

GENERAL AGREEMENT ON

TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1872

7 October 1993

Special Distribution

Textiles Surveillance Body

REPORT OF THE SIXTH MEETING (1993)¹

1. The Textiles Surveillance Body held its sixth meeting of 1993 on 19 and 20 July.
2. Present at this meeting were the following members and/or alternates: Messrs. Abdel-Fattah/Munir, Daly, Donaghy/Potocnik, Fujioka, Lee/Wong, Prates, Ms. Rosa, Messrs. Shepherd, Sophastienphong and Wentzel.
3. The report of the fifth meeting has been circulated in COM.TEX/SB/1864.

Notifications under Article 4

EEC/India

4. The TSB received a notification from the EEC of an extension and amendment of its agreement with India, in de facto application from 1 January 1993 and valid until 31 December 1994, with the possibility for a further twelve-month extension.
5. The extension contained certain elements common to notifications of other extensions of EEC agreements already reviewed by the Body.²
6. Furthermore, under this extension:
 - (a) all previous restraints at the Community level were maintained and a new restraint was introduced;
 - (b) in all cases the base levels were higher than the 1992 restraint levels by more than the applicable growth rates; they were less than 6 per cent higher in four cases, 6 per cent higher in three cases and more than 6 per cent higher in eight cases; for the new restraint, the base level was substantially higher than recent imports;
 - (c) the growth rates, between 1.75 and 6 per cent, remained unchanged; for the new restraint, the growth rate was less than 6 per cent;

¹Two hundred and eightieth meeting overall.

²See COM.TEX/SB/1834, paragraphs 12 to 15.

- (d) the flexibility provisions of the agreement remained unchanged;
- (e) handmade garments continued to be included in the limits, but additional quotas were again provided in the case of four product categories.

7. With respect to the growth rate for the new restraint referred in paragraph 6(c), the TSB was informed by the EC that this was agreed in the context of the substantial increase in the base level over previous trade.

8. With regard to paragraph 6(e), the TSB recalled that in accordance with Article 12:3, the provisions of the Arrangement did not apply to developing country exports of hand loom fabrics of the cottage industry, or handmade cottage industry products made of such hand loom fabrics, or to traditional folklore handicraft textile products, and consequently these products could not be subject to quantitative restrictions under the Arrangement, provided that they are properly certified under arrangements established between the importing and exporting participating countries concerned.

9. The TSB took note of a statement by the EEC that additional access continued to be available for two categories, as five children's garments will be counted as three quota units for up to 5 per cent of the limits.

10. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1865)

EEC/Indonesia

11. The TSB received a notification from the EEC of an extension and amendment of its agreement with Indonesia, in de facto application from 1 January 1993 and valid until 31 December 1994, with the possibility for a further twelve-month extension.

12. The extension contained certain elements common to notifications of other extensions of EEC agreements already reviewed by the Body.³

13. Furthermore, under this extension:

- (a) all previous restraints at the Community level were maintained and the regional restraint liberalized; a further category was placed under restraint;
- (b) the base levels were higher than the 1992 restraint levels by more than the applicable growth rates (by less than 6 per cent for two categories and by more than 6 per cent for the other

³See COM.TEX/SB/1834, paragraphs 12 to 15.

categories); for the new restraint, the base level was substantially higher than the recent import level;

- (c) growth rates for the previously restrained categories, between 4 and 6 per cent, remained unchanged; for the new restraint, the growth rate was set at 3 per cent;
- (d) the flexibility provisions remained unchanged;
- (e) additional quantities for products under outward processing traffic (OPT) continued to be provided vis-à-vis three categories.

14. With respect to the growth rate for the new restraint referred in paragraph 13(c), the TSB was informed by the EEC that this was agreed in the context of the substantial increase in the base level over previous trade.

15. The TSB took note of a statement by the EEC that additional access continued to be available for one category, as five children's garments will be counted as three quota units for up to 5 per cent of the limit.

16. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1866)

EEC/Malaysia

17. The TSB received a notification from the EEC of an extension and amendment of its agreement with Malaysia, in de facto application from 1 January 1993 and valid until 31 December 1994, with the possibility for a further twelve-month extension.

18. The extension contained certain elements common to notifications of other extensions of EEC agreements already reviewed by the Body.⁴

19. Furthermore, under this extension:

- (a) all previous restraints were maintained and a further category was placed under restraint;
- (b) the increases in base levels over 1992 restraint levels were in all cases higher than, and in one case equal to, the applicable growth rates; for the new restraint, the base level was more than 6 per cent higher than recent imports;

⁴See COM.TEX/SB/1834, paragraphs 12 to 15.

