

# GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/309  
15 April 1983

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## Textiles Surveillance Body

### DRAFT REPORT OF THE SEVENTH MEETING (1983)<sup>1</sup>

1. The Textiles Surveillance Body held its seventh meeting of 1983 from 12 to 14 April.
2. Mr. Jörn Keck was welcomed as member nominated by the EEC, and Mr. Hugh Richardson as his alternate, with effect from this meeting.
3. Present at this meeting were the following members and/or alternates: Messrs. Chau, Delgado, Keck/Richardson, Kittisataporn, Puri<sup>2</sup>, Sato, Shepherd, Westlund/MacNeil<sup>2</sup>.
4. The report of the sixth meeting was adopted and has been circulated as COM.TEX/SB/841.
5. The following points were discussed:

#### EEC/Malaysia

6. The TSB reviewed a notification of a new Article 4 bilateral agreement initialled by the EEC and Malaysia, in de facto application with effect from 1 January 1983 and valid until 31 December 1986.
7. In this agreement:
  - (a) One category previously under restraint had been liberalized;
  - (b) Categories 2 and 3 had been merged;

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<sup>1</sup> Hundred and forty-seventh meeting overall.

<sup>2</sup> Part-attendance.

- (c) Increases in quotas over base levels for categories and sub-categories under restraint ranged between 0.5 and 89.1 per cent;
- (d) Growth rates within the agreement period were higher than in the previous agreement, although in all but one case, lower than 6 per cent;
- (e) Swing was subject to limitations and, in any case, was no higher than 5 per cent;
- (f) Carryover and carry forward were set at 5 and 5 per cent respectively;
- (g) Possibilities were provided by the EEC for transferring a portion of quotas among ASEAN member countries.

8. The TSB heard statements by the EEC explaining that the rates of growth and swing established resulted from exceptional circumstances as set out in Paragraphs 2 and 5 of Annex B.

9. The TSB noted that the merging of Categories 2 and 3 afforded increased flexibility to Malaysia in its access to the fabrics market.

10. With reference to the possibilities provided by the EEC for transferring a portion of quotas among ASEAN member countries, the TSB felt that it would be useful if it could be informed of the utilization of these possibilities.

11. The TSB did not address itself on this occasion to the provisions of Articles 4 and 5 of this agreement, concerning re-imports of textile products after processing and handloom and cottage industry products, respectively.<sup>1</sup>

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<sup>1</sup>See paragraphs 22 and 23 of the report of the sixth meeting (COM.TEX/SB/-). General observations on Articles 8, 9 and 12 of this agreement are contained in paragraphs 13 to 21 of the same report.

12. The TSB reviewed this agreement against the background of statistical data on trade and production supplied by the EEC Commission. On the basis of the information made available, the TSB was not able to come to a definite conclusion concerning the market situation in the Community, but observed that the share of Malaysia in imports of some products under restraint was small. The TSB took note of the statement by the EEC that statistics on production corresponding to the restrained categories were not fully available; in this connection the TSB emphasized its need to receive all data it considers relevant in order to review agreements notified to it.

13. The TSB took note of the statement by the Community in relation to its economic difficulties at the time of negotiations of the agreement and observed that although the new agreement provides for greater access than its predecessor, various elements contained therein are still below the levels set out in Annex B of the MFA. The TSB noted the availability of the consultation provisions in the agreement to enable the situation prevailing at the time of the negotiations to be periodically reviewed, as provided for in Paragraph 8 of the Protocol of Extension and bearing in mind the basic objectives of the MFA as set out in Article 1, paragraph 2 thereof.

14. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/842).

#### Canada/India

15. The TSB reviewed a new bilateral agreement concluded under Article 4 between Canada and India valid from 1 January 1983 to 31 December 1986. The TSB took note of a statement by Canada that the previous bilateral agreement, which had expired on 31 December 1981, had been extended by one year in order to facilitate bilateral negotiations between the parties. This extension has not, however, been notified to the TSB. The TSB recalled the need for any modification or extension of bilateral agreements to be notified to it without undue delay.

16. The TSB observed that increases in base levels and growth rates within the agreement were set at or above 6 per cent, except for one product (worsted fabric) where growth was set at less than 6 per cent. Swing was established at 5 per cent for the apparel and textile groups, and at 7 per cent for clothing products under specific restraint. A number of products previously under specific restraint had been included in group limits, thus providing for increased flexibility. 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 product categorization provided for full interchangeability, regardless of fibre content.

17. The TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/843).

#### Canada/Singapore

18. The TSB reviewed a new bilateral agreement between Canada and Singapore concluded under Article 4 and valid from 1 January 1983 to 31 December 1986. It was noted that the previous agreement, which had expired on 30 June 1982, had been extended by mutual agreement to 31 December 1982. This extension had not been notified to the TSB. The TSB recalled the need for any modification or extensions of bilateral agreements to be notified to it without undue delay.

19. The TSB noted that there was a limit of 15 per cent on cumulative use of flexibility, but that all other elements either met or were above the levels set out in Annex B. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/844).