GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
COM.TEX/SB/1724
5 May 1992
Special Distribution

Textiles Surveillance Body

# REPORT OF THE SECOND MEETING (1992)[1]

1. The Textiles Surveillance Body held its second meeting of 1992 on 3-4 March.

2. Present at this meeting were the following members and/or alternates: Messrs. Buencamino, Donaghy/Potocnik, Ishimaru, Prates/Mrs. Deustua, Messrs. Sajjanhar/Shalaby, Shepherd, Ms. Smadja, Messrs. Wang, Wentzel/Luotonen and Wong.

3. The report of the first meeting of the year has been circulated in COM.TEX/SB/1688.

Notifications under Article 4

Finland/Sri Lanka

4. The TSB received a notification from Finland of an agreement concluded with Sri Lanka for the twelve-month period 1 January 1992 to 31 December 1992.

5. Under this agreement:

a) the product coverage, limited to one product, was unchanged from the previous agreement;

b) the restraint level for the product was increased by 5 per cent over the previous level, an increase higher than the growth rate in the previous agreement;

c) carryover/carry forward was increased from 10/5 per cent in the previous agreement to 11/6 per cent.

6. In relation to the increase in the base level, Finland made reference to paragraph 2 of Annex B of the Arrangement.

7. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1689)

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[1]Two hundred and sixty-fourth meeting overall.

Finland/Singapore

8. The TSB received a notification from Finland of an agreement concluded with Singapore for the period 11 January 1992 to 31 December 1992.

9. Under this agreement, which covers one product, the base level was set at 6.9 per cent above the appropriate reference level.

10. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1690)

Amendments of EEC agreements with Pakistan and Singapore

11. The TSB received two notifications from the EEC of amendments of its agreements with Pakistan and Singapore. Due to the unification of Germany, the EEC increased the 1991 limits of restraints at the Community level; the increases were added to the German share of those limits. The uplifts were calculated on the basis of a standard formula in the case of Pakistan, and (a) a standard formula or (b) direct imports for consumption in the former German Democratic Republic in the case of Singapore.

12. The increases concerned eight limits and one sub-limit for Pakistan and seven limits and one sub-limit for Singapore.

13. After its review, the TSB agreed to transmit the notifications to the Textiles Committee. (COM.TEX/SB/1691 and 1692)

EEC/India

14. The TSB received a notification from the EEC of an amendment of its agreement with India. A restraint at the Community level was agreed for woven fabrics of synthetic fibres (Category 3) with a sub-limit for "fabrics other than bleached or unbleached" (Category 3a) for the period 18 September 1991 to 31 December 1992.

15. The base level was much higher than the basket exit level and the recent level of imports. Growth was set at 4 per cent. Swing at 7 per cent was available with Category 2 and from Category 1. Carryover and carry forward were possible at 7 and 5 per cent, with the cumulative use of flexibility limited to 17 per cent.

16. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1693)

EEC/Indonesia

17. The TSB received a notification from the EEC of an amendment of its agreement with Indonesia. A restraint at the Community level was agreed for woven fabrics of synthetic fibres (Category 3) with a sub-limit for "fabrics other than bleached or unbleached" (Category 3a) for the period 12 July 1991 to 31 December 1991. For three member States which had previous regional limits the restraint applied for the whole 1991 agreement

year, and for the other member States it applied pro rata from 12 July 1991.[2]

18. The base level was much higher than the basket exit level and took account of the recent developments in imports. Swing at 7 per cent was available with Category 2; carryover and carry forward at 7 and 5 per cent, with the cumulative use of flexibility at 17 per cent, continued to apply.

19. After its review. the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1694)

EEC/Pakistan

20. The TSB received a notification from the EEC of an amendment of its bilateral agreement with Pakistan. A restraint at the Community level was agreed on woven fabrics of synthetic fibres (Category 3) for the period 18 September 1991 to 31 December 1992. Three regional restraints on this category were in application previously.

21. The base level was much higher than the basket exit level and took account of the recent developments in imports. Growth was set at 4 per cent. Swing at 7 per cent was available with Category 2 and from Category 1. Carryover and carry forward were applicable at 7 and 5 per cent. The cumulative use of flexibility was limited to 17 per cent.

22. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1695)

EEC/Romania

23. The TSB received a notification from the EEC of an amendment of its agreement with Romania providing for increases in quotas, on an exceptional basis, for six Community and two regional restraints in the 1991 and 1992 agreement years.

24. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1696)

EEC/Argentina; EEC/Hong Kong; EEC/Macau; EEC/Romania

25. The TSB received four notifications from the EEC of amendments of its agreements with Argentina, Hong Kong, Macau and Romania for the 1992 agreement year. The inter-regional transfer allowed was increased to 40 per cent in all cases.

