

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/734
13 November 1981

Special Distribution

Textiles Surveillance Body

REPORT OF THE THIRTEENTH MEETING (1981)^{1/}

1. The Textiles Surveillance Body held its thirteenth meeting of 1981 from 30 September to 2 October.
2. The following members or alternates were present: Messrs. Beck, Chau, Delgado, Hobson, Hussain, Safioen, Sato and Shepherd.
3. The draft report of the twelfth meeting was approved and has been circulated in COM.TEX/SB/731.
4. The following subjects were discussed:

Article 4 notifications

Sweden/Korea

5. The TSB received a notification from Sweden of a new Article 4 bilateral agreement with Korea, valid from 1 March 1981 to 28 February 1983.
6. The TSB observed that there was some nominal increase in the aggregate level as compared with the previous agreement, as well as between the two agreement years. In one product group, representing almost 40 per cent of the aggregate there was a minimal growth of 0.006 per cent over the previous agreement and 0.01 per cent between the two agreement years. The TSB recalled in this connexion its observation that in bilateral agreements with very low overall growth rates, reasonable growth should be accorded to all categories.
7. As in the previous agreement, aggregate limits for the two agreement years were lower than the total of individual restraints established in the agreement (i.e. Korea will not be able to fulfil all of its quotas).
8. The TSB noted the absence of swing in this agreement. It recalled its previous observation that swing was one of the essential elements in bilateral agreements concluded under Articles 3 and 4. The TSB took note of the statement by Sweden that the absence of swing was a reflection of a mutual recognition of the minimum viable production principle. Moreover, the limits of 5 per cent on

^{1/} - Hundred-and-twenty-eighth meeting overall

carryover and 2.5 per cent on carry forward resulted in lower flexibility than that set out in Annex B. In this connexion, the TSB referred to its earlier observation that paragraph 6 of the Understanding reached by the Textiles Committee on 14 December 1977 could not be invoked as a general waiver of particular obligations under the Arrangement.¹

9. The TSB took note that the agreement had been concluded on the basis of the MFA, particularly Articles 1:2 and 4 thereof, and the provisions of the Protocol of Extension.

10. After its review of this agreement, the TSB agreed to transmit it to the Textiles Committee (COM.TEX/SB/732).

Article 11 notifications

11. The TSB completed its review of replies to the letter sent by the Chairman to participants in the Arrangement on 27 May, 1 June and 10 August, seeking information under Article 11, paragraphs 2 and 11 and 12, on restrictions maintained by them on textiles trade. Replies had been received from Austria, Bangladesh, Canada, EEC, El Salvador, Finland, Ghana, Guatemala, Hong Kong, Hungary, India, Indonesia, Israel, Japan, Korea, Peru, the Philippines, Poland, Romania, Singapore, Sri Lanka, Sweden, Switzerland, Thailand, Turkey, United States and Yugoslavia. The result of the TSB's consideration of these replies will be incorporated in its annual report to the Textiles Committee.

Consultation procedures

12. In connexion with the functioning of consultation systems in bilateral agreements, the TSB held a discussion on the operation of the consultation procedures contained in the EEC bilateral agreements (basket exit procedures) in the light both of its previous observations thereon², and its review of notification of actions under these procedures during the past three years. The discussion included such aspects as the method for establishing real risk of market disruption, the need for adequate and timely statistical information, as well as concern over the operation of the system in the context of the MFA, its regional application and the determination of reference periods.

¹ COM.TEX/SB/380, paragraph 8.

² COM.TEX/SB/380, paragraphs 12 and 13; COM.TEX/SB/388, paragraph 4; COM.TEX/SB/562, paragraph 13.