

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/115/Add.1  
28 November 1975

Special Distribution

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Textiles Surveillance Body

## REPORT TO THE TEXTILES COMMITTEE BY THE TEXTILES SURVEILLANCE BODY

### Addendum

#### Review of Compliance with Article 2 of the Textiles Arrangement and Annual Review of New Restrictions

1. In its report to the Textiles Committee of 28 August (COM.TEX/SB/115) the TSB reported on its review of the compliance of participants in the Textiles Arrangement with their obligations under Article 2: that is, on progress achieved in eliminating or bringing into conformity with the Arrangement import restrictions existing at the time the Arrangement came into force. The report also included, for the sake of completeness, details of new restrictions - i.e. those introduced since the Arrangement's coming-into-force - and where appropriate, the TSB's views on them. Article 11:12 of the Arrangement requires the TSB to review annually all such "new" restrictions and to report its findings annually to the Textiles Committee.
2. The present report has two purposes. First, it brings up to date the review of compliance with Article 2 by adding such further information as the TSB has received under this Article. Secondly, it lists all new restrictions which have been reported to the TSB since it completed its earlier report - i.e. since the end of July 1975. Together with COM.TEX/SB/115 it presents a picture of the extent to which old restrictions have been removed and new ones introduced<sup>1</sup> and thus indicates the general trends of textile policy during the currency of the Arrangement.
3. All restrictions notified to the TSB are of course reviewed by it at that time and are subsequently transmitted to the Textiles Committee for information, together with any observations the TSB feels it necessary to make. The TSB has not felt it necessary to repeat this review of individual notifications for the purposes of the present report. The numbers of documents in which measures notified have been transmitted to the Textiles Committee are given so that participants wishing to do so may consult them.

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<sup>1</sup>These reports list the measures taken with respect to non-participants which have been notified to the TSB in compliance with the Textiles Committee's decision for the submission of such information.

4. The distinction between "old" and "new" restrictions is academic. Restrictions existing at the inception of the Arrangement - the "old" restrictions - should since have been eliminated or brought into conformity with the Arrangement pursuant to the procedures laid down in Article 2. In cases where "old" restrictions have been brought into conformity by being converted into new bilateral agreements under Article 3 or 4 of the MFA, their status is precisely the same as that of "new" restrictions under these Articles. The distinction between old and new is worth making only in that it may enable us to form a view on the extent to which the introduction of the MFA has been followed by the abolition of old restrictions or the introduction of new ones.

5. We may distinguish three kinds of new restrictions as follows:

- (1) all restrictions applied to countries which were not subject to restriction by the importing country concerned at the inception of the Arrangement;
- (2) the extension of restrictions formerly covering cotton textiles to new fibres (wool or man-made);
- (3) major extension of the product coverage of existing restrictions, even where different fibres are not involved.

In this context, the word "restrictions" is intended to cover both restrictions unilaterally imposed and those bilaterally agreed.

6. The number of countries that have introduced new restrictions or submitted information under Article 2 since July is relatively small. The relevant information on each of these countries is contained in the country summaries which form the second section of this report.

#### AUSTRALIA

Following failure to reach agreement in consultations requested under Article 3 with the Philippines and Singapore, Australia imposed unilateral restrictions on imports of certain textile products from both countries as from 1 July. These measures were notified to the TSB. After consideration of the evidence and consultations between each of the parties concerned on the one hand and the TSB on the other, it was the consensus within the TSB that Australia and the Philippines in one case and Australia and Singapore in the other should hold further consultations, having due regard to the relevant provisions of the Arrangement including those of Article 6 and Annex A with a view to reaching mutually acceptable solutions by 30 October 1975, at which time a report on the results achieved should be presented to the TSB.

On 23 October Australia and the Philippines reported that in a further series of negotiations held in Canberra it had proved impossible to reach a mutually acceptable solution. The TSB, in accordance with the provisions of Article 3:5(iii), conducted its examination of this case and reached the findings and recommendations set out in document COM.TEX/SB/137.

