

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL
TEX.SB/W/378*
12 December 1984

Textiles Surveillance Body

DRAFT REPORT OF THE NINETEENTH MEETING (1984)¹

1. The Textiles Surveillance Body held its nineteenth meeting of 1984 on 5-7 December.
2. Present at this meeting were the following members and/or alternates: Mr. Bondad/Mrs. Sjahruddin, Messrs. Chae/Cartland, Kawaguchi, Boisson, Westlund, Marques Porto/Delgado, Hamza and Shepherd.
3. The report of the eighteenth meeting has been circulated in COM.TEX/SB/1006.

Notification under Article 2:1

Norway

4. The TSB continued its review² of the notification made by Norway under Article 2:1 of the MFA.
5. At the invitation of the TSB, a representative of Norway clarified certain aspects of the notification and provided additional information.
6. The TSB was informed that since the notification, Norway had concluded agreements with four other participants (Korea, India, Poland and Yugoslavia) and an agreement with a non-participant (Malta). All agreements concluded by Norway were MFA-type agreements, and will be notified shortly.

¹ Hundred and seventy-ninth meeting overall

² COM.TEX/SB/1004

* English only/Anglais seulement/Inglés solamente

7. After its review, the TSB agreed to transmit the notification to participating countries. (COM.TEX/SB/1007).

Notifications under Article 4

Sweden/Philippines

8. The TSB reverted to its consideration¹ of a notification from Sweden of a new bilateral agreement concluded under Article 4 of the MFA with the Philippines, valid with retroactive effect from 1 November 1982 to 31 October 1987.

9. In this agreement:

(a) all previous restraints were maintained; product coverage remained unchanged;

(b) increases in base levels were 0.5 per cent for group limits, and 2.8 per cent for the "rest group";

(c) growth rates within the agreement were 0.5 per cent;

(d) swing was provided at 3 per cent, carryover and carry forward at 3/3 per cent; cumulative flexibility was set at 3 per cent.

10. The TSB heard a statement by Sweden that growth, swing, carryover and carry forward had been agreed taking into account the provisions of paragraph 2 of Annex B, as well as paragraph 11 of the 1981 Protocol of Extension.

11. The TSB noted that annual growth rates were lower than in the previous agreement, and that while swing, previously non-existent, was now provided, carryover, carry forward and cumulative use of flexibility were also lower than in the previous agreement.

¹COM.TEX/SB/982 and 987

12. In reviewing this agreement, and in particular the elements contained in paragraphs 10 and 11 above, the TSB noted that the share of Philippine exports to the Swedish market for most products was small and that some of these exports did not appear to cause damage to Sweden's minimum viable production.

13. After its review, the TSB decided to transmit this notification to the Textiles Committee. (COM.TEX/SB/1008).

United States/Egypt

14. The TSB received a notification from the United States of an amendment of its consultation agreement with Egypt by the introduction of agreed limits on four categories (300, 301, 313 and 317) effective 1 January 1984.

15. In this amendment:

(a) the agreed limits were set at levels between 7.7 and 30.7 per cent above the roll-back levels;

(b) annual growth rates were set at 6.25 per cent;

(c) swing, carryover and carry forward were available at 6 and 11/6 per cent respectively, although no swing was available between Categories 300 and 301.

16. During its review, the TSB noted that with respect to at least one category, Egypt's share in the United States market was small, and that exports from Egypt at the time of the request for consultations were not threatening the orderly development of trade between the two countries.

17. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1009).

United States/Malaysia

18. The TSB received a notification from the United States of a modification of its agreement with Malaysia, scheduled to expire on 31 December 1984. The parties agreed to a restraint level on exports of cotton sweaters (Category 345) for the period 29 February to 31 December 1984.

19. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1010).

Finland/Hong Kong

20. The TSB received a notification of a bilateral agreement between Finland and Hong Kong, concluded under Articles 1 and 4 of the MFA, and valid for the period 1 August 1984 to 31 December 1986.

