GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1632
15 October 1991

Special Distribution

Textiles Surveillance Body

# REPORT OF THE FOURTH MEETING (1991)[1]

1. The Textiles Surveillance Body held its fourth meeting of 1991 on 18-19 June.

2. Present at this meeting were the following members and/or alternates: Mrs. Deustua/Mr. Prates, Messrs. Gero, Hagfors/Wentzel, Ishimaru, Lakatos/Yang, Oh/Wong, Sajjanhar, Shepherd, Ms. Smadja, Messrs. Somchin/Buencamino.

3. The report of the third meeting of 1991 has been circulated in COM.TEX/SB/1619.

## Notifications under Article 4

### United States/Mexico

4. The TSB received a notification from the United States of further modifications of its bilateral agreement with Mexico, effective for the period 1 January 1990 to 31 December 1991.

5. Under these modifications:

a) certain products falling within three product categories were excluded from the coverage of the agreement;

b) under the "normal" régime: two specific limits were converted to designated consultation levels (DCLs); most existing DCLs were removed; quota levels for certain categories were increased by more than the applicable growth rates; one category was newly placed under restraint with an increase over the reference level substantially above 6 per cent;

c) under the "special" régime: all but one of the existing specific limits were either liberalized or converted into DCLs; one DCL was removed; a specific limit was introduced on a category previously restrained under the "normal" régime;

[1] Two-hundred and fifty-ninth meeting overall.

d) in addition to the swing provisions of the agreement, special swing of 10 per cent was provided between two specific limits;

e) the system of minimum consultation levels, applicable to all categories not subject to specific limits or DCLs, was replaced by a consultation mechanism for the introduction of new restraints.

6. With respect to less than 6 per cent growth rate applicable to the new specific limit under the normal régime, the TSB heard a statement from the United States that this was agreed in the context of the elements listed in paragraph 5 above.

7. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1620)

United States/Uruguay

8. The TSB received a notification from the United States of further amendments of its agreement with Uruguay scheduled to expire on 30 June 1991.

9. Under these amendments:

a) adjustments in product classification, necessary for the application of the Harmonized System, were made;

b) product coverage was increased by one cotton category, which was placed under restraint from 1 January 1989;

c) a restraint on a wool category, scheduled to expire on 31 January 1989, was extended for the agreement's life;

d) the base levels for the restraints in b and c were much higher than the reference or the previous restraint levels;

e) growth was set at 6 per cent for the cotton category and at 1 per cent for the wool category.

10. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1621)

United States/Korea

11. The TSB received a notification from the United States of a further amendment of its agreement with Korea affecting the period 1 January 1990 to 31 December 1991.

12. Under this amendment:

a) restraints on two categories were introduced;

b) the base levels were higher than the relevant reference levels;

c) for the last agreement year, one of these categories was merged with another already restrained category;

d) the annual growth rate was set at 2.5 per cent;

e) the flexibility provisions of the consultation mechanism applied, i.e., swing at 7 per cent and carry forward/carryover at 2 per cent of which carryover may not exceed 1 per cent.

13. With reference to the growth and carryover/carry forward provisions mentioned above, the TSB recalled that in the negotiation of their agreement the parties had taken into account the provisions of Paragraph 10 of the 1986 Protocol of Extension.[2]

14. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1622)

EEC/Czech and Slovak Federal Republic

15. The TSB received a notification from the EEC of a modification of its agreement with the Czech and Slovak Federal Republic providing for increases in quotas, on an exceptional basis, for twelve Community restraints in the 1990 and 1991 agreement years.

16. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1623)

Sweden/Malaysia

17. The TSB received a notification from Sweden of an amendment of its agreement with Malaysia, under which the product coverage of the agreement was increased by the inclusion of knitted underwear; this product was placed under a restraint for the period 1 May 1990 to 31 July 1991, at a level much higher than previous trade. Swing was available at 5 per cent.

18. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1624)

EEC/ Czech and Slovak Federal Republic; EEC/Hungary; EEC/Poland; EEC/Romania

19. The TSB received notifications from the EEC of amendments of its agreements with the Czech and Slovak Federal Republic, Hungary, Poland and Romania concerning the establishment of separate quotas for 1991 on imports of products subject to outward processing traffic (OPT).

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[2] COM.TEX/SB/1272.

20. These amendments concerned:

- nineteen categories at the Community level for the Czech and Slovak Federal Republic;

- fifteen categories at the Community level and one category in one region for Hungary;

- thirteen categories at the Community level and five categories at regional levels for Poland;

- sixteen categories at the Community level and six categories at regional levels for Romania.

21. Subject to consultation, swing at 25 per cent (with 100 per cent swing for categories falling within Groups II and III in the case of certain member States), carryover at 10.5 per cent and carry forward at 7.5 per cent were available. Furthermore, it was possible to re-allocate unused regional quotas.

22. OPT imports had been previously limited under the Autonomous Régime applied by the Community. In the case of Hungary and Poland, the Régime was suspended in 1990.

23. Quotas on imports of the same products already applied in the respective bilateral agreements.

24. After its review, the TSB agreed to transmit the notifications to the Textiles Committee. (COM.TEX/SB/1625, 1626, 1627 and 1628)

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25. During its review of several agreements and/or amendments, the TSB noted their late notification and recalled the requirements of paragraph 4 of Article 4.

Notification under Article 8:4

United States/Macau

26. The TSB received under Article 8:4 a notification from the United States of an amendment of its agreement with Macau.

27. Under this amendment, specific limits on three categories were reduced for 1991 and a specific limit converted into a designated consultation level at a lower level, in order to deal with problems of circumvention of the agreement resulting from the transshipment of goods not of Macau origin. Consequent adjustments were made to the Aggregate and Group I limits.

28. The parties agreed that subject to the effective implementation by Macau of measures to prevent circumvention of the agreement, the United States would restore the original levels for the specific limits concerned; furthermore, they agreed that if Macau requested an increase in the designated consultation level, the United States would take into account the previous specific limit when reviewing such a request.

29. The TSB recalled that the United States had earlier referred problems of circumvention under Article 8:2, and that subsequently Macau and the United States had reported that an agreed solution had been found.[3]

30. During its review, the TSB was informed that the parties were holding further consultations on this matter.

31. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1629)

Notifications under Articles 7 and 8

United States/United Arab Emirates; EEC/Bulgaria

32. In accordance with the request made by the Textiles Committee that agreements with non-participating countries be notified, the TSB received the following notifications under Articles 7 and 8;

a) a bilateral agreement concluded by the United States with the United Arab Emirates for the period 1 January 1989 to 31 December 1993;

b) modifications of the bilateral agreement between the EEC and Bulgaria effective for the period 1 January to 31 December 1991.

33. The TSB agreed to forward these notifications to participating countries for their information. (COM.TEX/SB/1630 and 1631)

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34. On behalf of the TSB and himself, the Chairman expressed appreciation for the contribution made to the work of the Body by Messrs. Elker and Gero who were leaving Geneva, and by Mr. Lakatos whose appointment to the TSB was scheduled to expire on 30 June 1991.

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[3] See COM.TEX/SB/1573.