

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

RESTRICTED
COM.TEX/SB/1893
15 April 1994
Special Distribution

(94-0682)

Textiles Surveillance Body

REPORT OF THE FIRST MEETING (1994)¹

1. The Textiles Surveillance Body held its first meeting of 1994 on 28 February and 1 March.
2. The following members and alternates were appointed:

Members

Mr. Jean Saint-Jacques (Canada)
Mr. Wang Shichun (China)
Mr. Dorian Prince (EEC)
Mr. Peter Cheung (Hong Kong)
Mr. Makoto Fujioka (Japan)
Mr. Otto Wentzel (Norway)
Mr. Munir Ahmad (Pakistan)
Mr. Thawatchai Sophastienphong (Thailand)
Mr. Robert Shepherd (United States)
Mr. Gustavo Vanerio (Uruguay)

Alternates

Mr. Johannes Potocnik (Austria)

Mr. David Daly (EEC)
Mr. Jae Gil Lee (Korea)
Mr. Masaru Tsuji (Japan)
Mr. Kim Luotonen (Finland)

Mr. William Tagliani (United States)
Mr. Victor Luis do Prado (Brazil)

3. Present at the meeting were the following members and/or alternates: Messrs: Cheung/Lee, Fujioka, Munir, Prince, Saint-Jacques/Potocnik, Shepherd/Tagliani, Sophastienphong, Vanerio/Prado, Wang and Wentzel.
4. The annual report of the Body to the Textiles Committee and the report of the seventh meeting of 1993 have been circulated in COM.TEX/SB/1873 and Add.1 and 1879.

Notifications under Article 3:6
Canada/Costa Rica

5. The TSB received a notification from Canada of a temporary restraint introduced under Article 3:6 on imports of underwear from Costa Rica for the period 2 September to 31 December 1993.
6. During the meeting, the TSB was informed that Canada had made a further notification, under Article 3:4, of an agreement with Costa Rica which had superseded the Article 3:6 measure.
7. The TSB, therefore, decided not to review the measure under Article 3:6 and to review the agreement at its next meeting.

¹Two hundred and eighty-second meeting overall.

Canada/Jamaica

8. The TSB received two notifications from Canada of further extensions of its interim measure under Article 3:6 with respect to imports of underwear from Jamaica to 31 January 1994 and the introduction of an unilateral measure under Article 3:5 for the period 1 February to 15 March 1994.

9. Noting its expiry date, the TSB decided not to examine this particular Article 3:5 measure, and agreed that if any new measure were imposed by Canada under the provisions of Article 3 on imports of the same product from Jamaica, the TSB would schedule a prompt review.

Notifications under Article 4
EEC/Pakistan

10. The TSB received a notification from the EEC of an extension with amendments of its agreement with Pakistan, from 1 January 1993 to 31 December 1994, with the possibility for a further twelve-month extension.

11. The extension contained certain elements common to notifications of other extensions of EEC agreements already reviewed by the Body.²

12. The extension also included the following features:

- (a) all previous limits at the Community level were maintained; regional limits on two categories were converted to limits at the Community level, while regional limits on one category were liberalized; new restraints were introduced on two categories;
- (b) the base levels were higher than 1992 restraint levels by less than 6 per cent for three categories and by 6 per cent, or more, for all others; in all cases these increases were higher than the applicable growth rates; for the categories newly brought under restraint, the base levels over the recent import levels were more than 6 per cent higher in one case and substantially more than 6 per cent higher in the other cases;
- (c) the growth rates, between 2.5 and 6 per cent, remained unchanged;
- (d) for the new restraints at the Community level, growth was set at 6 per cent in two cases and 5 per cent in two other cases;
- (e) the flexibility provisions remained unchanged;
- (f) additional quantities for products falling within outward processing traffic (OPT) were agreed for six categories.

13. With respect to the growth rates of less than 6 per cent for two new restraints, referred in paragraph 12(d), the TSB was informed by the EEC that these were agreed in the context of the increases in base levels over previous trade.

14. The TSB took note of a statement by the EEC that an additional quantity continued to be available annually for Category 1 and that additional access for one category was maintained, as five children's garments will be counted as three quota units for up to 5 per cent of the limit.

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

15. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1880)

Canada/Hungary

16. The TSB continued its review of the notification from Canada of an extension and amendment of its agreement with Hungary for the period 1 January to 31 December 1993.

17. Under this extension:

- (a) the one product covered by the agreement was brought under the HS-based categorization;
- (b) the 1993 level was increased in relation to the 1992 level by the applicable growth rate of 4 per cent;
- (c) the carryover/carry forward provisions remained unchanged at 10/5 per cent.

18. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1881)

Austria/China

19. The TSB received a notification by Austria of a new agreement concluded with China, valid from 1 January to 31 December 1994, with the possibility of extension until 31 December 1995.

20. In this new agreement, as compared to the previous agreement between the parties which expired on 31 December 1993:

- (a) the coverage remained unchanged;
- (b) the four clothing categories under restraint remained unchanged;
- (c) the 1994 restraint levels are higher than 1993 levels by more than 6 per cent in all cases;
- (d) the growth rates applicable if the agreement is extended continued to be 6 per cent;
- (e) swing at 5 per cent and carryover/carry forward at 5 per cent each remained unchanged.

21. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1882)

Austria/India

22. The TSB received a notification by Austria of a new agreement concluded with India, valid from 1 January to 31 December 1994, with the possibility of extension until 31 December 1995.

23. In this new agreement, as compared to the previous agreement between the parties which expired on 31 December 1993:

- (a) the coverage remained unchanged;
- (b) the three clothing categories under restraint remained unchanged;
- (c) the 1994 restraint levels are higher than 1993 levels by 6 per cent in one case, by more than 6 per cent in one case and by substantially more than 6 per cent in the remaining case;
- (d) the growth rates applicable if the agreement is extended continued to be 6 per cent;
- (e) swing, set at 6 per cent, was higher than in the previous agreement;
- (f) carryover, set at 11 per cent, was higher than in the previous agreement; carry forward remained unchanged at 6 per cent. Carryover and carry forward combined were set at 12 per cent, higher than in the previous agreement.

24. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1883)

Finland/China

25. The TSB received a notification from Finland of an extension of its agreement with China for the period 1 January to 31 December 1994 with the option for an additional extension of one year.

26. Under this extension:

- (a) the product coverage and the categories under restraint remained unchanged;
- (b) the base level increases of between 3.7 and 4.3 per cent were higher than the previously applicable growth rates except in one case, where it was lower;
- (c) the growth rates were improved, though still below 6 per cent;
- (d) swing was raised from 5 to 6 per cent; carryover/carry forward remained unchanged at 11/6 per cent;
- (e) additional access continued to be provided for outward processing traffic, with growth rates increased from 6 per cent to 10 per cent.

27. During its review, the TSB noted that in its notification Finland had made reference to Article 1 and paragraph 2 of Annex B.

28. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1884)

Finland/Hong Kong

29. The TSB received a notification from Finland of the extension with amendments of its agreement with Hong Kong for the period 1 January to 31 December 1994, with the possibility of extension until 31 December 1995.

30. In this extension:

- (a) the coverage remained unchanged;
- (b) the four clothing categories under restraint remained unchanged;
- (c) the 1994 restraint levels were increased over 1993 levels by the new growth rates, which are higher than previous growth rates but still below 6 per cent in all cases;
- (d) swing was increased from 5 per cent to 6 per cent;
- (e) carryover/carry forward remained unchanged at 11/6 per cent.

31. The TSB recalled that during its review of the agreement it had noted that with respect to the growth and flexibility provisions, Finland had made reference to paragraph 2 of Annex B and to paragraph 12 of the 1986 Protocol of Extension.³

32. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1885)

Finland/India

33. The TSB received a notification from Finland of the extension with amendments of its agreement with India for the period 1 January to 31 December 1994, with the possibility of extension until 31 December 1995.

34. In this extension:

- (a) the coverage remained unchanged;
- (b) the three categories under restraint remained unchanged;
- (c) the 1994 restraint levels were increased over 1993 levels by more than 6 per cent;
- (d) the growth rates applicable if the agreement is extended are higher than previous rates, but still less than 6 per cent;
- (e) swing was increased from 5 per cent to 6 per cent;
- (f) carryover/carry forward remained set at 11/6 per cent.

³COM.TEX/SB/1647.

35. With respect to the growth rates, the TSB recalled that during the review of the previous extension of the agreement, Finland had made reference to paragraph 2 of Annex B of the Arrangement.⁴

36. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1886)

Finland/Pakistan

37. The TSB received a notification from Finland of an extension and modification of its agreement with Pakistan for the period 1 January to 31 December 1994, with the possibility of a further twelve-month extension.

38. The coverage continued to be limited to one product, placed under restraint. The growth rate in the agreement of 5 per cent was applied to set the 1994 restraint level.

39. The provision for carryover/carry forward was increased from 11/6 to 15/6 per cent.

40. With respect to the growth rate, the TSB was informed that during the negotiation of the extension, Finland had cited paragraph 2 of Annex B and paragraph 12 of the 1986 Protocol of Extension.

41. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1887)

United States/Korea

42. The TSB began its review of an extension of the agreement between the United States and Korea.

Notifications transmitted under Articles 7 and 8

43. The TSB received three notifications under Article 4 of extensions of agreements which concerned countries that had participated in the Arrangement until 31 December 1993, but had not as yet accepted the 1993 Protocol maintaining the Arrangement. The TSB decided to transmit these notifications to the Textiles Committee under Articles 7 and 8 on the understanding that it would review any notification under Article 4, after the acceptance of the 1993 Protocol by the countries concerned, at the request of either party involved in the notification. The notifications are outlined below.

Canada/Poland, Canada/Romania, Canada/Singapore

44. The agreements between Canada and Poland, Romania and Singapore were each extended for the period 1 January to 31 December 1993. (COM.TEX/SB/1888, 1889 and 1890)

Notifications received under Articles 7 and 8

45. The TSB received two notifications under Articles 7 and 8 of arrangements between participating countries without quantitative restraints. The TSB agreed to forward these notifications to the Textiles Committee.

⁴COM.TEX/SB/1688.

46. They concerned:

- (a) a consultation agreement between Finland and Romania on certain textiles products, effective from the entry into force, in Finland and Romania, of the Free-Trade Agreement between the EFTA States and Romania, and valid until 31 December 1994; (COM.TEX/SB/1891) and
- (b) an agreement for the monitoring of certain textile products into Finland from Singapore for the period 1 January to 31 December 1994. (COM.TEX/SB/1892)