21. In this agreement:

- (a) restraints were maintained on the three groups of products (briefs, shirts and blouses, brassières) previously under restraint;
- (b) export authorization arrangements regarding certain clothing items were maintained, except for neck ties, which were removed from the coverage;
- (c) increases in base levels for the restrained products were 2.6 per cent, with 3.3 per cent for a sub-limit (blouses);
- (d) growth rate within the agreement at 2 per cent was the same as in the previous agreement, except that the growth rate for a sub-limit at 2.5 per cent was lower than in the previous agreement;

(e) swing into two groups was set at 5 per cent and into one group (brassières) at 3 per cent, and carryover/carry forward were available at 11/6 per cent.

22. The TSB noted a statement by Finland that growth rates below 6 per cent and the swing provisions had been agreed to take account of Finland's need to avoid damage to its minimum viable production.

23. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1011).

United States/Brazil

24. The TSB received a notification from the United States of a modification of its bilateral agreement with Brazil scheduled to expire on 31 March 1985. Imports of Category 604 (spun non-cellulosic yarn) were placed under restraint from 1 November 1983.

25. In agreeing to transmit the notification to the Textiles Committee, the TSB took note of a statement from Brazil that it reserved its rights under the bilateral agreement with respect to this category, leaving the possibility for it to request further consultations. (COM.TEX/SB/1012).

26. The TSB also received a notification of further modifications of the United States/Brazil agreement, under which the consultation levels on Category 352 were increased twice for the 1984-1985 agreement year. The TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1013).

United States/Romania

27. The TSB received two notifications from the United States concerning modifications of its agreement covering wool and man-made fibre products with Romania. The parties agreed to a new restraint effective

1 January 1983 on Category 604 (mmf yarn), with growth set at 7 per cent, and the conversion of the designated consultation level on Category 433/434 (men's and boys' wool coats) into a specific limit for the last agreement year (1984).

28. After its review, the TSB agreed to transmit the notifications to the Textiles Committee. (COM.TEX/SB/1014 and 1015).

United States/Japan

29. The TSB received a notification from the United States of a further amendment of its bilateral agreement with Japan. Two-year (1984-1985) restraints were agreed on exports of Categories 334, 337 and 644, with the annual export limits not exceeding 60 per cent of the two-year limits. Annual limits for 1984 and 1985 were agreed on exports of Category 611.

30. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1016).

EEC/Thailand

31. The TSB received a notification from the EEC of a modification of its agreement with Thailand. Restraints on woven suits and costumes for women, girls and infants (Category 29) when imported into the United Kingdom were agreed for 1984, 1985 and 1986.

32. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1017).

United States/Mexico

33. The TSB received three notifications from the United States concerning modifications of its agreement with Mexico:

(a) the first modification concerned the establishment of a restraint by the United States, pursuant to the consultation provisions of the agreement, on imports of acrylic spun yarn (Category 604 part) for 1983 and 1984;

(b) the second notification concerned an agreed specific limit set on other cotton apparel other than diapers (Category 359 part), and increases in designated consultation levels for 1984 on Categories 336, 341, 359 part (diapers), 433, 443 and 632;

(c) the third modification concerned:

(i) modifications of restraint levels on Categories 347/8 (cotton trousers) and 647/8 (mmf trousers);

(ii) the setting of designated consultation levels on cotton yarn (Category 300/301) and spun non-cellulosic yarn (Category 604), with the conversion of the limit noted in (a) above into a sub-designated consultation level; and

(iii) increases in the 1984 designated consultation levels with respect to Categories 433, 444 and 604 for 1984.

34. After its review, the TSB agreed to transmit the notifications to the Textiles Committee. (COM.TEX/SB/1018, 1019 and 1020).

United States/Singapore

35. The TSB received a notification from the United States of a further amendment of its bilateral agreement with Singapore. The parties agreed to specific limits on Categories 341 and 641 (cotton and mmf woven blouses) for the 1984 and 1985 agreement years. Growth was set at 5 per cent. The two categories were previously subject to minimum consultation levels.

36. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1021).

