

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/357*

5 June 1984

Textiles Surveillance Body

DRAFT REPORT OF THE NINTH MEETING (1984)¹

1. The Textiles Surveillance Body held its ninth meeting of 1984 on 28-29 May.
2. The Chairman informed the Body that, due to the imminent return of Mr. Tatsuo Sato to Japan, the Government of Japan had appointed Mr. Toru Kawaguchi as member, such appointment being valid as of 28 May 1984. Speaking in the name of the Body, the Chairman expressed its appreciation of the valuable contribution made by Mr. Sato to the TSB, and welcomed Mr. Kawaguchi.
3. Present at this meeting were the following members and/or alternates: Messrs. Bondad, Hyun/Cartland, Kawaguchi, Keck, MacNeil/Westlund, Marques Porto, Puri and Shepherd.
4. The report of the eighth meeting has been circulated in COM.TEX/SB/962.

Notification under Article 4

EEC/Korea

5. The TSB continued its review of a notification of a new Article 4 agreement initialled by the EEC and Korea, in de facto application with effect from 1 January 1983 to 31 December 1986.

¹ Hundred and sixty-ninth meeting overall

* English only/Anglais seulement/Inglés solamente

6. In this agreement:

(a) forty-four categories and one merged category were under restraint at the Community level, and regional limits were maintained in nine cases. Two categories previously under restraint at the regional level were, in the new agreement, placed under Community restraint;

(b) five categories in Group I had reductions in base levels ranging between 6.2 and 8.6 per cent; two categories in other Groups had reductions of 0.07 and 1 per cent;

(c) increases in base levels for other categories were below 6 per cent in thirty-three cases, at 6 per cent in three cases and above 6 per cent in two cases; for categories kept under regional restraint, one had an increase in base level above 6 per cent, three at 6 per cent and five below 6 per cent;

(d) total access in the first year of the agreement represented a small increase over the last year of the preceding agreement;

(e) growth rates for categories under Community restraint, ranging between 0.1 and 7 per cent, were in all but four cases lower than 6 per cent; they were in eleven cases the same as in the previous agreement, in one case higher, and in all other cases below those of the previous agreement. For categories under regional limit, growth rates varied between 4 and 6 per cent;

(f) swing was subject to limitations and was set at 3.5 per cent for Group I categories, and at 5 per cent for other categories; special additional swing of 1.5 per cent was available between Categories 17 and 21;

(g) use of carryover and carry forward was available at 5 plus 5 per cent, after consultations, of which 1 plus 1 per cent was automatic;

(h) special carryover into the 1983 agreement year was set at 1 per cent of 1983 limits for Categories 4 to 8, and at 1.65 per cent for other categories;

(i) cumulative use of flexibility, limited to 10 per cent for Group I categories and 11 per cent for other categories, was lower than in the previous agreement;

(j) all flexibility was suspended for Categories 2 and 3;

(k) some regional quotas were adjusted to take account of cases of circumvention.

7. The TSB heard a statement from the EEC that the growth rates below 6 per cent and the flexibility provisions were due to the exceptional circumstances, in terms of Annex B, prevailing in the Community market.

8. The TSB further heard a statement by the EEC that: (a) the reductions in Categories 4 to 8, together with other provisions of the agreement, constituted, in the view of the Community, a demonstration of Korea's goodwill in the sense of paragraph 6 of the 1981 Protocol; (b) 1983 restraint levels, expressed as a total in tonnes, were larger by 0.5 per cent than the comparable 1982 total; and (c) additional access was available for 1983 under the special carryover provisions as set out in paragraph 6(h) above. The TSB also heard a statement by Korea that: (a) the reductions in base levels for Categories 4 to 8, together with other provisions of the agreement constituted a demonstration of Korea's goodwill in the sense of paragraph 6 of the 1981 Protocol as expressed in the exchange of letters between it and the EEC in December 1981; and (b) in accepting the terms of this agreement, Korea had discharged all its goodwill expressed under paragraph 6 of the 1981 Protocol with respect to the EEC.

9. With respect to paragraph 6(k) above, the TSB heard a statement by Korea expressing the view that in the event of application of Article 11 of the agreement, full account should be taken of the provisions of paragraph 14 of the 1981 Protocol. The TSB noted that the procedures for settling circumvention had been bilaterally agreed under Article 11 of the agreement and that it had found these procedures to be in conformity with paragraph 14 of the 1981 Protocol.¹

10. After its review, the TSB agreed to transmit this notification to the Textiles Committee,² (COM.TEX/SB/963) and made the observation set out in paragraph 11 below.

11. With respect to paragraphs 6(b) and (d) above, the TSB recalled the basic objectives of the Arrangement as laid down in Article 1:2 thereof, and that Article 4 and Annex B of the Arrangement established the principle that the restraint level for a subsequent twelve-month period should be higher than the level specified in the preceding twelve-month period. The TSB was of the view that its conclusions on this agreement had only been possible by taking into account the particular negotiating circumstances of this agreement, as set out in paragraph 8 above.

Notifications under Article 11

12. The TSB took note of notifications received from Egypt, Japan and Peru, in reply to the Chairman's letter requesting information, pursuant to Article 11 of the Arrangement, on restrictions maintained by participating countries.³ These notifications will be submitted to the Textiles Committee at the time of the submission of the TSB's report for the Major Review.

¹ See also COM.TEX/SB/841, paragraphs 18 to 21

² See general observations contained in paragraphs 13 and 15 to 17 of COM.TEX/SB/841 and paragraphs 8 to 10 of COM.TEX/SB/935 which also apply to Articles 4, 5, 7 and 8 of this agreement.

³ See COM.TEX/SB/921, paragraph 23

Interim report on Article 3:5 measure examined by the TSB

United States/Dominican Republic

13. In accordance with its request,¹ the TSB heard an interim report by the United States that negotiations with the Dominican Republic concerning Category 644 were still continuing.

¹See COM.TEX/SB/947