

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1184
4 December 1986

Special Distribution

Textiles Surveillance Body

REPORT OF THE SEVENTH MEETING (1986)¹

1. The Textiles Surveillance Body held its seventh meeting of 1986 on 29-31 October 1986.
2. The report of the sixth meeting had been circulated in COM.TEX/SB/1180.

Measures taken under Article 3:5

United States/Japan

3. The TSB received notifications from the United States of unilateral measures taken under Article 3:5 with respect to imports of several categories from Japan. These measures concern restraints on Categories 314 (cotton sheeting), 341/641 (cotton and man-made fibre blouses) and 613 (man-made fibre woven fabric) for the year ending 29 April 1987, and on Categories 310/318 (yarn-dyed cotton fabric), 315/320pt (cotton print cloth), 317-S (cotton sateen) and 347/348 (cotton trousers) for the year ending 29 June 1987.
4. Both parties requested that the TSB defer its consideration of these measures, as they expected to hold bilateral consultations in the near future. After considering this request, the TSB agreed to defer its consideration of the notifications, on the understanding that it may revert to these measures at any time, on its own decision or at the request of either party.

Notifications under Article 4

United States/Malaysia

5. The TSB received a notification from the United States of agreed modifications to its agreement with Malaysia, namely:
 - (a) specific limits set for Category 337/637 (cotton and man-made fibre playsuits, washsuits, etc.) and for merged Category 310-320 (i.e. 310 to 320, cotton fabrics), with specific sub-limits for sub-Categories 310/318 (cotton gingham and yarn-dyed fabrics) and 317-S (sateens) and a limitation of 40 per cent of the Category 310-320 limit, for use in any of the remaining sub-Categories; and
 - (b) new conversion factors agreed for Categories 638/639 (man-made fibre knit shirts) and 337/637.
6. Base levels were much higher than the formula or rollback levels; growth was set at 6 per cent. Swing and flexibility provisions of the bilateral agreement applied.

¹Two hundred and second meeting overall

7. After its review, the TSB decided to transmit this notification to the Textiles Committee. (COM.TEX/SB/1182)

United States/Mexico

8. The TSB received a notification from the United States of a two-year extension of its agreement with Mexico for the period 1 January 1986-31 December 1987, with the following modifications:

- (a) specific limits were introduced on one category and two part-categories;
- (b) seven specific limits were replaced by consultation levels, while previous limits on four categories or merged categories were maintained;
- (c) a designated consultation level was introduced on Group II;
- (d) base-levels of the six categories or merged categories subject to specific limit were higher than 6 per cent over previous limits or rollback levels, except in one case where the limit was less than 6 per cent over the previous limit;
- (e) growth, previously 7 per cent, was now set at 6 per cent;
- (f) swing, previously available at 7 per cent in all cases, was lowered to 5 per cent for categories falling within Groups I and III;
- (g) the product coverage was modified.

9. In connection with the designated consultation levels set below previous specific limits, the TSB noted the provisions of paragraph 11 of the 1986 Protocol of Extension.

10. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1183)

Measures referred under Article 11, paragraphs 4 and 5

Brazil/United States

11. The TSB received a notification from Brazil under Article 11, paragraphs 4 and 5 of the Arrangement, in which it referred measures taken by the United States under paragraph 8 of the United States/Brazil agreement.

12. The first case concerned consultations requested by the United States on Category 314/320pt (cotton poplin and broadcloth fabrics), and the second concerned restraints introduced on Category 341 (cotton woven blouses for women, girls and infants).

13. The TSB heard presentations by delegations from both parties on their respective cases.

14. With respect to Category 314/320pt, the TSB noted that the United States had modified the criteria for collecting production data for 1986, making comparison with data for earlier years difficult. After examining all available data, the TSB noted that whereas the level of imports from Brazil of products falling under Category 314 could have given rise to a situation of real risk of market disruption, imports of products falling under Category 320pt were negligible and did not pose a real risk of market disruption. The TSB noted the United States' explanation on the reasons for requesting consultations on the combined category, but was of the opinion that this placed Brazil in a disadvantageous situation with regard to the reference level due to its negligible level of exports in Category 320pt.

15. In view of the elements listed in paragraph 14 above, the TSB recommended that the parties resume bilateral consultations with a view to reaching an agreed solution and report on the results to the TSB no later than 20 December 1986. During these consultations the parties should bear in mind the observation made with respect to Category 320pt.

16. With respect to Category 341, the TSB took account of all information made available, including data on the latest situation, and recommended (a) that the United States rescind the restraint, and (b) that Brazil ensure an orderly development of its exports in this category.

Annual Report to the Textiles Committee

17. The TSB adopted its annual report to the Textiles Committee covering the period 10 October 1985 to 31 July 1986. (COM.TEX/SB/1181)