

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

Textiles Surveillance Body

ACTIVITIES OF THE TEXTILES SURVEILLANCE BODY

Report to the Textiles Committee

Introduction

1. Article 10:4 provides that the Textiles Committee "shall once a year review the operation of this Arrangement and report thereon to the GATT Council. To assist in this review, the Committee shall have before it a report from the Textiles Surveillance Body ...". The present report is submitted in fulfilment of this requirement, as well as the TSB's obligation under Article 11, paragraphs 11 and 12. It summarizes the actions taken by participating countries under the various provisions of the Arrangement, and the activities of the TSB in supervising the implementation of the Arrangement. It is to be recalled that no report on the TSB's activities has been submitted to the Textiles Committee since November 1976 (COM.TEX/SB/196 and Add.1) in view of the fact that all meetings of the Committee which took place after the major review in December 1976 were devoted to the extension of the Arrangement.
2. With a view to providing the Committee with as complete a picture as possible, the period covered by this report is from November 1976 until 20 October 1978, i.e. the date of the TSB's last meeting preceding the Committee's meeting. This report is divided into two sections. Section I is intended to complement the previous report up to 31 December 1977. Section II deals with the TSB's activities since 1 January 1978, i.e. during the first year of the extended MFA.
3. During the periods under review, the TSB performed its functions of reviewing the actions taken by governments under the Arrangement in the light of the relevant provisions and considered matters referred to it, including cases of dispute. In carrying out these functions the TSB addressed itself to a number of procedural and substantive matters. These are briefly summarized under the relevant headings below.

Status of acceptances of the MFA (up to 31 December 1977)

4. The Arrangement had been accepted or acceded to by Argentina¹, Australia, Austria, Bangladesh, Brazil, Canada, Colombia, Egypt, EEC, El Salvador, Finland, Ghana, Guatemala, Haiti, Hungary, India, Israel, Jamaica, Japan, Korea, Malaysia,

¹Countries which had not confirmed their provisional acceptance of the MFA up to 31 December 1977.

Mexico, Nicaragua, Norway, Pakistan, Paraguay¹, Peru, Philippines, Poland, Portugal (on behalf of Macao), Romania, Singapore, Spain, Sri Lanka, Sweden, Switzerland, Thailand, Trinidad and Tobago, Turkey, United Kingdom (on behalf of Hong Kong), United States, Uruguay and Yugoslavia.

Status of acceptances of the Protocol extending the MFA (as of 20 October 1978)

5. The Protocol extending the MFA has been accepted by Austria, Bangladesh, Brazil², Colombia, EEC, Egypt², El Salvador², Finland, Ghana, Guatemala², Haiti, Hungary, India, Indonesia, Israel, Jamaica, Japan, Korea, Mexico, Pakistan, Peru, Philippines, Poland, Romania, Singapore, Sri Lanka, Sweden, Switzerland², Thailand, Turkey, United Kingdom (on behalf of Hong Kong), United States, Uruguay and Yugoslavia.

Section I

TSB Activities During the Period from
November 1976 to 31 December 1977

Membership of the TSB during 1977

6. The Arrangement states that the TSB shall consist of a Chairman and eight members. The membership of the Body and the participants nominating members, as well as their alternates for the year 1977³, were as follows:

<u>Members</u>	<u>Alternates</u>
Mr. M. Hamid (Pakistan)	Mr. K. Sandilya (India)
Mr. I. Klaric (EEC)	Mr. A. Sutton (EEC)
Mr. K. Kvamme (Norway)	Mr. W.F. Stone (Canada)
Mr. L. Mills (Hong Kong) (replaced by Mr. P. Tsao in September)	(replaced by Messrs. McLean, Hart and Martin from July onwards)
Mr. H.M. Phelan (United States)	Mr. Chung Sup Shin (Korea)
Mr. K. Terada (Japan)	Mr. H. Ukawa (Japan)
Miss C.M. Leon (Colombia) (replaced by Mr. X. Suarez on 5 July 1977)	Mr. E. Alvarez Gurza (Mexico)

¹Countries which had not confirmed their provisional acceptance of the MFA up to 31 December 1977.

