

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/626

9 December 1980

Special Distribution

Textiles Surveillance Body

REPORT OF THE SEVENTEENTH AND EIGHTEENTH MEETINGS (1980)^{1/}

1. The TSB held its seventeenth and eighteenth meetings of 1980 on 15-17 and 29-31 October.
2. The report of the sixteenth meeting was approved and has been circulated as COM.TEX/SB/612.
3. The following members, or alternates replacing members, were present at these meetings:

Seventeenth meeting: Messrs. Bajwa, de Gouvion St. Cyr, Kujirai, Lee/Chau, Pullinen/Martin, Santos-Neves, Seow, Shepherd.

Eighteenth meeting: Messrs. Bajwa, Beck, Chau, Kujirai, Pullinen/Hobson, Safioen, Santos-Neves, Shepherd.
4. At the eighteenth meeting, the Chairman welcomed Mr. E. Hobson (Canada) as alternate member of the TSB, replacing Mr. R.J. Martin. The TSB was also informed of the departure of Mr. L. de Gouvion St. Cyr (EEC) from the Body.

Review of notifications

(a) EEC/Singapore

5. The TSB reviewed a notification by the EEC of an amendment to its bilateral agreement with Singapore, and agreed to transmit it to the Textiles Committee (COM.TEX/SB/606).

(b) United States/Sri Lanka

6. The TSB received a notification from the United States of a new agreement, concluded under Article 4 of the Arrangement, with Sri Lanka, covering the period 1 May, 1980 - 30 April, 1983. After its review, the TSB agreed to transmit this agreement to the Textiles Committee (COM.TEX/SB/608).

(c) United States/India, Malaysia, Mexico, Pakistan, Romania and Singapore

7. The TSB considered a number of notifications by the United States concerning amendments to existing Article 4 agreements with India, Malaysia, Mexico, Pakistan, Romania and Singapore. These amendments concerned the modification of consultation levels within the agreements concerned. The TSB agreed to transmit these amendments to the Textiles Committee (COM.TEX/SB/616 to 621 inclusive).

(d) United States/Philippines

8. The TSB also considered a notification by the United States of an amendment to its existing Article 4 agreement with the Philippines, concerning the revision of limits for certain categories (sweaters). Following its review, the TSB agreed to transmit this amendment to the Textiles Committee (COM.TEX/SB/622).

^{1/} - Hundred-and-twelfth and hundred-and-thirteenth meetings overall.

(e) Canada/India

9. The TSB received a notification from Canada concerning a two-year bilateral agreement concluded with India under Article 4 of the Arrangement. This agreement supersedes previous unilateral measures taken by Canada under Article 3:5. In reviewing this agreement the TSB noted that the growth for certain products was lower than the growth of not less than 6 per cent set out in Annex B. The TSB also noted that the restraint levels agreed for the first agreement year were, in most cases, considerably higher than previous restraint levels, or the actual trade performance in the preceding year. The TSB also noted that combined flexibility, i.e. swing, carryover and carry forward, was limited to 12 per cent. The TSB agreed to circulate this agreement to the Textiles Committee (COM.TEX/SB/613).

(f) Canada/Thailand

10. The TSB also considered a notification by Canada concerning an initialled Article 4 agreement with Thailand. Following its review of this agreement, the TSB agreed to transmit it to the Textiles Committee (COM.TEX/SB/614).

(g) EEC/Brazil

11. The TSB considered a notification by the Community of an amendment to the existing agreement between the EEC and Brazil. In reviewing this amendment the TSB noted the different views stated by the two parties in paragraphs 2 and 3 of the agreed minutes as to the justification for the EEC's request for consultations, and as to the timing of the import statistics communicated by the EEC. With respect to the latter point, i.e. the statistical information necessary for the application of the "basket exit" procedure, the TSB referred to its previous observation set out in paragraph 13 of COM.TEX/SB/562.

12. The TSB also noted that the growth rate included in the amendment, was lower than the rate of not less than 6 per cent laid down in Annex B. The TSB noted that Brazil had questioned the adequacy of the economic information presented by the Community in support of the existence of special circumstances in the Benelux market for Category 26 products; the TSB recalled in this connexion that a growth rate of less than 6% had also been negotiated for this category in the Benelux market in a number of other cases (COM.TEX/SB/593 (Hungary), COM.TEX/SB/594 (Korea), COM.TEX/SB/486 (Thailand)). The agreed base level established for the first agreement year might also be considered as compensating for the lower growth in subsequent years.

13. Following its review, the TSB agreed to transmit this amendment to the Textiles Committee (COM.TEX/SB/604).

(h) EEC/Indonesia

14. The TSB had received a notification from the EEC of an amendment to the Article 4 agreement between the EEC and Indonesia, concerning the introduction by the EEC of new limitations under the "basket exit" procedure for certain categories.

15. The TSB was informed by the delegations of the EEC and of Indonesia that consultations on this amendment were still continuing. It therefore deferred its consideration of this item until the following meeting.

(i) Sweden/Malaysia and Sweden/Thailand

16. The TSB received two notifications from Sweden concerning bilateral agreements concluded with Thailand and Malaysia respectively under Article 4 of the Arrangement. Both agreements cover the period running from 1 July 1979 to 30 June 1981, and supersede or extend previous agreements.

17. In its review, the TSB noted that in these agreements there was absence of growth in either base levels as compared to previous restraint levels or as between the two agreement years for a significant proportion of the products subject to restraints. In both cases, however, there was a small increase in overall base levels as compared to previous restraints, as well as very low growth for some categories within the agreements.

18. While recognizing the need to take account of the avoidance of damage to Sweden's minimum viable production of textiles, the TSB paid particular attention to the absence of growth in a number of categories, in the context of very low overall growth rates. The TSB took the view that in agreements with very low overall growth rates, reasonable growth should be accorded all categories.

19. The TSB also noted that following its recommendations in connexion with previous Swedish agreements there was a provision of 5 per cent carryover and 2.5 per cent carry forward in the agreement with Thailand. Although this represented an improvement over the previous agreement, it was noted that it was still below the percentages set out in Annex B. In the agreement with Malaysia there was a provision of 10 per cent carryover. The TSB also took note that there was no provision for swing in these agreements and noted the statement by Sweden that the absence of swing was the result of a mutually agreed recognition of the need to maintain minimum viable production.

20. The TSB came to the conclusion that in view of the fact that the categories which had been accorded no growth constituted a large proportion of restrained trade, such agreements could be considered as inconsistent with paragraph 2 of Annex B. However, in view of the fact that these agreements had some overall growth, though small, the TSB was of the view that such agreements could equally be considered as fulfilling the provisions relative to MVP countries set out in Article 1:2.

21. After its review, the TSB agreed to transmit these two agreements to the Textiles Committee (COM.TEX/SB/623 and 624).

22. The TSB received a notification under Article 2:1 from Czechoslovakia, concerning the status of its restrictions on trade in textile products. The TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/625).

Delay in notification

23. The TSB noted with regret that, despite its repeated recommendations to participants to make notifications promptly, there had been considerable delay in the notification of a number of agreements or amendments recently reviewed. It took note that, in one instance relating to the amendment of a previous agreement, the notifying party had expressly stated that it hoped to correct such problems for the future.