

# GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/SB/1485

23 June 1989

## TARIFFS AND TRADE

Special Distribution

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### Textiles Surveillance Body

#### REPORT OF THE FIFTH MEETING (1989)<sup>1</sup>

1. The Textiles Surveillance Body held its fifth meeting of 1989 on 23 to 26 May.
2. Present at the meeting were the following members and/or alternates: Messrs. Boisnon, Castro, Choi/Lau, Gero/Wentzel, Koda/Mrs. Saiki, Messrs. Munir, Salim and Shepherd.
3. The report of the fourth meeting has been circulated in COM.TEX/SB/1474.

#### Reports on measures reviewed under Article 3:5

##### Canada/Brazil

4. In accordance with the request of the TSB that Canada and Brazil report back to it, preferably by 23 May 1989, on bilateral consultations recommended to them,<sup>2</sup> the Chairman had informed the TSB that he had received reports from both parties that they had not yet held consultations.

##### United States/Thailand

5. Further to the report from the United States of its decision not to seek renewal of the restraint on Category 670-L when imported from Thailand,<sup>2</sup> the TSB heard a statement from Thailand related to the composition of its exports of luggage to the United States.
6. The TSB decided that since the restraint had expired, it was not necessary to revert to the matter at this stage, but agreed that it might do so if Thailand found it necessary to raise the matter at a later occasion.

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<sup>1</sup>Two hundred and fortieth meeting overall

<sup>2</sup>COM.TEX/SB/1474

Measures taken under Article 3:5(i)

United States/Thailand

7. The TSB received a notification from the United States of unilateral measures taken under Article 3:5(i) on Categories 345 (cotton sweaters), 363 (cotton towels), 369-D (cotton dish towels) and 301pt/607pt (cotton and polyester blended yarn) when imported from Thailand. The measures were taken for the calendar year 1989 with respect to Categories 345, 363 and 369-D, and for the period 30 January 1989 to 29 January 1990 for Category 301pt/607pt.

8. The TSB heard presentations from the parties regarding these measures.

9. The TSB regretted that the restraints had been introduced before the parties held consultations as required by Article 3. It noted that both parties declared their willingness to hold such consultations.

10. The TSB therefore decided not to examine, at the present meeting, the occurrence of market disruption, and recommended that the parties consult as early as possible and report back to it on the result of such consultations. The TSB also decided that, after receiving the reports, it would revert to these cases, if necessary.

11. The TSB further recommended that, pending the conclusion of the bilateral consultations, the United States pay particular attention to avoid the disruption of the normal flow of Thai exports in the products concerned.

Matters referred under Article 3:5(ii)

Thailand/United States

12. The TSB received a notification from Thailand regarding requests for consultations made by the United States under Article 3:3 on Categories 335, 448 and 635. In its notification, Thailand requested the Body to decide whether the United States had correctly interpreted the Arrangement when calculating the minimum levels that would be applicable to Thai exports of those Categories. Delegations from both parties were present at the meeting.

13. The Government of the United States having informed the Body of its decision to cancel the requests for consultations on Categories 335 and 635, the TSB decided not to address them.

14. After having heard presentations from both delegations on Category 448, the TSB concluded that Designated Consultation Levels such as that appearing in the United States/Thailand Agreement which expired on 31 December 1988, could, under certain circumstances, have restrictive effects on trade similar to those of specific restraints.

15. With respect to the DCL previously existing on Category 448, the TSB did not examine the effects of its application, but recommended that the DCL applied under the expired agreement be taken into account, together with other elements related to the market situation.

Notifications under Article 4

United States/Pakistan

16. The TSB received a notification from the United States of several modifications of its agreement with Pakistan.

17. Under these modifications:

- (a) the criteria set forth in the agreement to determine exclusion of products from the agreement in the sense of Article 12:3 of the MFA were re-defined;
- (b) adjustments in limits and consultations levels were made to take account of changes in the United States' textile categorization related to the Harmonized Commodity Code;
- (c) the Group II limit was increased in the exchange for a reduction in the level for bar mops;
- (d) some products were transferred from Group II to Group III, as a result of the new categorization, without any further modification of the Group II limit;
- (e) the designated consultation level on a category was converted to a specific limit at a level lower than the consultation level and with a growth rate of 5 per cent; no swing was possible and carryover/carry forward of 11/6 per cent applied;
- (f) several designated consultation levels were increased either for the duration of the agreement or for one agreement year only.

18. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1475)

Norway/Romania

19. The TSB received a notification from Norway of a bilateral agreement concluded with Romania for the period 1 January 1988 to 31 December 1991.

20. In this agreement:

- (a) the product coverage was reduced from twenty-one to eight categories, all under restraint;

- (b) two categories previously subject to restraint were deleted from the agreement, and a restraint was introduced on one category;
- (c) increases in base levels over previous restraints were higher than 6 per cent on all but one case, where it was lower than 6 per cent;
- (d) growth rates at 1 and 1.5 per cent were higher than in the previous agreement;
- (e) swing, not available in the previous agreement, was set at 2.5 per cent, with no swing out of one category;
- (f) carryover and carry forward at 8 and 5 per cent were more favourable to Romania than in the previous agreement; a cumulative use of flexibility was set at 8 per cent.

