

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL
TEX.SB/W/403*
20 September 1985

Textiles Surveillance Body

DRAFT REPORT OF THE ELEVENTH MEETING (1985)¹

1. The Textiles Surveillance Body held its eleventh meeting of 1985 on 17-19 September.
2. The Chairman informed members that Mr. Iversen had appointed Mr. Robert Wright (Canada) as his alternate from September 1985.
3. Present at this meeting were the following members and/or alternates: Messrs. Cartland/Sun, Hamza, Iversen, Kawaguchi, Keck, Rosselli/Paredes, Salim and Shepherd.
4. The report of the tenth meeting has been circulated in COM.TEX/SB/1093.

Reports on measures reviewed under Article 3:5

United States/Turkey

5. The TSB reverted to the unilateral measure taken under Article 3:5 by the United States on imports of Category 604 pt (acrylic yarn) from Turkey. The TSB had already examined the measure in meetings in February and April 1985,² and after both examinations it had recommended that the parties

¹Hundred and ninety-first meeting overall

²COM.TEX/SB/1044 and 1067

* English only/Anglais seulement/Inglés solamente

hold further consultations. In its 189th meeting, held in July 1985, the TSB, at the request of both parties, deferred its consideration in view of forthcoming consultations and had requested the parties¹ to report on the results of their consultations by 6 September 1985.

6. The TSB received a report from the United States that these consultations with Turkey had not resulted in an agreed solution.

7. The TSB was of the view that, with regard to the level of the restraint, the United States should take account of the comment made by the Body in paragraph 7 of its report of the meeting held on 16 and 17 April 1985, namely, that the restraint level should also take account of Article 6 of the MFA and paragraph 12 of the Protocol of Extension.²

Sweden/Turkey

8. The TSB took note of a report from Sweden, that further to its report made in July 1984,³ it had rescinded as of 21 August 1985 the unilateral restraint introduced under Article 3:5 on imports of Group 4/5 (knitted underwear, sweaters and pullovers) from Turkey.

Notifications under Article 4:4

Norway/Philippines

9. The TSB reviewed a notification from Norway of an Article 4 agreement concluded in November 1983 with the Philippines, valid from 1 July 1984 to 31 December 1986.

¹COM.TEX/SB/1089

²COM.TEX/SB/1067

³COM.TEX/SB/1093

10. In this agreement:

- (a) twenty-one categories were covered, of which eight were under an administrative system of surveillance and thirteen under specific limits;
- (b) of the thirteen categories under quota, eight had been previously covered by the measures taken by Norway under Article XIX of the GATT;
- (c) the base levels were in one case below the reference level, in one case less than 6 per cent above the reference level and in the other cases more or substantially more than 6 per cent over the reference level;
- (d) growth rates were set between 0.1 and 2.5 per cent;
- (e) no swing was available; carryover/carry forward were set at 5/2.5 per cent.

11. The TSB heard a statement by Norway that:

- (a) concerning base levels for restrained items, account had been taken of the restraint levels in the bilateral agreement between the parties which expired on 31 December 1982;
- (b) as to flexibility provisions and rates of growth, reference was made to Annex B of the Arrangement and paragraph 11 of the Protocol of Extension.

12. In reviewing this agreement, the TSB noted that threshold levels had been set for the possibility of consultations with a view to introducing new restraints. The TSB understood that such consultations would only be

requested when, in the view of Norway, there was a real risk of market disruption.

13. The TSB, while noting that the compounded growth rates were, in most cases, higher than 6 per cent, and in some cases substantially higher, was of the opinion that the maintenance of Norway's minimum viable production did not require either the absence of swing in the agreement or restraints with respect to some products where the Philippines' share in the Norwegian market was nil or very small.

14. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1094)

Norway/Poland

15. The TSB reviewed a notification from Norway of an Article 4 agreement concluded with Poland for the period 1 January 1985 to 31 December 1987.

16. In this agreement:

(a) twenty-two categories were covered, of which twelve were under an administrative system of surveillance and ten under specific limits;

(b) of the categories under quota, eight had been previously covered by the measures taken by Norway under Article XIX of the GATT;

(c) the base levels were, in all cases, substantially above the reference levels, but in the case of two restraints the reference level was almost nil;

(d) growth rates were set between 0.3 and 1.5 per cent;

(e) no swing was available; carryover/carry forward were set at 8/3.5 per cent.

17. The TSB heard a statement by Norway that:

(a) concerning base levels for the restraint items, account had been taken of the restraint levels in the former bilateral agreement between the parties, as well as the level of Norwegian imports from Poland of the restrained items in the past few years;

(b) as to flexibility provisions and rates of growth, account was taken of Annex B of the Arrangement and paragraph 11 of the Protocol of Extension.