United States/Uruguay

37. The TSB received a notification from the United States of an amendment of its selective agreement with Uruguay.

38. Under this amendment:

(a) new restraints were agreed on Category 410 for the period 1 February 1984 to 31 January 1986 and on Category 435 for the period 1 April 1984 to 30 June 1987;

(b) increases in base levels over the relevant roll-back levels were 52 and 29 per cent respectively;

(c) annual growth was set at 1 per cent;

(d) swing, carryover and carry forward were available at 5 and 11/7 per cent respectively.

39. During its review the TSB noted:

(a) that with respect to Category 435, the entry into force of the restraint was delayed by two months thus allowing a one-time increment in addition to the annual level set out in the agreement; and

(b) with respect to Category 410, that exports from Uruguay at the time of the request for consultations were not threatening the orderly development of trade between the two countries, and that the restraint level set was small in relation to the United States market.

40. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1022).

United States/Indonesia

41. The TSB received a notification from the United States of new specific limits introduced on Categories 319, 331, 341, 604 and 639, when imported from Indonesia. These limits were introduced under the provisions of the bilateral agreement between the parties.

42. The TSB did not review the restraints on Categories 331 and 639, as it had already examined the cases under Article 11:4.¹

43. After its review of the other categories, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1023).

United States/Pakistan

44. The TSB received a notification from the United States of a modification of the United States/Pakistan Article 4 agreement, concerning specific restraints introduced on Categories 334 and 350.

45. The TSB had reviewed these restraints when the matter had been brought to it under Article 11:4 by Pakistan², and is awaiting a report on the results of ongoing consultations between the two parties.

46. On this understanding, the TSB agreed to transmit the notification for the information of the Textiles Committee. (COM.TEX/SB/1024).

¹COM.TEX/SB/1005

²COM.TEX/SB/978

United States/China

47. The TSB received a notification from the United States of modifications to the bilateral agreement between the United States and China. The modifications concerned restraints introduced on several categories.¹

48. The TSB did not address the restraints on Categories 317, 410, 442, 444, 637 and 649, as it had already reviewed these cases when referred to it by China under Article 11:4.² It was also informed that the two parties intended to include all other categories in forthcoming consultations.

49. Meanwhile, the TSB is transmitting this notification for the information of the Textiles Committee. (COM.TEX/SB/1025).

United States/Hong Kong

50. The TSB received a notification from the United States of modifications of its bilateral agreement with Hong Kong. Restraints were introduced for 1984 on imports of Categories 337, 359 pt (vests), 369 pt (shop towels), 605 pt (sewing thread), 637, 649, 650, 651, 652 and 659 pt (swimwear).

51. The TSB did not address the restraints on Categories 637, 652, 650 and 651 as Hong Kong has referred these to the TSB under Article 11:4, and they will be reviewed at the next meeting.

¹Categories 317, 435 and 438: 30 December 1983-28 March 1985; Category 320 pt: 29 February 1984-28 May 1985; Category 410: 31 March 1984-28 June 1985; Categories 442 and 444: 24 January 1984-22 April 1985; Category 613 pt: 27 March 1984-25 June 1985; Category 637: 24 February 1984-23 May 1985; Category 638: 24 January 1984-22 April 1985; Categories 644 and 649: 28 March 1984-25 June 1985; Category 669: 30 December 1983-28 March 1985

²COM.TEX/SB/1006

52. In its review of the other categories, the TSB noted that the parties had agreed to the limits on all categories except on Category 369 pt (shop towels). The United States had, pursuant to paragraph 7E(1) of the bilateral agreement asked Hong Kong to restrain its exports of Category 369 pt (shop towels) at the formula level set therein. The TSB further noted that the consultation provisions of the agreement had been correctly followed, and heard a statement from Hong Kong that it had reserved its rights in bilateral negotiations with respect to this category, leaving the possibility for it to request further consultations.

53. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1026).

United States/Dominican Republic

54. The TSB received a notification from the United States of an amendment of its selective agreement with the Dominican Republic.