- (c) the growth rates, below 6 per cent in all but one case, remained unchanged; for the new restraint, the growth rate was set at less than 6 per cent;
- (d) the flexibility provisions remained unchanged;
- (e) additional quantities for products falling under outward processing traffic (OPT) continued to be provided vis-à-vis five categories.

20. With regard to the growth rate for the new restraint, the TSB heard a statement by the EEC in which it explained the evolution of the Community market in the category concerned and imports from Malaysia in such evolution; the parties had taken this into account, together with both the increase in base level referred in paragraph 19(b) and the level of the restraint, in order to agree on a lower than 6 per cent growth rate.

21. The TSB took note of a statement by the EEC that additional access continued to be available for two categories, as five children's garments will be counted as three quota units for up to 5 per cent of the limits.

22. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1867)

EEC/Singapore

23. The TSB received a notification from the EEC of an extension and amendment of its agreement with Singapore, in de facto application since 1 January 1993 and valid until 31 December 1994, with the possibility for a further twelve-month extension.

24. The extension contained certain elements common to notifications of other extensions of EEC agreements already reviewed by the Body.⁵

25. Furthermore, under this extension;

- (a) all seven restraints at the Community level were maintained;
- (b) the base levels were increased over 1992 restraint levels by more than the applicable growth rates for five categories and by the growth rates for two categories;
- (c) the growth and flexibility provisions remained unchanged;
- (d) an additional quantity for products under outward processing traffic (OPT) was provided for one category.

⁵See COM.TEX/SB/1834, paragraphs 12 to 15.

26. The TSB took note of a statement by the EEC that additional access continued to be available for two categories, as five children's garments will be counted as three quota units for up to 5 per cent of the limits.

27. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1868)

EEC/Thailand

28. The TSB received a notification from the EEC of an extension and amendment of its agreement with Thailand, in de facto application since 1 January 1993 and valid until 31 December 1994, with the possibility for a further twelve-month extension.

29. The extension contained certain elements common to notifications of other extensions of EEC agreements already reviewed by the Body.⁶

30. Furthermore, under this extension:

- (a) all restraints at the Community level were maintained, a new restraint at the Community level was introduced and all regional restraints were liberalized;
- (b) the base levels over 1992 restraint levels were in all cases higher than the applicable growth rates, being less than 6 per cent for four categories and more than 6 per cent for the other; the base level for the new restraint was substantially more than 6 per cent higher than recent imports;
- (c) the growth rates, between 3 and 7 per cent, remained unchanged; the newly restrained category was granted a growth rate of 6 per cent;
- (d) the flexibility provisions remained unchanged;
- (e) additional quantities for products falling within outward processing traffic (OPT) were agreed for six categories.

31. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1869)

Canada/Bangladesh

32. The TSB received a notification from Canada of an extension and amendment of its agreement with Bangladesh. The agreement was extended for the period 1 January 1993 to 31 December 1994.

⁶See COM.TEX/SB/1834, paragraphs 12 to 15.

33. Under this extension:

- (a) the product coverage was increased by a clothing category which was placed under restraint from 1 February 1993;
- (b) all categories were converted to the new categorization based on the Harmonized System, and the 1993 levels reflected adjustments resulting from product migration under the new system;
- (c) the base level of the new restraint was substantially higher than the rollback level, with annual growth at more than 6 per cent;
- (d) the growth rates for previously restrained products remained unchanged at 6 or more than 6 per cent; for one category newly established under the Harmonized System, the rate was 7 per cent;
- (e) the flexibility provisions remained unchanged with swing at 7 per cent, carryover/carry forward at 10/5 per cent and the cumulative use of flexibility limited to 13 per cent.

34. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1870)

Austria/Thailand

35. The TSB received a notification from Austria of an agreement concluded with Thailand for the period 1 January 1993 to 31 December 1994.

36. Under this agreement:

- (a) the product coverage remained unchanged at eight clothing categories, of which one remained under restraint;
- (b) the base level was 6 per cent higher than the previous level and the growth rate was set at 6 per cent;
- (c) carryover/carry forward were available at 11/6 per cent.

37. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1871)

Circulation of members' separate opinions

38. The TSB continued its discussion on the matter of the circulation of members' opinions.

Notification under Article 3:5

United States/Costa Rica

39. The TSB received a notification from the United States of an unilateral measure taken under Article 3:5 against imports of wool trousers

for men and boys (Category 447) from Costa Rica for the period 25 February 1993 to 24 February 1994. The TSB decided to invite both parties to present their respective cases at its next meeting.

Notification under Article 3:6

Canada/Jamaica

40. The TSB took note of an action notified under Article 3:6 by Canada with respect to imports of underwear from Jamaica. The interim measure was taken awaiting consultations before 31 July 1993.

The textile and clothing industry in the EEC

41. The TSB heard a presentation concerning the recent evolution of the textile and clothing industry in the EEC.