

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

TEX.SB/W/498*

3 February 1989

Textiles Surveillance Body

DRAFT REPORT OF THE FIRST MEETING (1989)¹

1. The Textiles Surveillance Body held its first meeting of 1989 on 27 and 30 January.
2. The membership of the TSB was unchanged from the 1988 membership.
3. Mr. de la Peña appointed Mr. Joao Carlos Parkinson de Castro (Brazil) as his alternate. Mr. Abdel Fattah appointed Mr. Shalid Gulrez Yazdani (Pakistan) as his alternate for the meeting.
4. Present at this meeting were the following members and/or alternates: Messrs. Castro, Choi/Lau, Gero/Hildan, Koda, Mazzocchi, Salim/Pharmy, Shepherd and Yazdani.
5. The report of the fourteenth meeting of 1988 has been circulated in COM.TEX/SB/1450.

Notifications under Article 3:5

United States/Thailand

6. The TSB received a notification from the United States of two measures taken under Article 3:5 on imports from Thailand of Categories 670-L (man-made fibre luggage) and 870 (luggage of silk blends and vegetable fibres, other than cotton) for the period 25 May 1988 to 24 May 1989.
7. The TSB heard presentations from delegations of both parties on their respective cases.

¹Two hundred and thirty-sixth meeting overall

*English only/Anglais seulement/Inglés solamente
89-0172

8. During the review of the measure on Category 670-L, the TSB concluded that since the parties were not in agreement on the composition and pattern of trade, the Body was not in a position to pronounce itself on the occurrence of market disruption. It therefore recommended that the parties hold further consultations on the issue of the composition and pattern of trade.

9. With respect to Category 870, the TSB was of the opinion that market disruption had not been established, and therefore recommended that the United States rescind the restraint on this Category.

10. The TSB asked the parties to report back to it no later than 10 March 1989.

United States/Dominican Republic

11. The TSB received a notification from the United States of a unilateral measure taken under Article 3:5 on imports of Category 633 (man-made fibre coats) from the Dominican Republic for the period 30 June 1988 to 29 June 1989.

12. In view of bilateral consultations scheduled for 13 to 15 February, the parties requested the TSB to defer its consideration of the measure. The TSB agreed to this request.

Report on measures reviewed under Article 11:4 and Article 3:5

United States/Costa Rica

13. Further to the information already before it,¹ the TSB received a communication from Costa Rica that in the consultations held with the United States a bilateral solution was found with respect to Category 342/642, but no solution was agreed on Category 347/348.

¹COM.TEX/SB/1450

14. In view of the fact that the parties intend to hold further consultations on the latter category, they requested the TSB to again defer its consideration of the matter until after such consultations. The TSB agreed to this request.

Notification under Article 3:6

Canada/Brazil

15. The TSB took note of a notification received from Canada of a request to Brazil to co-operate in a two-month emergency action under Article 3:6, effective 5 January 1989, on imports of bed sheets and pillow cases. The TSB was informed that bilateral consultations on this matter were scheduled for 1 and 2 February.

Notifications under Article 4

Norway/Indonesia

16. The TSB reverted to its review of a notification from Norway of its first agreement with Indonesia, concluded for the period 1 October 1987 to 30 September 1991.¹

17. In view of the fact that prior to the conclusion of the agreement there was little or no trade in certain products placed under restraint, the TSB decided to ask both parties for the MFA rationale under which they had agreed to the different elements in this agreement.

Norway/Thailand

18. The TSB continued its review of the agreement concluded between Norway and Thailand.¹

¹COM.TEX/SB/1450

United States/Romania

19. The TSB received a notification from the United States of a modification of its agreement (covering wool and man-made fibre products) with Romania valid until 31 December 1989. The growth rate for Category 604 (spun non-cellulosic yarn) was reduced from 7 to 1 per cent for the 1988 and 1989 agreement years.

20. The TSB noted that this reduction was agreed to by the parties in the context of the negotiation of a new agreement relating to trade in cotton textiles between both countries (see paragraphs 22 to 25 below).

21. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1451)

22. The TSB received a notification from the United States of a bilateral agreement with Romania, concluded for the period 1 January 1988 to 31 December 1989, with an option of extension to 31 December 1992.

23. In this agreement:

- (a) the product coverage, which previously included only cotton products, was extended to include yarns and fabrics of cotton and of blends with man-made fibres and certain products falling within the definition of paragraph 24 of the 1986 Protocol;
- (b) the previous limit on apparel products (Group II) was eliminated and an aggregate limit was introduced;
- (c) new restraints were agreed on four categories or merged categories which included products of new fibres; the cotton products of some of these categories were previously subject to designated consultation levels;
- (d) the base levels of previously restrained categories were 6 per cent or more above previous levels;

- (e) the base levels for categories including new fibres were more than 6 per cent above the addition of previous levels and rollback levels for new fibre products; in one case it was not possible to calculate the increase;
- (f) several categories were subject to designated consultation levels;
- (g) the growth rates at 6 per cent were lower than those of 7 per cent of the previous agreement;
- (h) swing, carryover/carry forward remained unchanged at 7 and 11/6 per cent; additional swing of 10 per cent was possible between two merged categories.

24. During its review, the TSB noted that the agreement evolved from the structure of the previous bilateral agreement and that the merging of certain categories under restraint reflected the particular export interests of Romania to the United States.

25. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1452)

United States/Brazil

26. The TSB received a notification from the United States of a bilateral agreement concluded with Brazil for the period 1 April 1988 to 31 March 1992.

27. In this agreement:

- (a) the product coverage remained unchanged;
- (b) previous restraints on two categories and a merged category were liberalized, while two other categories and a merged category were brought under restraint;
- (c) the aggregate limit was maintained, with the base level set at more than 6 per cent over the previous limit;

- (d) there were substantial decreases in base levels for two categories; for other categories under specific limit, increases in base levels over previous limits or reference levels were 1 per cent for the wool categories, while for the cotton and man-made fibre categories they were 6 per cent in two cases, higher than 6 per cent in nine cases and substantially higher than 6 per cent in ten cases;
- (e) the growth rates remained at 1 per cent for the wool categories and at 6 per cent for the other categories; for the aggregate limit, the growth rate of 6 per cent was lower than in the previous agreement;
- (f) the flexibility provisions were unchanged, with swing at 6 per cent and carryover/carry forward at 11/6 per cent. Additional swing was provided for a sub-limit.

28. The TSB heard a statement from the United States that the decreases in base levels, the base level increases at less than 6 per cent and the growth at less than 6 per cent for the wool categories had been agreed in the overall context of the agreement.

29. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1453)

United States/Hong Kong

30. The TSB received a notification from the United States of an amendment of its agreement with Hong Kong in order to take account of changes, in the United States' textile categorization, related to the adoption of the Harmonized Commodity Code by the United States. The amendment consisted of adjustments made to the restraint levels in view of changes in the product coverage of different categories and of the necessary modifications in the conversion factors. Additional swing possibilities were agreed to permit smoother transition in trade.

31. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1454)