

# GENERAL AGREEMENT ON

CONFIDENTIAL

## TARIFFS AND TRADE

TEX.SB/W/447  
3 June 1987

---

### Textiles Surveillance Body

#### DRAFT REPORT OF THE SIXTH MEETING (1987)<sup>1</sup>

1. The Textiles Surveillance Body held its sixth meeting of 1987 on 25-26 May.
2. Mr. Tadatsuna Koda (Japan) was appointed as member effective 26 May to succeed Mr. Kawaguchi who was leaving Geneva after 25 May. Mr. Koda appointed Mr. Kiyotaka Akasaka (Japan) as his alternative.
3. Present at this meeting were the following members and/or alternates: Messrs. Kawaguchi (25 May), Koda (26 May), Lau, Mazzocchi/Boisson, Randhawa, Säilä, Salim and Shepherd.
4. The report of the fifth meeting has been circulated in COM.TEX/SB/1272.

#### Notifications under Article 4

##### United States/Japan

5. The TSB received a notification from the United States of a bilateral agreement concluded with Japan covering cotton, wool and mmf products for the period 1 January 1986 to 31 December 1989.
6. In this agreement:
  - (a) all categories were divided into three Groups, each with applicable Group limits;
  - (b) the number of restraints was greatly increased, with new restraints on twenty-one categories or merged categories, of which seven had previously been the subject of unilateral measures taken under Article 3:5;

---

<sup>1</sup>Two hundred and eleventh meeting overall.

\*English only/Anglais seulement/Inglés solamente

- (c) the base levels of the Group limits were 1 per cent higher than 1985 trade in one case, 7.3 per cent lower than 1985 trade in the second case and substantially higher than 1985 trade in the third case;
- (d) due to the shift from multi-year limits to annual limits in the new agreement, increases in base levels were not in all cases comparable; however, the increases in base levels from the reference levels were between lower than 6 per cent in eight cases, in other cases higher, and in some cases substantially higher than 6 per cent, except that there was no increase in one case, and there were reductions in three cases;
- (e) for two merged categories (Categories 300/301, 342/642) the 1986 levels included extra quantities to take account of Japan's export needs, thus resulting in lower specific limits for 1987 and in the growth rates for these categories to apply from the 1988 agreement year;
- (f) growth rates were set at 1 per cent for two Group limits and no growth for the third Group limit; for specific limits, growth rates were nil for one category, 1 per cent for the wool categories and for two mmf categories, 1.5 per cent for two categories and 2 or 3 per cent in the other cases;
- (g) swing for two Group limits was available at 2 per cent during the first agreement year and 1 per cent for the remainder of the agreement period; no swing was available for the third group; swing was available at 5 per cent for the specific limits except that four non-apparel categories had no swing;
- (h) carryover plus carry forward was available at 3 per cent for Group limits and 2 per cent for specific limits, of which carryover may not exceed 1 per cent.

7. In considering the reductions in base levels for the three categories mentioned in paragraph 6(d) above, the TSB noted that for two of them the utilization of the quotas was low and that substantial increases in base levels had been agreed for other categories. The TSB also noted that for the remaining category there was a further reduction in the 1987 level for this category with growth applicable for the last two agreement years, resulting in a 1989 limit lower than the limit in 1985. The TSB noted the statement by the United States that these levels were agreed to take account of administrative adjustments.

8. With respect to the growth and flexibility provisions, the TSB took note of a statement by the United States that these had been agreed taking into account paragraph 10 of the 1986 Protocol of Extension.

9. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1273)

Austria/Hong Kong

10. The TSB received a notification from Austria of a bilateral agreement concluded with Hong Kong for the period 1 February 1987 to 31 January 1990.

11. In this agreement:

- (a) the product coverage was reduced by eliminating certain items previously subject to the agreed export authorization system;
- (b) previous restraints on four product categories were maintained;
- (c) increases in base levels were at 1 per cent for two categories, 2 per cent for one category and higher than 6 per cent for one category;
- (d) growth rates were raised to 1 per cent for two categories (previously 0.5 per cent) and maintained at 2 per cent for the other two categories;
- (e) swing was available at 5 per cent and carryover/carry forward, at 11/6 per cent, was higher than in the previous agreement.

