

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL
TEX.SB/W/355*
24 May 1984

Textiles Surveillance Body

DRAFT REPORT OF THE EIGHTH MEETING (1984)¹

1. The Textiles Surveillance Body held its eighth meeting of 1984 on 17-18 and 21-22 May.
2. Present at this meeting were the following members and/or alternates: Messrs. Bondad, Hyun/Cartland, Keck/Richardson, MacNeil/Westlund, Marques Porto, Puri/Hamza, Sato and Shepherd.
3. The report of the seventh meeting has been circulated in COM.TEX/SB/953.

Notifications under Article 3:5

4. The TSB received three notifications from the United States concerning three unilateral measures taken under Article 3:5 with respect to imports of certain products from Haiti, Peru and the Dominican Republic. At the request of all interested countries, the TSB agreed to defer its review of these notifications.

Notifications under Article 4

EEC/Korea

5. The TSB received a notification from the EEC concerning its MFA II agreement with Korea. The notification provided the correct quota levels applied to Categories 12, 14B, 17, 21, 70 and 79 during the 1981 and 1982 agreement years. The TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/653/Corr.1).

¹ Hundred and sixty-eighth meeting overall

* English only/Anglais seulement/Inglés solamente

6. The TSB began its review of a notification by the EEC of a new Article 4 bilateral agreement initialled with Korea. The TSB agreed to invite both parties to send representatives to assist it in the review of the agreement at its next meeting, scheduled for 28-29 May.

EEC/India

7. The TSB reviewed the notification by the EEC of a new Article 4 bilateral agreement initialled with India, in de facto application with effect from 1 January 1983 and valid until 31 December 1986.¹

8. In this agreement:

(a) fourteen categories were under restraint at the Community level; two categories previously restrained at the Community level were liberalized, while two new categories were put under Community restraint;

(b) three categories were under restraint at the regional level; two categories previously restrained at the regional level had been liberalized;

(c) handmade garments of hand loom fabrics were included in the quantitative limits;

(d) two categories had reductions in base levels at the Community level at 17.8 and 38.6 per cent;

¹Period 1.8. to 31.12.1986 may be revised, subject to successor Arrangement; the agreement may be extended by a further twelve-month period.

(e) increases in base levels for other categories ranged between 0.25 and substantially above 6 per cent at the Community level, between 2.9 and substantially above 6 per cent at the regional level. The increase over 1981 imports for the new Community limits were in all cases substantially above 6 per cent;

(f) growth rates for categories under Community restraints ranging between 0.25 and 6 per cent were in two cases lower and in two cases higher than those contained in the previous agreement. For categories under regional restraints, growth rates varied between 3 and 6 per cent, being in two cases lower and in one case higher than in the previous agreement;

(g) swing was subject to limitations and was set at 5 per cent;

(h) carryover and carry forward were available up to 5 plus 5 per cent;

(i) cumulative use of flexibility was limited at 15 per cent.

9. The TSB took note of a statement by the EEC that the growth rates and flexibility provisions reflected the acute and exceptional difficulties in the Community's market for the products concerned.

10. With respect to paragraph 8(c) above, the TSB recalled that in accordance with Article 12:3, the provisions of the Arrangement did not apply to developing country exports of hand loom fabrics of the cottage industry, or handmade cottage industry products made of such hand loom fabrics, or to traditional folklore handicraft textile products, and consequently these products could not be subject to quantitative restrictions under the Arrangement, provided that they are properly certified under arrangements established between the importing and exporting participating countries concerned.

11. The TSB noted that while there were decreases in two base levels, there were considerable increases in a number of others, and agreed after its review, to transmit the notification to the Textiles Committee¹ (COM.TEX/SB/954).

Canada/Pakistan

12. The TSB received the notification from Canada of a bilateral agreement concluded under Article 4 with Pakistan for the period 1 January 1983 to 31 December 1986. The notification also contained information regarding an arrangement concluded in the context of negotiations regarding the bilateral agreement, and covering cotton terry towels, wash cloths and sets, including bar mops, for the year 1982 at a level representing 119 per cent of 1981 imports.

13. In the bilateral agreement:

(a) five categories were brought under restraint, and the previous restraint was maintained;

(b) the base level of the category already under restraint had been increased by 8 per cent;

(c) base levels for new categories under restraint were established at levels ranging between 4 and 242 per cent over previous trade;

(d) growth was provided at 6 per cent for four categories, 7 per cent for one category² and 8 per cent for another category;

¹See general observations contained in paragraphs 13 to 21 of COM.TEX/SB/841 and paragraph 8 of COM.TEX/SB/935, which also apply to Articles 4, 7, 9 and 12 of this agreement.

²For this category, a sub-level was set up, with 6 per cent growth.

(e) swing was available at 7 per cent between categories within each group;

(f) carryover and carry forward were available at 11/6 per cent.

14. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/955)

Canada/Singapore

15. The TSB received a notification from Canada concerning a modification of its bilateral agreement with Singapore. Under this modification a new restraint on hosiery was agreed for the agreement period beginning 1 January 1984. Growth was set at 6 per cent; swing and carryover/carry forward at 7 and 11/6 per cent; and cumulative flexibility was available at 15 per cent. The notification also contained a modification in the product description of acrylic yarn, to take account of technological changes.

16. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/956).