²Accepted subject to completion of internal procedures.

³By a decision of the Committee the term of members for 1977 was extended until 3 April 1978.

The eighth seat was shared by:

<u>Members</u>	<u>Alternates</u>
Mr. Che Fong Yee (Malaysia)	Mr. Chuay Kannawat (Thailand)
Mr. S. Bojtor (Hungary)	Mr. V. Segalla (Austria)
Mr. G. Dinzl (Austria)	
Mr. C. Baser (Turkey)	

Review of notifications

A. Article 3

7. During the period from November 1976 to end December 1977, thirty Article 3 measures were notified to the TSB. Of these, fourteen were bilateral agreements concluded under paragraph 4 of that Article, eight of these were still valid beginning 1978. Thirteen measures were notified under paragraph 5 and three under paragraph 6. These measures involved the following countries:

Austria	: Hong Kong, Korea
Canada	: Hong Kong, Poland
EEC	: Colombia, Egypt, India, Korea, Macao, Mexico, Pakistan, Philippines, Spain
Finland	: Hong Kong, Macao
Sweden	: Hong Kong, India, Macao, Malaysia, Pakistan, Sri Lanka, Thailand
United States:	Romania

8. The TSB, in accordance with its procedure for Article 3 notifications, reviewed the bilateral agreements concluded under Article 3. They were found to be in conformity with the Arrangement. These have subsequently been transmitted to the participating countries in the COM.TEX/SB/- series of documents. However, in the case of two extensions of a previous agreement (Sweden/Pakistan), consideration by the TSB of their conformity or otherwise with the Arrangement was deferred due to the fact that the two parties to the agreement had agreed to continue consultations on the growth rate to be provided therein. The two extensions were transmitted nevertheless to the Textiles Committee for information. The TSB also reviewed for conformity with the Arrangement the unilateral measures notified to it under paragraphs 5 and 6 of Article 3. Where such actions were found to be inconsistent with certain provisions of the Arrangement, the TSB keeping in mind its goal of conciliation, made appropriate recommendations.

9. A summary of these bilateral or unilateral measures is given in the following paragraphs on a country-by-country basis. It includes any comments made by the TSB in the course of its review of the bilateral agreements notified to it, as well as any recommendation or observations made with regard to the unilateral measures it had considered. A breakdown by the type of measure is to be found in the tables on pages and

Austria

10. Two agreements under Article 3:4, one with Hong Kong and the other with Korea were notified. The second agreement was still in force at the beginning of 1978.

Canada

11. A bilateral agreement was concluded with Poland, the validity of which extends to March 1980. The TSB received a communication from Canada notifying two measures taken under Article 3:5, with respect to imports of bedsheets and polyester filament fabrics from Hong Kong. These measures were taken for a one-year period beginning March 1978. The TSB recommended consultations between the parties and requested a report by 15 October 1977. The consultations ran into 1978 (see Section II below, paragraph 53).

EEC

12. Two bilateral agreements were concluded under Article 3:4. These were concluded with Korea and the Philippines, and both expired in December 1977. In the case of the agreement with the Philippines, the TSB transmitted the text to the Textiles Committee noting that, on the basis of the evidence provided, it was unable to determine its conformity with the provisions of Article 3. In March 1977 the EEC notified the TSB that in accordance with its earlier recommendation¹ and following consultations with Mexico, the Article 3:5 measures taken with respect to imports of cotton yarn into Benelux countries from Mexico, had been rescinded.

13. The TSB received a complaint from Spain regarding a quota system adopted by France in respect of imports of textile products falling within tariff heading No. 60.04 into France from Spain. In accordance with Article 11:6, the EEC and Spain were invited to present their cases before the TSB. Only Spain could accept the invitation. In the light of the evidence available, the TSB recommended that the Community should promptly take the necessary steps to eliminate this measure, and that both parties should report on the implementation of the TSB's recommendation by 30 June 1977. Should any problems be found to exist after the elimination of the measure, the Community and Spain should enter into consultations within the framework of the MFA with a view to finding a mutually acceptable solution. The TSB was subsequently informed that these restrictions had lapsed on 31 December 1977.

