

GENERAL AGREEMENT ON

CONFIDENTIAL
TEX.SB/W/582*
9 June 1993

TARIFFS AND TRADE

Textiles Surveillance Body

DRAFT REPORT OF THE FOURTH MEETING¹

1. The Textiles Surveillance Body held its fourth meeting of 1993 on 25 to 27 May.
2. Korea appointed Mr. Jae Gil Lee to succeed Mr. Kang, who left Geneva on 18 May. Mr. Lee appointed Mr. Andrew Wong (Hong Kong) as his alternate. Mr. Suboh appointed Mr. Thawatchai Sophastienphong (Thailand) as his alternate.
3. Present at this meeting were the following members and/or alternates: Messrs. Daly, Donaghy/Potocnik, Ishimaru, Lee/Wong, Luotonen, Munir, Prates/Vanerio, Radu, Shepherd, Suboh/Sophastienphong.
4. The report of the third meeting has been circulated in COM.TEX/SB/1836. With respect to footnote 4 in the report, the TSB decided that it would discuss the matter of the circulation of members' separate opinions at its 279th meeting (fifth meeting of 1993).
5. After adopting the report, the TSB recalled that it had been unable to come to an agreed interpretation of the relevant provisions of the MFA and the 1986 Protocol of Extension as maintained in force by the 1992 Protocol regarding the right, or absence thereof, of a party to make adjustments to quotas in the absence of an agreement between the parties concerned. It agreed, therefore, to hold a discussion on the interpretation of those provisions at an early date.

¹Two hundred and seventy-eighth meeting overall.

*English only/Anglais seulement/Inglés solamente

Notifications under Article 2:1

Fiji

6. Fulfilling the requirements of Article 2:1 of the Arrangement, Fiji sent the TSB a notification on the status of restrictions it maintained on imports of textile products.

7. Fiji stated that it maintains no restrictions on imports of products covered by the MFA.

8. During its review, the TSB noted that Fiji, which had acceded to the Arrangement on 12 June 1991, subsequently accepted the 1991 Protocol on 1 December 1992 and the 1992 Protocol on 6 January 1993.

9. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1837)

Honduras

10. In accordance with the requirements of Article 2:1, the TSB received a notification from Honduras on the status of restrictions on imports of textile products.

11. Honduras, which acceded to the Arrangement on 24 November 1992, notified it does not apply any quantitative restrictions to imports of textiles or clothing.

12. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1838)

Notifications under Article 4EEC/China

13. The TSB received a notification from the EEC of an extension of its agreement with China, in de facto application from 1 January 1993 and valid until 31 December 1994, with the possibility for a further twelve-month extension.

14. The extension contained certain elements common to notifications of other extensions of EEC agreements already reviewed by the Body.²

15. Furthermore, under this extension:

- (a) all previous restraints at the Community level were maintained; previous restraints at the regional level for eight categories were converted into Community restraints; regional limits for ten other categories were liberalized;
- (b) for seventeen categories the quantities reserved for the Berlin Fair, which were included in the 1992 limits, were separated from the Community limits with effect from 1993; the quantities involved were maintained exclusively for fairs in the EEC, without any growth, for the duration of this extension;
- (c) the base levels for previously restrained categories, taking into account the element described in (b) above, were less than 6 per cent higher than the 1992 levels for ten categories, and 6 per cent or higher for the other categories;

²See COM.TEX/SB/1834, paragraphs 12 to 15.

- (d) the base levels for the eight categories newly brought under Community restraints were higher than the relevant reference levels;
- (e) the growth rates of less than 6 per cent for previous restraints at the Community level remained unchanged, except in five cases, where they were reduced; growth rates of 6 per cent continued to apply to three categories; the growth rates of the new limits at the Community level were set between 1 and 4.5 per cent;
- (f) swing at 7 per cent, with certain limitations, remained unchanged;
- (g) carryover at 5 per cent, with a possibility to reach 7 per cent after consultations, and carry forward at 2 per cent, with a possibility to reach 5 per cent after consultations, were less favourable than previously;
- (f) the cumulative use of flexibility remained unchanged at 17 per cent.

16. With respect to reductions in growth rates referred to in sub-paragraph 15(e) above, the growth rates of less than 6 per cent for the new Community limits and the less favourable provisions for carryover and carry forward, the TSB heard a statement from the EEC that these provisions were agreed pursuant to paragraph 10 of the 1986 Protocol as maintained in force by the 1992 Protocol of Extension.

