

# GENERAL AGREEMENT ON

## TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1771

7 August 1992

Special Distribution

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### Textiles Surveillance Body

#### REPORT OF THE FIFTH MEETING (1992)<sup>1</sup>

1. The Textiles Surveillance Body held its fifth meeting of 1992 on 18-19 June.
2. Mr. Wong appointed Mr. Sang-Hoon Kang (Korea) as his alternate, replacing Mr. Lee.
3. Present at this meeting were the following members and/or alternates: Messrs. Buencamino, Donaghy/Potocnik, Ishimaru, Prates/Ms. Deustua, Ms. Smadja, Messrs. Shepherd, Wang/Ms. Ivanka, Messrs. Wentzel, Wong/Kang.
4. The report of the fourth meeting has been circulated in COM.TEX/SB/1748.

#### Notifications under Article 4

##### EEC/Pakistan

5. The TSB reverted to the notification from the EEC of an extension of its bilateral agreement with Pakistan.<sup>2</sup> The agreement was extended for the period 1 January to 31 December 1992.
6. The provisions of the agreement with respect to restraint levels, including categories under restraint, growth and flexibility remained unchanged, except that the inter-regional transfer was raised to 40 per cent.
7. With respect to outward processing traffic, the 1992 levels were increased by substantially more than the growth rates, and quotas were provided for three additional categories.
8. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1749)

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<sup>1</sup>Two hundred and sixty-seventh meeting overall.

<sup>2</sup>See COM.TEX/SB/1748.

Canada/Hungary

9. The TSB received a notification from Canada of the extension with modification of its agreement with Hungary for the period 1 January to 31 December 1992.

10. Under this extension:

- a) the agreement continued to cover one product category which was under restraint;
- b) the base level for 1992 was higher than the previous level by substantially more than 6 per cent;
- c) the growth rate was raised from 3 to 4 per cent;
- d) the flexibility provisions remained unchanged.

11. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1750)

Canada/India

12. The TSB received a notification from Canada of an extension with amendments of its bilateral agreement with India for the period 1 January to 31 December 1992.

13. Under this extension as amended:

- a) the product coverage was increased by the inclusion of bedsheets, which were placed under restraint;
- b) the base levels of the Group limit on certain clothing items, of one specific limit and of the new restraint on bedsheets were more than 6 per cent higher than the previous levels or the relevant reference level; the levels of the other three restraints were increased by the relevant growth rates;
- c) swing and carryover/carry forward for the new restraint were set at 7 and 10/5 per cent respectively, while the provisions for the other restraints remained unchanged;
- d) the cumulative use of flexibility was increased from 15 per cent to 17 per cent.

14. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1751)

Canada/Pakistan

15. The TSB received a notification from Canada of an extension with amendments of its agreement with Pakistan for the period 1 January to 31 December 1992.

16. Under this extension as amended:

- a) the coverage of one product category under restraint was reduced by the exclusion of one product (bar mops);
- b) the base levels were increased by the applicable growth rates except for two cases where the increases were higher and one case where the increase was substantially higher than the growth rates of 6 per cent;
- c) the flexibility provisions of the agreement remained unchanged.

17. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1752)

Canada/Thailand

18. The TSB received a notification from Canada of an amendment of its agreement with Thailand. Under the consultation provisions of the agreement a limit was introduced on cotton terry towels, washcloths and sets for the period 1 December 1989 to 30 November 1990. Subsequently, a restraint was agreed for the period 1 December 1990 to 31 December 1991.

19. The notional annual level for the initial restraint was more than 6 per cent higher than the rollback level; the agreed level was more than 6 per cent higher than the initial level. Swing and carryover/carry forward were set at 7 and 10/5 per cent, respectively.

20. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1753)

Canada/Bangladesh; Canada/Malaysia; Canada/Sri Lanka; Canada/Thailand; Canada/Uruguay

21. The TSB received five notifications from Canada of the extension of its agreements with Bangladesh, Malaysia, Sri Lanka, Thailand and Uruguay for the twelve-month period 1 January to 31 December 1992.

22. The terms of all agreements, including product coverage, products under restraint, growth and flexibility provisions, remained unchanged.

23. After its review, the TSB agreed to transmit the notifications to the Textiles Committee. (COM.TEX/SB/1754, 1755, 1756, 1757 and 1758)

Canada/Czech and Slovak Federal Republic

24. The TSB received a notification from Canada of an extension and amendment of its agreement with the Czech and Slovak Federal Republic for the period 1 January to 31 December 1992.

25. Under this extension as amended:

- a) a sub-limit was eliminated;
- b) the base levels were increased over previous levels by less than 6 per cent in one case, by 6 per cent in two cases and by substantially more than 6 per cent in one case; provision for improved growth was made for two categories;
- c) swing and carryover/carry forward remained unchanged; the cumulative use of flexibility was increased from 11 to 15 per cent.

26. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1759)

Norway/China

27. The TSB received a notification from Norway of an extension with amendments of its agreement with China for the period 1 January 1992 to 31 December 1993.

