

GENERAL AGREEMENT ON

CONFIDENTIAL

TARIFFS AND TRADE

TEX.SB/W/470*

28 January 1988

Textiles Surveillance Body

DRAFT REPORT OF THE FIRST MEETING (1988)¹

1. The Textiles Surveillance Body held its first meeting of 1988 on 25-26 January.

2. The membership of the TSB for 1988 is as follows:

Members

Mr. John Gero (Canada)
Mr. Piergiorgio Mazzocchi (EEC)
Mr. Darry Salim (Indonesia)
Mr. Tadatsuna Koda (Japan)
Mr. Hyuck Choi (Korea)
Mr. Alejandro de la Pena (Mexico)
Mr. Robert E. Shepherd (United States)
Egypt had not yet appointed a member.

Alternates

Mr. T. Christian Hildan (Norway)
Mr. Gérard Boisson (EEC)
-
Mr. Takeshi Nakane (Japan)
Mr. James H. Lau (Hong Kong)
Mr. Hugo Portugal (Peru)

3. Present at this meeting were the following members and alternates: Messrs. Choi/Lau, Gero/Hildan, Koda, Mazzocchi, de la Pena/Portugal, Salim, Shepherd.

¹Two hundred and twenty-second meeting overall

*English only/Anglais seulement/Inglés solamente

Notification under Article 2:4

China

4. As decided at its 221st meeting (16th meeting in 1987 - see COM.TEX/SB/1345), the TSB reverted to its review of the notification made by China under Article 2:4, and agreed to continue it at a later meeting.

Report on notification under Article 3:5 and 11:5

United States/Turkey

5. The TSB received reports from both Turkey and the United States that consultations, as recommended by the Body¹, had taken place but that no agreed solution had been found. The TSB understood it might revert to this matter at the request of either party, or on its own decision.

Report on notification under Article 3:8

United States/China

6. The TSB was informed that the matter concerning imports from China into the United States of products of Category 845/846² had been solved in the context of a new bilateral agreement concluded by those countries for the period 1 January 1988-31 December 1991. The TSB did not find it necessary to pursue the matter.

¹ COM.TEX/SB/1345

² COM.TEX/SB/1325

Notifications under Article 4

Norway/Hong Kong

7. The TSB received a notification from Norway of a new bilateral agreement concluded with Hong Kong for the period 1 July 1987 to 30 June 1990.

8. In this agreement:

- (a) the product coverage was reduced by the elimination of nine categories previously subject either to an administrative system of surveillance or an exchange of statistics;
- (b) eleven categories were maintained under restraint; previous restraints on four categories were eliminated, these categories being now subject to an administrative system of surveillance;
- (c) increases in base levels varied between 0.7 and 4 per cent;
- (d) annual growth rates, between 0.7 and 4 per cent, were in all cases higher than in the previous agreement;
- (e) while swing for two categories was reduced from 1.5 to 1 per cent, it was higher than before for all other categories.
Carryover/carry forward were in all cases higher than in the previous agreement; however, a limit was set on cumulative use of flexibility.

9. The TSB heard statements by the parties that in negotiating the growth rates and flexibility provisions of this agreement they had taken into account paragraph 12 of the 1986 Protocol of Extension.

10. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1346)

United States/Jamaica

11. The TSB received two notifications from the United States of agreed amendments of its agreement with Jamaica.

12. According to the first amendment, the Guaranteed Access Levels (GALs) for Categories 338/339 (knit shirts and blouses of cotton) and 347/348 (cotton trousers) have been expanded to include the equivalent man-made fibre products, respectively Categories 638/639 and 647/648. The amendment similarly expanded the Designated Consultation Levels (DCLs) for the same merged Categories and increased their respective levels; it also established conversion factors for the new merged Categories.

13. In the second amendment:

- (a) several Categories were merged and their respective conversion factors established;
- (b) additional swing was agreed at 12.5 per cent from Cat. 341/641 (cotton and mmf woven blouses) into Cat. 340/640 (cotton and mmf woven shirts) and at 30 per cent from Cat. 340/640 into Cat. 341/641;
- (c) the GAL for Cat. 632 (man-made fiber hosiery) was increased;
- (d) the DCL for merged Cat. 347/8/647/8 was increased for the first agreement period;
- (e) the DCLs on merged Cats. 338/9/638/9 and 340/640 became specific limits at levels 16.2 per cent higher for the former and 27.8 per cent lower for the latter.

14. After its review, the TSB agreed to transmit these notifications to the Textiles Committee. (COM.TEX/SB/1347)

United States/Sri Lanka

15. The TSB reviewed a notification by the United States of an amendment of its agreement with Sri Lanka establishing an agreed specific limit on merged Category 359-C/659-C (coveralls and overalls of cotton and man-made fibre) for the last agreement period. The restraint was set at a level substantially higher than both the rollback level and the formula level of the agreement.

EEC/Peru

16. The TSB received a notification from the EEC of a bilateral agreement concluded with Peru and in de facto application for the period 1 January 1987 to 31 December 1991.

17. In this agreement:

- (a) the product coverage remained unchanged;
- (b) one Community restraint and two regional restraints were removed;
- (c) the increases in base levels for the two remaining restraints were higher than 6 per cent;
- (d) additional quantities were annually available in Category 1;
- (e) the annual growth rates, of 5 and 7 per cent, were higher than in the previous agreement;
- (f) flexibility provisions were more favourable to Peru than in the previous agreement.