¹See COM.TEX/SB/196, paragraph 74.

14. Two complaints were made by India with respect to imports of cotton shirts and blouses and of T-shirts into the EEC from India. In both cases the TSB noted with regret that the EEC had not observed the prescribed procedures for the notification or the application of unilateral measures. As regards shirts and blouses, the TSB, having heard statements by both parties of their respective positions, noted that in this particular case there was a certification system and that an unknown number of handloom products had been included within the ambit of the restraint action. The TSB was of the view that any restrictions on these products should be removed and recommended, therefore, that both parties enter into consultations in order to separate the properly certified handloom products from mill-made products and to arrive at a mutually acceptable solution with respect to mill-made products. The two parties were requested to report on the results of these consultations by 31 October 1977. With regard to T-shirts, the TSB urged both parties to resume consultations and to report on the results by 31 October 1977.

15. At its meeting in November 1977, the TSB was informed that both India and the EEC had agreed to continue consultations within the broad framework of bilateral negotiations which were then being conducted in Brussels. The TSB was subsequently informed that these negotiations have led to the conclusion of an Article 4 agreement which superseded these measures.

16. In November 1977, the TSB received notifications from the EEC of measures taken under Article 3:5 with respect to imports of certain textile items from Colombia, Egypt, India, Macao, Pakistan and the Philippines. Also notified were measures taken by the EEC with respect to imports of textile items from Spain under the Agreement between the European Economic Community and Spain. All measures were to, and did, end on 31 December 1977. The TSB noted with regret that in a number of the cases mentioned above, the Community had not been able to comply with the notification procedures of Article 3. In the course of its preliminary examination of these measures, it was pointed out that the negotiations then being conducted in Brussels could include consideration of them. It was thus decided that the Chairman would ascertain from the countries concerned whether they would wish the TSB to examine the notifications at that juncture and whether they would wish to appear before it, or whether they would wish the TSB to defer its examination pending the outcome of the negotiations in Brussels. In the light of the replies received, the TSB decided to defer examination of the notifications. (See Section II below, paragraph 55.)

17. In March 1977, the TSB received, in accordance with its recommendations of September 1976, a report from the EEC concerning the measures taken under Article 3:6 with respect to imports of cotton yarn from Spain into the United Kingdom. The TSB noted that the recommended consultations had not taken place since the EEC and Spain had not been able to agree on a convenient time or place for such consultations. In the meantime, the measures had been extended for a further three-month period ending 31 March 1977. In June 1977, Spain notified the TSB of the extension by the EEC of these restrictions until

31 December 1977, and asked that this matter be examined by the Body. The TSB noted that the EEC had not formally notified it of this extension. Having heard statements from both sides, the TSB recommended that they should consult to review the situation. In order to facilitate these consultations which should, as previously recommended, be conducted in conformity with the provisions of the MFA, the TSB recommended that the restrictions should be lifted as soon as possible and not later than 31 December 1977. The TSB was subsequently informed that these restrictions had lapsed on 31 December 1977.

18. The EEC notified the TSB of an action taken under Article 3:6 restricting imports of cotton yarn from India into the United Kingdom, for the period 1 April 1977 to 31 December 1977. It had also received a complaint from India under Article 3:5(ii) against this action with the request for it to be examined by the TSB. The TSB noted that imports of cotton yarn into the United Kingdom from India had been subject to the phase-out programme ending 31 March 1977. Having heard both parties, the TSB was of the opinion that the claim of market disruption had not been fully sustained. It appeared, however, that there might be a real risk of market disruption. The TSB recommended that the two parties should enter into consultations with a view to establishing the differences, if any, in the nature of the products involved, and pending such consultations the EEC should give sympathetic consideration to requests for additional import licences. The two parties were requested to report by 31 October 1977. At its meeting held in November 1977, the TSB was informed that the two parties had agreed to continue consultations within the broad framework of the bilateral negotiations then being conducted in Brussels. The TSB was subsequently informed that these negotiations had led to the conclusion of an Article 4 agreement which superseded these measures.

