

GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/SB/1418

7 October 1988

TARIFFS AND TRADE

Special Distribution

Textiles Surveillance Body

REPORT OF THE TENTH MEETING (1988)¹

1. The Textiles Surveillance Body held its tenth meeting of 1988 on 13-15 July.
2. Present at this meeting were the following members and/or alternates: Messrs. Boisson, Choi/Lau, Gero/Hildan, Koda, Munir, Salim and Shepherd.
3. The report of the ninth meeting has been circulated in COM.TEX/SB/1407.

Reports related to measures taken under Article 3:5 or 3:8

Canada/Brazil

4. In accordance with its recommendation on the unilateral measure taken under Article 3:5 by Canada on imports of cotton terry towels, wash cloths and sets from Brazil,² the TSB was informed by Canada that it has rescinded the restraint on cotton terry towels, washcloths and sets.

United States/Turkey

5. As requested by the TSB,² the United States reported on the consultations held with Turkey with respect to cotton and man-made fibre skirts (Category 342/642). The parties found a solution in the context of a bilateral agreement which will be notified to the TSB in due course.

Notifications under Article 4

United States/Indonesia

6. The TSB received a notification from the United States of an extension and modification of its agreement with Indonesia. The agreement, originally valid until 30 June 1988, was extended to 30 June 1992. The modifications were effective from 1 July 1987.
7. In this modified extension:
 - (a) the coverage was extended to include silk blends and vegetable fibres other than cotton in the case of apparel items;

¹Two hundred and thirty-first meeting overall

²COM.TEX/SB/1407

- (b) the new categorization based on the Harmonized System was introduced effective 1 January 1988;
- (c) the Group II limit was raised to take account of the extended coverage of the agreement; adjustments to the Group and relevant specific limits were made to take account of changes in coverage of categories resulting from the new categorization;
- (d) the growth and flexibility provisions remained unchanged, except that for two pairs of categories additional swing was provided due to the new categorization;
- (e) additional access for products made from traditional folklore fabrics applied to four new categories.

8. With respect to paragraph 7(e) above, the TSB heard statements from the parties that the clarification previously provided by them on paragraph 4(B) of the agreement remained valid.

9. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1408)

Canada/Hong Kong

10. The TSB received a notification from Canada of a bilateral agreement concluded with Hong Kong for the period 1 January 1987 to 31 December 1991.

11. In this agreement:

- (a) product coverage was altered by the exclusion of certain non-clothing items and the inclusion in most clothing categories of blends of vegetable fibres other than cotton and blends containing silk;
- (b) all previous restraints, except two sub-limits, were maintained and restraints introduced on three product categories;
- (c) base level increases over previous restraints or applicable reference levels for clothing categories were less than 6 per cent in some cases and higher than 6 per cent in other cases; base level increases over previous restraints or applicable reference levels for textile categories were 6 per cent or higher than 6 per cent;
- (d) growth rates for clothing categories were in all cases less than 6 per cent; they were lower than previous growth rates in all but two cases; growth rates at 6 per cent for the textile categories were unchanged from previous rates, except in one case where it was higher;
- (e) swing at 5 per cent, with some limitations of swing into Group I (clothing) categories from Group II (textiles) categories, was less favourable to Hong Kong than before;
- (f) carryover/carry forward were provided for at 8/5 or 10/5 per cent, and cumulative use of flexibility was limited at 10, 11 or 12 per cent; they were less favourable to Hong Kong than in the previous agreement;

¹ See COM.TEX/SB/1151, paragraph 13

- (g) additional access was provided, as five children's and infants' garments would be counted as three quota units.
12. The TSB heard a statement from Canada that the growth and flexibility provisions were agreed pursuant to paragraph 10 of the 1986 Protocol.
13. In reviewing this agreement, the TSB noted that in the cases where restraints included new fibres there had been previous imports from Hong Kong of products of these fibres.
14. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1409)

Canada/Sri Lanka

15. The TSB received a notification from Canada of a bilateral agreement concluded with Sri Lanka for the period 1 January 1987 to 31 December 1991.
16. In this agreement:
- (a) the product coverage was unchanged;
 - (b) all previous restraints were maintained and three new product categories were brought under restraint;
 - (c) increases in base levels over previous restraints or the relevant reference levels were lower than 6 per cent in one case, higher than 6 per cent in six cases and substantially higher than 6 per cent in three cases;
 - (d) annual growth rates were lower than 6 per cent, except in two cases where they were set at 6 per cent; in six cases they were lower than under the previous agreement;
 - (e) swing at 7 per cent and cumulative use of flexibility at 15 per cent remained unchanged; carryover/carry forward, previously 11/6 per cent, were now set at 10/5 per cent;
 - (f) additional access continued to be available in apparel categories, as five children's and infants' garments would be counted as three quota units;
 - (g) unrestrained categories covered by the agreement continued to be subject to a consultation mechanism.

