

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/977

17 July 1984

Special Distribution

Textiles Surveillance Body

REPORT OF THE ELEVENTH MEETING (1984)¹

1. The Textiles Surveillance Body held its eleventh meeting of 1984 on 25-26 June.
2. At this meeting the TSB was informed that Mr. Hugh Richardson (EEC) would cease to be the alternate to Mr. Keck. The Chairman expressed appreciation of the contribution made by Mr. Richardson to the work of the TSB.
3. Present at this meeting were the following members and/or alternates: Mr. Bondad/Mrs. Sjahruddin, Messrs. Hyun/Cartland, Kawaguchi/Matsui, Keck/Richardson, MacNeil/Westlund, Marques Porto, Puri and Shepherd.
4. The report of the tenth meeting has been circulated in COM.TEX/SB/975.

Notification under Article 4

EEC/Macao

5. The TSB continued its review of a notification of a new Article 4 agreement initialled by the EEC and Macao, in de facto application with effect from 1 January 1983 to 31 December 1986.
6. In this agreement:
 - (a) twenty-three categories and two merged categories were under restraint at the Community level, and regional limits were maintained in nine categories and one merged category. One category previously under restraint at the regional level was, in the new agreement, placed under Community restraint;
 - (b) five categories in Group I had reductions in base levels ranging between 6.3 and 8.6 per cent;
 - (c) increases in base levels for other categories under Community restraint were below 6 per cent in five cases, and above 6 per cent in fifteen cases (between 6.9 and 36.4 per cent); for categories under regional restraint, increases over base levels were between 1.4 and 12.1 per cent;

¹Hundred and seventy-first meeting overall

(d) total access in the first year of the agreement represented a small increase over the last year of the preceding agreement;

(e) growth rates for categories under Community restraint were in all cases lower than 6 per cent; they were in three cases the same as in the previous agreement, and in all other cases below those of the previous agreement. For categories under regional limit, growth rates varied between 1.4 and 5.9 per cent;

(f) swing was subject to limitations and set at 3.5 per cent for Group I categories, and at 5 per cent for other categories;

(g) use of carryover and carry forward was available at 5 plus 5 per cent, after consultations, of which 1 plus 1 per cent was automatic;

(h) special carryover into the 1983 agreement year was set at 1 per cent of 1983 limits for Categories 4 to 8, and at 1.65 per cent for other categories;

(i) cumulative use of flexibility, limited to 10 per cent for Group I categories and 11 per cent for other categories, was lower than in the previous agreement;

(j) all flexibility was suspended for Categories 2 and 3.

7. The TSB heard a statement from the EEC that the growth rates below 6 per cent and the flexibility provisions were due to the exceptional circumstances, in terms of Annex B, prevailing in the Community market.

8. The TSB further heard a statement by the EEC that: (a) the reductions in Categories 4 to 8, together with other provisions of the agreement, constituted, in the view of the Community, a demonstration of Macao's goodwill in the sense of paragraph 6 of the 1981 Protocol; (b) 1983 restraint levels, expressed as a total in tonnes, were larger by 0.4 per cent than the comparable 1982 total; and (c) additional access was available for 1983 under the special carryover provisions as set out in paragraph 6(h) above. The TSB also heard a statement by Macao that: (a) the agreement resulted from a long process of negotiation during which Macao fully demonstrated its goodwill in order to allow the reaching of a conciliatory position between the widely diverging interests of the two parties; (b) the compromise made was for the total package and, therefore, could not be considered for only one or two of its clauses; and (c) in regard to quantitative limits agreed for the first agreement year, reductions agreed for Categories 4 to 8 were counterbalanced by increases in all remaining categories subject to quantitative restrictions, so much so that overall access from Macao to the Community, as envisaged in the agreement, was 0.4 per cent higher in 1983, as compared to the preceding year.

9. After its review, the TSB agreed to transmit this notification to the Textiles Committee¹ (COM.TEX/SB/976), and made the observations set out in paragraph 10 below.

10. With respect to paragraphs 6(b) and (d) above, the TSB again recalled the basic objectives of the Arrangement as laid down in Article 1:2 thereof, and that Article 4 and Annex B of the Arrangement established the principle that the restraint level for a subsequent twelve-month period should be higher than the level specified in the preceding twelve-month period. The TSB was of the view that its conclusion on this agreement had only been possible by taking into account the particular negotiating circumstances of this agreement, as set out in paragraph 8 above.

Notifications under Article 11

11. The TSB began its consideration of replies received from Indonesia and Mexico to the Chairman's letter requesting participating countries to report on restrictions maintained by them, pursuant to Article 11 of the Arrangement.²

TSB report to the Textiles Committee for the Major Review

12. The TSB continued to discuss the draft of its report to the Textiles Committee for the Major Review of the Arrangement.

¹See general observations contained in paragraphs 13 and 15 to 19 of COM.TEX/SB/841 and paragraph 8 of COM.TEX/SB/935 which also apply to Articles 4, 7, 8 and 11 of this agreement.

²See COM.TEX/SB/921, paragraph 23