Finland

19. During the period under review the TSB received from Finland notifications of two agreements under Article 3:4. The first, which was concluded with Hong Kong, expired on 31 December 1977, while the second with Macao continued in force through 1978. In the course of its review of the agreement between Finland and Hong Kong, the TSB noted that there was no provision for swing from this agreement to the other agreement concluded between the two parties for the period 1 June 1976 to 31 May 1977. In this connexion, the TSB recalled its earlier discussion on swing provisions that when more than one agreement is concluded between a given importing country and a given exporting country, each or any of which covers only one product, it was recognized that the right of the exporting country to swing provisions as between the several agreements remains valid.¹

¹See COM.TEX/SB/196, paragraph 97.

Norway

20. The TSB received from Norway a notification of an agreement concluded with Hong Kong. The TSB noted that the agreement was divided into two parts: Part I was concluded under Article 3, while Part 2 was concluded under Article 4. The TSB reviewed this agreement in accordance with its procedures for Article 3 and 4 notifications. (See also under Article 4 below.)

Sweden

21. Seven agreements and two extensions of a previous one were notified by Sweden under Article 3:4. These were concluded with Hong Kong, Macao, Malaysia, Pakistan, Sri Lanka and Thailand. The agreements with Hong Kong and Malaysia expired in December 1977, while those with Macao, Sri Lanka and Thailand continued in force through 1978.

22. The two extensions of the agreement initially concluded with Pakistan in February 1975 contained no fixed growth. Having noted that the two parties had agreed to continue consultations on this matter, the TSB deferred consideration of the conformity of these two extensions with the MFA until July 1977, by which time it was hoped that an agreed growth rate would have been notified. In the meantime, these extensions were circulated to the Textiles Committee. However, no agreement on growth was reported to the TSB by either party until the issue was subsumed within the context of a new Article 4 agreement concluded between the two parties and notified to the TSB in 1978.

23. In the course of its review of the agreements with Macao, Malaysia and Thailand, the TSB noted that these contained no provisions for swing and assumed that the parties thereto had agreed to waive their right to swing.

24. In December 1976, the TSB heard presentations by delegations from India and Sweden, concerning restrictive measures taken by Sweden under Article 3:5 with respect to imports from India of bedlinen and women's blouses. The TSB regretted that Sweden had not observed the prescribed procedures for the application of unilateral measures under Article 3:5, and that communication between the two governments appeared to have been unsatisfactory and not conducive to the solution of their respective problems. Sweden regretted that this measure had not been notified to the TSB. Since both parties were, in principle, prepared to resume negotiations, the TSB recommended that Sweden should lift the unilateral restrictions before the beginning of such negotiations fixed for a period of one month ending 28 February 1977. Both parties were urged to ensure that during that month imports from India should not exceed the monthly average of imports in the first nine months of 1976. A report was requested from both parties by 10 March 1977. The TSB was subsequently informed by the two parties that further consultations were scheduled to take place in March and concurred in an extension of the time-limit until 7 April 1977.

25. This matter was re-examined by the TSB during its meeting in April-May 1977, when both parties reported on the failure to conclude an agreement. Sweden also reported that the restraints had been extended to cover woven cotton shirts. In the course of its examination of this case, the TSB was informed that an agreement had been reached regarding bedlinen. The TSB, therefore, limited its consideration to shirts and blouses. Having heard statements of both sides, the TSB found that absence of information on the level of imports of products covered by the Arrangement precluded any definitive judgement of the market disruption question, or on the conformity or otherwise of the Swedish restraint action with respect to the provisions of the Arrangement. The TSB recognized Sweden's concern of preserving its rights under Article 12:3 and Article 6. The TSB further noted that in the absence of a breakdown of the component products it could not establish the relative levels of non-exempted and exempted imports. In this connexion, the TSB recommended that the two parties enter into consultations with a view to reaching a mutual agreement on the definition of handloom products and a certification system for such products, and to establish the component levels of exports of Indian blouses and shirts to Sweden; it being understood that those products made of handloom fabrics should be exempted from any restriction and, finally, report to the TSB not later than 1 July 1977.

