

# GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/311\*

4 May 1983

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Textiles Surveillance Body

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

1. The Textiles Surveillance Body held its eighth meeting of 1983 on 25-27 April.
2. At this meeting, Mr. Antonio Patriota (Brazil) was introduced as alternate to Mr. Delgado, succeeding Mr. Santos-Neves, who was returning to Brazil. The Chairman and members welcomed Mr. Patriota and expressed their appreciation for the contribution made by Mr. Santos-Neves to the work of the Body.
3. Present at this meeting were the following members and/or alternates: Messrs. Chau, Delgado<sup>2</sup>/Patriota, Keck/Richardson, Kittisataporn, Puri<sup>2</sup>, Sato, Shepherd and Westlund.
4. The report of the seventh meeting was adopted and has been circulated as COM.TEX/SB/846.
5. The following subjects were discussed:

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<sup>1</sup> Hundred and forty-eighth meeting overall

<sup>2</sup> Part-attendance

\* English only/Anglais seulement

Article 4 notifications

Austria/India

6. The TSB reviewed a notification of a new Article 4 bilateral agreement between Austria and India, valid from 1 January 1983 to 31 December 1986, continuing restraints on three cotton categories. It was noted that the aggregate level previously existing for cotton products had been removed, that base levels had been increased by rates greater than 6 per cent, and that swing, which had not been available in the previous agreement, had been provided at 5 per cent. The TSB also noted that growth within the agreement of 3 per cent for two categories (blouses and shirts) and 4 per cent for one category (bedlinen) as well as swing of 5 per cent, had been agreed bearing in mind the exceptional circumstances existing for these products in the Austrian market in terms of paragraphs 2 and 5 of Annex B.

7. The TSB agreed to transmit the text of this notification to the Textiles Committee (COM.TEX/SB/847).

Austria/Hong Kong

8. The TSB began its consideration of a bilateral agreement concluded under Article 4 between Austria and Hong Kong, extending restraints for the period 1 February 1983 to 31 January 1984. The TSB agreed to revert to this notification at its next meeting.

Sweden/Sri Lanka

9. The TSB reverted to its discussion of the Article 4 bilateral agreement between Sweden and Sri Lanka. It was agreed to continue the discussion of this item at its next meeting.

Notifications under Articles 7 and/or 8

EEC/Haiti

10. The TSB received a notification from the EEC concerning a new bilateral consultation agreement initialled with Haiti, in de facto application from 1 January 1983 and valid until 31 December 1986. This agreement was negotiated under Article 4 of the Arrangement; however, Haiti has not as yet accepted the 1981 Protocol of Extension. The TSB thus agreed to transmit this notification to the Textiles Committee for its information under the provisions of Articles 7 and/or 8. (COM.TEX/SB/848).

Canada/Bulgaria

11. The TSB received a notification from Canada of a new bilateral agreement with Bulgaria, a non-participant in the MFA, valid for the period 1 January 1982 to 31 December 1986. This agreement was notified under the provisions of Articles 7 and/or 8 for the information of participants, pursuant to the request of the Textiles Committee that actions taken vis-à-vis non-participants should be notified. The TSB agreed to transmit this notification to the Textiles Committee for its information. (COM.TEX/SB/849).

United States/China

12. The TSB received a notification from the United States concerning the introduction in January 1983 of restraints on imports of a number of textile and clothing products from the People's Republic of China, a non-participant in the Arrangement. This notification was made under the provisions of Articles 7 and/or 8 for the information of participants, pursuant to the

request of the Textiles Committee that actions taken vis-à-vis non-participants should be notified. The TSB agreed to transmit this notification to the Textiles Committee for its information. (COM.TEX/SB/850).

Article 11 notifications

13. The TSB adopted a report on the notifications made by participants on restrictions maintained by them on textiles and clothing products in 1982, pursuant to the provisions of Articles 11:11, 11:12 and 11:2 of the Arrangement. This is attached as the Annex to the present report.

Annex

Notifications made by participants under  
Articles 11:11, 11:12 and 11:2 in 1982

1. The annual request by the Chairman of the TSB for information from all participants on restrictions maintained by them on textiles and clothing products was made in July 1982.<sup>1</sup> Twenty-one participants had submitted replies by the closing date for the annual report of the TSB to the Textiles Committee for its meeting in December 1982. The information supplied is tabulated in the Addendum to that report (COM.TEX/SB/811/Add.1). Since the annual report was made, a further nine participants have submitted information. All information submitted to the TSB has been transmitted to the Textiles Committee in document COM.TEX/SB/809 and Addenda 1 to 30.

