

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/352*
9 May 1984

Textiles Surveillance Body

DRAFT REPORT OF THE SEVENTH MEETING (1984)¹

1. The Textiles Surveillance Body held its seventh meeting of 1984 on 2-4 May.
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/Delgado, Puri/Hamza, Sato and Shepherd.
3. The report of the sixth meeting has been circulated in COM.TEX/SB/947.

Notification under Article 3:5

United States/Korea

4. The TSB examined a notification by the United States concerning a unilateral measure taken by it under Article 3:5 with respect to man-made fibre luggage (Category 670 part) imported from Korea. The action placed a restraint of 18,435,270 lbs. for the period 9 January 1984 to 8 January 1985.
5. The TSB heard statements from both parties presenting their respective cases, and noted the divergence of views between them as to whether or not all imports in this category from Korea should be considered as MFA products.

¹ Hundred and sixty-seventh meeting overall

* English only/Anglais seulement/Inglés solamente

6. On the basis of the evidence put before it by both parties the TSB found that there was a possibility that United States imports of Category 670 from Korea included products falling outside the provisions of the MFA; and that failing a clear classification of this product in the United States system the relative levels of non-MFA and MFA imports could not be fully established.

7. While fuller information on the level of imports and prices of products covered by the MFA was provided by the United States during the review, the divergence with some indications provided at the same time by Korea precluded any conclusion by the TSB on the question of market disruption. In this respect the TSB felt that the United States in requesting consultations had not fully complied with the requirements of Article 3:3 as regards the provision of the reasons and justification for the request, including the latest data concerning elements of market disruption.

8. In the light of the above and bearing in mind the statement by the United States delegation that the existing technical problem about classification could be resolved within a short delay, the TSB recommended that:

(a) the two parties consult again with a view to separating the products which are covered by MFA from those which are not covered, and that Korea fully co-operate with the United States in this process;

(b) after separating out such products, the parties should reconsider the level of trade remaining with a view toward determining whether market disruption occurs as a result of imports from Korea;

(c) with a view to avoiding any dislocation of trade during the interim period, both parties take appropriate measures, such as administrative arrangements and suspension of the restraint, in order to ensure that imports of non-MFA products are not affected.

9. The TSB requested the two parties to report the results of their consultations as early as possible, but not later than 6 June 1984.

Notification under Article 11:4

Hong Kong/United States

10. The TSB reviewed a communication received under Article 11:4 from Hong Kong, concerning restraints introduced for 1984, in accordance with the provisions of paragraph 7(e)I of the Hong Kong/United States agreement, on imports into the United States of mmf playsuits, sunsuits, etc. (Category 637) and of mmf underwear (Category 652).

11. The TSB heard statements from both parties on their respective cases.

12. With regard to Category 637, the TSB felt that the information provided did not warrant the conclusion that the amount of export authorizations issued by Hong Kong at the time of the call for consultations posed a real risk of market disruption to United States producers. Therefore, the TSB recommended that the United States rescind the request to Hong Kong to limit exports of this Category.

13. With regard to Category 652, the TSB concluded that, while the information provided, which included some data relating to 1983, did not depict a situation of market disruption caused by imports from Hong Kong, imports resulting from the increase in export authorizations issued by Hong Kong in 1984 would pose a real risk of market disruption to United States producers, if other elements confirmed the existence of such risk. The TSB noted that the restraint level of Hong Kong in 1984 was more than twice the level of imports from Hong Kong into the United States during 1983. The TSB recommended that both parties hold consultations before the end of 1984 in order to decide, on the basis of more recent data on United States production and other appropriate factors, whether the restraint should be maintained.

Notifications under Article 4

Sweden/Thailand

14. The TSB received a notification from Sweden of the extension from 1 July 1983 to 31 October 1983 of its bilateral agreement with Thailand. The TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/948).

15. The TSB also received a notification from Sweden of a bilateral agreement concluded under Article 4 with Thailand, valid for the period 1 November 1983 to 31 October 1987.

16. In this agreement:

- (a) all previous restraints were maintained, and within the limit for the Rest Group, a sub-limit continued to be set for stockings;
- (b) increases in base levels ranged between 0.1 and 2 per cent;
- (c) annual growth rates equally ranged between 0.1 and 2 per cent;
- (d) there was provision, after consultations, for carryover from the previous agreement up to 3 per cent, and for carryover and carry forward at 3/3 per cent;
- (e) there was provision, after consultations, for swing at 3 per cent;
- (f) cumulative use of flexibility was limited to 3 per cent.

17. The TSB heard a statement by Sweden that the growth rates and flexibility provisions had been agreed with reference to Annex B and paragraph 11 of the 1981 Protocol, in view of the need to maintain Sweden's minimum viable production.

18. The TSB noted that growth rates were below those of the previous agreement for six groups, equal to those of the previous agreement for one group and above those of the previous agreement for one group; it also noted that whereas there was no swing in the previous agreement, some swing had been provided in this agreement, though the use of carryover and carry forward and the cumulative use of flexibility were lower than in the previous agreement.

19. After its review, the TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/949).

United States/Indonesia

20. The TSB received a notification from the United States of an amendment of its agreement under Article 4 with Indonesia. Under this amendment, product coverage of the agreement has been extended to cover all MFA categories; consultation provisions have been included for categories not under restraint; and a new limit has been agreed for Category 335 (cotton coats for women, girls and infants), with growth and swing at 7 per cent.

21. After its review the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/950).

Notifications under Article 7 and 8

United States/China

22. The TSB received a notification from the United States of a visa system established on exports of textiles and clothing from China to the United States. The TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/951).

United States/Thailand

23. The TSB agreed to transmit to the Textiles Committee the text of a visa agreement on textile products between the United States and Thailand (COM.TEX/SB/952).

Notifications under Article 11

24. The TSB took note of notifications received from Austria, Canada, Hong Kong and Pakistan, in reply to the Chairman's letter requesting information, pursuant to Article 11 of the Arrangement, on restrictions maintained by participating countries.¹ These notifications shall be submitted to the Textiles Committee at the time of the submission of the TSB's report for the Major Review.

¹See COM.TEX/SB/921, paragraph 23