

GENERAL AGREEMENT ON

CONFIDENTIAL

TARIFFS AND TRADE

TEX.SB/W/486*

30 June 1988

Textiles Surveillance Body

DRAFT REPORT OF THE NINTH MEETING (1988)¹

1. The Textiles Surveillance Body held its ninth meeting of 1988 on 20-23 June.
2. Present at this meeting were the following members and/or alternates: Messrs. Abdel Fattah/Munir, Choi/Lau, Gero/Hildan, Koda, Mazzocchi, de la Pena, Salim and Shepherd.
3. The report of the eighth meeting has been circulated in COM.TEX/SB/1395.

Notification under Article 2:1

Costa Rica

4. In accordance with its obligation assumed under Article 2:1 on acceding to the Arrangement on 14 March 1988, Costa Rica notified that it maintains no quantitative restrictions or any other quantitative measures in force which have a restrictive effect on imports of textile products.
5. After its review, the TSB concluded that Costa Rica's report on the status of quantitative restrictions or any other quantitative measures had fulfilled its obligation under Article 2:1 and agreed to transmit the notification to the Textiles Committee for information. (COM.TEX/SB/1396)

¹Two hundred and thirtieth meeting overall

* English only/Anglais seulement/Ingles solamente

Notification under Article 3:5

Canada/Brazil

6. The TSB reviewed a notification by Canada regarding three unilateral restraints, valid from 5 January 1988 to 4 January 1989, established in regard to imports of bedsheets, pillowcases and cotton terry towels, washcloths and sets from Brazil.

7. The Body heard presentations by delegations from both parties on their respective cases.

8. Based on the information supplied to it during the review, which updated that provided at the time of the request for consultations, the TSB was of the opinion that market disruption had been demonstrated for both bedsheets and pillowcases and had not been demonstrated for cotton terry towels, washcloths and sets. The TSB therefore recommended that the restraint on cotton terry towels, washcloths and sets be rescinded.

9. The TSB noted that two rounds of consultations under the MFA had taken place between the parties and that they had expressed their intent to resume them; the Body recommended that such consultations be held as soon as possible, that the parties take into account all relevant provisions of the MFA, including paragraph III of Annex A, and that they report back to it on the results before the TSB meeting scheduled for 21-23 September.

Notification under Article 3:8

United States/Turkey

10. The TSB received a notification from the United States of an extension under Article 3:8 of a unilateral measure taken under Article 3:5 with respect to imports from Turkey of cotton and man-made fibre skirts (Category 342/642)

11. The TSB was informed that consultations between the parties were scheduled during the month of June and in view of the request by both parties that the TSB defer its consideration of the matter, the Body agreed to such deferment.

12. In agreeing to the request, the TSB asked both parties to report back to it on the result of their consultations before its next meeting, scheduled for 13-15 July.

Notifications under Article 4

United States/Egypt

13. The TSB received a notification from the United States of a bilateral agreement concluded with Egypt for the period 1 January 1987 to 31 December 1989.

14. In this agreement:

- (a) product coverage continued to be limited to products of cotton;
- (b) all previous restraints were maintained, and new restraints on a fabric group of categories and a clothing category were introduced;
- (c) increases in base levels over previous restraints or trade were in all cases more or substantially more than 6 per cent;
- (d) there was no annual growth for two sub-categories; for other categories or sub-categories growth rates were higher than 6 per cent;
- (e) swing, carryover/carry forward at 6 and 11/6 per cent remained unchanged from the previous agreement;
- (f) agreement was reached relating to a problem of shipments of certain categories.

15. The TSB took note of a statement by the United States that the absence of growth for two sub-categories was agreed taking into account other features of the agreement.

16. With respect to the new restraint on knit shirts and blouses (Category 339) referred to in paragraph 14(b) above, the TSB heard a statement from Egypt that it was a new entrant in the United States market in the product which was of particular commercial interest to Egypt.

17. During its review of the agreement, the TSB, taking note of the statement by Egypt, drew attention to Article 6 of the MFA and sub-paragraphs 13(d) and (f) of the Protocol of Extension.

18. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1397)

Norway/Hungary

19. The TSB received a notification from Norway of a bilateral agreement concluded with Hungary on 9 March 1988 for the period 1 January 1987 to 31 December 1991.

20. In this agreement:

- (a) the product coverage was reduced and previous restraints on three categories were removed;
- (b) base level increases were less than 6 per cent in four cases and higher or much higher than 6 per cent in the other five cases;
- (c) growth rates, ranging between 0.5 and 3 per cent, remained unchanged from the previous agreement in two cases and were higher in the others;
- (d) swing, unavailable in the previous agreement, was now available at 2.5 per cent;
- (e) carryover and carry forward at 8 and 4 per cent were more favourable to Hungary; the cumulative use of flexibility was set at 8 per cent;
- (f) consultation provisions regarding the introduction of new restraints and for dealing with cases of circumvention¹ were included.

21. With respect to the growth and flexibility provisions, the TSB heard a statement from Norway that reference was made to Annex B of the Arrangement and paragraph 12 of the 1986 Protocol of Extension.

¹For a general observation on this provision see COM.TEX/SB/1395, paragraph 18.

22. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1398)

Norway/Czechoslovakia

23. The TSB received a notification from Norway of a bilateral agreement concluded with Czechoslovakia for the period 1 July 1987 to 30 June 1992.

24. In this agreement:

- (a) the product coverage was reduced and previous restraints on five categories and one part-category were removed;
- (b) increases in base levels over previous restraints were less than 6 per cent in seven cases, higher than 6 per cent in two cases and substantially higher in one case;
- (c) growth rates, ranging between 0.5 and 3 per cent, remained unchanged from the previous agreement in one case and were higher in the others;
- (d) swing, unavailable in the previous agreement, was now available, with certain limitations, at 2.5 per cent;
- (e) carryover at 8 per cent and carry forward at 5 per cent were higher than in the previous agreement; the cumulative use of flexibility was set at 8 per cent;
- (f) consultation provisions regarding the introduction of new restraints and for dealing with cases of circumvention¹ were included.