As regards Singapore, the TSB was informed by Australia that it had not proved possible to date to settle with the Singapore authorities a mutually acceptable time and place for consultations. The TSB will revert to this matter.

#### AUSTRIA

(i) A bilateral agreement under Article 4 with the Republic of Korea in respect of woven shirts of discontinuous synthetic fibres (ex 61.03) valid for 1 July 1974 to 30 June 1975 (COM.TEX/SB/32) was further extended for the twelve-month period from 1 August 1975 to 31 July 1976. After review by the TSB this agreement was circulated in document COM.TEX/SB/121.

(ii) Licensing applied to imports of certain textile goods from Japan under the bilateral trade agreement continued pending the outcome of consultations in progress. In a progress report dated 28 October, Austria reported that there had been no change in the situation.

#### CANADA

(i) With effect from 14 July 1975, Canada placed imports of men's structured suits and jackets from Korea under individual import licensing. This was done on an emergency basis under the provisions of Article 3:6, after consultations under Article 4 had broken down. The TSB has been informed that a bilateral agreement had recently been concluded under Article 3, and that the text of this agreement will be notified to the TSB shortly.

(ii) A new bilateral agreement with Korea under Article 3, relating to filament polyester fabric, worsted fabrics and double knit warp fabrics to cover the year 1975 has been concluded and is expected to be notified to the TSB shortly.

(iii) Exports of polyester filament fabrics from Hong Kong were placed under Article 3 restrictions for 1975. The restraints were being applied on a de facto basis pending the ratification of this agreement.

(iv) Imports of polyester filament fabrics, nylon filament fabrics and double knit warp knit fabrics from a non-participant were placed under restraints for 1975, and this measure will be notified to the TSB shortly.

(vi) The TSB concurred in an extension of the time-limit to permit the conclusion of consultations with Japan. It was reported that these consultations are continuing with a view to reaching a mutually satisfactory solution.

#### EEC

(i) The EEC has reported the conclusion of bilateral agreements under Article 4 with India, Pakistan, Hong Kong, Malaysia, Macao and Singapore. The texts of these agreements have not yet been notified to the TSB. The EEC is actually conducting negotiations with Brazil, Colombia, Korea, Japan and Mexico. Preparations are in hand for negotiations with Yugoslavia, Hungary, Poland and Romania.

(ii) Pending the outcome of negotiations with the Republic of Korea under Article 4, the EEC has imposed unilateral restrictions under Article 3:6 on imports of certain textile products. The items affected are woven fabrics of synthetic fibres (continuous), yarn of textile fibres (discontinuous), undergarments (knitted or crocheted), etc., outer garments and other articles, men's and boys' woven jackets of synthetic fibres, women's, girls' and infants' woven shirts and blouses, men's and boys' woven shirts. Agreed measures were also introduced in May, on imports of acrylic socks from Korea into the Benelux countries and the Federal Republic of Germany. TSB consideration of these actions was deferred at the request of the EEC and with the concurrence of Korea pending the outcome of the continuing negotiations between them.

(iii) Unilateral measures taken by the Community with respect to imports of certain textile products from a non-participant have been circulated in COM.TEX/SB/130.

#### HUNGARY

The report of Hungary under Article 2:4 is still under consideration by the TSB.

#### MACAO

Macao has reported that no restrictions on textile imports were in force at the inception of the Arrangement and that none have since been introduced. The report is being circulated as COM.TEX/SB/135.

#### MALAYSIA

Malaysia has reported that it had not maintained import restrictions at the time of its acceptance of the Arrangement, and that none have been introduced since then. The report is being circulated as COM.TEX/SB/136.

NORWAY

(i) The interim bilateral quota negotiated with the Republic of Korea under Article 2 (COM.TEX/SB/53) was renegotiated as an Article 4 agreement for 1975, taking effect from 12 September 1975. It has been circulated in COM.TEX/SB/132. See also COM.TEX/SB/134 for the observations of the TSB.

