11 per cent;
- additional swing was possible within each category covering children's and infants' sizes, whereby levels may be increased at a ratio of five children's and infants' garments to three adults' garments, and products covered by the agreement were fully interchangeable regardless of their fibre content.

19. Taking into account all the elements contained in this agreement, including those listed above, the TSB found that the agreement was consistent with Article 4 of the Arrangement, and agreed to transmit it to the Textiles Committee. (COM.TEX/SB/)

Canada/Romania

20. The TSB reviewed a new Article 4 agreement between Canada and Romania, valid from 1 January 1982 to 31 December 1986.

21. In reviewing this agreement, the TSB noted that base levels for two categories (one clothing and one fabrics) were reduced from previous restraint levels, growth rates for four categories were less than 6 per cent, and that there were limitations on the use of both swing and cumulative flexibility.

22. The TSB also noted that there were increases in base levels for the other four categories, at rates higher than 6 per cent. Additional swing was also possible within each category covering children's and infants' sizes, whereby levels may be increased at a ratio of five children's and infants' garments to three adults' garments, and products covered by the agreement were fully interchangeable regardless of their fibre content.

23. The TSB, considering all the elements contained in this agreement, including those listed above, found that the agreement was consistent with Article 4 of the Arrangement, and agreed to transmit it to the Textiles Committee. (COM.TEX/SB/)

Austria/Brazil

24. The TSB noted a notification from Austria of an extension for five years of the agreement, concluded under Article 3:4, between Austria and Brazil. For lack of time, it was not possible to consider this notification at this meeting. The TSB therefore deferred its consideration of this item to the first meeting of 1983.

Article 11 notifications

25. The TSB took note that replies under Article 11 had been received from Malaysia and Indonesia. All Article 11 replies will, as noted in the Annual Report of the TSB (COM.TEX/SB/811) be reviewed at a future date. All the replies received are circulated in COM.TEX/SB/809 and Addenda.