2. The thirty participants from which information has been received are Argentina, Austria, Brazil, Colombia, the EEC, El Salvador, Egypt, Finland, Guatemala, Hong Kong, Hungary, India, Indonesia, Israel, Jamaica, Japan, Korea, Macao, Malaysia, Mexico, Pakistan, Poland, Romania, Singapore, Sri Lanka, Sweden, Switzerland, Thailand, Turkey and the United States. The reports from Argentina, Jamaica and Pakistan are the first made under Article 11 since the notifications made by them under Article 2:1. Three of the responding countries (El Salvador, Guatemala and Mexico) are non-contracting parties to GATT. The TSB's review of their submissions is therefore conducted bearing in mind the provisions of Article 2:4 of the MFA. In two other cases (Colombia and Thailand) the countries concerned have recently acceded to GATT. Restrictions maintained by Colombia had previously been considered by the GATT Council as being consistent with Article XIII, at the time of Colombia's provisional accession to GATT in 1975 (L/4173). Thailand acceded to GATT in 1982.

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<sup>1</sup>For details of the request by the Chairman, see COM.TEX/SB/811, paragraph 34.

3. No information has yet been received from four participants to which requests were sent: Bangladesh, Canada, Czechoslovakia and the Philippines. Since the request for information was sent, the Maldives, Peru and Yugoslavia have accepted the 1981 Protocol of Extension. These countries were not, therefore, asked to submit information in 1982.

4. The following is a summary of the information received from participants. Where necessary, reference is also made to other relevant GATT documents.

5. Seventeen participants have notified that there is no change in the status of restrictions since their previous report. These are Egypt, El Salvador, Hong Kong, India, Indonesia, Israel, Japan, Korea, Macao, Malaysia, Poland, Romania, Singapore, Sri Lanka, Switzerland, Thailand and Turkey.

6. Of these:

(a) Hong Kong, Japan, Macao, Malaysia, Singapore and Switzerland have notified that they maintain no restrictions on textiles and clothing. Switzerland has notified automatic licensing and, with respect to certain state-trading countries, a price attestation system. Imports from Hong Kong are subject to an administrative surveillance arrangement which has been reviewed by the TSB in COM.TEX/SB/801.

(b) Egypt reports that it maintains no quantitative restrictions on imports from any source. As reported to the Balance-of-Payments Committee, imports of products from all sources may be authorized by the authorities within the annual foreign exchange budget. (See document BOP/212).

(c) India maintains restrictions with respect to all MFA products, justified for balance-of-payments reasons under Article XVIII of GATT (see BOP/R/126). Imports are allowed if the products concerned are for use in the manufacture of export products.

(d) Indonesia notified that it continues to prohibit only imports of coarse grey shirting, and certain handloom and cottage industry products, to protect its domestic industry. Imports of certain cotton yarns are also subject to licensing.

Since this notification was received, Indonesia has announced a number of actions under Article XVIII:C of GATT concerning import policies. Notice of these actions, which cover textiles among other products, is given in document L/5452 of 25 January 1983.

(e) Israel maintains discretionary licensing on certain fabrics for balance-of-payments reasons (see also BOP/R/129).

(f) Korean imports of MFA products continue to be controlled under regulations announced by the Minister of Commerce and Industry or subject to recommendations by domestic industrial associations. A few items of mmf fibres and yarns, as well as men's and boys' briefs, are given automatic approval. Restrictions are reviewed annually, and the notification states that they will be removed gradually. Documentation for the 1981 balance-of-payments consultation with Korea notes the continuing liberalization of the import régime in general (BOP/W/47).

(g) Poland's import policy remains unchanged from the situation in 1980. At that time, Poland had reported indicative quotas without restrictive effect, on textile products included in bilateral agreements with Algeria, Austria, Benelux, Colombia, Egypt, Finland, France, Federal Republic of Germany, Greece, India, Italy, Pakistan, Portugal, Spain and the United Kingdom.

(h) Romania does not apply any quota restrictions. Imports of all products are subject to licensing and to the availability of foreign exchange (see also L/5110, report on licensing procedures).

(i) Sri Lanka had notified in 1980 a licensing scheme, operated through the Ministry of Textile Industries, for cotton yarn and all fabrics for domestic use. Licences for cotton yarn are issued liberally, while for fabrics, there is no specific limit on imports; however, account would be taken of the availability of locally produced fabrics in determining import requirements. A list of products subject to import licensing requirements, including textile products, was subsequently notified to GATT in L/5203 of 30 October 1981.

(j) Thailand notified that it maintains no import restrictions on MFA products, apart from bags of natural fibres, including cotton.

(k) Turkey had previously notified in 1981 (COM.TEX/SB/733/Add.25) that the import of most textile items was prohibited, except for selected products which were either regarded as "liberalized" and for which licences were issued automatically (List I) or which were subject to prior authorization by the authorities (List II). Turkey has also submitted information to GATT in reply to the questionnaire on import licensing procedures (see L/5220 of 16 November 1981) and to the Balance of Payments Committee, also in 1981 (see BOP/R/107), in which it has stated that measures applied are justified under Articles XII, XVIII and Part IV of GATT.

