

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/260

6 September 1977

Special Distribution

Textiles Surveillance Body

REPORT OF THE ELEVENTH AND TWELFTH MEETINGS (1977)¹

1. The TSB held its eleventh (from 28-29 June and on 1 July) and twelfth meetings (on 16 July and from 27-28 July). The combined report of its ninth and tenth meetings was approved and has been circulated in document COM.TEX/SB/255.

Recommendations by the TSB

(a) EEC/Spain - cotton yarn

2. The TSB had received a notification from Spain regarding the extension until 31 December 1977 of the Community restrictions on imports into the United Kingdom from Spain of cotton yarn (tariff heading No. 55.05). In its notification Spain asked that this matter be examined by the TSB. Both parties were thus invited to present their respective cases before the TSB in terms of Article 11:6.

3. The TSB recalled its earlier decisions on this case since the interim measure had been taken by the EEC in December 1975², and in particular its decision that consultations between the two parties should be conducted in conformity with the provisions of the MFA. The TSB also recalled that such consultations had not taken place and that the measures had been extended for a further three-months' period ending 31 March 1977.³ The TSB also noted that the EEC had not formally notified it of the last extension of this measure until 31 December 1977.

4. Having heard statements from both sides the TSB recommended that the two parties should consult to review the present situation and see whether any justification still existed for the restrictions to continue. In order to facilitate those consultations, the TSB recommended that the restrictions should be lifted as soon as possible and not later than 31 December 1977.

¹Fifty-ninth and sixtieth meetings

²See COM.TEX/SB/160 and 197.

³See COM.TEX/SB/225.

(b) Canada/Hong Kong - bedsheets and polyester filament fabrics

5. The TSB received a communication from Canada dated 1 July 1977, notifying it of two restraint actions taken under Article 3:5 of the Arrangement with respect to imports from Hong Kong of bedsheets and polyester filament fabrics for the twelve-months period beginning 11 March and 16 March respectively. This action was taken at the expiry of the sixty-days period, failing mutually acceptable agreements between the two Governments.

6. Having heard statements of their respective positions by delegations from Canada and Hong Kong, the TSB concluded that the evidence provided did not permit it to determine that a case of market disruption had been proved, although the claim of a risk of market disruption might be warranted. During the course of the TSB's consideration it appeared that both parties had not examined in detail all the appropriate factors including recent statistical information having a bearing on the evolution of trade in the two products in question. The TSB believed that the possibility still existed for consultations between the parties concerned aimed at reaching a mutually satisfactory solution that would be consistent with the Arrangement.

7. In the circumstances, the TSB recommended that consultations between the two parties should be resumed forthwith and requested a report from them on the results achieved by 15 October 1977 at the latest.

(c) EEC/India - cotton yarn

8. The TSB had received from the European Economic Community a notification under Article 3:6 concerning a temporary restraint measure which had been imposed on imports of cotton yarn from India into the United Kingdom. It had also received from the Government of India a complaint under Article 3:5(ii) against this restraint measure and a request that it should be examined by the TSB. The TSB noted that imports of the cotton yarn in question into the United Kingdom had been restrained until 31 March 1977 under the EEC programme applicable to India for the phasing out of restrictions on certain items not covered by the EEC/India bilateral agreement under Article 4. This was replaced by the new temporary restraint measure for the period 1 April 1977 to 31 December 1977.

9. The TSB heard statements on their respective positions by delegations from India and the EEC. After examination of the evidence presented to it, written and oral, the TSB was of the opinion that the claim of market disruption as defined in Annex A of the Arrangement had not been fully sustained. On the basis of some of the factors having a bearing on the evolution of the state of the

industry in the United Kingdom it appeared, however, that there might be a real risk of market disruption. The TSB, therefore, recommended that the two parties should agree to consult with a view to establishing the differences, if any, in the nature of the products involved and, having regard to the fact that Article 3:6 had been invoked, requested the EEC to give sympathetic consideration to requests for additional import licences pending the establishment of all relevant facts of the case and pending the results of the consultations. The two parties were requested to report to the TSB by 31 October 1977 on the results of its recommendation.

