

GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/SB/1345

22 January 1988

TARIFFS AND TRADE

Special Distribution

Textiles Surveillance Body

REPORT OF THE SIXTEENTH MEETING (1987)¹

1. The Textiles Surveillance Body held its sixteenth meeting of 1987 on 8-9 December.
2. Present at this meeting were the following members and/or alternates: Messrs. Koda, Lau, Mazzocchi, Randhawa/Abdel Fattah, Rosselli/Portugal, Säilä/Wright, Salim and Shepherd.
3. The report of the fifteenth meeting has been circulated in COM.TEX/SB/1342.

Notification under Article 2:4

China

4. The TSB agreed that it will revert in early 1988 to its review of the notification made by China under Article 2:4 on the status of restrictions maintained by it and on the evolution of its textile industry², availing itself of the information supplied by China to the TSB and that contained in L/6270.³

Notification under Article 3:5 and Article 11:5

United States/Turkey

5. The TSB received a notification from the United States of a unilateral measure taken under Article 3:5 on imports of cotton and man-made fibre skirts from Turkey for the period 27 May 1987 to 26 May 1988. It also received a communication from Turkey under Article 11:5 on this measure.
6. The TSB heard presentations by delegations from both parties on their respective cases.
7. The TSB noted the statement of the United States that cotton and man-made fibre skirts constituted one product in its market. It also noted that imports of products falling under Category 642 from Turkey were negligible at the moment of the request for consultations and still small according to the latest information made available to the Body in the course of the meeting.

¹Two hundred and twenty-first meeting overall

²See COM.TEX/SB/1314

³Information given to the Working Party on China's status as a contracting party.

8. After examining all the available data and other elements related to this case, the TSB was of the opinion that the two parties had not exhausted all possibilities available under the MFA, and recommended they resume consultations on cotton and man-made fibre skirts bearing in mind:

- (a) the development of United States' imports of cotton and man-made fibre skirts from Turkey up to September 1987, which is the latest information made available to the Body at the present meeting;
- (b) the position of Turkey in terms of Article 6 and paragraph 13 of the 1986 Protocol of Extension;
- (c) paragraph III of Annex A;
- (d) the need to avoid market disruption in the United States.

9. The TSB requested both parties to report on the results of the consultations by 20 January 1988.

Notification under Article 3:8

United States/China

10. The TSB was informed that the United States and China were continuing consultations regarding the measure taken by the United States under Article 3:8¹ on imports of Category #45/846 from China, in the context of the ongoing consultations for a new bilateral agreement. They requested the TSB to further defer its consideration of the matter, in order to give them more time to find an agreed solution.

11. In agreeing to the request, the TSB requested both parties to report back to it before its next meeting in order to keep the matter under review.

Notifications under Article 4

Canada/Macao

12. The TSB received a notification from Canada that a new bilateral agreement with Macao for the period 1 January 1987 to 31 December 1987.

13. In this agreement:

- (a) growth rates envisaged by the agreement remained unchanged but the scope covered by all clothing categories was modified to include silk fibres of or finer than cotton, or blends thereof;
- (b) the growth limits in clothing categories and previous specific limits were unchanged;
- (c) increases in base levels over previous levels plus 1986 imports of new fibres varied between 0 and 13.9 per cent;
- (d) growth rates remained unchanged at 6 per cent;

¹See COM.TEX/SB/1325

- (e) swing at 6 per cent between all categories was more favourable to Macao than in the previous agreement; other flexibility provisions remained unchanged with carryover/carry forward at 11/6 per cent and the cumulative use of flexibility at 11 per cent for the Group limit and 15 per cent for the specific limits;
- (f) additional access was available in all clothing categories, as five children's and infants' garments would be counted as three quota units;
- (g) unrestrained categories were subject to a consultation mechanism.

14. In reviewing this agreement, the TSB observed that all clothing categories covered by the agreement had been constructed so as to include without distinction fibres specified in paragraph 24 of the 1986 Protocol along with those specified in Article 12 of the Arrangement. It noted that while there had been imports from Macao of paragraph 24 fibres in the period 1983 to 1986, they had shown a declining trend and in the latter year had occurred in only one of the categories under restraint. The TSB therefore questioned the basis for the restraints on other products made from paragraph 24 fibres and concluded that its "General observation relating to paragraph 24 of the 1986 Protocol of Extension",¹ in particular the fourth paragraph thereof, was applicable in this case.

15. Noting that the agreement between the parties included consultation provisions, the TSB recalled its understanding¹ that specific restraints on products made of fibres specified in paragraph 24 should be introduced only if it was demonstrated that imports of such products were directly competitive with products made of fibres specified in Article 12 and were causing or aggravating market disruption or real risk thereof in the importing country.

16. The TSB requested the two countries to take this observation,¹ including the understanding referred to in paragraph 15 above, into account.

17. The TSB decided to hold a discussion on aggregate and group limits in the course of 1988, and therefore did not address the existence of the group limit in the agreement under review.

18. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1343)

Canada/Brazil

19. The TSB received a notification from Canada of an extension of its Bilateral agreement with Brazil for the twelve-month period beginning 1 January 1987.

20. Under this extension:

- (a) new restraints were agreed on two products and a previous restraint on one product was lifted;

¹See COM.TEX/SB/1328

- (b) the base levels of the three products previously under restraint were more than 6 per cent over the previous levels; increases in base levels over previous trade for the new restraints were higher and in one case substantially higher than 6 per cent;
- (c) swing between the two clothing items was available at 7 per cent and between non-clothing items at 5 per cent, with the possibility of higher swing after consultations;
- (d) additional access was available for the clothing products by counting five children's garments as three quota units.

21. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1344)

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The Chairman thanked members and alternates for their participation during the year, in particular Messrs. Randhawa, Rosselli, Säilä and Wright, who were leaving the Body.