28. Under this extension as amended:

- a) the product coverage and products under restraint were modified by the removal of one product category (woven shirts) and the addition of one product category (knotted netting and nets);
- b) the base levels of the three categories still under restraint were increased by more than 6 per cent over previous levels in two cases and by less than 6 per cent in the third case; the base level of the newly restrained category was set substantially higher than the relevant reference level;
- c) the growth rates for two categories were increased, but remained below 6 per cent in all cases;
- d) swing was increased from 2 to 3 per cent in the case of one category and remained unchanged at 3 per cent for the others; carryover and carry forward were increased from 8 and 4 per cent to 10 and 5 per cent, respectively.

29. With respect to the growth and flexibility provisions for the new restraint, Norway made reference to Article 1:2 and to paragraph 2 of Annex B.

30. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1760)

Norway/Hong Kong

31. The TSB received a notification from Norway of an extension with amendments of its agreement with Hong Kong for the period 1 July 1992 to 31 December 1993.

32. Under this extension as amended:

- a) the product coverage was reduced by four clothing categories, of which two were not subject to specific restraint and two (knitted undergarments and woven shirts) were liberalized; one product category (knotted netting and nets) was added to the coverage and made subject to an export licence surveillance system;
- b) the 1992 notional base levels for the three remaining categories under restraint were increased by less than 6 per cent over previous levels;
- c) growth rates remained unchanged at 1 and 3 per cent;
- d) swing remained unchanged, while carryover and carry forward were increased from 6 and 3 per cent to 10 and 5 per cent.

33. With respect to the growth and flexibility provisions, Norway made reference to Article 1:2 and to paragraph 2 of Annex B.

34. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1761)

Norway/Hungary

35. The TSB received a notification from Norway of an extension with amendments of its agreement with Hungary for the period 1 January 1992 to 31 December 1993.

36. Under this extension as amended:

- a) the product coverage was reduced by the exclusion of (i) one product category (woven shirts); and (ii) clothing for boys and girls of height up to and including 152 cm; the restraint on woven shirts was liberalized;
- b) the base levels of the remaining restraints were substantially higher than previous levels;
- c) growth rates were increased but still remained below 6 per cent;
- d) swing was increased from 2.5 to 3 per cent and carryover and carry forward were improved from 8 and 4 per cent to 10 and 5 per cent;
- e) the limit on the cumulative use of flexibility was eliminated.

37. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1762)

Norway/Indonesia

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

39. Under this extension as amended:

- a) the product coverage was increased by the addition of one category (knotted netting and nets) which was made subject to certification of origin;
- b) the base levels were more or substantially more than 6 per cent higher than previous levels in all but one case, where the increase was less than 6 per cent;
- c) the growth and flexibility provisions remained unchanged;
- d) the limit on the cumulative use of flexibility was eliminated.

40. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1763)

United States/Hungary

41. The TSB received a notification from the United States of an extension with modifications of its agreement with Hungary, and decided to revert to it at the next meeting.

Notifications under Articles 7 and 8

42. The TSB received seven notifications concerning restraints affecting non-participating countries.

43. These notifications concerned:

- a) extensions of Canada's agreements with Bulgaria, Mauritius, South Africa and Vietnam for the period 1 January to 31 December 1992;
- b) import restraints maintained by Canada on exports from the United Arab Emirates for the period 1 January to 31 December 1992;
- c) the extension with amendments of the bilateral agreement between Norway and North Korea for the period 1 January 1992 to 31 December 1993; and
- d) the extension of the agreement between Canada and Poland for the period 1 January to 31 December 1992.

44. In agreeing to transmit these notifications under Articles 7 and 8, for the information of the participating countries, the TSB noted that the notification referred to in sub-paragraph 43 (d) above concerned a country

which had participated in the Arrangement until 31 July 1991, but had not as yet accepted the extension of the 1986 Protocol, and understood that if on acceptance of the said extension, either concerned party so requested, the TSB would review it under Article 4. (COM.TEX(SB/1764, 1765, 1766, 1767, 1768, 1769 and 1770)

Notifications under Article 11

Colombia, Korea, Switzerland

45. The TSB received reports from Colombia, Korea and Switzerland in response to the request made by the Body for information under Article 11, paragraphs 11, 12 and 2, on the status of restrictions maintained by<sup>3</sup> participating countries on imports of textiles and textile products.

46. These reports, together with all other replies received from participants, will be transmitted in due course to the Textiles Committee.

Report on a matter reviewed under Article 11:5

Hong Kong/United States

47. As requested at its last meeting, the TSB received reports from Hong Kong and the United States regarding their consultations on the categorization of certain garments under their bilateral agreement.<sup>4</sup> Since a mutually acceptable solution had not been found, the parties decided to pursue their consultations, the results of which would be conveyed to the Body.

48. The TSB expressed its appreciation for the reports received and its concern with the fact that no agreed solution had been found. The TSB reiterated its interest in the parties reaching an agreed solution as soon as possible and requested them to report on the result of their forthcoming consultations before 22 July.

Annual Report to the Textiles Committee

49. The TSB discussed an outline for its annual report to the Textiles Committee.

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<sup>3</sup>See COM.TEX/SB/1680.

<sup>4</sup>COM.TEX/SB/1748.