

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL
TEX.SB/W/409*
29 November 1985

Textiles Surveillance Body

DRAFT REPORT OF THE FOURTEENTH MEETING (1985)¹

1. The Textiles Surveillance Body held its fourteenth meeting of 1985 on 20-22 November.
2. Present at this meeting were the following members and/or alternates: Messrs. Cartland/Sun, Hamza, Iversen, Kawaguchi, Keck/Boisson, Paredes, Salim and Shepherd.
3. The report of the thirteenth meeting has been circulated in COM.TEX/SB/1114.

Annual Report to the Textiles Committee

4. The TSB adopted its annual report to the Textiles Committee covering the period 3 August 1984 to 9 October 1985.

Notifications under Article 4:4

United States/Malaysia

5. The TSB received two notifications from the United States concerning Malaysia.
6. The first notification referred to a further extension of the existing bilateral agreement for a two-month period ending 31 August 1985; restraint levels were pro-rated. The second notification concerned a new bilateral agreement concluded with Malaysia for the period 1 January 1985 to 31 December 1989. This agreement superseded and replaced the two extensions of the previous agreement.

¹Hundred and ninety-fourth meeting overall

* English only/Anglais seulement/Inglés solamente

7. In this agreement:

(a) all previous restraints were maintained and new restraints were introduced on three categories and one part category; the former group categorization was dropped;

(b) increases in base levels for previously restrained categories and increases above roll-back levels for newly restrained categories were, in all but three cases, above or substantially above 6 per cent;

(c) growth rates were set at 6 per cent for cotton and mmf categories, compared to 6.5 per cent in the previous agreement, and 1 per cent for wool categories;

(d) swing was available at 5 per cent and carryover/carry forward at 11/6 per cent, respectively.

8. After its review, the TSB agreed to transmit the notifications to the Textiles Committee. (COM.TEX/SB/1117 and 1118)

Sweden/Yugoslavia

9. The TSB continued its review of the bilateral agreement between Sweden and Yugoslavia concluded for the period 1 January 1983 to 31 December 1986 and amended in 1985. The TSB noted the long delay in the notification of this agreement, and again drew attention to the notification requirements of Article 4:4.

10. In this agreement:

(a) product groups under restraint remained the same as in the previous agreement and the restraints continued to be subject to an aggregate limit;

(b) Group 1 (stockings) previously under a specific limit was included in the Rest Group;

(c) increases in the base levels were 0.5 per cent for the aggregate limit, and between 0.1 and 0.8 per cent for group limits;

(d) growth rates were set at 0.5 per cent for the aggregate limit, and between 0.1 and 0.5 for group limits;

(e) swing was incorporated in the group limits;

(f) carryover and carry forward were set at 0.5 per cent, and could be available up to 4 per cent, after consultations.

11. The TSB heard a statement from Sweden in which reference was made to Annex B and paragraph 11 of the 1981 Protocol of Extension for the growth and flexibility provisions in the agreement.

12. During its review, the TSB noted that the parties had originally agreed on consecutive reductions in the levels on Groups 5 and 9 (sweaters, and costumes and dresses, etc.) for the duration of the agreement, but in the subsequent modification these reductions were superseded and replaced retroactively by increases in base levels and growth rates at 0.1 per cent.

13. In considering the incorporation of swing in the group limits (see paragraph 10(e) above), the TSB noted that during its review of the two previous agreements between the parties, which had aggregate limits, Sweden had stated that the absence of swing was a reflection of a mutual recognition of the minimum viable production principle;¹ however, the TSB recalled that the aggregate limit first introduced in 1980, while higher than the sum of the group limits in 1979, was lower than the sum of the limits in 1980.

14. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1119)

¹COM.TEX/SB/602 and 731

United States/Singapore

15. The TSB received a notification from the United States of a further modification of its bilateral agreement with Singapore. The parties agreed to an increase in the 1985 consultation level for Category 342 (cotton skirts). After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1120)

United States/Uruguay

16. The TSB received a notification from the United States of a further modification of its bilateral agreement with Uruguay. The parties agreed to restraints on Category 433 (wool suit-type coats for men and boys) for the period 1 January 1985 to 30 June 1987, and on Category 434 (wool other coats for men and boys) for the period 1 December 1984 to 30 June 1987.

17. During its review, the TSB noted that the base levels were considerably higher than 6 per cent above the reference levels. Growth, swing and carryover/carry forward were set at 1, 5 and 11/6 per cent, respectively.

18. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1121)

Norway/Sri Lanka

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

20. In this agreement:

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

(b) the twelve categories under specific limit had been restrained under a bilateral agreement which expired on 31 December 1982; eight of them had subsequently been covered from 1 January 1983 to 30 June 1984 by the measures notified by Norway to the GATT as taken under Article XIX;

(c) base levels were between 0.5 and 5 per cent above the restraint levels set out in the previous agreement between the parties;

(d) growth rates were between 0.3 and 2.5 per cent;

(e) no swing was available; carryover/carry forward were set at 6/3 per cent.

21. The TSB heard a statement by Norway that:

(i) concerning base levels for the restrained items, account had been taken of the restraint levels in the former bilateral agreement between the parties;

(ii) 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.

22. With respect to the consultation provisions contained in paragraph 8 of the agreement, the TSB understood that consultations would only be requested when, in the view of Norway, actual or imminent imports into Norway from Sri Lanka were posing a real risk of market disruption.

