

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/884
26 October 1983

Special Distribution

Textiles Surveillance Body

REPORT OF THE FIFTEENTH MEETING (1983)¹

1. The Textiles Surveillance Body held its fifteenth meeting of 1983 on 22-23 September.
2. Present at this meeting were the following members and/or alternates: Messrs. Chau/Hyun, Delgado/Patriota, Keck/Richardson, Kittisataporn, Puri, Sato, Shepherd and Westlund/MacNeil.
3. The report of the fourteenth meeting was adopted and has been circulated as COM.TEX/SB/882.
4. The following points were discussed:

Article 4 notifications

Canada/Hong Kong

5. The TSB reviewed a notification by Canada of a bilateral agreement concluded under Article 4 of the MFA with Hong Kong, valid from 1 January 1982 to 31 December 1986, and a modification of the agreement introducing additional restraints as of 1 January 1982. The TSB decided to review the agreement and the modification sequentially.
6. In the bilateral agreement:
 - (a) The same product coverage was maintained as in the previous agreement between the parties, with certain categories re-grouped; nine clothing items and one textile item were subject to specific restraint; and ten product categories, previously under specific restraint, were brought under the Hong Kong Export Authorization system;
 - (b) Although the regrouping of categories made comparison difficult, the specific limits for categories under restraint were slightly higher than previous restraints overall, with increases ranging between 0.2 and 4.7 per cent;
 - (c) Growth rates for products under restraint were lower than the rates set out in Annex B except in two cases. Extra growth was provided for in four categories in the event of higher utilization of quotas (90 per cent or over);
 - (d) Swing was established at 5 per cent; carryover and carry forward at 10 and 5 per cent respectively. Cumulative use of flexibility was also limited;
 - (e) Special provisions for transfer of quotas from three underutilized categories to three other fully utilized categories had been agreed between the parties.

¹ Hundred and fifty-fifth meeting overall

7. The TSB heard statements by Canada and Hong Kong relating to the application of Paragraph 10 of the 1981 Protocol in the case of (e) above, as well as of a statement by Canada relating to the exceptional circumstances prevailing in the Canadian market and the overall balance of the agreement in terms of Article 4. The TSB agreed to transmit the agreement to the Textiles Committee.

8. In relation to the modification, the TSB noted the introduction of restraints, with retroactive effect from 1 January 1982, on six items which, having been under restraint in the previous agreement, had been brought under the export authorization system in the present one. Both parties had agreed to the introduction of these restraints after having recourse to the consultation provisions of the new agreement. The TSB observed that although the new restraint levels were above previous trade levels, they were below the levels of restraints contained in the agreement which expired on 31 December 1981.

9. The TSB heard statements by the two parties that they considered that: (a) the modification notified implied no reduction in access; (b) the agreement and the modification thereof provided a balance between its component elements as well as between the different years; and (c) the new restraint levels had been established pursuant to the procedures set forth in paragraphs 28 to 45 of the agreement, which they regarded as being in conformity with the MFA. In this respect the TSB was of the opinion that any restraints liberalized should not be re-introduced immediately or shortly thereafter, and that if restraints were re-introduced, participating countries should take full account of the previous levels of such restraints (cf. the relevant provisions of the MFA as extended.)

10. The TSB agreed to transmit the notification of these restraints to the Textiles Committee. The notifications of the bilateral agreement and the modification are contained in COM.TEX/SB/883.

Canada/Korea

11. The TSB began its review of a notification by Canada of an Article 4 bilateral agreement with Korea, valid for the period 1 January 1982 to 31 December 1986. It was agreed to revert to this notification at the next meeting.

EEC/Sri Lanka

12. The TSB began its review of a notification by the EEC of an Article 4 bilateral agreement initialled with Sri Lanka, in de facto application from 1 January 1983 and valid until 31 December 1986. In the context of this review, the TSB had a preliminary discussion of provisions for Outward Processing Trade contained in EEC agreements.¹ It was agreed to revert to this notification at the next meeting.

¹This discussion had previously been deferred by the TSB (see previous reports on reviews of EEC agreements, from COM.TEX/SB/841, paragraph 22). See COM.TEX/SB/859, paragraph 17.

Article 11 notifications

13. The TSB took note of notifications received from Brazil, Finland, Hong Kong, Hungary, Peru, Sweden, Thailand and Turkey, in reply to the Chairman's letter requesting information, pursuant to Article 11 of the Arrangement, on restrictions maintained by participating countries.¹ All such notifications will be circulated to the Textiles Committee at the time of submission of the TSB's Annual Report.

¹COM.TEX/SB/859, paragraph 17