

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
COM.TEX/SB/664
3 April 1981
Limited Distribution

Textiles Surveillance Body

REPORT OF THE THIRD AND FOURTH MEETINGS (1981)¹

1. The TSB held its third and fourth meetings of 1981 on 18-20 February and 4-6 March.
2. Present at these meetings were the following members and/or alternates:

Third meeting - Messrs. Bajwa, Beck, Hobson, Kujirai, McPhail, Safioen, Santos-Neves², Delgado, Shepherd.

Fourth meeting - Messrs. Beck, Hobson, Hussain, Kujirai, McPhail, Santos-Neves², Delgado, Siraj, Shepherd.

At the fourth meeting, the Chairman welcomed Mr. Hussain as member of the TSB and Mr. Siraj as alternate to Mr. Safioen. It was announced that as from the fifth meeting of 1981, Mr. Hikang Hyun, Korea, would replace Mr. McPhail as alternate to Mr. Chau. The Chairman welcomed Mr. Hyun, who attended part of the fourth meeting as an observer.
3. The draft report of the second meeting was approved and has been circulated as COM.TEX/SB/647.
4. At these meetings, the TSB discussed the following subjects:
 - (a) EEC/Indonesia
5. The TSB heard a report from the EEC that negotiations between the EEC and Indonesia with respect to imports into the United Kingdom had resulted in an agreement on limitations on trade in categories 6, 7 and 8 (trousers, blouses and shirts) between Indonesia and the United Kingdom. This agreement which had just been initialled, would be notified in due course to the TSB as a modification to the Community's existing bilateral agreement with Indonesia.
6. With respect to imports of category 8 into France, on which the TSB had received a notification of provisional unilateral restrictions for the period January-April 1981, it was noted that consultations were still continuing.
7. The TSB took note of the statement by the EEC and agreed to revert to these matters as soon as further notifications or reports were received from the parties concerned.

¹ Hundred-and-eighteenth and hundred-and-nineteenth meetings overall.

² Part attendance.

(b) EEC - Additional Protocols to previous Article 4 agreements

8. The TSB had received from the EEC Protocols negotiated, upon the accession to the Community of the Hellenic Republic, with fifteen exporting countries having existing Article 4 agreements with the Community. The exporting countries in question are Argentina, Bangladesh, Colombia, Guatemala, Haiti, Korea, Macao, Malaysia, Pakistan, Peru, Romania, Singapore, Sri Lanka, Thailand and Uruguay. The additional Protocols came into de facto application on 1.1. 1981 and now form an integral part of the original agreements.

9. In establishing these Protocols the Community, as explained in its short reasoned statement, extended its existing consultation mechanism to include the new region, the Hellenic market. The Community had further negotiated increases in the levels of categories where Community-wide restraints were in existence. Such increases were generally equivalent to the level of past Greek imports in the categories in question plus growth, or, where there was no past trade, by an amount representing at least the "basket exit" level determined for Greece.

10. In presenting these Protocols to the TSB, the EEC representative stated that the EEC's approach to restraints in the Greek region was determined by the Community's consideration of the EEC as one market.

11. In reviewing these Protocols the TSB made the following general observations:

- (a) The TSB took note of the fact that the EEC had seen the need to make certain arrangements regarding international textile trade consequent on the entry of Greece into the Community. It also noted that to this end, the EEC had considered it necessary to conclude these additional Protocols.
- (b) The TSB noted that there was no evidence that the EEC had made a new assessment of the risk of market disruption in establishing the new regional quotas, and that quotas had been introduced for certain categories in which there had been no imports into the Greek region.
- (c) While the Protocols concluded by the EEC introduced an orderly procedure governing access to the Greek market, as compared with the previous situation where access was restricted and uncertain, some of the quotas established for Greece, where there was no previous trade, were small, and the commercial viability of such small quotas was questioned.

12. The TSB came to the conclusions that:

- (i) It was difficult to assess the consistency of these Protocols with all the specific provisions of the MFA as extended;
- (ii) The specific elements contained in these Protocols to take account of the accession of Greece should not be used by participating countries as a precedent in any arrangements which they might adopt under the MFA.

13. After its review of these Protocols, the TSB agreed to transmit them to the Textiles Committee (COM.TEX/SB/648-662).

(c) United States/Hong Kong

14. The TSB received from the United States a notification of a modification of its existing Article 4 bilateral agreement with Hong Kong. This modification establishes new specific limits for seven categories (cotton dresses, cotton dressing gowns, cotton pyjamas, wool coats, wool dresses, men's and boys' wool trousers, and women's, girls' and infants' wool trousers) for the years 1980, 1981 and 1982 under the consultation procedures established in Article 9(e)I and 9(e)IV of the bilateral agreement as amended (see COM.TEX/SB/563). The TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/663).