23. In reviewing this agreement, the TSB bore in mind that the restraint levels had been agreed by taking restraints in the previous agreement as the reference levels and not Sri Lanka's trade performance during the roll-back period, as such performance was, in all cases, lower than the restraint levels of the previous agreement.

24. The TSB expressed the opinion that the maintenance of Norway's minimum viable production did not require either the restraints on several categories where Sri Lanka's share in the Norwegian market was very small or nil or the lack of swing in the agreement.

25. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1122)

Norway/Macao

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

27. In this agreement:

(a) product coverage included twenty-one categories, of which twelve were subject to consultation under an administrative system;

(b) seven of the nine categories under restraint were, until 30 June 1984, imported under measures notified by Norway under GATT Article XIX;

(c) base levels were, in all but one case, substantially above the reference levels, and in one case less than 6 per cent;

(d) growth rates were set at 2.5 per cent for two categories and at 0.5 per cent for others;

(e) no swing was available; provision for carryover/carry forward was made at 7.5/4 per cent.

28. The TSB heard a statement from Norway that:

(a) in setting base levels, account had been taken of the relatively small share of imports from Macao in total imports of certain categories;

(b) account had been taken of Annex B of the MFA and paragraph 11 of the 1981 Protocol of Extension with respect to the growth and flexibility provisions.

29. With respect to the consultation provisions contained in paragraph 8 of the agreement, the TSB understood that consultations would only be requested when, in the view of Norway, actual or imminent imports into Norway from Macao were posing a real risk of market disruption.

30. In reviewing this agreement, the TSB while noting that the compounded growth rates, in all but one case, were much 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 some categories where Macao'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/1123)

Norway/Korea

32. The TSB reviewed a notification from Norway of an Article 4 agreement concluded with Korea for the period 1 January 1985 to 31 December 1989.

33. In this agreement:

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

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

(c) base levels were, in all cases, more or substantially more than 6 per cent above trade in the reference period;

(d) growth rates were between 0.3 and 3 per cent;

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

34. The TSB heard a statement by Norway that:

(i) concerning base levels for the restrained items, account had been taken of the level of imports in the twelve-month period preceding the request for consultations, as well as the levels of former bilateral quotas agreed between the parties under their long-term arrangement of 1968;

(ii) 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.

35. The TSB noted that the compounded growth rates were, in five cases, substantially higher than 6 per cent, but was of the opinion that the maintenance of Norway's minimum viable production did not require the absence of swing in the agreement, nor restraints with respect to some categories where Korea's share in the Norwegian market was very small.

36. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1124)

Norway/Hong Kong

37. The TSB received a notification from Norway of a modification of its bilateral agreement with Hong Kong. The parties agreed to restraints on bed linen (Category 7) from 1 July 1984.

38. The base level was much higher than previous trade. Growth, swing and carryover/carry forward at 0.5, 1.5 and 2/1 per cent respectively, were set in accordance with the provisions of the agreement.

39. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1125)

Notifications under Article 7

40. The TSB received three notifications from the EEC of several safeguard measures taken on imports of textile products from Turkey. These measures were taken under the provisions of Article 60 of the Additional Protocol to the EEC/Turkey Association Agreement.

41. Under these modifications restraints were placed:

(a) for the period 16 July to 31 December 1984 on imports of Categories 2 and 8 into France, Category 20 into Germany, Categories 2 and 20 into Italy, and Categories 2, 9 and 20 into the United Kingdom;

(b) for the period 1 January to 30 June 1985 on imports of Categories 4, 6 and 83 into the Community; and

(c) for the period 21 September 1985 to 31 July 1986 on imports of Categories 4, 5, 6, 8, 20 and 83 into the Community, Category 26 into France, Categories 12 and 13 into Germany and Categories 13 and 26 into the United Kingdom.

42. During its review, the TSB recalled similar notifications made by the EEC of previous measures taken with respect to imports from Turkey. The TSB once again noting that both parties concerned were MFA participants, felt that it could not address itself to the conformity with the provisions of the Arrangement as extended by the 1981 Protocol of measures taken outside the framework of the MFA. The TSB, however, called the attention of both parties to the provisions of paragraph 23 of the 1981 Protocol of Extension.

43. The TSB agreed to transmit the notifications to the Textiles Committee under Article 7 of the MFA, for information. (COM.TEX/SB/1126, 1127 and 1128)

Report on measures reviewed under Article 3:5

United States/Turkey

44. The TSB received oral and written reports from the United States and Turkey, respectively, on the results of their consultations held on 17-18 October, relating to measures on a number of categories taken by the United States. These reports were received in accordance with the TSB's request made at its 192nd meeting held in September 1985.¹

45. The TSB took note that the parties had found agreed solutions with respect to Categories 313 and 604, and had agreed to hold further consultations with respect to the other categories. The TSB decided not to pursue the matter any further for the moment.

¹COM.TEX/SB/1113. See also COM.TEX/SB/1104.

Other business

46. The TSB had a discussion on information concerning recent requests in Japan for restraints, or extension thereof, regarding exports of MFA products to Japan and the position of the Japanese Government regarding these requests. The TSB decided to keep this matter under review.

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47. The TSB had a discussion on the definition of flat goods, handbags and luggage of man-made fibres and agreed to return to this matter as warranted.