

# GENERAL AGREEMENT ON

RESTRICTED

## TARIFFS AND TRADE

COM.TEX/SB/1395

7 July 1988

Special Distribution

Textiles Surveillance Body

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### REPORT OF THE EIGHTH MEETING (1988)<sup>1</sup>

1. The Textiles Surveillance Body held its eighth meeting of 1988 on 25-27 May.
2. Mr. Darry Salim appointed Mr. Ahmad Pharmy (Malaysia) as his alternate.
3. Present at this meeting were the following members and/or alternates: Messrs. Abdel Fattah/Munir, Choi/Lau, Gero/Hildan, Koda, Mazzocchi, de la Pena, Salim/Pharmy and Shepherd.
4. The report of the seventh meeting has been circulated in COM.TEX/SB/1391.

#### Notification under Article 2:4

##### China

5. The TSB continued its review<sup>2</sup> of the notification made by China under Article 2:4 on the status of restrictions maintained by it on textile products covered by the Arrangement.
6. The TSB noted that certain products were subject to licensing. It considered that it still needed:
  - (a) information on imports, by volume and value, of all textile products, including detailed information on imports of products not subject to licensing; and
  - (b) further clarification on the procedures required for acquiring foreign exchange for textile items not subject to import licensing.
7. The TSB nevertheless decided to transmit the notification to participating countries for their information. It was understood that this transmittal was without prejudice to the ongoing consultations in the Working Party on China's status as a contracting party. (COM.TEX/SB/1392)

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<sup>1</sup>Two hundred and twenty-ninth meeting overall

<sup>2</sup>COM.TEX/SB/1345, 1359 and 1369

Notifications under Article 4:4

United States/Uruguay

8. The TSB received a notification from the United States of an amendment and modification of its agreement with Uruguay. The agreement was extended for a two-year period ending 30 June 1988 and modified with effect from 1 July 1987.

9. In the modification, which did not cover the wool category under restraint

- (a) five restraint levels were increased by between 5.1 and 16.9 per cent in relation to previous levels, starting on 1 July 1987, except with regard to one category for which an increase higher than 6 per cent was valid from 1 July 1989;
- (b) further adjustments in levels were agreed to take account of modifications in categorization resulting from the implementation of the new category system;
- (c) growth rates remained unchanged at 1 per cent for the wool categories and 6 per cent for the cotton category;
- (d) swing, previously available at 5 per cent, was raised to 6 per cent for the cotton category and 7 per cent for the wool categories.

10. The TSB heard a statement from the United States that increases over previous levels, growth rates and the swing provisions were agreed pursuant to paragraph 14 of the 1986 Protocol of Extension and to paragraph 2 of Annex B.

11. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1393)

United States/Mexico

12. The TSB received a notification from the United States of a bilateral agreement concluded with Mexico for the period 1 January 1988 to 31 December 1991.

13. In this agreement:

- (a) the product coverage, while unchanged, falls under a new categorization system;
- (b) fifteen designated consultation levels were converted into specific limits;
- (c) restraints on a further seventeen categories or merged or part categories, of which five were previously under specific limits and all others, except one, under designated consultation levels, were placed under a "special régime" which required that given percentages of the limits be utilized only for products assembled in Mexico from fabrics wholly formed and cut in the United States;

- (d) increases in base levels over the previous six specific limits were in all cases higher than 6 per cent over the previous levels; the new specific limits and the limits under the "special régime" were higher or substantially higher than the reference levels, except in one case where it was unchanged and three cases where they were lower;
- (e) growth rates were generally set at 6 per cent, but were lower than previously in one case, and lower than 6 per cent in three other cases;
- (f) swing was not available to one limit and its sub-limits; swing for all other categories was more advantageous to Mexico than in the previous agreement;
- (g) carryover/carry forward at 11/6 per cent with certain limitations, remained unchanged;
- (h) the previous consultation provisions for the apparel categories remained unchanged, while for the other categories they were modified.

14. During its review, the TSB bore in mind its earlier notation that the parties, in concluding a new agreement, would take into consideration Article 6:6 of the Arrangement and paragraph 15 of the Protocol of Extension.<sup>1</sup>

15. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1394)

#### United States/Egypt

16. The TSB began its review of a notification received from the United States of a bilateral agreement concluded with Egypt for the period 1 January 1987 to 31 December 1989.

#### Norway/Hungary

17. The TSB began its review of a notification received from Norway of a bilateral agreement concluded with Hungary.

#### General discussions

##### General observation on Norway's agreements

18. In reviewing the consultation provisions on circumvention<sup>2</sup> in Norway's agreements with Czechoslovakia, Hungary and Poland, the TSB took the view that any action taken by Norway under these provisions does not prejudice the right of recourse to the TSB by either party under Article 8 of the MFA and paragraph 16 of the Protocol of Extension.

<sup>1</sup> COM.TEX/SB/1314

<sup>2</sup> In making this observation, the TSB did not address the meaning of the term "circumvention" as used in the Arrangement but decided it would do so in the future, if necessary.

Overshipments

19. The TSB had a further exchange of views on the question of overshipments.

Aggregate and Group Limits

20. As requested by the Textiles Committee,<sup>1</sup> the TSB had a first exchange of views on the question of the consistency of aggregate and group limits with the provisions of the MFA.

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<sup>1</sup>COM.TEX/55, paragraph 25