

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/703
30 June 1981

Special Distribution

Textiles Surveillance Body

REPORT OF THE EIGHTH MEETING (1981)^{1/}

1. The Textiles Surveillance Body held its eighth meeting of 1981 on 20 and 21 May.
2. The following members and/or alternates were present: Messrs. Beck, Chau, Delgado, Hobson, Kujirai, Safioen² and Shepherd.
3. The TSB bade farewell to Mr. K. Jujirai (Japan) on the occasion of his departure from the Body to return to Japan. The Chairman and members paid tribute to the contribution made by Mr. Kujirai to the work of the Body.
4. The draft report of the seventh meeting was approved and has been circulated to the Textiles Committee as COM.TEX/SB/691.
5. The following subjects were discussed:

Article 4 notifications

(a) EEC/Hong Kong: additional Protocol

6. The TSB received a notification from the European Communities of an additional Protocol regarding exports to the Community from Hong Kong negotiated consequent on Greek entry to the Community. The TSB recalled its previous observations regarding similar Protocols notified in February 1981, (see COM.TEX/SB/664, paragraphs 8 to 13), and determined that these observations would also apply in this case. Following its review of this Protocol, the TSB agreed to transmit it to the Textiles Committee (COM.TEX/SB/692).

(b) Austria/Macao

7. The TSB received a notification of a new Article 4 agreement between Austria and Macao valid for the period 1 March 1981 to 31 December 1983, and covering cotton trousers and similar articles, woven blouses of cotton or man-made fibre, and woven shirts of cotton or discontinuous synthetic fibre.³

^{1/} Hundred and twenty-third meeting overall

^{2/} Part attendance

^{3/} These shirts are at present covered by an Article 4 agreement valid until 31 December 1981, and are included in the new agreement with effect from 1 January 1982.

8. The TSB observed that the growth rates included in this agreement were lower than the rate of not less than 6 per cent provided for in Annex B, and that the growth rate for one category (shirts) was particularly low. The TSB took note of the Austrian statement that these lower growth rates were due to the existence of exceptional circumstances prevailing in the market in terms of paragraph 2 of Annex B of the MFA.

9. The TSB also observed that there was no swing in one category (trousers). According to the Austrian authorities this had been agreed having regard to the substantial increase over previous trade in the quota for this category. In this connexion the TSB recalled its earlier observations that swing provisions were an essential element of bilateral agreements,¹ and noted that the absence of swing in this case was in return for other considerations included in the agreement.²

10. After its review, the TSB agreed to transmit this agreement to the Textiles Committee (COM.TEX/SB/693).

(c) Austria/Hong Kong

11. The TSB received a notification from Austria of a new Article 4 agreement with Hong Kong valid until 31 January 1982.^{3/} This agreement covers three categories previously under restraint (shirts, blouses and trousers) and one category newly brought under restraint (dresses and skirts).

12. The TSB observed that the increases in quotas for the previously restrained categories were lower than the rate of not less than 6 per cent provided for in Annex B, and took note of the Austrian statement that these lower increases were due to the existence of exceptional circumstances prevailing in the market in terms of paragraph 2 of Annex B of the MFA.

13. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/694).

^{1/} COM.TEX/SB/69, paragraph 4

^{2/} COM.TEX/SB/365, paragraph 74

^{3/} For dresses and skirts, the agreement period is from 1 December 1980 to 31 January 1982; for other products included in the agreement, from 1 February 1981 to 31 January 1982.

(d) EEC/Hungary, Romania, Thailand, Korea and the Philippines

14. The TSB received a number of notifications from the European Communities of modifications to the existing agreements with Hungary, Romania, Thailand, Korea and the Philippines. These notifications concern the introduction of new limits at the Community or regional level for a number of categories. The TSB agreed to transmit these notifications to the Textiles Committee (COM.TEX/SB/695-699).

(e) United States/Hong Kong

15. The TSB received a notification from the United States of an amendment containing certain modifications to its Article 4 bilateral agreement with Hong Kong.

16. The modifications involve a reduction of swing to 5 per cent with respect to certain categories and an agreement by Hong Kong not to utilize carryover and/or carry forward for a number of categories for the year 1981.

17. The amendment also contains a number of modifications sought by Hong Kong, which provide for increases in specific limits for certain categories for the 1981 agreement year.

18. Notwithstanding this, the TSB noted that this was the second successive year where reductions in swing and elimination of carryover/carry forward had been effected. In this connexion, the TSB referred to its earlier observations¹ and reiterated the importance it attached to stability of access as embodied in the concept of orderly development of trade in terms of Article 4, paragraph 2.

19. After its review, the TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/700).

(f) United States/Poland

20. The TSB received a notification from the United States of a new Article 4 agreement with Poland, valid from 1 January 1981 to 31 December 1984.

21. The TSB observed that the growth rates for certain wool and man-made fibre categories were lower than the rate of not less than 6 per cent

¹ COM.TEX/SB/564, paragraphs 3 to 6.

provided for in Annex B. In this connexion, the TSB noted the statement by the United States that these lower growth rates could be considered as having been compensated for by a greater than 6 per cent growth in the aggregate and by increases in base levels in a number of categories.

22. In respect of wool categories, the TSB took note of a statement by the United States that growth of 1 per cent reflected the continued state of disruption of the United States wool textile and apparel market.

23. The TSB concluded that on overall terms, the agreement was in conformity with the provisions of the Arrangement and agreed to transmit it to the Textiles Committee. (COM.TEX/SB/701).

Article 8:4 notification: EEC/Hong Kong

24. The TSB received a notification from the European Communities, under Article 8:4 of the MFA, of an agreement between the EEC and Hong Kong in settlement of a claim on the Hong Kong Government by the Community, concerning certain exports from Hong Kong trans-shipped through third countries during 1978 and 1979. The TSB took note of this agreement and transmitted it to the Textiles Committee (COM.TEX/SB/702).