

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1807
27 October 1992

Special Distribution

Textiles Surveillance Body

REPORT OF THE NINTH MEETING (1992)¹

1. The Textiles Surveillance Body held its ninth meeting of 1992 on 23 to 25 September.

2. Present at this meeting were the following members and/or alternates: Messrs. Buencamino/Pangaribuan, Donaghy/Potocnik, Ishimaru, Kumar, Prates/Ms. Deustua, Mr. Shepherd, Ms. Smadja/Mr. Boisson, Messrs. Wang, Wentzel and Wong/Kang.

3. The report of the eighth meeting has been circulated in COM.TEX/SB/1804.

Notification under Article 2:4

China

4. The TSB reverted to the review of China's notification under Article 2:4, which the Body had started during its previous meeting.²

5. The points listed below include information contained in the notification, as well as additional information and clarification provided by the Government of China:

- (i) China has been in a process of liberalization of its textile import régime since 1982;
- (ii) the application of import licensing to several types of man-made fibres and their products is necessary in order to monitor the impact of imports on China's man-made fibre industry, which was recently established. Such protection is equivalent to that accepted under Article XVIII of the GATT;
- (iii) the fact that importation of certain categories of products is handled by designated corporations (specialized foreign trade corporations) does not imply a restrictive import régime, as the number of such corporations has been expanding and will continue

¹Two hundred and seventy-first meeting overall.

²See COM.TEX/SB/1804, report of the 8th meeting.

to expand. The establishment of such corporations is not discriminatory, and is based on satisfaction of technical and financial requirements publicly available and set down for the purpose of ensuring the interests both of users in China and of foreign commercial partners;

- (iv) the importation of wool tops and of all man-made fibre products of the polyester and polyacrylic type is subject to approval by approving authorities (either State Planning Commission or Ministry of Commerce). Their rôle is that of a provider of broad directives regarding the general level of imports envisaged for each product category in the light of availability of foreign exchange, industrial and development priorities and the international market situation. After such level is approved, it is pro rated among Provincial Governments, which entrust any foreign trade corporation with the application for import licences on the strength of the documentation issued by the approving authorities. On presentation of such documentation, the Ministry of Foreign Economic Relations and Trade (MOFERT) issues import licenses automatically. Additional imports are allowed without license in the case of several thousand foreign investment enterprises, for their own use or for outward processing, and of production enterprises with import rights;
- (v) the low figure for imports of clothing originating in Europe and North America (US\$48 million in 1990) as compared to the figures for imports of fibres (US\$1.8 billion) and textiles (US\$2.7 billion) of the same origins in the same year, was explained by the low personal disposable income in China, the possibility of buying cheaper garments of domestic origin and the possibility of buying brand-name products made in China;
- (vi) China is entitled to maintain foreign exchange control, subject to annual review by the International Monetary Fund, under Article 14 of the IMF;
- (vii) despite the justifiability of its textile trade system, China intends to phase out import licensing for textiles and clothing within three years.

6. The TSB was also informed that between 1984, when China acceded to the Arrangement, and the present moment:

- (a) the number of enterprises engaged in imports of MFA products had greatly expanded;
- (b) exchange controls were relaxed. Until 1986, 75 per cent of foreign exchange earned from exports went to the Central Government; in 1992, this figure fell to 20 per cent;

- (c) no new restraints on imports of MFA products have been introduced;
- (d) the number of man-made fibre products subject to import licensing has been reduced.

7. The TSB considered the information contained in the notification and noted in particular the additional information and clarification outlined in paragraphs 5 and 6 above. The Body concluded that China had satisfied the reporting requirements of Article 2, paragraph 4, and that future reports would be submitted pursuant to Article 11, paragraphs 11, 12 and 2.

8. Without prejudice to the ongoing consultations in the Working Party on China's status as a contracting party, the TSB decided to transmit the notification to the Textiles Committee. (COM.TEX/SB/1805)

Notification under Articles 7 and 8

United States/Nigeria

9. The TSB received a notification from the United States of a bilateral agreement concluded with Nigeria for the period 1 January 1990 to 31 December 1992.

10. The notification was made pursuant to the request by the Textiles Committee that agreements concluded with non-participants be notified. The TSB agreed to forward the text of the notification to participating countries for their information. (COM.TEX/SB/1806)

Notifications under Article 8:4

United States/China; United States/Pakistan

11. The TSB received two notifications from the United States, under Article 8:4, of measures taken to deal with problems of circumvention:

- a) charges made to the 1992 limits on several categories in its agreement with China; and
- b) charges made to the 1992 limits on two categories in its agreement with Pakistan.

12. The TSB took note of these measures, bearing in mind that it had not been requested to make reports or recommendations thereon.

Notifications under Article 11, paragraphs 11, 12 and 2

Philippines, Argentina, Peru, Uruguay

13. In response to the request made by the TSB for information from participating countries on the status of restrictions maintained by them on imports of textile products,³ the TSB received the following information:

- a) the Philippines does not maintain restrictions on textile and clothing imports or any type of measure, other than tariffs, having a restrictive effect;
- b) Argentina does not apply restrictions on imports of textile products, except that imports of used clothing have been suspended;
- c) Peru does not apply restrictions on imports of textile products, except that for reasons of public health imports of used clothing have been suspended;
- d) Uruguay does not maintain any kind of unilateral quantitative restrictions or any restrictive measures subjecting imports to availability of foreign exchange or development needs.

14. The TSB agreed to transmit these notifications to the Textiles Committee. (COM.TEX/SB/1798/Add.21, 22, 23 and 24)

Annual Report to the Textiles Committee

15. The TSB completed and adopted its annual report to the Textiles Committee.

³COM.TEX/SB/1680.