

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/1231

27 February 1987

Special Distribution

Textiles Surveillance Body

REPORT OF THE FIRST MEETING (1987)¹

1. The Textiles Surveillance Body held its first meeting of 1987 on 19-21 January.

2. The membership of the TSB for 1987 is as follows:

Members

Mr. Jörn Keck (EEC)
Mr. Pekka Säilä (Finland)
Mr. James Lau (Hong Kong)
Mr. Parampreet S. Randhawa (India)
Mr. Darry Salim (Indonesia)
Mr. Toru Kawaguchi (Japan)
Mr. Robert E. Shepherd (United States)
Mr. Elbio Rosselli (Uruguay)

Alternates

Mr. Gérard Boisson (EEC)
Mr. Robert Wright (Canada)
Mr. Chong Moo Lee (Korea)
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Mr. Kiyotake Akasaka (Japan)
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3. Present at this meeting were the following members and alternates: Messrs. Kawaguchi, Keck/Boisson, Lau/Lee, Randhawa, Rosselli, Säilä, Salim, Shepherd.

4. The report of the last meeting of 1986 had been circulated in COM.TEX/SB/1226.

Notifications under Article 4

Canada/Bangladesh

5. The TSB received a notification from Canada of an agreement concluded with Bangladesh, valid for the period 1 April to 31 December 1986, establishing a restraint on trousers, shorts, overalls and coveralls, with a sub-limit for trousers, pants, slacks or jeans for men, boys, women and girls.

6. The restraint was set at a level much higher than the rollback level. Swing with another product restraint under a previous agreement² between the two countries was set at 6 per cent.

7. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1227)

¹Two hundred and sixth meeting overall

²The other agreement between the parties covers tailored collar shirts and jackets, and is contained in COM.TEX/SB/1156.

United States/Philippines

8. The TSB received a notification from the United States of a modification to its agreement with the Philippines, increasing the 1986 designated consultation level of Category 363 (cotton towels), and decided to transmit this notification to the Textiles Committee. (COM.TEX/SB/1228)

United States/Czechoslovakia

9. The TSB received a notification from the United States of a selective bilateral agreement concluded with Czechoslovakia for the period 1 June 1986 to 31 May 1989. This agreement replaced the consultation agreement between the parties on cotton, wool and man-made fibres.

10. In this agreement;

- (a) restraints were agreed on Categories 435 (wool coats for women, girls and infants) and 443 (wool suits for men and boys);
- (b) base levels were in one case higher and in the other substantially higher than 6 per cent over the rollback levels;
- (c) growth was set at 1 per cent with compounded growth at 5.2 (Category 435) and 11.6 (Category 443) per cent;
- (d) swing, carryover/carry forward were available at 5 and 11/6 per cent respectively, with no carryover in the first agreement period and no carry forward in the last agreement period.

11. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1229)

United States/Mexico

12. The TSB received a notification from the United States of an amendment of its agreement with Mexico as extended until 31 December 1987.

13. Under this amendment the parties agreed to (a) a revision of the 1986 and 1987 designated consultation levels on two merged categories (Categories 336/636 and 342/642); (b) increases in six designated consultation levels for the 1986 agreement year (Categories 338/9, 340, 352/652, 604-A (acrylic yarn), 604-O (other), 666); (c) exclusion of Category 666 from Group II and a consequent adjustment of the designated consultation level for this Group; (d) increase of a specific limit (Category 341/641) and decrease of a designated consultation level (Category 335) for the 1986 and 1987 agreement years; and (e) special swing of 20 per cent between the sub-limits on Categories 347 and 348 and on Categories 647 and 648 for the 1986 and 1987 agreement years.

14. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1230)

United States/Bangladesh, United States/Malaysia

15. The TSB began its review of two notifications received from the United States. These concerned an amendment of its agreement with Bangladesh and an amendment of its agreement with Malaysia.

Report on matters reviewed under Article 11, paragraphs 4 and 5Brazil/United States

16. The Chairman informed the Body that he had received reports from Brazil and the United States that, after further consultations held in response to the TSB recommendation¹, they had reached an agreed solution concerning Category 314/320pt. Notification of this agreement shall be made to the TSB in due course.

Measure referred under Article 11, paragraphs 4 and 5Brazil/EEC

17. The TSB received from Brazil a notification under Article 11, paragraphs 4 and 5, of the MFA of an action taken by the EEC under Article 11 of the EEC/Brazil bilateral agreement. It concerned the adjustment of the 1986 quota on Category 1 (cotton yarn) into the Federal Republic of Germany, consequent to alleged circumvention of the agreement.

18. The TSB was requested by Brazil to decide on the question whether the EEC was entitled to apply the provisions of Article 11(4) of the bilateral agreement with Brazil in view of the provisions of Article 8 of the Arrangement and paragraph 22 of the 1986 Protocol of Extension.

19. The TSB heard presentations from delegations of both parties.

20. The TSB considered all elements presented during its examination of the case, which included:

- (a) the circumstances of circumvention demonstrated that the product had been exported from Brazil for internal consumption in Hungary and subsequently trans-shipped to the EEC under certificates of Hungarian origin;
- (b) the Hungarian authorities acknowledged to both Brazil and the EEC the facts of the trans-shipment, and had undertaken to take the necessary steps to prevent the repetition of such transactions;
- (c) Brazil and the EEC had held consultations, which yielded no agreed solution;
- (d) the EEC had charged a part of the quantity for which the EEC had clear evidence of Brazilian origin to the Brazilian quota on the product.

21. The TSB was of the opinion that in order to pursue its review of this case it needed the benefit of information from Hungary. It decided, therefore, to suspend the meeting and invite the Government of Hungary under Article 11, paragraph 2, to send a delegation to a resumed session of this meeting, to take place on 11-12 February 1987.

22. Before the resumption of the meeting, however, the TSB received a request from Brazil that further consideration of this matter be postponed to a later date. The EEC being in agreement with this request, the TSB decided to revert to this notification at a later meeting.

¹ See COM.TEX/SB/1184 and 1226.