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[2]See also paragraph 41 below.

26. After its review, the TSB agreed to transmit the notifications to the Textiles Committee. (COM.TEX/SB/1697, 1698, 1699 and 1700)

EEC/Bangladesh

27. The TSB received a notification from the EEC of the extension of its consultation agreement with Bangladesh. The agreement, scheduled to expire on 31 December 1991, was extended to 31 December 1992.

28. The terms of the agreement remain unchanged, except that if any restraints were introduced, the applicable inter-regional transfer would be 40 per cent.

29. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1701)

Norway/China

30. The TSB received a notification from Norway of an extension of its agreement with China for the period 1 January 1992 to 31 December 1992.

31. The terms of the agreement remained unchanged for the extended period.

32. During its review, the TSB noted that the parties had "addressed the problem of overshipments of certain categories as well as transshipments of Chinese products covered by restrictions through other countries or territories for import into Norway". The TSB recalled that this matter had already been addressed by the parties.[3]

33. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1702)

Norway/Macau

34. The TSB received a notification from Norway of an extension of its agreement with Macau for the two-year period 1 January 1992 to 31 December 1993.

35. Under this extension:

a) the product coverage was extended by the inclusion of one product, which was made subject to a surveillance system;

b) the base levels were increased by more or substantially more than 6 per cent over previous levels;

c) growth rates, previously at 2 per cent, were increased to 3 per cent;

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[3] COM.TEX/SB/1604, second TSB meeting in 1991.

d) swing remained unchanged at 3 per cent;

e) carryover/carry forward provisions were improved from 8 and 4 per cent to 10 and 5 per cent;

f) the limitation on cumulative use of flexibility was eliminated.

36. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1703)

Norway/Thailand

37. The TSB received a notification from Norway of a further extension of its agreement with Thailand for the two-year period 1 January 1992 to 31 December 1993.

38. Under this extension:

a) product coverage and products under restraint were modified by the removal of one product category (woven shirts) and by the addition of one product category (nets and netting);

b) the base levels of the three remaining restrained categories were increased by more or substantially more than 6 per cent over previous levels; the base level of the newly restrained category was more than 6 per cent higher than the rollback level;

c) growth rates in all cases were less than 6 per cent; those applicable to the previously restrained categories remained unchanged;

d) swing for the previously restrained categories remained unchanged at 3 per cent; for the new category it was set at 1 per cent;

e) carryover and carry forward remained unchanged at 10 and 5 per cent;

f) the limitation on the cumulative use of flexibility was removed.

39. With respect to the growth and swing provisions for the newly restrained category, Norway made reference to Article 1:2 and paragraph 2 of Annex B of the Arrangement.

40. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1704)

Extension of EEC agreements with India, Indonesia, Korea, Peru, Philippines, Singapore and Sri Lanka

41. The TSB received seven notifications from the EEC of the extension of its bilateral agreements with India, Indonesia, Korea, Peru, the Philippines, Singapore and Sri Lanka. The agreements, scheduled to expire on 31 December 1991, were extended for the year ending 31 December 1992.

42. The terms of the agreements, as previously amended, remained unchanged, with the exception of inter-regional transfer, which was increased to 40 per cent.

43. After its review, the TSB agreed to transmit the notifications to the Textiles Committee. (COM.TEX/SB/1705, 1706, 1707, 1708, 1709, 1710 and 1711)

EEC/Hungary

44. The TSB received a notification from the EEC of an extension of its agreement with Hungary. The agreement, scheduled to expire on 31 December 1991, was extended to 31 December 1992.

45. Under this extension:

a) product coverage was extended to include certain products falling within paragraph 24 of the 1986 Protocol of Extension;

b) seven restraints and a sub-limit at the Community level and three regional restraints were liberalized; consequent to this liberalization, four outward processing Community quotas and one regional OPT quota were removed;

c) a restraint on woven fabrics of flax or ramie (Category 117) was included in the agreement;[4]

d) the 1992 limits were in all cases higher by more or substantially more than 6 per cent over the 1991 limits;

e) swing at 7 or 10 per cent, with some limitations, and carryover/carry forward at 9 and 5 per cent together with their cumulative use increased to 17 per cent, provided Hungary with improved flexibility; in addition, inter-regional transfer was increased to 40 per cent;

f) the provisions related to the price clause in the agreement were deleted.

46. During its review, the TSB considered the extension of the product coverage referred to in sub-paragraph 45(a), as well as the inclusion of the restraint referred to in sub-paragraph 45(c), in the light of its general observation relating to paragraph 24 of the 1986 Protocol of

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[4]This product had been subject to a mutually agreed restraint not notified under the MFA.