21. Norway made reference to Annex B of the Arrangement and paragraph 12 of the 1986 Protocol of Extension regarding the growth and flexibility provisions of the agreement.

22. In reviewing this agreement, the TSB gave particular attention to the restraint introduced on bedlinen and noted that the trade in this product was at a relatively low level. It heard a statement from Norway that the restraint had been negotiated in view of the pattern of trade from the exporting country in the two years preceding the negotiation of the agreement.

23. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1476)

#### Norway/Yugoslavia

24. The TSB received a notification from Norway of an amendment of its agreement with Yugoslavia, valid until 31 December 1990, according to which the restraint level on Category 7 (bedlinen) was increased.

25. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1477)

#### Norway/Singapore

26. The TSB received a notification from Norway of a bilateral agreement concluded with Singapore for the period 1 January 1988 to 31 December 1991. This agreement superseded the last six months of the previous agreement.

27. Under this agreement:

- (a) the coverage was reduced from twenty-one to eight product categories, all under restraint;
- (b) previous restraints on four product categories were liberalized;

- (c) increases in base levels over previous levels were higher, and in three cases substantially higher, than 6 per cent;
- (d) growth rates were set at 3 per cent and were in all cases higher than in the previous agreement;
- (e) swing, not available in the previous agreement, was set at 3, 4 and 5 per cent;
- (f) carryover and carry forward were set at 10 and 5 per cent, with a cumulative use of flexibility limited to 10 per cent.

28. With respect to the growth and flexibility provisions, Norway made reference to paragraph 2 of Annex B and to paragraph 12 of the 1986 Protocol of Extension.

29. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1478)

#### Norway/China

30. The TSB received a notification from Norway of an amendment of its bilateral agreement with China scheduled to expire on 31 December 1988.<sup>1</sup> Under this amendment a restraint was agreed on woven blouses for the last agreement year, with swing at 2 per cent.

31. The restraint level was substantially higher than previous trade. With respect to the swing provision, Norway made reference to paragraph 12 of the 1986 Protocol.

32. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1479)

33. The TSB also received a notification from Norway of a new bilateral agreement concluded with China for the period 1 January 1989 to 31 December 1991.

34. In this agreement:

- (a) the coverage was reduced from twenty-three to six product categories, all under restraint;
- (b) five previous restraints were liberalized;
- (c) increases in base levels over previous restraints were higher, and in three cases substantially higher, than 6 per cent;

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<sup>1</sup>At the time of notification of the agreement China was not participating in the MFA as extended by the 1986 Protocol.

- (d) growth rates at 2 and 3 per cent were higher than in the previous agreement;
- (e) swing, previously available at 2 per cent, was set at 2, 3 and 5 per cent;
- (f) carryover and carry forward were available at 8 and 4 per cent;
- (g) the cumulative use of flexibility, limited to 8 per cent, was more favourable to China.

35. With respect to the growth and flexibility provisions, Norway made reference to paragraph 2 of Annex B and paragraph 12 of the 1986 Protocol of Extension.

36. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1480)

#### United States/Turkey

37. The TSB began its review of a notification received from the United States of a bilateral agreement concluded with Turkey.

#### Notification transmitted under Article 8

38. The TSB received a notification from Norway of a Certificate of origin arrangement concluded with Bangladesh with respect to eight product categories.

39. The TSB noted a statement from Norway that this arrangement had been concluded bearing in mind paragraphs 13 and 16 of the 1986 Protocol of Extension.

40. After its review, the TSB agreed to transmit the notification to the Textiles Committee under Article 8 of the MFA. (COM.TEX/SB/1481)

#### Notifications under Articles 7 and 8

41. The TSB received several notifications under Articles 7 and 8 in accordance with the request made by the Textiles Committee that bilateral agreements concluded with or measures against non-participants be notified.

42. They concerned:

- (a) a bilateral agreement between Sweden and Malta concluded for the period 1 July 1988 to 30 June 1993;
- (b) a bilateral agreement between Norway and Malta concluded for the period 1 January 1989 to 31 December 1991; and
- (c) an arrangement on imports of textile products into Norway from the German Democratic Republic during the 1989 calendar year.

43. The TSB agreed to transmit these notifications to the Textiles Committee for its information. (COM.TEX/SB/1482, 1483, 1484)

Notifications under Article 11

44. The TSB took note of the notifications received from the EEC, Hungary, Sri Lanka, Turkey and Uruguay in reply to the Chairman's letter requesting information, pursuant to Article 11 of the Arrangement, on restrictions maintained by participating countries on imports of textile products.<sup>1</sup>

These notifications will be submitted to the Textiles Committee at the time of submission of the TSB's report for the Major Review of the Arrangement.

Report for the Major Review

45. The TSB continued its discussion of its report to the Textiles Committee.

Other Business

Norway/Thailand

46. With respect to the observation made by the TSB regarding the consultation provisions contained in the bilateral agreement between Norway and Thailand,<sup>1</sup> the TSB received a report from Norway that it had accepted a proposal made by Thailand to delete the last paragraph of Article 14 of the agreement.

47. The TSB took note of this report, and understood that the exchange of notes between the parties to this effect will be notified in due course.

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<sup>1</sup>COM.TEX/SB/1467