25. With respect to the growth and flexibility provisions, the TSB heard a statement from Norway that reference was made to Annex B of the Arrangement and paragraph 12 of the 1986 Protocol of Extension.

26. The TSB took note of a statement by Norway that the delay in notification was due to administrative reasons.

¹For a general observation on this provision see COM.TEX/SB/1395, paragraph 18.

27. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1399)

Norway/Poland

28. The TSB received a notification from Norway of a bilateral agreement concluded with Poland for the period 1 January 1988 to 31 December 1991.

29. In this agreement:

- (a) the product coverage was reduced and two previous restraints were removed;
- (b) increases in base levels over previous restraints were in all cases higher than 6 per cent and in three cases substantially higher;
- (c) growth rates, set between 1 and 2 per cent, were in all cases higher than previously;
- (d) swing, unavailable in the previous agreement, was now available, with certain limitations, at 2.5 per cent;
- (e) carryover remained unchanged at 8 per cent, while carry forward at 5 per cent was higher; the cumulative use of flexibility remained unchanged at 8 per cent;
- (f) consultation provisions regarding the introduction of new restraints and for dealing with cases of circumvention¹ were included.

30. With respect to the growth and flexibility provisions, the TSB heard a statement from Norway that reference was made to Annex B of the Arrangement and paragraph 12 of the 1986 Protocol of Extension.

31. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1400)

¹For a general observation on this provision see COM.TEX/SB/1395, paragraph 18.

EEC/India

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

33. In this agreement:

- (a) the product coverage remained unchanged;
- (b) three Community restraints and all regional restraints were liberalized;
- (c) increases in base levels were less than 6 per cent in seven cases, 6 per cent or more in three cases; in two cases it was not possible to calculate the increase due to modifications in the product coverage of the categories concerned;
- (d) growth rates between 1.75 and 6 per cent were higher than in the previous agreement, except in two cases where they remained unchanged at 6 per cent;
- (e) swing, with certain limitations, was available at 7 per cent; carryover and carry forward were set at 7 and 5 per cent; the cumulative use of flexibility was set at 17 per cent; all flexibility provisions were more advantageous to India than under the previous agreement;
- (f) additional access was available for two categories, as five children's garments will be counted as three quota units for up to 5 per cent of the limits;
- (g) additional quotas for handmade garments were available for four categories.

34. The TSB heard a statement by the EEC that the growth rates below 6 per cent had been agreed under Annex B, paragraph 2.

35. After its review, the TSB agreed to transmit the notification to the Textiles Committee.¹ (COM.TEX/SB/1401)

36. The TSB also received from the EEC notification of a subsequent modification of its agreement with India. The parties agreed to a restraint on cotton yarn (Category 1) when imported into the Community. The restraint applied from 18 November 1987 to 31 December 1991. The base level was substantially higher than the basket exit level, was established in conformity with the provisions of the EEC/India agreement and took into account the recent imports from India. The annual growth rate was set at 2 per cent and the flexibility provisions of the agreement apply.

37. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1402)

EEC/Pakistan

38. The TSB received a notification from the EEC of a further modification of its agreement with Pakistan. The parties agreed to a restraint on table linen, toilet and kitchen linen (Category 39) when imported into the Benelux and France for the period 1 January 1988 to 31 December 1991. The restraint levels were substantially higher than the basket exit levels and took into account the recent evolution of trade. The annual growth rate in both cases was set at 6 per cent and the flexibility provisions of the agreement apply to these new limits.

39. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1403)

EEC/China

40. The TSB received a notification from the EEC of modifications of its agreement with China, scheduled to expire on 31 December 1988. Restraints were agreed on:

¹For general observations applicable to this agreement, see COM.TEX/SB/1272, paragraphs 28 to 38, and COM.TEX/SB/1224, paragraph 33.

- (a) imports of gloves (Category 10) into Spain for the period 25 September 1987 to 31 December 1988;
- (b) imports of underpants (Category 13) into the United Kingdom for the period 25 September 1987 to 31 December 1988;
- (c) imports of ladies' coats (Category 15b) into France for the 1988 agreement year;
- (d) imports of babies' undergarments (Category 68) into France for the 1988 agreement year;
- (e) babies' outerwear (Category 71) when imported into France for the 1988 agreement year.

41. In all cases the restraint levels were substantially higher than the basket exit levels and were established in conformity with the relevant provision of the EEC/China agreement.

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

Sweden/Thailand

43. The TSB began its review of a bilateral agreement concluded between Sweden and Thailand.

Notifications under Articles 7 and 8

44. The TSB received two notifications from the United States: (a) an amendment of its bilateral agreement with Mauritius and (b) a bilateral agreement restraining imports from the USSR of cotton sheeting and printcloth (Category 313/315/320pt) during the period 1 August 1987 to 31 December 1988. These notifications were made in accordance with the request made by the Textiles Committee that agreements concluded with non-participants be notified. The TSB agreed to transmit these notifications to participating countries for their information. (COM.TEX/SB/1404 and 1405)

Notification under Article 11

Singapore

45. The TSB took note of a notification received from 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.¹ This notification will be submitted to the Textiles Committee at the time of the submission of the TSB's annual report.

General discussions

Aggregate and Group limits; Overshipments

46. The TSB had further discussions on the questions of (a) the consistency of aggregate and group limits with the provisions of the MFA and (b) overshipments.

¹See COM.TEX/SB/1377