Canada/Hungary

17. The TSB received a notification from Canada of an Article 4 interim agreement¹ with Hungary, valid for 1982, and of an Article 4 agreement, valid for the period 1 January 1983 to 31 December 1986.

18. In these agreements:

(a) a restraint was agreed on exports of one category (fine suits, sports coats and blazers for men and boys);

¹The TSB recalled again the provisions of Article 4:4 and the need for timely notification.

(b) the level for the interim agreement was 231 per cent higher than the applicable roll-back level;

(c) the base level for the subsequent agreement was the same as that of the interim agreement;

(d) growth was provided in the latter agreement at 3 per cent;

(e) carryover and carry forward were provided at 10/5 per cent.

19. The TSB heard a statement by Canada that the interim agreement had been concluded pending negotiation of the longer-term agreement.

20. After its review, the TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/957).

Canada/Indonesia

21. The TSB received a notification from Canada of two bilateral agreements concluded under Article 3:4 with Indonesia, and valid for a one year period beginning 1 January 1983.

22. In these agreements:

(a) a restraint was agreed on exports of tailored-collar shirts, another on exports of trousers, pants, slacks and jeans;

(b) the two base levels were established in conformity with Annex B of the MFA (354,327 units for shirts and 326,301 for trousers);

(c) shipments in excess of quota were allowed, provided they were exported prior to 31 December 1983 and covered by irrevocable letters of credit opened before 17 May 1983 for tailored-collar shirts (271,216 units), and before 30 July 1983 for trousers, pants, slacks and jeans (441,702 units).

23. The TSB noted that the agreement relating to tailored-collar shirts replaced a unilateral measure previously taken by Canada and valid until 27 January 1984.¹

24. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/958)

United States/Macao

25. The TSB received a notification from the United States of a new Article 4 bilateral agreement with Macao, valid from 1 January 1984 to 31 December 1988.

26. In this agreement:

(a) an aggregate and two group limits were maintained on trade covered by the agreement. The increase in base level over the last year of the previous agreement was over 12 per cent for the aggregate limit and the group limit on cotton and man-made fibre products, 1 per cent for the group limit on wool products;

(b) within these limits, thirteen specific limits (covering twenty-two categories) were maintained, as well as one sub-limit;

(c) increases in base levels over the last year of the previous agreement were 6.25 per cent for eleven specific limits (and the sub-limit), and 1 per cent for the wool categories under specific limit. For one specific limit, the base level was reduced by 15 per cent over the last year of the previous agreement;

¹ See COM.TEX/SB/870 and 882

(d) annual growth rates were, at 1 per cent for wool products and 6.25 per cent for all other restraint levels, the same as in the previous agreement;

(e) swing was available at 7 per cent for specific limits in Group I, at 5 per cent for those in Group II. Swing into Group I was available at 7 per cent, at 3 per cent into Group II;

(f) carryover and carry forward were available at 11/7 per cent;

(g) cumulative flexibility was 18 per cent in Group I, 16 per cent in Group II. (13 and 11 per cent respectively for the first agreement year.)

27. In the course of its review of this agreement, the TSB had a further discussion on aggregate and group limits in bilateral agreements, their conformity with the Arrangement and the possibility of such limits having restrictive effects on exports of products not under specific limit. After this discussion, the TSB agreed to revert to this matter at an early date.

28. After its review, and taking into account all elements of the agreement, including those listed in paragraph 26 above, the TSB decided to transmit the notification to the Textiles Committee (COM.TEX/SB/959).

Finland/Pakistan

29. The TSB received a notification from Finland of an agreement concluded with Pakistan under Article 4 and covering the period 1 November 1983 to 30 June 1986.

30. In this agreement:

(a) a restraint was agreed on exports of bed linen;

(b) the base level was 77 per cent higher than the applicable roll-back level;

(c) growth was provided at 16.4 per cent for the second agreement period, and at 1.9 per cent for the third agreement period;

(d) swing was available at 5 per cent between the products covered by this agreement and a restraint on knitted undershirts (including T-shirts) covered by an Article 4 agreement previously concluded between the two countries;¹

(e) carryover and carry forward were available at 10/5 per cent.

31. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/960).

Notification under Article 7

Austria/Thailand

32. The TSB received a notification from Austria of a modification of its export surveillance system with Thailand, covering woven blouses and shirts of cotton and man-made fibre. After its review, the TSB agreed to transmit the notification to participating countries for their information (COM.TEX/SB/961).

Notifications under Article 11

33. The TSB took note of notifications received from Finland and Macao, in reply to the Chairman's letter requesting information, pursuant to Article 11 of the Arrangement, on restrictions maintained by participating countries.² These notifications shall be submitted to the Textiles Committee at the time of the submission of the TSB's report for the Major Review.

¹ See COM.TEX/SB/780

² See COM.TEX/SB/921, paragraph 23

Hong Kong/United States

34. The TSB heard a report from the United States that in accordance with the TSB's recommendation,¹ the restriction introduced on imports of playsuits (Category 637) from Hong Kong had been rescinded.

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35. In the course of this meeting, there was a discussion on the question of reductions in quota levels as related to adjustment of other elements in bilateral agreements and the conformity of such reductions with the provisions of the MFA. It was agreed that further general discussions should take place in the context of the annual review.

¹ See COM.TEX/SB/953