

GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/SB/1294

22 July 1987

TARIFFS AND TRADE

Special Distribution

Textiles Surveillance Body

REPORT OF THE EIGHTH MEETING (1987)¹

1. The Textiles Surveillance Body held its eighth meeting of 1987 on 24-25 June.
2. Present at this meeting were the following members and/or alternates: Messrs. Koda, Lau, Mazzocchi/Boisson, Randhawa, Rosselli/Portugal, Säilä, Salim, and Shepherd.
3. The report of the seventh meeting has been circulated in COM.TEX/SB/1285.

Annual Report to the Textiles Committee

4. The TSB had an initial discussion relating to the preparation of its annual report to the Textiles Committee.

Notifications under Article 4

EEC/Korea

5. The TSB received a notification of an agreement initialled between the EEC and Korea, in de facto application from 1 January 1987 and valid until 31 December 1991.
6. In this agreement:
 - (a) the product coverage remained unchanged;
 - (b) one Community limit and five regional restraints were terminated;
 - (c) base levels of Community restraints were lower than the 1986 level in one case, marginally higher in two cases, higher by less than 6 per cent in eighteen cases, at 6 per cent in three cases and higher than 6 per cent in one case; in two cases base levels were adjusted to take account of classification changes in one EEC region; with respect to fifteen Community restraints the changes in base levels could not be calculated due to modifications in product coverage resulting from categorization changes; for the three regional restraints the increases in base levels were lower than 6 per cent in one case, at 6 per cent in one case and higher than 6 per cent in the remaining case;

¹Two hundred and thirteenth meeting overall.

- (d) growth rates for Community restraints on categories falling within Group I ranged between 0.1 and 1.25 per cent and remained unchanged from the rates in the previous agreement; for the other Community restraints the growth rates varied between 1.5 and 6.5 per cent and were in twelve cases higher than, and in the others unchanged from, rates in the previous agreement; for regional restraints growth rates were at 3 per cent and 6 per cent;
- (e) swing, subject to limitations, at 4 and 5 per cent with additional swing between two categories, was more favourable to Korea than in the previous agreement;
- (f) carryover and carry forward were available after consultations between 2 and 7 per cent and 1 and 5 per cent, respectively. Cumulative use of flexibility was set at 12 per cent. The carryover and cumulative use of flexibility rates were higher than in the previous agreement;
- (g) additional access was available in the case of three Categories, as five children's garments would be counted as three quota units for up to 3 per cent of the limit in two cases and for up to 5 per cent of the limit in one case.

7. With respect to the reduction in base level for one Category, the TSB heard a statement from the EEC that the reduction was agreed in exchange for more access in two categories of export interest to Korea.

8. The TSB heard a statement from the EEC that the low, and in some cases very low, growth rates applied to a number of restraints, and the low carryover and carry forward provisions had been agreed pursuant to paragraph 10 of the 1986 Protocol of Extension.

9. After its review, the TSB agreed to transmit this notification to the Textiles Committee.¹ (COM.TEX/SB/1286)

EEC/Brazil

10. The TSB received a notification of an agreement initialled between the EEC and Brazil, in de facto application from 1 January 1987 and valid until 31 December 1991.

11. In this agreement:

- (a) the product coverage remained unchanged;
- (b) two Community limits and two regional restraints were terminated, and one Community restraint was converted to restraints in two member States;
- (c) increases in base levels for Community limits were lower than 6 per cent in three cases, 6 per cent in two cases and higher than 6 per cent in three cases; the increases in base levels for regional restraints could not be precisely calculated due to either the extended coverage in the context of the categorization changes, or due to the conversion of a Community limit to two regional restraints;

¹ For general observations on this agreement, see COM.TEX/SB/1272, paragraphs 27-39, and paragraph 33 below.

- (d) annual growth rates, between 1 and 6 per cent, were in all cases higher than in the previous agreement except in one case where it was unchanged at 6 per cent;
- (e) swing, with certain limitations, was available at 2 per cent into one category and at 7 per cent for other categories, and was more favourable to Brazil than in the previous agreement;
- (f) carryover and carry forward were set at 7 and 5 per cent and cumulative use of flexibility was available at 17 per cent. The flexibility provisions were generally more favourable to Brazil than in the previous agreement;
- (g) additional access was available in the case of one Category, as five children's garments would be counted as three quota units for up to 5 per cent of the limit.

12. After its review, the TSB agreed to transmit this notification to the Textiles Committee.¹ (COM.TEX/SB/1287)

EEC/Uruguay

13. The TSB received a notification of an agreement initialled between the EEC and Uruguay, in de facto application from 1 January 1987 and valid until 31 December 1991.

14. In this agreement, the product coverage was unchanged; no restraints were introduced and all previous restraints (i.e. one Community and three regional limits) were terminated.

15. In reviewing this agreement, the TSB noted that it contained consultation procedures for introducing restraints and that the threshold levels for the application of these procedures were more than double those applicable in the previous agreement.²

16. The TSB also noted that in the event restraints were introduced the applicable flexibility provisions would be higher than in the previous agreement.

17. After its review, the TSB agreed to transmit the notification to the Textiles Committee.² (COM.TEX/SE/1288)

EEC/Malaysia

18. The TSB received a notification of an agreement initialled between the EEC and Malaysia, in de facto application from 1 January 1987 and valid until 31 December 1991.

19. In this agreement:

- (a) the product coverage remained unchanged;

¹For general observations on this agreement, see COM.TEX/SB/1272, paragraphs 27-39, and paragraph 33 below.

