

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/339*

3 February 1984

Textiles Surveillance Body

DRAFT REPORT OF THE FIRST MEETING (1984)¹

1. The Textiles Surveillance Body held its first meeting of 1984 on 30 January to 1 February.
2. Present at this meeting were the following members and/or alternates: Mr. Bondad/Mrs Sjahruddin, Messrs. Hyun/Cartland, Keck/Richardson, MacNeil/Westlund, Marques Porto, Puri, Sato and Shepherd.
3. The report of the twentieth meeting (1983) has been circulated in COM.TEX/SB/915.
4. The following points were discussed:

Article 4 notifications

Sweden/Brazil

5. The TSB received a notification from Sweden of a new agreement with Brazil under Articles 1:2 and 4 of the MFA as extended by the 1981 Protocol, with retro-active effect from 1 September 1982 and valid until 31 August 1987.
6. In this agreement:
 - (a) all twenty groups of products in the Swedish categorization system were either under restraint or subject to consultation;
 - (b) two product groups were newly placed under restraint;

¹ Hundred and sixty-first meeting overall.

* English only/Anglais seulement/Inglés solamente.

- (c) for products previously under restraint, base-level increases ranged between 0.04 and 3.7 per cent;
- (d) the levels for two newly restrained groups, in which Brazil was a new entrant in the Swedish market, were substantially above previous trade;
- (e) growth rates within the agreement, between 0.04 and 0.1 per cent, were in all cases lower than those provided in the previous agreement;
- (f) there was no provision for swing between the groups;
- (g) combined use of carryover and carry forward limited at 3 per cent was lower than that provided in the previous agreement (5 per cent);
- (h) as in the previous agreement, groups not under restraint were subject to an agreed consultation procedure contained in a Memorandum of Understanding annexed to the agreement.

7. The TSB took note of a statement by Sweden in which it made reference to Annex B and paragraph 11 of the Protocol with respect to the growth provisions, lack of swing, and levels of carryover/carry forward.

8. While bearing in mind Sweden's need to maintain its minimum viable production, the TSB, based on the data before it, noted that the trend of imports from Brazil of some restrained groups as compared to some other suppliers, did not appear to cause serious damage to Sweden's minimum viable production. The TSB therefore questioned the low growth and flexibility provisions for those groups, and reiterated that paragraph 11 of the Protocol should not be considered as an automatic waiver to the obligations under the MFA.

9. The TSB noted that the consultation procedure regarding products not under restraint gave Sweden the right to introduce limits until mutually agreed solutions were arrived at. The TSB recalled its previous observations with respect to consultation provisions allowing the establishment of restraints unilaterally by Sweden, and understood that the application of the procedure would be fully consistent with the provisions of the MFA.

10. After its review the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/916).

EEC/Brazil

11. The TSB received an Article 4 bilateral agreement initialled between the EEC and Brazil, in de facto application with effect from 1 January 1983 and valid until 31 December 1986.

12. In this agreement:

- (a) one Community restraint and one regional restraint in force in the previous agreement had been removed; two categories, previously under Community restraint, had been brought under regional restraints; two categories (24 and 25) were merged and sub-limits have been introduced for two regions; eleven categories are under Community restraint, of which one category had previously been subject to a regional restraint;
- (b) no increase in base level was given for Categories 1 and 2; increases in base levels for other products continuing under Community restraint ranged between 2.0 and 6.0 per cent; for regional limits previously under restraint, increases were from 2.5 to 6.7 per cent, while new Community and regional restraints were set at levels substantially higher than 1981 imports;

- (c) growth within the period of the agreement was set at 0.1 per cent for Category 1, 0.5 per cent for Category 2, from 2 to 6 per cent for other categories under Community restraint, and from 1.3 to 6.3 per cent for regional restraints; in all cases except three, growth rates were lower than in the previous agreement;
- (d) for Category 2, swing, carryover and carry forward were set at 2.5 per cent respectively, which was lower than in the previous agreement, while no flexibility was available for Category 1; for other categories swing, carryover and carry forward were set at 5 per cent respectively.

13. The TSB did not address itself to the provisions of Article 4 of this agreement, relating to re-imports of textile products after processing.¹

14. During its review, the TSB heard a statement from Brazil that problems still arose regarding the timely provision of statistics by the Community in accordance with the relevant Articles of the agreement, including statistical information on products intended for re-export. Brazil expressed concern that such delay in communication of data, which previously had adversely affected its interests, might occur again in the future. The TSB heard a statement by the EEC that considerable progress had taken place in the communication of such data, and that efforts were continuing for further improvement. In this respect the TSB recalled its previous observation "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".²

¹ See Paragraph 22 of COM.TEX/SB/841. General observations applicable to Articles 7, 8, and 11 of this agreement are contained in Paragraphs 13 to 19 of the same report.

² See COM.TEX/SB/562

15. After its review the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/917).

EEC/Bangladesh, EEC/Guatemala

16. The TSB received two notifications of bilateral consultation agreements initialled by the EEC with Bangladesh and Guatemala, in de facto application with effect from 1 January 1983 and valid until 31 December 1986, and decided to transmit both to the Textiles Committee for information (COM.TEX/SB/918 and 919).

EEC/Sri Lanka

17. The TSB reviewed a modification to the bilateral agreement concluded under MFA II between the EEC and Sri Lanka, introducing new restraints for the 1982 agreement year, on men's and boys' undergarments (category 18) into the United Kingdom and on women's dresses (category 26) imported into France.

18. The TSB took note of the reasons for the delay in notification, and after its review agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/920).

19. The TSB continued its review of the new bilateral agreement initialled under Article 4 between the EEC and Sri Lanka, and agreed to revert to this notification at its next meeting.

EEC/Hong Kong

20. The TSB reverted to its review of the new bilateral agreement initialled under Article 4 between the EEC and Hong Kong, and agreed to continue the review at its next meeting.

Article 11 notification

Korea

21. The TSB begun its review of a report received from Korea under Article 11, and agreed to continue the review at its next meeting.

Requests for information under Article 11

22. In view of the decision taken by the Textiles Committee in its meeting held in December 1983 to conduct its major review of the operation of the Arrangement as extended by the 1981 Protocol in the autumn of 1984, and the requirement that the TSB prepare a report to assist the Textiles Committee in the review, the TSB agreed that the Chairman should send letters to all participating countries, requesting them to provide information on all restrictions maintained by them on textile and clothing products. Such information will also help the TSB to carry out its obligations under Article 11:11, 11:12 and 11:2 of the Arrangement.

Communication from Canada

23. Further to the reports received from Canada and Indonesia concerning consultations following a unilateral measure taken by Canada¹, the TSB took note of a communication from Canada that an exchange of notes between Canada and Indonesia brought into effect a restraint arrangement under Article 3:4 on tailored collar shirts and trousers for the twelve month period ending 31 December 1983; these exchange of notes shall be notified to the TSB.

¹ See COM.TEX/SB/870 and 882