17. With respect to the growth and flexibility provisions, Canada stated that they had been agreed taking into account the increases in base levels referred to in paragraph 16(c) above.

18. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1410)

Canada/Poland

19. The TSB received a notification from Canada of a bilateral agreement concluded with Poland for the period 1 January 1987 to 31 December 1991.

20. In this agreement:

- (a) the product coverage was expanded to include yarns, made-up items and certain apparel products;
- (b) one restraint was terminated;
- (c) increases in base levels over previous restraints were lower than 6 per cent in five cases and 6 per cent in five cases;
- (d) annual growth rates of 3 per cent in five cases and 6 per cent in five cases were the same as in the previous agreement;
- (e) swing, at 2 per cent for one category and 5 per cent for the others, was more favourable to Poland than before;
- (f) carryover/carry forward were maintained at 10/5 per cent, while cumulative flexibility, set at 12 per cent, was higher than before;
- (g) additional access continued to be available in clothing categories, as five children's and infants' garments would be counted as three quota units;
- (h) unrestrained categories covered by the agreement continued to be subject to a consultation mechanism.

21. The TSB heard a statement from Canada that the growth and flexibility provisions were agreed pursuant to paragraphs 2 and 5 of Annex B.

22. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1411)

United States/China

23. The TSB received a notification from the United States of a bilateral agreement concluded with China for the period 1 January 1988 to 31 December 1991, and subject to extension for a further twelve-month period, which superseded an agreement by the parties on Category 335, valid for the same period.¹

24. In this agreement:

- (a) fibre coverage for apparel was extended to include silk blends and vegetable fibres other than cotton;
- (b) product coverage was adapted to the new categorization system;
- (c) all previous restraints were maintained and restraints or sub-limits introduced on twenty-one categories or sub-categories;
- (d) the categories covered in the agreement were divided into four Groups, Group I including all categories subject to specific limits; all other categories of cotton, wool and man-made fibres fell within Groups II (apparel) and III (non-apparel); new fibre apparel categories not subject to restraint fell within Group IV; Group limits were introduced on Groups II, III and IV;

¹COM.TEX/SB/1318

- (e) increases in base levels for categories previously under restraint varied between 1 and 22.6 per cent; for new restraints they were higher or substantially higher than 6 per cent over the relevant reference levels; in certain cases it was not possible to calculate the increases, due to the new categorization;
- (f) increases in base levels for the Group limits were higher or substantially higher (Group IV) than the relevant reference levels;
- (g) growth rates for the wool categories remained unchanged at 1 per cent; for all other categories growth rates varied between 2 and 6 per cent and were lower than in the previous agreement in ten cases; growth rates for Group II were 0.5 per cent for the second agreement year and subsequently at 5.5 per cent; for Group III were 0.2 per cent in the second agreement year and subsequently at 5.2 per cent; for Group IV the growth rate was 6 per cent;
- (h) swing for the Groups was 5 per cent and 5 or 7 per cent with certain limitations for specific limits; additional swing was provided for some categories;
- (i) carryover was available at 3 and 5 per cent for the Groups and at 2 per cent for the specific limits; carry forward with certain limitations was set at 2 and 3 per cent for the Groups and 3 per cent for the specific limits, with additional carry forward of 2 per cent for the first agreement year. Cumulative use of carryover and carry forward was set at 3 and 5 per cent for the Groups and at 3 per cent for specific limits (except for 1988 at 5 per cent). The flexibility provisions were, in almost all cases, less favourable to China than previously; there was a possibility for carryover/carry forward to be available for specific limits at 10/5 per cent after consultations.

25. The TSB heard a statement from the United States that paragraph 10 of the 1986 Protocol of Extension had been considered applicable with respect to the growth and flexibility provisions.

26. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1412)

Austria/Hong Kong

27. The TSB received a notification from Austria of an amendment of its bilateral agreement with Hong Kong resulting from the application of the Harmonized System by Austria. Changes were made, effective 1 January 1988, in product description and in product coverage of categories, and as a consequence the level of a category under restraint was adjusted.

28. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1413)

Canada/India

29. The TSB received a notification from Canada of a bilateral agreement concluded with India for the period 1 January 1987 to 31 December 1991, subject to the possibility of an extension for a twelve-month period.