(d) EEC/India - cotton shirts and blouses

10. The TSB had received a complaint from India concerning the restrictions imposed by the Community, with effect from 16 March until 31 December 1977, on imports of cotton shirts and blouses originating in India regardless of the mode of manufacture, be they handloom products or mill-made products. The complaint was lodged by India under Article 9:3 with respect to cotton shirts and blouses made out of handloom fabrics and under Article 3:5 for those products made out of mill-made fabrics.

11. The TSB heard a presentation by delegations from India and the EEC of their respective cases. The TSB noted with regret that the EEC had not observed the prescribed procedures for the application of unilateral measures.

12. The TSB noted that handloom products exported in accordance with a mutually agreed certification system were not subject to the provisions of the MFA. It was further noted that in this particular case there was such a certification system and that an unknown number of handloom products had been included within the ambit of the restraint action. The TSB was of the view that any restrictions on these products should be removed. Consequently, the TSB recommended that consultations between the two parties should be held forthwith in order to:

- (a) separate the properly certified handloom products from mill-made products, and
- (b) examine the problems that may exist between the two parties in respect of the mill-made products and, where necessary, arrive at a mutually satisfactory solution according to the provisions of the MFA.

13. The two parties are requested to report on the results of these consultations by 31 October 1977.

(e) EEC/India - cotton T-shirts

14. The TSB had received a complaint from India under Article 3:5(ii) concerning the restriction imposed by the Community on imports of T-shirts made of cotton and synthetic fibres from India into the United Kingdom market with effect from 1 February 1977 to 31 December 1977. The TSB heard statements of their respective positions by delegations from India and the EEC which came before it pursuant to the provisions of Article 11:6.

15. The TSB noted with regret that the EEC had not observed the prescribed procedures to notify it of the measures the EEC had taken.

16. The TSB felt that both parties had not exhausted the consultation procedures provided for in paragraph 5 of Article 5 of the bilateral agreement concluded between them under Article 4 of the MFA, and regretted that communications between the two Governments were not conducive to the solution of their respective problems.

17. It appeared from the discussion that both parties were willing to resume consultations. The TSB therefore urged both parties to conduct such consultations promptly with a view to reaching a mutually acceptable solution.

18. The TSB requested the parties to report on the results of their consultation by 31 October 1977.

Review of notifications

19. The TSB reviewed an agreement concluded between Sweden and India concerning trade in cotton bedlinen for the period 1 July 1976 to 30 June 1978. The TSB examined the agreement in accordance with the provisions of Article 4 of the Arrangement and agreed to circulate it to the participating countries for their information. This has been done in document COM.TEX/SB/256.

20. The TSB reviewed an Article 3:4 agreement between Canada and Poland which was found to be in conformity with the MFA and agreed to circulate this notification to the participating countries for their information. This has been done in document COM.TEX/SB/257.

21. The TSB had received a communication from Sweden concerning consultations with India on restraints of imports into Sweden of blouses and shirts. The TSB noted that since no conclusive results were achieved so far both parties intended to hold further consultations, the results of which would be subsequently transmitted to the TSB.

22. The TSB had received a notification from Sweden concerning two bilateral agreements between Sweden and Malta. The TSB noted the agreements and agreed to circulate this notification to participating countries for their information in accordance with Articles 7 and 8 of the MFA. This has been done in document COM.TEX/SB/258.

23. The TSB had received a joint communication from Austria and Singapore to the effect that both Governments had agreed not to extend their Article 4 agreement beyond the date of 31 July 1977.¹ The TSB took note of this communication and decided to circulate it to participating countries for their information. This has been done in document COM.TEX/SB/259.

¹See COM.TEX/SB/193.