

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

Textiles Surveillance Body

REPORT OF THE THIRD MEETING (1986)¹

1. The Textiles Surveillance Body held its third meeting of 1986 on 17, 18 and 21 April.

2. Present at this meeting were the following members and/or alternates: Messrs. Alfaro/Rosselli, Kawaguchi, Keck, Kuneralp²/Randhawa, Salim, Shepherd, Sun/Cartland, and Wright/Satuli.

3. The report of the second meeting of 1986 has been circulated in COM.TEX/SB/1150.

Notifications under Article 3:5

United States/China

4. The TSB reverted³ to its review of the unilateral measure notified by the United States under Article 3:5 on imports from China of man-made fibre luggage (Category 670L). The restraint had been introduced for the period 3 September 1985-2 September 1986.

5. The TSB heard presentations from both parties on their divergence of views as to the validity of the MFA framework with regard to this product.

6. Following these presentations and the ensuing discussion, it nevertheless remained unclear whether or not the products exported to the United States from China could be said to derive their chief characteristics from their MFA textile components. The TSB did not address the existence of market disruption in the United States market of man-made fibre luggage. It was of the opinion that any restraint on luggage under the Arrangement should be carefully considered, so that it would apply only to products which clearly derived their chief characteristics from their textile components.

7. In terms of paragraph 4 of Article 12, the TSB recommended that the parties consult on this matter again and report back to it no later than 10 June 1986. These consultations should aim at determining, on the basis of Article 12:1, what types of luggage were being exported by China to the United States, bearing in mind paragraph 6 above. In the meantime, the United States should take positive steps to avoid any dislocation of trade and undue hardship to China's exports of the product.

¹Hundred and ninety-eighth meeting overall.

²Mr. Kuneralp was absent when the TSB adopted the conclusions and recommendations set out in paragraphs 10-12 below.

³See COM.TEX/SB/1138 and 1150.

Norway/Pakistan

8. The TSB received a notification from Norway of a unilateral measure taken under Article 3:5 with respect to imports of bed linen from Pakistan for the period 1 March-31 December 1986.¹

9. During its review, the TSB heard presentations from both parties.

10. The TSB noted that the information required under Article 3:3 was provided by Norway only on 3 December 1985, i.e. subsequent to its initial request for consultation in September 1985. In this respect, the TSB took note of the statement by Norway that it considered the reference period as applying from that date, and that the restraint was administered in a way to permit imports at a level considerably higher than the rollback level.

11. After weighing all the information available, the TSB was not fully satisfied that imports of bed linen from Pakistan up to December 1985 had caused disruption to Norway's market.

12. The TSB therefore recommended that:

- (a) the two parties resume consultations before 1 June 1986, taking into account the importance for Norway to protect its minimum viable production (Article 1:2) and the importance for Pakistan to secure a substantial increase in its export earnings from textile products (Article 1:3), and to avail itself of the provisions of Article 6 of the Arrangement and paragraph 12 of the 1981 Protocol; the parties should report on the results of their consultations by 10 June 1986;
- (b) in the meantime, Norway should ensure that the normal flow of trade from Pakistan not be disrupted, and both parties should co-operate with a view to achieving an orderly development of trade in bed linen.

Report on notification under Article 4:4

United States/Indonesia

13. In accordance with the TSB's recommendation regarding paragraph 4(b) of the agreement between the United States and Indonesia,² the parties reported that the intent of this paragraph was reflected in the following statement:

"Indonesia may export to the United States an additional 5 per cent of the unadjusted specific limits on Categories 336, 341, 641 and 648, provided that such additional amounts refer to products which, while not traditional folklore garments in the sense of Article 12:3, are made of traditional folklore fabrics, such as Batik, Ikat and Kerawang."

¹The TSB noted that in accordance with Article 3:5(i), the restraint may not extend beyond 2 December 1986.

²See COM.TEX/SB/1150, paragraph 22

Other business

Switzerland/Hong Kong

14. The TSB heard a statement that Switzerland and Hong Kong had agreed not to renew their administrative arrangement on textiles, which had been previously extended to 31 March 1986.