

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1180
11 August 1986

Special Distribution

Textiles Surveillance Body

REPORT OF THE SIXTH MEETING (1986)¹

1. The Textiles Surveillance Body held its sixth meeting of 1986 on 10-11 July.
2. The Chairman informed the Body that effective 23 June Mr. Erdogan Hürbas (Turkey) had been appointed as member to succeed Mr. Kunalalp.
3. Mr. Keck and Mr. Sun had appointed Mr. Roderick Skinner (EEC) and Miss Yvonne Choi (Hong Kong) respectively as their alternates for the meeting.
4. Present at this meeting were the following members and/or alternates: Messrs. Alfaro, Hürbas, Kawaguchi, Salim, Satuli², Shepherd, Skinner and Sun²/Miss Choi.
5. The report of the fifth meeting had been circulated in COM.TEX/SB/1176.

Reports on measures taken under Article 3:5

United States/China

6. The TSB reverted to its consideration of the question of classification of products covered under Category 670L and placed under restraint by the United States under Article 3:5 when imported from China.
7. The Body noted that, despite its recommendation,³ in their most recent consultations the two parties had not addressed the question of classification. It heard a statement by the United States that the level of the restraint had been raised by two million pounds.
8. After having heard presentations from both parties, the TSB addressed the problem on the understanding that its findings would be specific to this case only and without prejudice to the general question of classification of textile products in the MFA.
9. The TSB was of the opinion that the United States had not correctly followed the procedural requirements of Article 3:3, in that its request for consultations contained erroneous information which had not been rectified in its market statement to China until the first bilateral consultations, which took place two months after the initial request.
10. The TSB noted that there were goods classified under Category 670L under embargo in United States ports of entry.

¹Two hundredth and first meeting overall

²Part attendance

³COM.TEX/SB/1151

11. The TSB concluded, in the light of the evidence submitted, that the United States had given an extreme interpretation to the concept of "chief characteristics from their textile components" with respect to items which constituted an expressive percentage of China's exports and which might be regarded as not falling within the ambit of the MFA.

12. In the light of paragraphs 9 to 11 above, the TSB recommended that the United States take positive steps to redress the situation.

Notification under Article 4

Sweden/Hong Kong

13. The TSB received a notification from Sweden of an amendment of its bilateral agreement with Hong Kong.

14. Under this amendment, the parties agreed to the deletion of the aggregate limit, and hence also of the downward adjustments to the aggregate by the application of the special transfer provision contained in Article 4 of the agreement. The parties also agreed to the inclusion of swing between 0.5 and 4 per cent after consultations as to the exact percentage for the last two agreement years (i.e. 1 September 1985-31 August 1987). Sweden reaffirmed its undertaking to consider any request by Hong Kong to reverse the quantities applicable under the special transfer provision.

15. The TSB noted that the bilateral consultations were held in response to its observations and recommendations¹ and that the parties had taken positive account of them.

16. After reviewing this notification, the TSB agreed to transmit it to the Textiles Committee. (COM.TEX/SB/1177)

Notifications under Articles 7 and 8

Sweden/Malta

17. The TSB received a notification from Sweden of a bilateral agreement concluded with Malta for the period 1 July 1983-30 June 1988. The TSB noted that Sweden had included information on this agreement in its last report made under Article 11.

18. The agreement was notified under Articles 7 and 8 in accordance with the request of the Textiles Committee that agreements concluded with non-participants be notified for information. The TSB agreed to transmit the notification to participating countries, for information. (COM.TEX/SB/1178)

United States/Nepal

19. The TSB received a notification from the United States of a bilateral agreement concluded with Nepal for the period 1 October 1985-31 December 1990.

20. The agreement was notified under Articles 7 and 8 in accordance with a request made by the Textiles Committee that agreements concluded with non-participants be notified for information. The TSB agreed to transmit the notification to participating countries, for information. (COM.TEX/SB/1179)

¹See COM.TEX/SB/1093