18. The TSB, while noting that the compounded growth rates were in all cases substantially higher than 6 per cent, was of the opinion that the maintenance of Norway's minimum viable production did not require either the absence of swing in the agreement or restraints with respect to three categories¹ where Poland's share in the Norwegian market was nil.

19. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1095)

Norway/Yugoslavia

20. The TSB reviewed a notification from Norway of an Article 4 agreement concluded with Yugoslavia for the period 1 January 1985 to 31 December 1987.

21. In this agreement:

(a) twenty categories were covered, of which three were under restraint and seventeen under an administrative system of surveillance;

¹One of these categories has become part of a merged category

(b) the three categories under restraint had been previously covered by the measures taken by Norway under Article XIX of the GATT, while five other categories previously under these measures, were made subject to consultations;

(c) the base levels were 12.2, 26.5 and 56.7 per cent above the reference levels;

(d) the growth rate was set at 0.5 per cent;

(e) no swing was available; carryover/carry forward were set at 8/4 per cent.

22. The TSB heard a statement by Norway that as to flexibility provisions and rates of growth, account had been taken of Annex B of the MFA and paragraph 11 of the Protocol of Extension.

23. With respect to the consultation provisions contained in paragraph 8 of the agreement, the observation contained in paragraph 12 above also applies.

24. The TSB, while noting that the compounded growth rates for the three restrained categories were higher than 6 per cent, was of the opinion that the maintenance of Norway's minimum viable production did not require either the absence of swing in the agreement or restraint with respect to one product where Yugoslavia's share in the Norwegian market was very small.

25. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1096)

Norway/Singapore

26. The TSB reviewed a notification from Norway of an Article 4 agreement concluded with Singapore for the period 1 July 1984 to 30 June 1988.

27. In this agreement:

- (a) twenty-one categories were covered, of which twelve were under restraint and nine under an administrative system of surveillance;
- (b) of the categories under quota, eight had been previously covered by the measures notified by Norway under Article XIX of the GATT;
- (c) base levels were, in most cases, less than 6 per cent above the reference levels, and in two cases more than 6 per cent above the reference levels;
- (d) growth rates were between 0.1 and 4 per cent;
- (e) no swing was available; carryover/carry forward were set at 10/5 per cent.

28. The TSB heard a statement by Norway that:

- (a) concerning base levels for the restrained items, account had been taken of the restraint levels in the former bilateral agreement, concluded outside the MFA, between the parties;
- (b) as to flexibility provisions and rates of growth, account had been taken of Annex B of the Arrangement and paragraph 11 of the Protocol of Extension.

29. With respect to the consultation provisions contained in paragraph 8 of the agreement, the TSB understood that such consultations would only be requested when, in the view of Norway, there was a real risk of market disruption.

30. In reviewing this agreement, the TSB noted that the compounded growth rates, in all but one case, were lower than 6 per cent. It was also of the opinion that the maintenance of Norway's minimum viable production did not require either the absence of swing in the agreement or restraints with respect to three categories where Singapore's share in the Norwegian market was very small.

31. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1097)

Norway/Malaysia

32. The TSB reviewed a notification from Norway of an Article 4 agreement concluded with Malaysia for the period 1 July 1984 to 31 December 1987.

33. In this agreement:

(a) twenty-one categories were covered, of which twelve were under restraint and nine under an administrative system of surveillance;

(b) of the categories under restraint, eight had been previously covered by the measures notified by Norway under Article XIX of the GATT;

(c) base levels were, in all cases, substantially above the reference levels;

(d) growth rates were between 0.1 and 2 per cent;

(e) no swing was available; carryover/carry forward were set at 4/2 per cent.

34. The TSB heard a statement by Norway that:

(a) concerning base levels for the restrained items, account had been taken of the restraint levels in the former bilateral agreement between the parties which had expired on 31 December 1981;

(b) as to the flexibility provisions and rates of growth, account had been taken of Annex B of the Arrangement and paragraph 11 of the Protocol of Extension.

35. With respect to the consultation provisions contained in paragraph 8 of the agreement, the observation contained in paragraph 12 above also applies.

36. The TSB, while noting that the compounded growth rates for all categories under restraint were higher than 6 per cent, was of the opinion that the maintenance of Norway's minimum viable production did not require either the absence of swing in the agreement or restraints with respect to several categories where Malaysia's share in the Norwegian market was very small.

37. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1098)

Norway/Thailand

38. The TSB reviewed a notification from Norway of an Article 4 agreement initialled in September 1983 with Thailand, valid from 1 July 1984 to 31 December 1987.

39. In this agreement:

(a) twenty-one categories were covered, of which twelve were under restraint (two forming a merged category) and nine under an administrative system of surveillance;

(b) of the categories under quota, seven had been previously covered by the measures taken by Norway under Article XIX of the GATT;

(c) base levels were in two cases equal to the 1982 restraint levels set out in the previous agreement concluded between the parties, in four cases less than 6 per cent above those restraint levels. In the other cases they were more, or substantially more than 6 per cent above the previous restraint or trade levels; in one case, however, the previous level of trade was very low;

(d) growth rates were between 0.1 and 2.5 per cent;

(e) no swing was available; carryover/carry forward were set at 10/5 per cent.

40. The TSB heard a statement by Norway that:

(a) concerning base levels for the restrained items, account had been taken of the restraint levels in the former bilateral agreement between the parties which expired on 31 December 1982;

(b) as to flexibility provisions and rates of growth, reference was made to Annex B of the Arrangement and paragraph 11 of the Protocol of Extension.

41. With respect to the consultation provisions contained in paragraph 8 of the agreement, the observation contained in paragraph 12 above also applies.

42. In reviewing this agreement, the TSB noted that the compounded growth rates, in all but four cases, were lower than 6 per cent. It was of the opinion that the maintenance of Norway's minimum viable production did not require either the absence of swing in the agreement or restraint with respect to one category where Thailand's share in the Norwegian market was very small.

43. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1099)

Canada/Malaysia

44. The TSB received two notifications from Canada of modifications of its bilateral agreement with Malaysia.

45. Under the first modification, Categories 2 (blouses and shirts for women, girls and infants) and 4 (acrylic yarn), previously under consultation levels were brought under specific limits effective for the agreement period beginning 1 January 1983, at levels 6 per cent higher than the consultation levels and growth at 6 per cent. Swing for Category 2 was available at 7 per cent and carryover/carry forward at 11/6 per cent, with cumulative use of flexibility at 15 per cent. Carryover/carry forward for Category 4 was available at 11/6 per cent. The modification also included a new definition of acrylic yarn.

46. Under the second modification, product coverage of Category 2 was extended to include shirts, other than tailored-collar, with an upward adjustment of the restraint level from 1 January 1984. Category 9 (T-shirts and sweatshirts) was brought under restraint as of 1 September 1984; the base level was higher than 6 per cent over previous trade, and growth was set at 6 per cent. Swing, carryover/carry forward were available at 7, and 11/6 per cent, with their cumulative use set at 15 per cent. An additional 500,000 units were made available ex-quota for 1984 shipments of T-shirts and sweatshirts covered by irrevocable letters of credit, and special carry forward in 1984 from 1985 and 1986 was possible for Category 9.

47. After its review, the TSB agreed to transmit both notifications to the Textiles Committee. (COM.TEX/SB/1100 and 1101)

Canada/Sri Lanka

48. The TSB received a notification from Canada of a modification of its bilateral agreement with Sri Lanka.

49. The product coverage of the agreement was extended to include winter outerwear, and a specific limit was agreed for the agreement period beginning 1 January 1985. The base level was set substantially above the roll-back level, and growth was set at 6 per cent. Swing, carryover/carry forward were available at 7 and 11/6 per cent with their cumulative use set at 15 per cent.

50. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1102)

Sweden/Korea

51. The TSB began its review of a notification received from Sweden concerning a bilateral agreement concluded with Korea for the period 1 March 1983 to 28 February 1987.

Notification under Articles 7 and 8

Norway/Malta

52. The TSB received a notification from Norway of a bilateral agreement concluded with Malta for a one-year period beginning 1 January 1985. This notification was made in accordance with the request from the Textiles Committee that participants notify bilateral agreements concluded with non-participating countries. The TSB agreed to transmit the notification to the Textiles Committee for its information. (COM.TEX/SB/1103)

Notifications under Article 11

Finland, EEC, Japan, Norway, Canada, El Salvador

53. The TSB received notifications from Finland, EEC, Japan, Norway, Canada and El Salvador in reply to the Chairman's letter requesting information, pursuant to Article 11 of the Arrangement, on restrictions maintained by participating countries on imports of textiles products.¹ These notifications will be transmitted to the Textiles Committee at the time of the submission of the TSB's annual report. The TSB started its discussion of the notifications made by Sweden and Turkey.

Annual report

54. The TSB continued its work on the Body's annual report to the Textiles Committee.

¹See COM.TEX/SB/1067, paragraph 28