55. The product coverage was extended to include women, girls and infants man-made fibre suits (Category 644), with a specific limit agreed on this category for the period 1 December 1983 to 1 May 1988. The limit superseded the unilateral measure taken by the United States under Article 3:5 on this category¹, and was set at a level much higher than the unilateral limit. Growth was set at 7 per cent.

56. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1027).

EEC/Macao

57. The TSB received a notification from the EEC of a modification of its bilateral agreement with Macao. The parties agreed to limits on Category 76 (industrial and occupational clothing) when imported into Ireland for the agreement period beginning 1 January 1984.

¹COM.TEX/SB/947

58. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1028).

United States/Maldives

59. The TSB received a notification from the United States of a new bilateral agreement concluded by it under Article 4 with Maldives.

60. The agreement was concluded for the period 29 September 1982 to 28 September 1985 covering wool sweaters (Category 445/6), and replaced earlier unilateral measures, taken by the United States under Article 3:5, which had expired in 1983.

61. Under this agreement:

(a) the parties agreed to an overall quota covering the three-year agreement period at a notional annual level much higher than the unilateral limit, taking into account carryover/carry forward;

(b) the parties agreed to the annual maximum levels which may be reached within the overall quota.

62. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1029).

Notifications under Articles 7 and 8

Switzerland/Hong Kong

63. The TSB received a notification under Article 7 from Switzerland of an extension without modification, of its memorandum of understanding with Hong Kong for the period 1 July 1984 to 30 June 1985.

64. The TSB recalled its earlier observations with respect to the memorandum of understanding and its previous extensions,¹ noted that the consultation mechanism had not been invoked to date, and reiterated that any actions taken under the provisions of the memorandum should be notified under the appropriate provisions of the MFA.

65. After its review, the TSB agreed to transmit the notification for the information of participating countries. (COM.TEX/SB/1030).

United States/Panama

66. The TSB received a notification under Articles 7 and 8 from the United States of a new bilateral agreement concluded with Panama for the period 1 December 1983 to 30 November 1985, covering woollen sweaters.

67. The TSB agreed to transmit the notification for the information of participating countries. (COM.TEX/SB/1031).

United States/Uruguay

68. The TSB received a notification from the United States of a visa arrangement with Uruguay relating to textiles trade, and agreed to transmit the text of the agreement to the Textiles Committee. (COM.TEX/SB/1032).

United States/Costa Rica

69. The TSB received a notification under Articles 7 and 8 from the United States of a bilateral agreement concluded by it with Costa Rica for the period 1 January 1984 to 31 December 1987.

70. The TSB agreed to transmit the notification for the information of participating countries (COM.TEX/SB/1033).

¹See COM.TEX/SB/637, 801 and 901

EEC/Turkey

71. The TSB received a notification under Article 7 from the EEC concerning limits set on imports of certain categories from Turkey for the period 8 May to 31 December 1984. The categories affected were Categories 4, 6, 13 and 83 when imported into the Community, Category 26 when imported into France and Category 32 when imported into the United Kingdom. These measures having been taken by the Community under Article 60 of the Additional Protocol to the EEC/Turkey Association Agreement, the TSB felt that it could not address itself to their conformity with the MFA.

72. The TSB noted that the remarks contained in paragraphs 11 and 12 of COM.TEX/SB/779, addressed to previous measures similarly taken under the Association Agreement, were also applicable in this case.

73. The TSB agreed to transmit this notification to the Textiles Committee for information. (COM.TEX/SB/1034).

Notifications under Article 11

74. The TSB took note of notifications received from Brazil, Czechoslovakia and Romania, in reply to the Chairman's letter requesting information pursuant to Article 11 of the Arrangement, on restrictions maintained by participating countries.¹

75. The TSB agreed to transmit the notifications to the Textiles Committee for its information. (COM.TEX/SB/965/Add.26, Add.27 and Add.28).

¹COM.TEX/SB/921, paragraph 23

Other Business

76. During the course of the meeting, the point was made that there was an increasing tendency for consultations being requested on parts of categories. This could raise questions in the context of Article 5 of the MFA, and erode the flexibility available between products included in a category.