Extension.[5] After examination of relevant information provided by the EEC, the TSB was of the opinion that the conditions set out in paragraph 24 of the 1986 Protocol had been met.

47. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1712)

United States/India

48. The TSB received a notification from the United States of an extension of its agreement with India for the period 1 January 1992 to 31 December 1992 with provision for a further twelve-month extension.

49. Under this extension:

a) the product coverage remained unchanged;

b) specific limits on six categories or merged categories were removed; specific limits on two categories and one merged category were introduced. All categories under specific limit were placed in Group I and all other non-wool categories in Group II; this resulted in the migration of one merged category from Group I to Group II and of two categories and one merged category from Group II to Group I;

c) certain previously restrained categories were merged;

d) base levels of previously restrained categories were increased at the applicable growth rates, except in two cases where they were increased by more than the growth rates; three base levels concerning newly restrained categories were more than 6 per cent higher than previous levels or reference levels;

e) the Group II limit was increased by more than 6 per cent, taking into account the migration of categories referred to in sub-paragraph (b) above;

(f) for four clothing categories additional quota was provided for 100 per cent cotton garments made of handloom fabrics;

g) swing provisions were improved by providing swing from specific limits into Group II, and by providing additional swing for certain categories; swing between categories was set between 5 and 7 per cent; no swing for one category continued to apply;

h) carryover/carry forward remained unchanged at 11/6 per cent.

50. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1713)

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[5] COM.TEX/SB/1328.

Notifications transmitted under Articles 7 and 8

51. The TSB received several notifications under Article 4 and one notification under Articles 7 and 8, of extensions of agreements which concerned countries which had participated in the Arrangement until 31 July 1991, but had not as yet accepted the extension of the 1986 Protocol. In transmitting these notifications to the Textiles Committee under Articles 7 and 8, the TSB understood that it would review any notification under Article 4, after the acceptance of the 1991 Protocol by any of the countries concerned, at the request of either party involved in the notification. The notifications are outlined below.

EEC/Guatemala; EEC/Uruguay

52. The consultation agreements of the EEC concluded with Guatemala and Uruguay were extended for the period 1 January 1992 to 31 December 1992. (COM.TEX/SB/1714 and 1715)

EEC/Czech and Slovak Federal Republic; EEC/Malaysia; EEC/Poland

53. The restraint agreements of the EEC concluded with the Czech and Slovak Federal Republic, Malaysia and Poland were extended for the twelve-month period 1 January 1992 to 31 December 1992. (COM.TEX/SB/1716, 1717 and 1718)

Norway/Poland

54. The agreement between Norway and Poland was extended for the period 1 January 1992 to 31 December 1993. (COM.TEX/SB/1719)

United States/Poland

55. The United States notified under Articles 7 and 8 two extensions of its agreement with Poland. The first extension covered the period 1 January 1990 to 31 December 1992; the second extension superseded the first and covered the period 1 January 1992 to 31 December 1993. (COM.TEX/SB/1720)

Information under Article 8:4

United States/China

56. The TSB was informed by the United States, under Article 8:4, of measures it had taken under its bilateral agreement with China, with respect to transshipment of certain textile products manufactured in China which had entered the United States customs territory as products of third countries. The TSB discussed this matter, bearing in mind that it had not been requested by either party to make a report or recommendation with regard to these measures.

Notifications under Articles 7 and 8

57. The TSB received three notifications concerning restraint agreements affecting non-participating countries.

These notifications concerned:

a) a bilateral agreement concluded between Finland and North Korea for the period 1 January 1992 to 31 December 1994;

b) an extension of the agreement between the EEC and Bulgaria for the period 1 January 1992 to 31 December 1992; and

c) an amendment of the EEC/Bulgaria agreement affecting the 1991 and 1992 agreement years.

58. The TSB agreed to forward these notifications for the information of participating countries. (COM.TEX/SB/1721, 1722 and 1723)

Notifications under Article 11

Brazil, Macau, El Salvador

59. In response to the request made by the TSB for information under Article 11, paragraphs 11, 12 and 2, on the status of restrictions maintained by participating countries on imports of textiles and textile products,[6] the TSB received reports from Brazil, Macau and El Salvador.

60. These reports, together with other replies due from participants, will be transmitted in due course in a consolidated form to the Textiles Committee.

Matter referred under Article 11:4

Indonesia/United States

61. The TSB received a notification under Article 11:4, in which Indonesia referred a restraint introduced by the United States in the absence of an agreed solution in consultations held under the relevant provisions of the Indonesia/United States agreement.

62. The TSB decided to invite both governments to present their respective cases at its next meeting.

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[6] COM.TEX/SB/1680.