17. During its review, the TSB recalled that the agreement had been concluded under both Article 4 of the MFA and the EEC/China Trade and Economic Cooperation agreement³ and noted that the parties had agreed to

³COM.TEX/SB/1474.

limits on a product not included in the Community's textile categorization as listed in Annex I of the agreement.

18. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1839)

EEC/Hong Kong

19. The TSB received a notification from the EEC of an extension of its agreement with Hong Kong, in de facto application from 1 January 1993 and valid until 31 December 1994, with the possibility for a further twelve-month extension.

20. The extension contained certain elements common to notifications of other extensions of EEC agreements already reviewed by the Body.⁴

21. Furthermore, under this extension:

- (a) all restraints at the Community level were maintained, while all four regional restraints were liberalized;
- (b) the base levels were increased over 1992 restraint levels by the growth rates in the agreement;
- (c) all growth rates, between 0.2 and 5 per cent, remained unchanged;
- (d) the flexibility provisions remained unchanged.

22. With reference to the growth and flexibility provisions, the TSB recalled that during its review of the agreement, it had heard a statement

⁴See COM.TEX/SB/1834, paragraphs 12 to 15.

from the EEC that, in negotiating the agreement, account had been taken of paragraph 10 of the 1986 Protocol.⁵

23. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1840)

EEC/Romania

24. The TSB received a notification from the EEC of an extension of its bilateral agreement with Romania in de facto application from 1 January 1993 to 31 December 1993 or "until the entry into force of the Protocol on quantitative arrangements referred to in Article 3, paragraph 2, of the Protocol No. 1 on Textile and Clothing products to the Europe Agreement between the Community and Romania, whichever date is earlier".

25. The extension contained certain elements common to notifications of other extensions of EEC agreements already reviewed by the Body.⁶

26. Furthermore, under this extension:

- (a) all restraints at the Community level were maintained and all regional limits liberalized;
- (b) the 1993 levels were increased over 1992 levels by the applicable growth rates, except for ten cases where they were increased by more than the growth rates;
- (c) additional quotas were provided for products falling under outward processing traffic (OPT);

⁵COM.TEX/SB/1377.

⁶See COM.TEX/SB/1834, paragraphs 12 to 15.

(d) the flexibility provisions remained unchanged.

27. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1841)

Canada/Brazil

28. The TSB received a notification from Canada of an extension and amendment of its agreement with Brazil. The agreement was extended for the period 1 January to 31 December 1993, with provision for a further twelve-month extension.

29. Under this extension, as amended:

- (a) the product categories were adapted to the Harmonized System;
- (b) the product coverage, previously limited to three textile categories, was extended by the inclusion of a clothing category (T-shirts), placed under restraint;
- (c) the 1993 levels were increased over 1992 restraint levels by the applicable growth rates; the base level for the new restraint was substantially higher than the reference level;
- (d) for the previously restrained categories, the growth and flexibility provisions remained unchanged, with growth at 6 or 7 per cent, swing at 5 per cent, carryover/carry forward at 10/5 per cent and the cumulative use of flexibility limited to 12 per cent; for the category newly brought under restraint, growth was set at 6 per cent and carryover/carry forward at 11/6 per cent; no swing was possible for this category as there is no provision for swing between textile and clothing categories.

30. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1842)

Canada/Hong Kong

31. The TSB received a notification from Canada of an amendment of its agreement with Hong Kong, effective for the agreement year beginning 1 January 1993.

32. Under this amendment, the product categories were adapted to the Harmonized System and necessary adjustments were made to the restraint levels in order to take account of product migration between categories.

33. The growth and flexibility provisions in the agreement remained unchanged, except that special swing was possible between certain categories, in order to help a smooth transition into the new HS-based categorization.

34. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1843)

Canada/Thailand

35. The TSB received a notification from Canada of an amendment of its agreement with Thailand as of 1 January 1992 and its extension until 31 December 1993.

36. With effect from 1 January 1992, all categories were converted to the new categorization based on the Harmonized System, resulting in certain migration of products between categories; the 1992 restraint levels were adjusted accordingly.

37. The growth and flexibility provisions of the agreement remained unchanged; additional swing was possible into one category from two other categories, in order to facilitate transition into the new categorization.

38. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1844)

Canada/Turkey

39. The TSB received a notification from Canada of an extension and amendment of its agreement with Turkey for the period 1 January to 31 December 1993.

40. Under this extension: (a) the product coverage has been reduced by the exclusion of babies' garments; and (b) all categories were converted to the new categorization based on the Harmonized System. All other terms of the agreement, including growth and flexibility provisions, remained unchanged.

41. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1845)

Canada/Uruguay

42. The TSB received a notification from Canada of an extension of its agreement with Uruguay for the period 1 January to 31 December 1993, with provision for a further twelve-month extension.

43. The terms of the agreement remained unchanged. The only product covered by the agreement has been adapted to the new categorization based on the Harmonized System.

44. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1846)

Canada/Czech Republic; Canada/Slovak Republic

45. The TSB received two notifications from Canada converting its previous agreement with the former Czech and Slovak Federal Republic into agreements with the Czech Republic and the Slovak Republic. These agreements were made applicable for the period 1 January to 31 December 1993.

46. The provisions of the previous agreement regarding coverage, growth and flexibility provisions were maintained. The categorization based on the Harmonized System was introduced and the quotas agreed with the former Czech and Slovak Federal Republic were divided between the Czech Republic and the Slovak Republic by mutual agreement between the parties.

47. These notifications had been received under Articles 7 and 8 before the Czech Republic and the Slovak Republic had accepted the 1992 Protocol of Extension. After its review, the TSB decided to transmit the notifications to the Textiles Committee under Article 4. (COM.TEX/SB/1847 and 1848)

Austria/Korea

48. The TSB received a notification from Austria of an extension of its agreement with Korea for the period 1 January 1992 to 31 December 1993.

49. Under this extension:

- (a) the products under restraint remained unchanged;
- (b) the base levels were 6 per cent higher than previous levels; this increase was in all cases higher than the previous growth rates;
- (c) the growth rates were increased from less than 6 per cent to 6 per cent, except in one case where the rate was increased from 1.5 to 3.3 per cent;
- (d) the flexibility provisions remained unchanged.

50. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1849)

Extensions of EEC agreements with India, Indonesia, Korea, Macau, Malaysia, Pakistan, Singapore and Thailand

51. The TSB began its review of notifications received from the EEC of the extensions of its agreements with India, Indonesia, Korea, Macau, Malaysia, Pakistan, Singapore and Thailand.

Notification under Articles 7 and 11:2

Canada: Textiles and Clothing Products Categorization

52. The TSB received a notification from Canada of the adaptation of its textile and clothing product categories to the Harmonized System.

53. After hearing a presentation on this new categorization and its application to Canada's agreements, the TSB agreed to transmit the text of the notification to the Textiles Committee. (COM.TEX/SB/1850)

Notification under Article 7

Canada/Colombia

54. The TSB received a notification from Canada of the termination of its Article 4 agreement with Colombia on 31 December 1992.

55. The TSB, noting that the same information had been communicated to it by Colombia, agreed to transmit the text of the notification to the Textiles Committee. (COM.TEX/SB/1851)

Notifications under Articles 7 and 8

56. The TSB received several notification from Canada concerning imports of textile products from non-participating countries. These notifications,

made pursuant to a request by the Textiles Committee that agreements with and measures taken against non-participants be notified, concerned:

- (a) restraints introduced on imports of clothing products from Lebanon with effect from 1 April 1993;
- (b) a restraint introduced on imports of a clothing product from Nepal with effect from 1 April 1993;
- (c) a bilateral agreement with South Africa for the period 1 January to 31 December 1993;
- (d) restraints introduced on imports of clothing products from Syria with effect from 1 April 1993;
- (e) an extension and modification of the Canada/Vietnam agreement for the period 1 January 1993 to 31 December 1994.

(COM.TEX/SB/1852, 1853, 1854, 1855 and 1856)

Notification under Article 11

Poland

57. In response to the request made by the TSB in 1992 for participants to report on the status of restrictions maintained by them on imports of textile products,⁷ the TSB received a report from Poland stating that it does not apply any restrictions on imports of textile products covered by the MFA. (COM.TEX/SB/1798/Add.31)

⁷COM.TEX/SB/1680.

Notification under Article 3:5 - Report on bilateral consultations

United States/Bangladesh

58. Further to earlier reports received from the United States and Bangladesh on their consultations on the unilateral measure taken by the United States under Article 3:5 on imports of cotton and man-made fibre dressing gowns (Category 350/650),⁸ the TSB received a new request from Bangladesh that the Body defer again its examination of the case, in view of further consultations scheduled to take place in June. The United States concurred with this request, and the TSB agreed to it.

Report on consultations between the United States and Brazil

59. The TSB was informed by the United States and Brazil that the problem concerning men's and boys' wool suits (Category 443) had been resolved by them; a notification would be made in due time.

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The Chairman thanked Mr. Ishimaru, who was leaving Geneva shortly, for his contribution to the work of the TSB over the last three years.

⁸COM.TEX/SB/1834.