

# GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/W/558\*

3 June 1992

## TARIFFS AND TRADE

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### Textiles Surveillance Body

#### DRAFT REPORT OF THE FOURTH MEETING (1992)<sup>1</sup>

1. The Textiles Surveillance Body held its fourth meeting of 1992 on 19-20 May.
2. Present at this meeting were the following members and/or alternates: Messrs. Boisson, Buencamino, Donaghy/Potocnik, Ishimaru, Prates/Ms. Deustua, Messrs. Sajjanhar, Shepherd, Wang/Ms. Ivanka, Messrs. Wentzel, Wong/Lee.
3. The report of the third meeting has been circulated in COM.TEX/SB/1728.

#### Matter referred under Article 11:4

#### Indonesia/United States

4. With respect to the matter referred under Article 11:4 by Indonesia, and further to the TSB agreeing to the request by Indonesia that it defer its examination of the restraint introduced by the United States on Category 443 (wool suits for men and boys),<sup>2</sup> the TSB received a communication in which Indonesia informed it that a mutually satisfactory solution had been found with respect to Category 443.

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<sup>1</sup>Two hundred and sixty-sixth meeting overall.

<sup>2</sup>See COM.TEX/SB/1724 and 1728.

\* English only/Anglais seulement/Inglés solamente

Notifications under Article 4

Extension of agreements concluded by Canada with Brazil, China, the Dominican Republic, Hong Kong, Korea, Macau, the Philippines, Romania, Singapore and Turkey

5. The TSB received ten notifications from Canada of the extension of its agreements with Brazil, China, the Dominican Republic, Hong Kong, Korea, Macau,<sup>3</sup> the Philippines, Romania, Singapore and Turkey. Except in the case of Hong Kong, the agreements were extended for the period 1 January to 31 December 1992. The agreement with Hong Kong was extended for the two-year period 1 January 1992 to 31 December 1993.

6. The terms of the agreements, including product coverage, products under restraint, growth and flexibility provisions remained unchanged.

7. After its review, the TSB agreed to transmit the notifications to the Textiles Committee. (COM.TEX/SB/1729, 1730, 1731, 1732, 1733, 1734, 1735, 1736, 1737 and 1738)

Canada/Indonesia

8. The TSB received a notification from Canada of an extension with modification of its bilateral agreement with Indonesia for the period 1 January to 31 December 1992.

9. The provisions of the agreement for the extended period with respect to coverage, products under restraint, growth and flexibility remained unchanged.<sup>4</sup>

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<sup>3</sup>See also paragraph 12 below.

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10. The agreement was modified regarding the definition of cottage industry products which would qualify for the additional access provided for three clothing categories.

11. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1739)

Product coverage in Canada's agreements with Indonesia and Macau

12. During its review of the extension of Canada's agreements with Indonesia and Macau, the TSB recalled its observations with respect to inclusion in the product coverage of fibres specified in paragraph 24 of the Protocol along with those specified in Article 12 of the Arrangement,<sup>5</sup> and noted that the parties had not modified the provisions of their agreements in that respect. The TSB understood that the patterns of imports into Canada of products of paragraph 24 fibres from Indonesia and Macau had not changed since its review of the agreements, and therefore reiterated its observations, requesting again that the parties take them into account if the agreements are amended.

EEC/Korea

13. The TSB received a notification from the EEC of a further amendment of its agreement with Korea. A restraint at the Community level was agreed for woven fabrics of continuous fibres other than those for tyres (Category 36) for the period 1 January to 31 December 1992.

14. The limit, which superseded regional restraints already in application in two regions, was much higher than the basket exit level, and took full

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<sup>5</sup>See COM.TEX/SB/1342 (Indonesia); COM.TEX/SB/1345 (Macau).

account of the recent level of imports. The flexibility provisions of the agreement were applicable.

15. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1740)

EEC/Brazil

16. The TSB received a notification from the EEC of an amendment of its agreement with Brazil. As a result of the unification of Germany, the EEC increased the 1991 limits of restraints at the Community level; the increases were added to the German share of those limits. The uplifts were calculated on the basis of either a standard formula or direct imports for consumption in the former German Democratic Republic.

17. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1741)

18. The TSB also received a notification from the EEC of an extension of its agreement with Brazil for the period 1 January to 31 December 1992, superseding a three-month extension which had been applied provisionally from 1 January 1992.

19. The provisions of the agreement remained unchanged, except that the inter-regional transfer was increased to 40 per cent.

20. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1742)

Norway/Korea

21. The TSB received a notification from Norway of an extension and amendment of its agreement with Korea for the two-year period 1 January 1992 to 31 December 1993.

22. Under this amended agreement:

- a) product coverage and products under restraint were modified by the removal of one product category (woven shirts) and by the addition of one product category (nets and netting);
- b) the base levels of the three previously restrained categories were increased by more or substantially more than 6 per cent over previous levels; the base level of the newly restrained category was more than 6 per cent higher than the rollback level;
- c) growth rates in all cases were less than 6 per cent, though increased for the previously restrained categories;
- d) the flexibility provisions, which also applied to the new restraint, were improved by the increase of carryover/carry forward from 8 and 4 per cent to 10 and 5 per cent, and by the removal of the limit on the cumulative use of flexibility.

23. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1743)

Norway/Sri Lanka

24. The TSB received a notification from Norway of an extension and amendment of its agreement with Sri Lanka for the two-year period 1 January 1992 to 31 December 1993.

25. Under this amended agreement:

- a) product coverage was modified by the removal of one product category (woven shirts) and by the addition of one product category (nets and netting); the former category was

consequently liberalized, while the new category was made subject to a consultation level;

- b) the base levels of the three remaining restrained categories were increased by substantially more than 6 per cent over previous levels;
- c) growth rates remained unchanged at less than 6 per cent; growth at less than 6 per cent was provided for the category subject to the consultation level;
- d) the flexibility provisions, which also applied to the category placed under a consultation level, were improved by the increase of carryover/carry forward from 8 and 4 per cent to 10 and 5 per cent, and by the removal of the limit on the cumulative use of flexibility;
- e) a new consultation mechanism was introduced for products subject to consultation levels.

26. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1744)

Norway/Malaysia

27. The TSB received a notification from Norway of an extension and amendment of its agreement with Malaysia for the two-year period 1 January 1992 to 31 December 1993.

28. Under this amended agreement:

- a) product coverage was modified by the removal of one product category (woven shirts) and by the addition of one product category (nets and netting); the former category was

- consequently liberalized; the new category was made subject to consultation;
- b) the base levels of the three remaining restrained categories were increased by substantially more than 6 per cent over previous levels;
  - c) growth rates in all cases were increased, but remained less than 6 per cent;
  - d) swing remained unchanged at 3 per cent; carryover and carry forward were increased from 8 and 4 per cent to 10 and 5 per cent;
  - e) the limitation on the cumulative use of flexibility was removed;
  - f) a new consultation mechanism was introduced for products covered by the agreement but not subject to restraint.

29. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1745)

Norway/India

30. The TSB received a notification from Norway of an extension with amendment of its agreement with India for the period 1 January 1992 to 31 December 1992, with provision for a further twelve-month extension.

31. Under this amended agreement:

- a) the product coverage was modified by the deletion of one product category (woven shirts) and the addition of another category (nets and netting); the former category was consequently

liberalized, while the second category was made subject to consultations;

- b) the additional annual access previously available for suits for women and girls was integrated into the two clothing categories subject to restraint;
- c) the increase in the base levels for the clothing categories over previous levels was less than 6 per cent in one case and substantially more than 6 per cent in the other case; the base level increase for the non-clothing category was much lower than 6 per cent;
- d) in case of extension of the agreement, the applicable growth rates would be unchanged for the clothing categories, and slightly higher for the non-clothing categories; in all three cases these rates remain below 6 per cent;
- e) swing remained unchanged at 3 per cent for two categories and increased from 0.1 to 0.5 per cent for the third category;
- f) carryover and carry forward previously available at 4 and 2 per cent (one category) and 8 and 4 per cent (two categories) were increased to 10 and 5 per cent.

32. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1746)

Norway/Philippines

33. The TSB received a notification from Norway of an extension and amendment of its agreement with the Philippines for the two-year period 1 January 1992 to 31 December 1993.



34. Under this amended agreement:

- a) product coverage and products under restraint were modified by the removal of one product category (woven shirts) and by the addition of one product category (nets and netting);
- b) the base levels of the three remaining restrained categories were increased over previous levels by less than 6 per cent in one case and by substantially more than 6 per cent in the other two cases; the base level of the newly restrained category was substantially more than 6 per cent higher than the rollback level;
- c) growth rates in all cases were less than 6 per cent; those applicable to the previously restrained categories remained unchanged;
- d) swing for the previously restrained categories remained unchanged at 3 per cent; for the new category it was set at 1 per cent;
- e) carryover and carry forward remained unchanged at 10 and 5 per cent;
- f) the limitation on the cumulative use of flexibility was removed.

35. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1747)

EEC/Pakistan

36. The TSB began its review of a notification received from the EEC of an extension of its agreement with Pakistan.

Notifications under Article 11

Egypt, Finland, Hong Kong, Norway and Sri Lanka

37. The TSB received reports from Egypt, Finland, Hong Kong, Norway and Sri Lanka in response to the request made by the Body for information under Article 11, paragraphs 11, 12 and 2, on the status of restrictions maintained by participating countries on imports of textile and textile products.<sup>6</sup>

38. These reports, together with all other replies received from participants, will be transmitted in due course to the Textiles Committee.

Reports on matter reviewed under Article 11:5

Hong Kong/United States

39. The TSB received reports from Hong Kong and the United States concerning the consultations recommended by the Body on the question of the categorization of certain garments exported from Hong Kong to the United States under their bilateral agreement.<sup>7</sup> The parties regretted that a mutually convenient date for such consultations could not be found before the present meeting of the TSB, and informed that consultations were scheduled for 27 and 28 May in Hong Kong.

40. The TSB, recalling its recommendation "that the parties renew their consultations promptly, in order to reach as soon as possible a definitive and mutually satisfactory settlement in this regard", and its request for "the parties to report back to it on the results of their consultations no later than 18 May", requested the parties to report on the results of their bilateral consultations no later than 15 June.

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<sup>6</sup> See COM.TEX/SB/1680.

<sup>7</sup> COM.TEX/SB/1728.

Annual report to the Textiles Committee

41. The TSB had an initial discussion relating to its annual report to the Textiles Committee.