18. The TSB heard a statement from the EEC that it had taken into account paragraph 13(b) of the 1986 Protocol of Extension to provide for a more favourable treatment to Peru than that accorded to other groups of suppliers.

19. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1348)

¹ For general observations applicable to this agreement, see COM.TEX/SB/1272, paragraphs 27-38, and 1294, paragraph 33.

EEC/Sri Lanka

20. The TSB received a notification from the EEC of a bilateral agreement concluded with Sri Lanka and in de facto application for the period 1 January 1987 to 31 December 1991.

21. In this agreement:

- (a) the product coverage remained unchanged;
- (b) two regional restraints were removed;
- (c) the increases in base levels for the four remaining restraints were all higher than 6 per cent;
- (d) the annual growth rates, at 7 per cent in three cases and 8 per cent in one, were higher than in the previous agreement;
- (e) flexibility provisions were more favourable to Sri Lanka than in the previous agreement;
- (f) additional access was available in the case of two categories, as five children's garments would be counted as three quota units for up to 5 per cent of the limits;
- (g) additional quantities for outward processing traffic were agreed for the categories under restraint with annual growth higher than 6 per cent.

22. The TSB heard a statement from the EEC that it had taken into account paragraph 13(b) of the 1986 Protocol of Extension to provide for a more favourable treatment to Sri Lanka than that accorded to other groups of suppliers.

23. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1349)

¹For general observations applicable to this agreement, see COM.TEX/SB/1272, paragraphs 27-38, 1294, paragraph 33, and 1314, paragraphs 11-13.

United States/Bangladesh

24. The TSB reviewed a notification by the United States of an amendment of its agreement with Bangladesh according to which three new restraints were agreed on Categories 338/339 (cotton knit shirts)¹ from 1 June 1987, 342/642 (cotton and man-made fiber skirts) from 1 July 1987 and 638/639 (man-made fiber shirts) from 1 September 1987; in all cases the restraints extend to 31 January 1990.

25. The restraint levels were substantially higher than the respective rollback levels; annual growth was set at 6 per cent, swing at 6 per cent and carryover/carry forward at 11/6 per cent.

26. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1350)

Notifications under Articles 7 and 8United States/Mauritius, United States/Burma

27. The TSB received a notification from the United States of an amendment of its agreement with Mauritius². It also received a notification of an agreement concluded by the United States with Burma for the period 1 January 1987 to 31 December 1990. These notifications were made under Articles 7 and 8, in accordance with the request of the Textiles Committee that agreements with non-participants be notified, and the TSB is forwarding them to participating countries for information. (COM.TEX/SB/1351)

¹ See COM.TEX/SB/1314, paragraph 15.

² See COM.TEX/SB/1093.

Austria/Brazil

28. The TSB received a notification from Austria that its agreement with Brazil, which expired on 31 October 1987, has been replaced by an agreed export authorization system covering cotton yarn and kitchen towels of cotton.

29. The TSB agreed to transmit to the Textiles Committee, for its information, the text of the notes exchanged on this matter.

(COM.TEX/SB/1352)

EEC/Yugoslavia

30. The TSB received a notification from the EEC of a new agreement on trade in textiles with Yugoslavia for the period 1 January 1987 to 31 December 1991. The agreement was concluded as an Additional Protocol to the Cooperation Agreement between the parties.

31. The TSB agreed to transmit this notification to the Textiles Committee, for its information. (COM.TEX/SB/1353)

EEC/Bulgaria

32. The TSB received a notification from the EEC of an agreement concluded with Bulgaria for the period 1 January 1987 to 31 December 1991. This notification was made under Articles 7 and 8, in accordance with the request of the Textiles Committee that agreements with non-participants be notified, and the TSB is forwarding it to participating countries for information.

(COM.TEX/SB/1354)

EEC/Colombia

33. The TSB received a notification from the EEC that its agreement with Colombia, expired on 31 December 1986, was replaced by an agreement covering the EEC's ninety-three product categories and providing for exchange of information and for cooperation to avoid circumvention. The agreement equally provides for the possibility of consultations in cases of market disruption or real risk thereof with a view to finding an appropriate solution.

34. The TSB agreed to transmit this notification to the Textiles Committee, for its information. (COM.TEX/SB/1355)

EEC/Mexico

35. The TSB received a notification from the EEC that its agreement with Mexico, expired on 31 December 1986, was replaced by an agreement covering the EEC's ninety-three product categories and providing for exchange of information and for cooperation to avoid circumvention. The agreement equally provides for the possibility of consultations in cases of market disruption or real risk thereof with a view to finding an appropriate solution.

36. The TSB agreed to transmit this notification to the Textiles Committee, for its information. (COM.TEX/SB/1356)

Notifications under Article 11

Indonesia, Korea, Philippines

37. The TSB took note of the notifications received from Indonesia, Korea and Philippines 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.¹

¹ See COM.TEX/SB/1265

Sweden

38. The TSB received the additional information¹ requested from Sweden and will revert to this notification at a later meeting.

Czechoslovakia

39. In the absence of the additional information² requested from Czechoslovakia, the TSB decided not to revert to this notification for the moment.

¹See COM.TEX/SB/1312, para. 24.

²See COM.TEX/SB/1299, para. 16.