

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1006

19 December 1984

Special Distribution

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## Textiles Surveillance Body

### REPORT OF THE EIGHTEENTH MEETING (1984)<sup>1</sup>

1. The Textiles Surveillance Body held its eighteenth meeting of 1984 on 19-21 November.
2. Present at this meeting were the following members and alternates: Mr. Bondad/Mrs. Sjahruddin, Messrs. Chae/Cartland, Kawaguchi, Keck/Boisson, MacNeil/Westlund, Marques Porto, Puri and Shepherd.
3. The report of the seventeenth meeting has been circulated in COM.TEX/SB/1005.

#### Notifications under Article 3:5

##### United States/Peru, United States/Pakistan, United States/Yugoslavia

4. The TSB received three notifications from the United States of measures taken under Article 3:5 with respect to imports from Peru (Category 317 part), Pakistan (Category 631 part) and Yugoslavia (Category 433).
5. The interested parties informed the TSB of ongoing consultations, and requested it to defer its examination of these cases.
6. After considering these requests, the TSB agreed to defer its consideration of these notifications, on the understanding that it may revert to these matters at any time, on its own decision, or at the request of one of the interested parties.

#### Notifications under Article 11:4

##### China/United States

7. The TSB received a notification under Article 11:4 from China, in which it referred cases of actions taken by the United States on eight categories (Categories 313, 317, 410, 436, 442, 444, 637 and 649), under paragraph 8 of the United States/China bilateral agreement.
8. Noting a divergence of opinion between the parties as to whether formal consultations had taken place with respect to Category 436, the TSB did not review the case, and recommended that the parties hold consultations.

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<sup>1</sup>Hundred and seventy-eighth meeting overall

9. The TSB heard presentations from both parties with respect to the other seven categories. During its review of these cases, and in particular Categories 317 and 410, the TSB found that the statements addressed by the United States to China at the time of the request for consultations lacked sufficient data to substantiate the claim of real risk of market disruption, and strongly recommended that the United States take this observation fully into account.

10. After its review of the cases related to Categories 442 and 637 the TSB recommended that the United States rescind the restrictions.

11. As regards Category 649, the TSB found that there was a case of real risk of market disruption, and that the restraint was justified.

12. As regards the restraint on Category 313, the TSB concluded that a real risk of market disruption had been correctly perceived by the United States at the time of the request for consultations, but that the roll-back period had resulted in a restraint level that was not representative of China's trade performance. The TSB therefore recommended that both parties hold consultations in order to negotiate a restraint level more representative of China's trade performance.

13. With respect to Category 444, the TSB found that the reference level was low, and recommended that the parties consult, taking this fully into account.

14. With regard to Categories 317 and 410, the TSB reiterated its view set out in paragraph 9 above that the information provided by the United States to China at the time of the request for consultations was insufficient to sustain the claim of risk of market disruption due to imports from China. The TSB was of the opinion that these imports at the time of the request for consultations were not threatening the orderly development of trade. In the light of this, and of subsequent developments, the TSB recommended that:

(a) the United States should adjust upwards forthwith the level of restraints for both categories;

(b) the United States should not insist that the dates of requests for consultation be maintained as the effective dates for the establishment of the reference level, and that in lieu it consider the end of the ninety-day period, mentioned in paragraph 8(b) of the bilateral agreement, as the effective dates;

(c) both parties consult in due time, bearing in mind the above sub-paragraphs and China's trade performance.

15. The TSB heard statements by both parties that embargoes were in effect in the United States on several of the categories under review. The TSB was of the opinion that to the extent that the consultations between the parties result in partial or total termination of these embargoes, they should ensure that the entry of such goods into the United States market be made in an orderly manner.

16. The TSB asked that the parties report back to it on the results of their consultations on Categories 313, 317, 410 and 444, not later than 15 February 1985.

Participation of Technical Experts

17. The TSB discussed the question of technical experts mentioned in Article 11:2 of the Arrangement, which states that the TSB may hear technical experts proposed by one or more of its members.

18. The TSB decided that in all cases:

(a) such experts shall not be present during meetings, except if invited by the Body to clarify specific questions at the proposal of one or more of its members;

(b) once the question is sufficiently clarified, the expert shall withdraw.

19. Furthermore, with reference to dispute cases, the TSB decided to adopt the following additional procedures for the participation of experts during the review of such cases, in order to ensure that its reviews are properly carried out:

(a) the interested parties shall formally notify to the Chairman, in advance of the date of the review, the names of their respective delegation members as well as of experts, if any;

(b) experts may be invited to answer specific questions at the proposal of a delegation participating in the review, provided the TSB so agrees.

20. This procedure will apply as of 1 December 1984.