

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/901
22 November 1983
Special Distribution

Textiles Surveillance Body

REPORT OF THE SEVENTEENTH MEETING (1983)¹

1. The Textiles Surveillance Body held its seventeenth meeting of 1983 on 26-28 October.
2. Present at this meeting were the following members and/or alternates: Messrs. Bajwa, Chau/Hyun, Delgado, Keck, Kittisataporn/Bondad, Sato, Shepherd and Westlund/MacNeil.
3. The report of the sixteenth meeting was adopted and has been circulated as COM.TEX/SB/890.
4. The following points were discussed:

Article 3 notification: United States/Indonesia

5. The TSB reverted to the notification which had been received at its last meeting from the United States, concerning an Article 3 action taken with respect to Indonesia. The TSB was informed that a memorandum of understanding had been initialled on a mutually satisfactory solution under Article 4 by the two parties and understood that this solution would be notified to the Body in due course. It was, therefore, agreed not to discuss this question further at this time.

Article 4 notifications:

Canada/Korea

6. The TSB continued its review of a notification by Canada of an Article 4 agreement with Korea, valid for the period 1 January 1982 to 31 December 1986.

7. In this agreement:

- (a) the same product coverage was maintained as in the previous agreement, with a re-categorization of products;
- (b) four categories had their base levels reduced, in relation to the 1981 restraint level, between 8 per cent and 39.3 per cent; two categories had no increase in base levels; five categories had increases below 6 per cent; and seven categories had increases above 6 per cent;

¹Hundred and fifty-seventh meeting overall

- (c) annual growth rates were provided below 6 per cent for seven clothing categories, at 6 per cent for seven clothing and textile items and at 10 per cent for the remaining four textile products;
- (d) swing varied between 2 and 7 per cent; carryover/carry forward were set at 2 and 1 per cent, respectively, for four items; at 10 and 5 per cent, respectively, for six items and five sub-items; and at 11 and 6 per cent, respectively, for seven categories; there was a limitation on the use of flexibility for eleven categories.

8. The TSB heard statements by Canada that the lower than Annex B rates for growth and swing, as well as limitations on the combined use of flexibility, reflected the sensitivity of particular products in the Canadian market.

9. The TSB also heard a statement by Canada that the new base levels, when compared to 1981 restraint levels, resulted in an overall potential market access decrease of 12.5 per cent, but absolute 1982 base levels for clothing allowed for a 25.6 per cent increase in market access, if compared to 1981 levels of actual trade, for the same clothing products. The TSB heard, furthermore, statements by both parties that no cut-back in trade had occurred, and that increases in other base levels above 6 per cent were in categories of particular export interest to Korea. The parties therefore considered that the agreement, on overall terms, constituted a mutually acceptable solution.

10. The TSB pointed out that, in accordance with Article 4 and Annex B of the Arrangement, the restraint level for a subsequent period should be higher than the level specified in the preceding twelve-month period. However, in the present case the TSB took account of the balance between the reductions in some restraint levels and the scope for exports in certain products of interest to Korea.

11. After its review, the TSB decided to transmit this notification to the Textiles Committee. (COM.TEX/SB/891).

EEC/Hong Kong

12. The TSB continued its review of the bilateral agreement initialled between the EEC and Hong Kong; a representative from Hong Kong was invited to answer questions put by members concerning the agreement. The Body agreed to revert to this notification again at a future meeting.

EEC/Sri Lanka

13. The TSB resumed its review of the bilateral agreement initialled by the EEC with Sri Lanka. It was agreed to continue this review at a future meeting.

Austria/Philippines

14. The TSB reviewed a notification by Austria informing it of the provisional extension, from 1 August 1983 to 31 December 1983, of its Article 4 agreement with the Philippines.

15. Pending the conclusion of a new bilateral agreement between the two countries, or any further extension of the current agreement, the TSB decided not to address itself to this provisional extension at this juncture, and to transmit the notification to the Textiles Committee for its information. (COM.TEX/SB/892).

