

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

COM.TEX/SB/947

23 May 1984

Special Distribution

Textiles Surveillance Body

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REPORT OF THE SIXTH MEETING (1984)¹

1. The Textiles Surveillance Body held its sixth meeting of 1984 on 11-13 April 1984.
2. Present at this meeting were the following members and/or alternates: Mr. Bondad/Mrs. Sjahruddin, Messrs. Hyun/Cartland, Keck/Richardson, MacNeil/Westlund, Marques Porto, Puri, Sato and Shepherd.
3. The report of the fifth meeting has been circulated in COM.TEX/SB/943.

Notifications under Article 2:1

4. The TSB received two notifications in fulfilment of Article 2:1 which requires participants upon acceptance of or accession to the Arrangement, to notify all existing unilateral quantitative restrictions, bilateral agreements and any other measures having a restrictive effect, to the TSB.

China

5. The TSB began its review of a notification under Article 2:1 from the People's Republic of China, on restrictions maintained by it on trade in textiles and textile products. China became a participating country on 18 January 1984.

Maldives

6. The TSB agreed to transmit a notification under Article 2:1 from the Republic of Maldives stating that it maintained no restrictions (COM.TEX/SB/944). Maldives accepted the Arrangement on 19 April 1983.

Notifications under Article 3:5

Sweden/Turkey

7. The TSB received a notification from Sweden concerning unilateral measures taken under the provisions of Article 3:5, in which imports of knitted underwear, sweaters, etc., falling under Groups 4/5 and trousers (Group 8) from Turkey were placed under restraint for a six-month period beginning 7 March 1984 and ending 6 September 1984.

¹Hundred and sixty-sixth meeting overall

8. The TSB heard statements from both parties in which they presented their respective cases. According to the Swedish statement, the timing of the application of the restraint (i.e. beginning 7 March 1984 rather than 17 October 1983) had demonstrated Sweden's recognition of Turkey's status as a new entrant and a cotton textile supplier. The TSB also noted that in their statements both parties declared to be prepared to resume negotiations.

9. Having considered the evidence presented to it, written and oral, the TSB was of the opinion that while recognizing the need for Sweden to maintain its minimum viable production, the existence of market disruption being caused by imports from Turkey of the clothing items mentioned above had not been established, particularly in the absence of adequate information on prices and in the light of the structure of supply in the Swedish market.

10. The TSB recommended that new consultations should begin not later than 10 June 1984 and end not later than 30 June 1984. The TSB further recommended that in the interim period the two parties should co-operate with a view to avoiding disruption to the flow of textile trade between the two countries, preferably by the termination of the restraint.

11. The TSB requested the two parties to report on the result of these negotiations by 30 June 1984 at the latest.

United States/Dominican Republic

12. The TSB received a notification from the United States concerning a unilateral measure taken under the provisions of Article 3:5, in which imports of man-made fibre suits for women, girls and infants (Category 644) were placed under restraint for a one-year period beginning 30 November 1983.

13. The TSB heard statements from both parties in which they presented their respective cases.

14. On the basis of the evidence submitted to it, the TSB noted that almost all imports from the Dominican Republic of Category 644 are entered under Item 807; i.e., the components of this product were exported by the United States to the Dominican Republic for processing and subsequent re-importation as Category 644 suits. The TSB noted the large involvement of the United States domestic producers in such trade. Furthermore, the TSB found that, in taking the action, the United States had not paid adequate attention to the particular nature of trade in this category between the two parties, to the status of the Dominican Republic as a developing country and a new entrant, to the interests of the Dominican Republic in terms of paragraph III of Annex A, as well as to the equity provisions of the Arrangement. The TSB also noted the willingness of both parties to resume negotiations.

15. Bearing in mind the observations above, the TSB recommended that such negotiations be held with a view to arriving at a mutually acceptable solution and requested the two parties to report on the result by 13 May 1984 at the latest.

United States/Turkey

16. The TSB received a notification from the United States concerning a unilateral measure taken under the provisions of Article 3:5, in which imports of men's and boys' cotton knit shirts (Category 338) from Turkey were placed under restraint for a one-year period beginning 29 December 1983.

17. The TSB heard statements from both parties in which they presented their respective cases.

18. During its review, the TSB found that the situation was complex in that when discussing the existence of market disruption, damage caused to domestic producers by imports from Turkey of Category 338 had not been established by the evidence made available to the Body. Moreover, the TSB considered that in taking the action, the United States had not taken sufficient account of Turkey's position as a cotton supplier, a developing country, a new entrant in the United States market and its interests as an exporting country in terms of paragraph III of Annex A.

19. Bearing in mind the willingness of the two parties to continue consultations the TSB recommended that such consultations be held, having due regard to Turkey's position, on the one hand, as well as the equity provisions of the Arrangement, on the other, and that they report to the TSB the results of these consultations as soon as possible, and in any case not later than 30 June 1984.

Notifications under Article 4

United States/Hong Kong

20. The TSB received a notification from the United States of a modification of its agreement with Hong Kong, under which imports of print cloth (Category 315) were made subject to a limit for the 1983 agreement year.

21. In its review of this notification, the TSB noted that the two parties had not been able to reach agreement on the MFA justification for a restraint level for this category. The United States had, pursuant to paragraph 7E(1) of the bilateral agreement asked Hong Kong to restrain its exports to the formula level established therein. The TSB noted that the provisions of the consultation mechanism, as set out in paragraph 7E(1), had been correctly followed. The TSB noted that Hong Kong had reserved its rights in bilateral negotiations, leaving the possibility for it to request further bilateral consultations on this matter. The TSB agreed to forward the notification to the Textiles Committee (COM.TEX/SB/945).

22. The TSB also received notification of a further modification of the United States/Hong Kong agreement, under which all categories made subject to limits during the 1983 agreement year (Categories 313, 315, 319, 336, 352, 434, 442, 604, 631, 636, 642, 644 and 647) were converted to specific limits, with growth and swing at 2 and 7 per cent respectively, and carryover/carry forward available at 10/5 per cent. The TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/946).

Statement regarding the EEC/Brazil agreement

23. The TSB heard a statement by the member appointed by Brazil on the Brazilian Government's concern with the delay in the supply by the EEC of import statistics to Brazil, this time with reference to quarterly data on import licences issued as required by the EEC/Brazil Agreement. He recalled that on two previous occasions the TSB had made recommendations to the EEC on the importance of timely communication of import statistics.