²For general observations applicable to this agreement, see COM.TEX/SB/1272, paragraphs 28-31 and 34-39.

- (b) two Community limits and all regional restraints were terminated;
- (c) increases in base levels for Community restraints were less than 6 per cent in five cases and higher than 6 per cent in two cases. For two other categories there were increases, but these could not be precisely calculated due to the extended coverage in the context of the categorization changes;
- (d) annual growth rates between 3 and 6 per cent were in all cases higher than in the previous agreement;
- (e) swing, while subject to limitations, was set at 7 per cent and was more favourable to Malaysia than in the previous agreement;
- (f) carryover at 7 per cent was higher than in the previous agreement, while carry forward at 5 per cent remained unchanged. Cumulative use of flexibility at 17 per cent was higher than in the previous agreement;
- (g) additional quantities for outward processing traffic were agreed for four categories with growth lower than 6 per cent in one case and higher than 6 per cent in the others;
- (h) possibilities were available for transfer of up to 10 per cent of regional shares of Community limits among ASEAN countries;
- (i) additional access was available in the case of two Categories, as five children's garments would be counted as three quota units for up to 5 per cent of the limit.

20. After its review, the TSB agreed to transmit this notification to the Textiles Committee.¹ (COM.TEX/SB/1289)

EEC/Indonesia

21. The TSB received a notification of an agreement initialled between the EEC and Indonesia, in de facto application from 1 January 1987 and valid until 31 December 1991.

22. In this agreement:

- (a) the product coverage remained unchanged;
- (b) all previous restraints were maintained;
- (c) increases in base levels for the three Community restraints and the four regional restraints were higher than 6 per cent over previous restraint levels;
- (d) annual growth rates at 6 per cent for the Community limits were higher in one case and marginally lower in two cases than in the previous agreement; at 4 or 5 per cent for regional restraints, they were higher than in the previous agreement;

¹For general observations on this agreement see COM.TEX/SB/1272, paragraphs 27-39, and paragraph 33 below.

- (e) swing, while subject to limitations, was set at 7 per cent and was more favourable to Indonesia than in the previous agreement;
- (f) carryover at 7 per cent was higher than in the previous agreement, while carry forward at 5 per cent remained unchanged. Cumulative use of flexibility at 17 per cent was higher than in the previous agreement;
- (g) additional quantities for outward processing traffic were agreed for three categories with annual growth at 9 per cent;
- (h) possibilities were available for transfer of up to 10 per cent of regional shares of Community limits among ASEAN countries;
- (i) additional access was available in the case of one Category, as five children's garments would be counted as three quota units for up to 5 per cent of the limit.

23. After its review, the TSB agreed to transmit this notification to the Textiles Committee.¹ (COM.TEX/SB/1290)

EEC/Bangladesh

24. The TSB received a notification of an agreement initialled between the EEC and Bangladesh, in de facto application from 1 January 1987 and valid until 31 December 1991.

25. In this agreement the product coverage was unchanged; no restraints were introduced and all previous restraints (i.e. two regional restraints) were terminated.

26. During its review, the TSB noted that this agreement contained consultation provisions for introducing restraints and that the threshold levels for the application of the consultation procedures² were three times or more than those applicable in the previous agreement.

27. The TSB also noted that in the event restraints were introduced, the applicable flexibility provisions would be higher than in the previous agreement.

28. With respect to the provisions of this agreement, the TSB heard a statement from the EEC that in concluding it, particular attention had been paid to sub-paragraphs 13(a) and (b) of the 1986 Protocol of Extension.

29. After its review, the TSB agreed to transmit the notification to the Textiles Committee.² (COM.TEX/SB/1291)

¹For general observations on this agreement see COM.TEX/SB/1272, paragraphs 27-39, and paragraph 33 below.

²For general observations applicable to this agreement, see COM.TEX/SB/1272, paragraphs 28-31 and 34-39.

United States/Peru

30. The TSB received a notification from the United States of a further modification of its bilateral agreement with Peru, under which a restraint was agreed on Category 338/339 (cotton knit shirts and blouses) with effect from 1 January 1987.

31. The base level was substantially higher than the rollback level, with an annual growth rate of 7 per cent. Swing at 7 per cent and carryover/carry forward at 11/7 per cent were available in accordance with the provisions of the agreement.

32. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1292)

General observation on EEC agreements

33. Further to the general observations on EEC agreements made during its fifth meeting of 1987 (COM.TEX/SB/1272), the TSB also noted a statement by the EEC that provision had been made in all agreements containing restraints for carryover and carry forward between the last year of the previous agreement and the first year of the new agreement.

Notification under Articles 7 and 8

United States/El Salvador

34. The TSB received a notification from the United States of a bilateral agreement covering cotton yarn with El Salvador for the period 1 January 1987 to 31 December 1989. This notification was made under Articles 7 and 8 in accordance with the request made by the Textiles Committee that agreements concluded with non-participants be notified. The TSB is forwarding the text of the notification to participating countries for information. (COM.TEX/SB/1293)

Categorization of textile products in the United States

35. The TSB heard a presentation from the United States of modifications in its categorization of textile products which would result from its adoption of the Harmonized System.

Invitation under Article 11:6

36. Having received a notification from the United States of unilateral measures taken under Article 3:5 with respect to imports of Categories 645/646 (man-made fibre sweaters) and 338/339 (cotton knit shirts) from Bangladesh, the TSB decided to invite both parties under Article 11:6 to present their respective cases at its next meeting.

¹This observation is also applicable to the agreements concluded by the EEC with Poland and Singapore. (See COM.TEX/SB/1272)