EEC/Indonesia

16. The TSB reviewed a notification from the EEC of a bilateral agreement initialled with Indonesia, in de facto application with effect from 1 January 1983 and valid until 31 December 1986.

17. In this agreement:

- (a) restraints on three categories (shirts, blouses and trousers) were maintained;
- (b) base level increases were greater than 6 per cent;
- (c) although the growth rate for one category was below 6 per cent, the compounded growth rate for each category was greater than 6 per cent;
- (d) swing, carryover and carry forward were set at 5 per cent each.

18. The TSB did not address itself to the provisions of Articles 4 and 5 of this agreement, concerning re-imports of textile products¹ after processing and handloom and cottage industry products, respectively.

19. The TSB agreed that, on overall terms, this agreement was consistent with the provisions of the MFA as extended and agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/893).

United States/Romania

20. The TSB reviewed a new bilateral agreement between the United States and Romania, valid from 1 January 1983 to 31 December 1987. In this agreement, which was a straight extension of the previous one, growth was set at 7 per cent and swing at 7 per cent for all categories. The TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/894).

¹ See Paragraphs 22 and 23 of COM.TEX/SB/841. General observations applicable to Articles 8, 9 and 12 of this agreement are contained in the same report.

United States/Philippines

21. The TSB began its review of a bilateral agreement between the United States and the Philippines. It was agreed to continue this review at a later meeting.

Notifications under Articles 7 and/or 8:

Switzerland/Hong Kong

22. The TSB reviewed a notification from Switzerland, made under Article 7 of the MFA, concerning a further extension, until 30 June 1984, of the Memorandum of Understanding and Administrative Arrangement with Hong Kong (for original notification see COM.TEX/SB/633).

23. The TSB recalled the observations which it had made at the time of its review of the first notification of this Memorandum (COM.TEX/SB/637, paragraphs 3 and 4), and reiterated that any actions under the provisions of the Memorandum should be notified under the appropriate Article of the MFA. It was noted that the consultation mechanism embodied in the Memorandum had not been invoked to date.

24. The TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/895).

United States/China

25. The TSB took note of a notification by the United States of a new bilateral agreement with the People's Republic of China, notified under the provisions of Articles 7 and 8 of the Arrangement, pursuant to the request by the Textiles Committee that measures taken vis-à-vis non-participants should be notified. The agreement is valid from 1 January 1983 to 31 December 1987. It was agreed to transmit this notification to the Textiles Committee for its information. (COM.TEX/SB/896).

EEC/China

26. The TSB took note of a notification by the EEC of a number of modifications to the existing bilateral agreement with the People's Republic of China, introducing new regional restraints on a number of categories for the year 1983, the final year of the agreement. This notification was also made under the provisions of Articles 7 and 8 of the Arrangement, pursuant to the request by the Textiles Committee that measures taken vis-à-vis non-participants should be notified. It was agreed to transmit this notification to the Textiles Committee for its information. (COM.TEX/SB/897).

EEC/Turkey

27. The TSB took note of a notification made by the EEC under Article 7 concerning safeguard measures on cotton yarn (Category 2), and T-shirts (Category 4) imported from Turkey. The measures taken under the provisions of Article 60 of the Additional Protocol to the EEC/Turkey Association Agreement were extended until 31 December 1983. In this connection the TSB recalled its observations made on earlier measures of this type.¹ It was agreed to transmit this notification to the Textiles Committee for its information (COM.TEX/SB/898).

Article 11 notifications:

28. The TSB took note of notifications received from Argentina, the EEC, the United States and Yugoslavia, in reply to the Chairman's letter requesting information, pursuant to Article 11 of the Arrangement, on restrictions maintained by participating countries. All such notifications will be circulated to the Textiles Committee at the time of the submission of the TSB's Annual Report.

Annual Report of the TSB

29. The TSB continued its discussion of the text of its Annual Report to the Textiles Committee.

¹See COM.TEX/SB/779, 810 and 869