(l) El Salvador, being a participant in the MFA, non-contracting party to GATT, had maintained no restrictions prior to 1981. In 1981, El Salvador imposed new restrictions and reported in detail on its economic situation and import measures taken. Imports of tarpaulins, tents, etc., household linen, blankets, etc., continue to be prohibited from all sources except Central American countries and the Panama Canal Zone. The TSB had found in 1981 that it was not necessary for El Salvador to lift the measures (COM.TEX/SB/748).



7. One participant (Hungary) notified the abolition of quotas on imports from Sweden, under the terms of a new long-term trade agreement between the parties which took effect in February 1982. Bilateral quotas of an indicative nature continue to exist under the corresponding agreement with Norway. The Hungarian import licensing system is described in document L/5194.
8. Four participants (Argentina, Brazil, Guatemala and Mexico) notified new restrictions on imports of textiles, taken for balance-of-payments reasons. Argentina notified that from May 1982 prior authorization was required for imports of certain textile products. Brazil notified that import licences would not be issued for a list of goods covering, inter alia, all MFA products. The complete list of products affected was notified to GATT in document L/5393 of 3 December 1982. Goods included in the list may be imported only if justified as strictly necessary and of interest to Brazil's economic policy.
9. Guatemala, a non-contracting party to GATT, had previously maintained no restrictions. In its new submission, Guatemala notified a change in the conditions for the allocation of foreign exchange for imports of textiles. This measure took effect in November 1982.
10. Mexico, also a non-contracting party to GATT, notified the introduction, as from 17 September 1982, of a prior import permit requirement for all imports, with effect until 31 December 1983.
11. Jamaica notified that it has no import restrictions on textiles, except on greige fabrics. Limitations on imports, are, however, related to the availability of foreign exchange. Jamaica imports garments in commercial quantities only from the Caribbean area.
12. Two participants (Colombia and Pakistan) made complete notifications of the import régimes covering all MFA products.

(a) Colombia, in its notification, indicated goods subject to the liberalized import régime or to prior licensing. The notification indicates all changes made in the import régime for textiles in 1981 and 1982. All clothing, household linen and made-up articles have been brought under prior licensing, as have cotton and man-made fibre yarns and all cotton fabrics previously liberalized. Colombia had stated in the Working Party on its accession to GATT that licensing is utilized, in conformity with Article XVIII of GATT, for balance-of-payments reasons and to protect infant industries (L/4800, paragraph 14).

(b) Pakistan also made a complete notification of the textile and clothing products included in "Free" and "Tied" lists for import licensing purposes. The import licensing system of Pakistan is described in the background paper for the 1982 balance-of-payments consultation with Pakistan (BOP/W/58). Most fabrics and clothing items are prohibited. Yarn of cotton, man-made fibre and wool, and specified fabrics and made-up articles for particular uses are generally included in the "Free List" of goods which may be imported from any source. Some items (mmf yarn, knitting wool) are included in the "Tied List" of products which may be procured only from tied sources under aid credits, barter trade, or loans.

13. Notifications submitted by importing participants relate firstly to agreements, actions or amendments concluded with exporting countries (whether or not MFA participants) and notified to the TSB under the relevant Articles of the MFA; secondly, to other measures taken in relation to non-MFA participants and not notified to the Body except in response to the Article 11 request.

- (a) Austria's notification includes information on new agreements concluded with Brazil under Article 3, and with Korea and the Philippines under Article 4; and an extension of the agreement with Hong Kong. The agreement with Korea and the extension of the agreement with Hong Kong have been reviewed by the TSB. The agreement with Brazil is currently under review. The agreement with the Philippines has not yet been notified.

- (b) The notification by the EEC gives details of quantitative restrictions maintained by member States on imports from state-trading countries with which the EEC has no bilateral textile agreements. With a few exceptions, the 1982 quotas were the same as those for 1981.
- (c) Finland's notification updates its previous report by notifying the new agreements with Pakistan, Macao and Hong Kong, all of which were reviewed by the TSB during 1982.
- (d) Sweden, in addition to bilateral agreements already considered by the TSB, gave information on an export restraint agreements with Indonesia, which has not yet been notified to the TSB. Import restraints, principally in value terms, have been notified on imports from Bulgaria, Czechoslovakia, German Democratic Republic, Hungary, Poland and Romania.
- (e) The notification by the United States refers to a new bilateral agreement with Hungary, which has not yet been received by the TSB, as well as to all the agreements and amendments reviewed by the TSB to date.