(ii) At Norway's request, the TSB concurred in an extension of the time-limit, as envisaged in Article 2:2(ii), to permit the negotiation of a bilateral agreement with Malaysia. A report on progress was requested and is still awaited.

(iii) The TSB concurred in an extension of the time-limit to permit the conclusion of consultations with Japan. It was reported that these consultations are continuing with a view to reaching a mutually satisfactory solution.

POLAND

The report of Poland under Article 2:4, to the effect that Poland maintains no quantitative restrictions on imports of textiles, has been reviewed by the TSB and circulated as COM.TEX/SB/122.

SPAIN

In April 1975 the TSB was asked for an extension in time-limit to allow Spain to bring its restrictions on textile imports into conformity with the arrangement. The TSB concurred in an extension for not more than one year, taking into account the special nature of the case and the stage of economic development reached by Spain. A formal progress report in this regard was requested by the end of 1975 (see COM.TEX/SB/83 and 115).

The TSB has now received a provisional report on the progress made so far. This report indicates that the Spanish authorities have taken up the formulation of a programme for the elimination, by stages, of existing restrictions on imports or for their inclusion in bilateral agreements. On the basis of a recent analysis of foreign trade, it has been found possible as a first approximation to eliminate forthwith the quantitative restrictions at present applied on some ten tariff headings. It will be possible before the end of 1975 to determine with which countries bilateral consultations would be initiated in accordance with the provisions of the Arrangement. Spain has also decided, as a practical measure, to apply to most textile imports from Japan the general régime in force in respect of imports of those products from other sources.

SWEDEN

(i) Sweden has concluded bilateral agreements under Article 4 in 1975 with Hong Kong, India, Macao, Malaysia and Singapore (COM.TEX/SB/117, 120, 124, 119 and 118 respectively). Sweden also concluded a bilateral agreement with Pakistan under Article 3 (COM.TEX/SB/123). For the observations of the TSB see COM.TEX/SB/116.

(ii) Sweden concluded a bilateral agreement under Article 4 with the Republic of Korea (COM.TEX/SB/133). See also COM.TEX/SB/134 for the observations of the TSB.

(iii) Following the breakdown of negotiations under Article 3 with a view to the restriction of imports of cotton jeans from Mexico, Sweden referred the dispute to the TSB in accordance with Article 3:5(ii). Having heard evidence from both sides, the TSB found that the existence of market disruption was not proven, but that there might be a real risk of market disruption. The TSB recommended further consultations with a view to the elimination of this risk while ensuring an orderly development of the trade. The two parties were asked to report on progress within thirty days from the date of this recommendation (13 June). In a series of consultations since that time, to permit which the time-limit has been further extended three times, the parties have so far been unable to reach a mutually acceptable agreement.

(iv) The TSB concurred in an extension of the time-limit to permit the conclusion of consultations with Japan. In reporting on the progress in this respect Sweden notified the TSB that it had informed the Japanese authorities that they were prepared to start consultations with Japan from 10 November at a date to be established by the two parties.

UNITED STATES

(i) The United States has concluded bilateral agreements under Article 4, covering all fibres, with Colombia, the Republic of Korea, Malaysia and Singapore (COM.TEX/SB/127, 126, 128 and 125 respectively). An Article 4 agreement has also been concluded with Romania, covering cotton textiles only (COM.TEX/SB/129).

(ii) The United States informed the TSB on 30 July that following the breakdown of attempts to negotiate a bilateral agreement, it had applied unilateral restrictions under Article 3:5 on imports of certain textile products from Haiti. Following consultations with the two countries, it was agreed that they should present their respective cases to the TSB. However, in the meantime the two

countries agreed to continue bilateral negotiations and therefore jointly requested the TSB to defer its consideration of the case. The TSB has now been informed that a bilateral agreement has been reached and will shortly be notified.

(iii) The United States has also concluded under the provisions of Article 4 bilateral agreements with Poland and Thailand. These agreements will be notified to the TSB shortly.