30. Under this agreement:

- (a) product coverage remained unchanged;
- (b) one Group limit and two specific limits were liberalized and a specific limit on another product category was introduced;
- (c) base level increases over previous restraints were less than 6 per cent in one case and higher than 6 per cent for the second case; it was higher than 6 per cent over the reference level for the new restraint; it was not possible to calculate the increase in the base level of one restraint level due to changed coverage; the Group limit was increased by more than 6 per cent;
- (d) growth rates remained unchanged at 6 per cent for the Group limit and the limits on clothing categories, and at 4.5 per cent for the textile category;
- (e) swing at 5 and 7 per cent remained unchanged, with no swing between Groups;
- (f) carryover/carry forward at 10/5 per cent remained unchanged; cumulative use of flexibility, previously inexistent, was set at 15 per cent;
- (g) parties agreed to include handloom products corresponding to one category in the restraint level; they also agreed to consultation provisions with respect to handloom products corresponding to four clothing categories;
- (h) additional access continued to be available as five children's and infants' garments would be counted as three quota units.

31. The TSB heard a statement from Canada that the growth rate for the textile category was agreed pursuant to paragraph 2 of Annex B.

32. Noting the provisions with respect to handloom products referred to in paragraph 30(g) above, the TSB recalled the provisions of Article 12:3.

33. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1414)

EEC/Korea

34. The TSB received a notification from the EEC of a further modification of its agreement with Korea. The parties agreed to a restraint on woven fabrics of artificial fibres (Category 36) when imported into Italy for the period 1 January 1988 to 31 December 1991. The restraint level was substantially higher than the basket exit level and higher by more than 6 per cent in relation to the previous year's imports. The annual growth rate was set at 6 per cent and the flexibility provisions of the agreement apply.

35. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1415)

Norway/India

36. The TSB received a notification from Norway of a bilateral agreement concluded with India for the period 1 January 1987 to 31 December 1991, with the possibility of extension for the period of one year.

37. Under this agreement:

- (a) the product coverage was reduced from twenty-one to eight categories;
- (b) previous restraints on two categories were liberalized;
- (c) base level increases over previous restraints were higher than 6 per cent in three cases and less than 6 per cent in the remaining four cases (three categories and one merged category);
- (d) the growth rate for one category at 0.1 per cent was lower than in the previous agreement; in other cases the growth rates, between 1 and 3 per cent, were higher than in the previous agreement;
- (e) swing was less favourable than in the previous agreement for two categories (0.1 and 0.5 per cent); in other cases, swing at 3 and 5 per cent was more favourable;
- (f) carryover/carry forward between 4/2 per cent and 10/5 per cent and cumulative use of flexibility between 4 and 10 per cent, were generally more favourable to India;
- (g) additional access was provided for one category annually.

38. The TSB heard a statement from Norway that, as to the rates of growth in the agreement as well as the flexibility provisions, reference was made to Annex B of the Arrangement and paragraph 12 of the 1986 Protocol of Extension.

39. During its review, the TSB, while noting improvements in the agreement, such as those mentioned in 37(a), (b) and (f), as well as the improved growth rates for practically all categories, noted that the growth and swing provisions for one category were now less favourable to India and set at extremely low levels.

40. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1416)

Notification under Articles 7 and 8Canada/German Democratic Republic

41. The TSB agreed to forward to participating countries the notification made by Canada of a bilateral agreement concluded with the German Democratic Republic for the period 1 January 1988 to 31 December 1991. The notification was made under Articles 7 and 8 in accordance with the request made by the Textiles Committee that bilateral agreements concluded with non-participants be notified. (COM.TEX/SB/1417)

Notifications under Article 11

Romania

42. The TSB reverted to its review of the notification received from Romania under Article 11. The TSB sought additional information on this report, which had been received in response to the Chairman's letter inviting participants for information in 1987.¹

Czechoslovakia

43. The TSB noted that it still awaited the additional information sought from Czechoslovakia regarding its notification made under Article 11.²

Canada, Guatemala, Hong Kong, Korea, Switzerland, Thailand, Turkey, Uruguay

44. The TSB took note of the notifications received from Canada, Guatemala, Hong Kong, Korea, Switzerland, Thailand, Turkey and Uruguay in reply to the Chairman's letter requesting information, pursuant to Article 11 of the Arrangement, on restrictions³ maintained by participating countries on imports of textile products. These notifications will be forwarded to the Textiles Committee at the time of submission of the TSB's annual report.

General discussions

45. The TSB had further discussions on aggregate and group limits and on overshipments.

¹ COM.TEX/SB/1265, 1377

² COM.TEX/SB/1299, 1359, 1377

³ COM.TEX/SB/1377