

GENERAL AGREEMENT ON

RESTRICTED

COM.TEX.SB/1503

27 November 1989

TARIFFS AND TRADE

Special Distribution

Textiles Surveillance Body

REPORT OF THE NINTH MEETING (1989)¹

1. The Textiles Surveillance Body held its ninth meeting of 1989 on 18-19 September.
2. The EEC appointed Ms. Danièle Smadja as a member to succeed Mr. Mazzocchi with effect from the afternoon session of 18 September 1989.
3. Present at the meeting were the following members and/or alternates: Messrs. Abdel Fattah, Choi, Gero/Wentzel, Koda, Mazzocchi (18 September, morning), Salim, Shepherd and Ms. Smadja (from afternoon of 18 September).
4. The report of the eighth meeting has been circulated in COM.TEX/SB/1492.

Notification under Article 2:4

China

5. The TSB reverted to its review of the notification received from China under Article 2:4 on the status of restrictions maintained on imports of textile products (see COM.TEX/SB/1492, paragraph 5). The notification, which added no new information, stated that no changes had taken place since the last two notifications, sent to the Body in September 1987 and September 1988, respectively, and, regarding the various factors affecting imports into China, made reference to document Spec(88)13/Add.4.
6. The TSB felt, as it did on the occasion of its previous reviews of China's notifications, that it still was not able to determine whether or not all restrictions maintained by China were in conformity with the Arrangement.
7. It decided, nevertheless, to transmit this notification to participating countries, for their information (COM.TEX/SB/1493). It also decided to reiterate, in the request for information it will send to China in 1990, that information as full and clear as possible should be given on all points raised by the TSB in its several requests made since 1984.

¹Two hundred and forty-fourth meeting overall

8. The TSB understood that the decision to transmit the notification to the Textiles Committee was without prejudice to the completion of its review of China's notifications under Article 2:4 and to the ongoing consultations in the Working Party on China's status as a contracting party.

Notification under Article 3:5(i)

United States/Guatemala

9. In response to its invitation, to the United States and Guatemala to present their respective cases on the unilateral measure taken by the United States under Article 3:5(i)¹, the TSB was requested by Guatemala to defer the examination of the measure, in view of further bilateral consultations scheduled shortly. Since the United States was in agreement with the request, the TSB agreed to defer its examination, on the understanding that it may revert to the matter at the request of either party or on its own initiative.

General observation on restraints agreed in the absence of trade

10. The TSB has reviewed under MFA IV a number of notifications which included agreed restraints on products of which there were no exports. Such restraints were often explained as features of a solution negotiated under Article 4:3 to the satisfaction of the respective parties. In its rôle of supervising the implementation of the Arrangement, the TSB felt it should express its preoccupation with such features and with the possibility of a proliferation of restraints in the absence of trade. The TSB, therefore, exhorts all participating countries to avoid such proliferation and to abide strictly by the provisions of the Arrangement.

Notifications under Article 4

United States/Turkey

11. The TSB continued its review of a notification from the United States of a bilateral agreement concluded with Turkey for the period 1 July 1988 to 30 June 1991. This agreement superseded the last two years of the previous agreement, which had been extended up to 30 June 1990.

12. In this agreement:

- (a) the product coverage was extended from twelve to twenty-four categories or merged categories of cotton and man-made fibres;
- (b) two previous restraints will expire on 30 June 1990;

¹COM.TEX/SB/1492

- (c) new restraints were agreed on a group of fabric categories, on several fabric categories, on a merged category which had previously been subject to unilateral measures under Article 3 and on two clothing categories merged with two previously restrained categories; there was no previous trade in four of the fabric categories falling under the fabric group;
- (d) increases in base levels over previous restraints or reference levels were in three cases at 6 per cent, in others higher or substantially higher than 6 per cent, except in the four cases where there was no previous trade; there were reductions in two sub-limits;
- (e) growth rates, at 4 per cent in two cases and 6 per cent in all others, were unchanged from the previous agreement;
- (f) swing, carryover/carry forward at 7 and 11/6 per cent remained unchanged from the previous agreement.

13. After its review, in which it took into account its observations on the consistency of aggregate and group limits with the provisions of the MFA and on restraints agreed in the absence of trade,¹ the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1494)

Austria/Thailand

14. The TSB received a notification from Austria of a bilateral agreement concluded with Thailand for the period 1 May 1989 to 31 December 1991. This agreement replaced an export surveillance arrangement and was the first restraint agreement between the parties.

15. Under this agreement;

- (a) the product coverage was limited to eight clothing categories;
- (b) two categories were placed under specific restraint;
- (c) the base level in one case was 6 per cent higher than the reference level and substantially more than 6 per cent higher, in the other;
- (d) the growth rate for each category was set at less than 6 per cent;
- (e) swing and carryover/carry forward were available at 5 and 11/6 per cent, respectively.

¹See paragraph 10 above

16. With respect to growth rate and swing provisions, the TSB received a statement from Austria in which reference was made to paragraphs 2 and 5 of Annex B of the MFA.

17. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1495)

EEC/Thailand

18. The TSB received a notification from the EEC of a further modification of its agreement with Thailand. A restraint was agreed on Category 20 (bedlinen) when imported into France, for the period 7 July 1989 to 31 December 1991. The restraint level was substantially higher than the basket exit level, took into account the recent evolution of trade and was established in accordance with the relevant provisions of the agreement. The annual growth rate was set at 6 per cent.

19. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1496)

United States/Jamaica

20. The TSB received a notification from the United States of an extension of its agreement¹ with Jamaica for a three-year period ending on 31 December 1992. The notification also contained certain modifications.

21. Under the extension and amendments:

- (a) a new restraint was introduced with effect from 1 January 1988 on a clothing category at a level more than 6 per cent higher than the consultation level, with a yearly growth rate of 6 per cent;
- (b) guaranteed access levels (GALs) for five merged categories were increased from 1988; guaranteed access levels were agreed in three cases with effect from 1 January 1989;
- (c) designated consultation levels (DCLs) were agreed for four additional categories or merged categories;
- (d) the specific level for one merged category was increased with effect from 1 January 1988;
- (e) all other specific limits, DCLs and GALs were maintained.

22. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1497)

¹The agreement had been transmitted under Articles 7 and 8 (COM.TEX/SB/1241)

United States/Macao

23. The TSB received two notifications from the United States of amendments of its agreement with Macao, valid until 31 December 1991.

24. Under these amendments, changes were made to take account of the adoption of the new textile category system resulting from the implementation of the Harmonized Commodity Code by the United States, effective on 1 January 1988, and as a consequence of these changes, the consultation level for a clothing category and the Group I and Aggregate limits were increased with effect from 1 January 1989.

25. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1498 and COM.TEX/SB/1499)

United States/Yugoslavia

26. The TSB received a notification from the United States of a further amendment of the selective agreement with Yugoslavia, scheduled to expire on 31 December 1989.

27. Under this amendment:

- (a) the product coverage was increased by one category and two merged categories;
- (b) restraints were placed on these categories with effect from 1 October 1987 in one case and from 1 January 1988 in the other two cases;
- (c) the base levels were in one case higher and in the others substantially higher than 6 per cent over the relevant roll back levels;
- (d) the annual growth rate was set at 6 per cent;
- (e) the flexibility provisions of the agreement, namely 6 per cent swing and 11/6 per cent carryover/carry forward, applied.

28. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1500)

United States/Hungary

29. The TSB received a notification from the United States of a further amendment of its selective agreement with Hungary, valid until 31 December 1991.

30. With effect from 1 January 1989, the product coverage was extended by one product category, which was placed under restraint for the remainder of the agreement.

31. The base level was set substantially higher than the roll back level, and the growth rate agreed at 6 per cent. Swing at 5 per cent and carryover/carry forward at 11/6 per cent were available for this category.

32. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1501)

Norway/Pakistan

33. The TSB received a notification from Norway of its first bilateral agreement concluded with Pakistan, valid for the period 1 January 1988 to 31 December 1991.

34. Under this agreement:

- (a) seven clothing and one made-up categories were covered, all under restraint;
- (b) the base levels were all substantially higher than 6 per cent over the reference levels;
- (c) growth rates were set at 1 per cent for one category and at 3 per cent for the others;
- (d) swing was available at 1 per cent for one category, at 3 per cent for four categories, and at 5 per cent for the others;
- (e) carryover/carry forward was provided at 4/2 per cent in one case and at 8/4 per cent for other categories;
- (f) a cumulative use of flexibility was agreed at 4 per cent in one case and 8 per cent in all other cases.

35. During its review, the TSB noted that Norway had made reference to paragraph 2 of Annex B and to paragraph 12 of the 1986 Protocol of Extension with respect to the growth rates and the flexibility provisions.

36. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1502)

Notifications under Article 11

Colombia, Mexico, Switzerland

37. The TSB received further replies 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:¹

- (a) Colombia notified the products subject to prior import licensing for balance-of-payments reasons;

¹COM.TEX/SB/1467

- (b) Mexico reported no changes since the liberalization notified in its previous report;
- (c) Switzerland notified no modifications in its régime for textile products. The TSB recalled its earlier opinion¹ that in applying the requirement of licensing subject to certain minimum price margins for imports of some products from certain participants, every effort should be made to ensure conformity with the MFA.

38. The TSB agreed to forward these notifications to the Textiles Committee. (COM.TEX/SB/1489/Add.23, Add.24, Add.25)

Czechoslovakia

39. In reviewing the notification received under Article 11 from Czechoslovakia, the TSB decided to seek further information on the import régime maintained by Czechoslovakia with respect to textile products.

Other business

United States/Thailand

40. The TSB received a notification from the United States of unilateral measures taken under Article 3:5(i) with respect to imports of Categories 347/348, 448, 341/641, 638/639 and 847 from Thailand.

41. The TSB decided to invite the parties to present their respective cases at its meeting scheduled for 10-12 October.

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42. On behalf of the TSB, the Chairman thanked Mr. Mazzocchi (EEC) and Mr. Wentzel (Norway) who were leaving the TSB, for their contributions to the work of the Body.

¹COM.TEX/SB/1316, paragraph 6.10, and 1490, paragraph 5.188(d)