

# GENERAL AGREEMENT ON

RESTRICTED

## TARIFFS AND TRADE

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TEX.SB/W/496\*

19 December 1988

### Textiles Surveillance Body

#### DRAFT REPORT OF THE FOURTEENTH MEETING (1988)<sup>1</sup>

1. The Textiles Surveillance Body held its fourteenth meeting of 1988 on 14-15 December.
2. Present at this meeting were the following members and/or alternates: Messrs. Abdel Fattah, Choi/Lau, Gero/Hildan, Koda, Mazzocchi, Salim and Shepherd.
3. The report of the thirteenth meeting has been circulated in COM.TEX/SB/1443.

#### Notification under Article 11:4

##### Costa Rica/United States

4. The TSB had before it the notification received under Article 11:4 from Costa Rica, referring two requests for consultations on Categories 342/642 and 347/348 made by the United States under Article 3:3.<sup>2</sup>
5. The TSB was informed that, subsequent to this notification, the United States had taken unilateral measures under Article 3:5 on both merged categories, and that the parties had held further consultations and intended to continue them later in the month.

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<sup>1</sup>Two hundred and thirty-fifth meeting overall

<sup>2</sup>See COM.TEX/SB/1443

\* English only/Anglais seulement/Inglés solamente

6. Taking note of these developments, the TSB decided that if no agreed solution was found in the forthcoming consultations, it would review these measures at its next meeting, and to this end delegations from the parties involved would be invited.

Norway/Indonesia, Norway/Thailand, United States/Brazil

7. The TSB continued its review of the agreements concluded by Norway with Indonesia and Thailand, as well as the agreement between the United States and Brazil.

United States/Sri Lanka

8. The TSB received a notification from the United States of a bilateral agreement concluded with Sri Lanka for the period 1 June 1988 to 30 June 1992.

9. In this agreement:

- (a) the product coverage was extended to include all products falling within the context of paragraph 24 of the 1986 Protocol;
- (b) six categories were merged with categories previously under specific limit and placed under restraint; new restraints were agreed on three categories, one merged category and one sub-category;
- (c) increases in base levels over previous restraint and/or reference levels were below 6 per cent in ten cases, 6 per cent in three cases, higher than 6 per cent in fifteen cases and substantially higher in six cases; in one case there was a reduction;

- (d) the growth rates were unchanged, at 6 per cent for non-wool categories and 1 per cent for wool categories;
- (e) the flexibility provisions remained unchanged from the previous agreement, namely, swing at 6 per cent for the non-wool categories and 5 per cent for wool categories and carryover/carry forward at 11/6 per cent.

10. In reviewing this notification the TSB noted that, in the cases where new restraints included products of paragraph 24 fibres, there had been previous imports from Sri Lanka. It further noted that certain restraints on products made from paragraph 24 fibres were renewed, when there continued to be no trade in these products. The TSB recalled its earlier observations concerning these restraints,<sup>1</sup> and reiterated that such specific restraints were not envisaged under paragraph 24 of the 1986 Protocol.

11. The TSB recommended that the parties review the situation at an appropriate moment, taking full account of its observations on this matter and in the light of its general observation relating to paragraph 24 of the 1986 Protocol of Extension.<sup>2</sup>

12. With respect to growth rates lower than 6 per cent for certain categories and the swing provisions, the TSB heard a statement from the United States that these had been agreed in the overall context of the agreement.

13. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1444)

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<sup>1</sup>COM.TEX/SB/1342

<sup>2</sup>COM.TEX/SB/1328

Canada/Czechoslovakia

14. The TSB reverted to its review<sup>1</sup> of the notification from Canada of a bilateral agreement concluded with Czechoslovakia for the period 1 January 1987 to 31 December 1991.

15. In this agreement:

- (a) the product coverage continued to be limited to the four categories under restraint;
- (b) base levels were the same as in the last restraint period of the previous agreement in two cases, higher by less than 6 per cent in one case and more than 50 per cent lower in one case;
- (c) annual growth rates were less than 6 per cent; they were lower than those of the previous agreement in two cases, higher in one case and the same in the remaining case;
- (d) the flexibility provisions remained unchanged, with swing at 5 per cent, carryover/carry forward at 10/5 per cent and cumulative use of flexibility at 11 per cent;
- (e) additional access continued to be available in the clothing categories, as five children's and infants' garments would be counted as three quota units.

16. With respect to the reduction in the base level for Category 1 (trousers) referred to in paragraph 15(b) above, the TSB was informed that the new level was substantially higher than average trade for the period 1983-1985, as the quota of the previous agreement had been little utilized.

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<sup>1</sup>See COM.TEX/SB/1386 and 1429

The TSB noted that Canada had proposed to amend the agreement in order to eliminate that quota, and has sought the co-operation of the Government of Czechoslovakia in this regard. The TSB recommended that Canada's initiative to eliminate that quota be agreed to by Czechoslovakia.

17. The TSB heard a statement from Canada that the growth rates and swing had been agreed in view of these being exceptional cases in terms of Annex B, paragraphs 2 and 5, of the MFA.

18. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1445)

#### Canada/Poland

19. The TSB received a notification from Canada of an amendment of its agreement with Poland. With effect from 1 January 1989 the restraint on tailored collar shirts was increased to a level substantially above the previous one. The growth rate and flexibility provisions remained unchanged.

20. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1446)

#### Austria/Korea

21. The TSB received a notification from Austria of an amendment of its agreement with Korea for the period 1 July 1988 to 31 December 1991.

22. In this amendment:

- (a) new restraints were introduced on three categories, and the coverage of Category 3, previously restrained, was extended;
- (b) for the new restraints, the base level increases over the reference levels were less than 6 per cent in one case and higher

than 6 per cent in the other cases; the level of Category 3 was increased by a quantity representing the previous trade in the product added to its coverage plus an increase substantially higher than 6 per cent;

(c) the growth rate was set at 1.5 per cent in all cases; a growth of 19 per cent was accorded to Category 3 for the second restraint period;

(d) the flexibility provisions of the agreement applied;

(e) the product coverage was adapted to the Harmonized System.

23. With respect to the growth and flexibility provisions, the TSB heard a statement from Austria that they had been agreed in accordance with paragraph 10 of the 1986 Protocol.

24. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1447)

#### EEC/Korea

25. The TSB received a notification from the EEC of a further modification of its agreement with Korea. A restraint was agreed on impregnated textile fabrics (Category 100) when imported into Spain for the period 1 January 1988 to 31 December 1991.

26. The base level was substantially higher than the relevant basket exit level, took into account the recent evolution of trade and was established in conformity with the relevant provisions of the EEC/Korea agreement. An additional quantity was agreed for the 1988 agreement year. The annual growth rate was set at 6 per cent and the flexibility provisions of the agreement applied.

27. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1448)

United States/Hungary

28. The TSB received a notification from the United States of a further amendment of its agreement with Hungary. The product coverage was extended by Categories 313 and 604 and restraints agreed on them for the period 1 March 1988 to 31 December 1991.

29. The base levels were substantially higher than the reference levels and the growth rate was set at 6 per cent. The flexibility provisions of the agreement applied.

30. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1449)