

GENERAL AGREEMENT ON

TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/534*

26 October 1990

Textiles Surveillance Body

DRAFT REPORT OF THE EIGHTH MEETING (1990)¹

1. The Textiles Surveillance Body held its eighth meeting of 1990 on 3-4 October.
2. Mr. Lau appointed Mr. Haeng Kyeom Oh (Korea) to succeed Mr. Choi as his alternate.
3. Present at this meeting were the following members and/or alternates: Messrs. Boisson, Castro/Ms Deustua, Messrs. Gero/Potocnik, Ishimaru, Kasimir, Lau, Patek, Ms Rosa and Mr. Shepherd.
4. The report of the seventh meeting of 1990 has been circulated in COM.TEX/SB/1553.

Notification under Article 11:4, 11:5

Brazil/United States

5. The TSB received a notification under Article 11:4 from Brazil, referring the introduction of a restraint by the United States with effect from 24 May 1990 on Category 351/651 (cotton and man-made fibre nightwear) pursuant to the consultation provisions of their bilateral agreement.
6. Delegations from both parties presented their respective cases to the TSB.

¹Two hundred and fifty-fourth meeting overall.

*English only/Anglais seulement/Inglés solamente

7. The TSB observed that the production data used in the bilateral consultations by the United States differed by important margins from the 1988 final and 1989 revised data available at the time of the TSB review.

8. During the review of the case, the TSB noted that:

- a) the United States considered cotton and man-made fibre nightwear as one product in its market, produced by the same sector of the industry;
- b) Brazil considered itself as a new entrant in the United States market in regard to Category 351;
- c) the TSUSA number under which most Brazilian imports were classified contained products which could be of very diverse quality and price;
- d) the most recent data available, provided by the United States to the Body, showed that imports from Brazil had been relatively stable between November 1989 and July 1990;
- e) Brazil had negligible exports of man-made fibre nightwear (Category 651).

9. The TSB noted that, after holding inconclusive consultations in April 1990, the parties had continued to maintain contacts with a view to finding an agreed solution. The TSB therefore recommended that they resume consultations as soon as possible, taking into account: (a) the most recent statistical data available and (b) the equity considerations embodied in paragraph 17 of their bilateral agreement and in the Arrangement.

10. The TSB asked the parties to report back to it on the result of such consultations.

Negotiations under Article 4

EEC/Indonesia

11. The TSB received a notification from the EEC of a further modification of its agreement with Indonesia. A restraint at the Community level was agreed on imports of T-shirts and knitted shirts (Category 5) for the period 20 March 1990 to 31 December 1991.

12. The base-level was substantially higher than the basket exit level and took into account the recent development of trade. An additional quota was provided for the first restraint period. The growth rate was set at 6 per cent; swing, carryover and carry forward were available at 7, and 7 plus 5 per cent, with the cumulative use of flexibility limited to 17 per cent.

13. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1554).

EEC/Hungary

14. The TSB received a notification from the EEC of an amendment of its agreement with Hungary, under which, for the agreement years from 1 January 1990 to 31 December 1991, quota increases were provided for sixteen Community and one regional restraints, on an exceptional basis.

15. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1555).

EEC/Poland

16. The TSB received a notification from the EEC of a further modification of its agreement with Poland, under which, for the agreement years from 1 January 1990 to 31 December 1991, quota increases were provided for nineteen Community and two regional restraints, on an exceptional basis.

17. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1556).

Canada/Pakistan

18. The TSB received a notification from Canada of a further amendment to its agreement with Pakistan, valid until 31 December 1991.

19. Under this amendment:

- a) restraints were agreed on two products beginning 21 November 1988 at levels much higher than the relevant reference levels;
- b) the 1989 limits on four product categories were adjusted upwards by more than 6 per cent;
- c) annual growth rates at 6 per cent applied in all cases;
- d) swing and carryover/carry forward were set at 7 and 11/6 per cent respectively, with the cumulative use of flexibility limited to 16 per cent.

20. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1557).

Sweden/Philippines

21. The TSB received a notification from Sweden of a bilateral agreement concluded with the Philippines for the period 1 November 1987 to 31 October 1992.

22. In this agreement:

- a) the product coverage was reduced from seven product categories and the Rest Group to five product categories, with a further reduction by one product category for the last two agreement periods;

- b) increases in base levels for the five restrained categories were less than 6 per cent; extra access during the agreement period was provided for three product categories through ad hoc quantities;
- c) growth rates for the second agreement year at 1.75 per cent (one category), 2.25 per cent (three categories) and 3 per cent (one category) were in all cases higher than in the previous agreement; for the subsequent year, the growth rates increased by annual increments of 0.25 per cent, except for one category where the growth rate for the third agreement year was 4 per cent, and the category liberalized subsequently;
- d) swing, carryover and carry forward were available as in the previous agreement at 3 per cent each, except for one category where they were increased to 5 per cent each;
- e) the cumulative use of flexibility was raised to 6 per cent and 10 per cent (one category).

23. With respect to the growth and flexibility provisions Sweden made reference to paragraph 2 of Annex B and paragraph 12 of the 1986 Protocol.

24. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1558).

EEC agreements with China, Hong Kong, India, Pakistan, Philippines and Thailand

25. The TSB received six notifications from the EEC of amendments of its agreements with China, Hong Kong, India, Pakistan, Philippines and Thailand.

26. These amendments concerned the migration of products between categories resulting from the implementation of the Harmonized System by

the EEC and consequent adjustments in the restraint levels of the categories so affected.

27. The TSB understood that these amendments were negotiated taking into account paragraph 18 of the 1986 Protocol of Extension.

28. After its review, the TSB agreed to transmit the notifications to the Textiles Committee (COM.TEX/SB/1559, 1560, 1561, 1562, 1563 and 1564).

Notifications under Article 11

Argentina, Czechoslovakia, EEC, Japan, Norway, Sweden and the United States

29. The TSB received reports under Article 11 from Argentina, Czechoslovakia, the EEC, Japan, Norway, Sweden and the United States. These reports were received in reply to the request made by the TSB for information on the status of restrictions maintained by them.²

30. These reports provided the following information:

- a) Japan continued to maintain no restrictions, agreements or measures having a restrictive effect;
- b) Argentina and Czechoslovakia have indicated the following liberalization actions in their import régimes: Argentina no longer had non-tariff measures affecting imports of textile products; and imports into Czechoslovakia no longer required prior licensing;
- c) Norway notified some further liberalization of restraints under its bilateral agreements, additional to liberalizing measures already reviewed by the TSB;

²COM.TEX/SB/1542.

- d) the EEC, Sweden and the United States notifications included the restrictions still to be notified to the TSB, or restrictions not notified under other provisions of the MFA.

31. The TSB agreed to forward these notifications to participating countries (COM.TEX/SB/1549, Addenda 8 to 14).