12. During its review of the agreement, the TSB took note of a statement made by Austria that the lower than 6 per cent growth was agreed in view of exceptional cases in terms of Annex B of the Arrangement. In addition, Austria also stated that certain improvements were made in the agreement, as set out in paragraph 11(a), (c), (d) and (e) above.

13. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1274)

United States/India

14. The TSB received a notification from the United States of a new bilateral agreement with India covering the period 1 January 1987 to 31 December 1991.

15. In the agreement:

- (a) product coverage was expanded to include, besides cotton, wool and mmf products, apparel products of other vegetable fibres and silk blends;
- (b) the former groups for apparel and non-apparel products were replaced by three groups: Group I (all products subject to specific limits), Group II (all products of cotton and mmf not included in Group I plus apparel of other vegetable fibres and silk blends) and Group III (all products of wool);
- (c) a limit was established for Group II; all previous restraints were maintained and a new restraint was introduced in Category 636 (mmf dresses);
- (d) increases in base levels were lower than 6 per cent in three cases and higher in all others, of which some were substantially higher than 6 per cent;
- (e) growth rates ranging between 4 and 7 per cent were higher than in the previous agreement in two cases, lower in one case and the same in the others;
- (f) swing was available at 5 per cent for one category, 6 per cent for two categories or merged categories and 7 per cent for all other categories; additional swing was available in one case;
- (g) carryover and carry forward were available at 11/6 per cent for all products under specific limits, except for one category where carryover was available at only 5 per cent; for the Group II limit, carryover and carryforward were available at 5 plus 5 per cent;
- (h) additional 5 per cent of the relevant limit was available in each agreement year for 100 per cent cotton garments made of handloom fabrics falling under four apparel categories or merged categories (335, 336/636, 342 and 347/348).

16. During its review, the TSB noted ambiguities in paragraphs 5B and 19 of the agreement. The TSB suggested that the parties mutually clarify the provisions of these paragraphs and inform it regarding these clarifications.

17. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1275)

United States/Malaysia

18. The TSB was informed that the United States and Malaysia had agreed to extend and modify their agreement. Under the circumstances, the TSB decided to defer concluding its review of two modifications of the agreement pending the notification of the extension, as modified, of the agreement.<sup>1</sup>

Report on matter reviewed under Article 11:4

Brazil/EEC

19. In accordance with its recommendation made in March 1987,<sup>2</sup> the TSB received reports that delegations from Brazil and the EEC had held consultations and had agreed that:

"Without prejudice to their respective positions of principle, the two delegations, in a spirit of co-operation, agreed on a solution concerning the problems raised during these consultations, on the following bases:

- (a) The carryover possibilities from 1986 to 1987 are fully maintained as regards the regional quota concerned on Category 1. In fact, the adjustment made by the Community has not reduced the development of Brazilian exports under the agreement which expired on 31 December 1986.
- (b) The two parties agree on the importance of continuing to ensure adequate control of the exports concerned, in order to avoid circumvention by trans-shipment, rerouting or whatever other means.
- (c) The administrative co-operation between the two parties shall be closely pursued to ensure the development of trade in textiles in accordance with the relevant provisions of the bilateral agreement on textiles. Regular contacts on this question shall be maintained between the two parties."<sup>3</sup>

---

<sup>1</sup>See COM.TEX/SB/1231, 1241 and 1265

<sup>2</sup>See COM.TEX/SB/1256

<sup>3</sup>Original text in French; translation by the TSB.

Notifications under Article 11

Austria and Singapore

20. The TSB took note of the notifications received from Austria and Singapore 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 textile products.<sup>1</sup> These notifications will be submitted to the Textiles Committee at the time of the submission of the TSB's annual report.

\*\*\*\*\*

21. The Chairman, speaking on behalf of the TSB, thanked Mr. Toru Kawaguchi, who was leaving Geneva, for his contribution to the work of the Body.

---

<sup>1</sup>See COM.TEX/SB/1265