26. At its meeting in July 1977, Sweden informed the TSB that no conclusive results were achieved so far, and that both parties intended to hold further consultations, the results of which would be subsequently transmitted to the TSB. The parties were unable to notify the TSB on this matter by the end of 1977.¹

27. Sweden notified the TSB of a measure taken under Article 3:5 on imports of cotton blouses from Pakistan. This was examined by the TSB during its meeting in April-May 1977. The TSB noted the Swedish view that the measure was consonant with the provisions of Annex A of the Arrangement and its need to protect minimum viable production. It also noted Pakistan's view that exports of the item from Pakistan did not constitute a threat to Sweden's minimum viable production. The TSB felt that it should not pronounce itself at this juncture on the question of market disruption as defined in Annex A of the Arrangement. The TSB further noted that blouses made of handloom fabrics fell under the measure. The TSB, therefore, recommended that the two parties consult again with a view to reaching a mutually acceptable agreement on a certification system and establishing the component levels of exports of blouses from Pakistan and, after separating the products which are excludable under Article 12:3, the parties should then reconsider the level of trade remaining with a view

¹See paragraph 56.

toward reaching a mutually acceptable solution as to the treatment of that trade. In the interim period the unilateral restrictions should be replaced by voluntary export arrangements by Pakistan with a view to ensuring that during this period changes in the level of exports by Pakistan should not be inconsistent with the level of normal trade in woven blouses between Sweden and Pakistan. The two parties were requested to report not later than 15 July 1977. The parties were unable to notify the TSB on this matter by the end of 1977.

United States

28. The United States notified an interim arrangement concluded with Romania under Article 3, paragraphs 6 and 7. This arrangement was concluded pending the negotiation of a comprehensive agreement. This measure was replaced by an agreement concluded under Article 4.

B. Article 4

Summary

29. Since October 1976 up to December 1977 the TSB received thirty-five notifications under Article 4. Seventeen of these notifications concerned new bilateral agreements concluded, twelve related to modifications made to existing agreements, and five concerned extensions of existing agreements. One communication notified the termination of an agreement. Of these agreements, seven were still valid beginning 1978. The countries concerned are:

Austria	:	Korea, Macao, Singapore
Canada	:	Romania
EEC	:	Brazil, Colombia, Hong Kong, Korea, Macao, Thailand
Finland	:	Hong Kong
Norway	:	Hong Kong, India, Macao, the Philippines, Singapore, Sri Lanka, Thailand
Sweden	:	India, Korea, Singapore
United States	:	Haiti, Hong Kong, India, Japan, Korea, Malaysia, Mexico, Pakistan, the Philippines, Poland, Romania, Thailand.

Measures taken under Article 3 since
November 1976 until 31 December 1977

N: New M: Modification E: Extension

Importing country	Bilateral agreements under 3:4	Unilateral action under 3:5	Unilateral action under 3:6	COM.TEX/SB/-
Austria	Hong Kong (E) (1.2.77-31.12.77)			223
	Korea (E) (1.8.77-31.7.78)			271
Canada		Hong Kong ^{1/} (11 & 16.3.77- 11 & 16.3.78)		260, 278
	Poland (N) (11.2.77-10.2.80) (1.3.77-28.2.78) (1.4.77-31.3.80)			257
EEC		Mexico ^{2/} Spain ^{5/}	Spain ^{3/} (1.1.77-31.3.77 (1.4.77-31.12.77)	240, 241 225 260 ^{4/}

^{1/} In April 1978 Hong Kong informed the TSB that the measures had been lifted.

^{2/} Measures rescinded (COM.TEX/SB/240).

^{3/} Extensions of existing measure. (Measure lapsed 31.12.77.)

^{4/} Action was a subject of dispute before the TSB.

^{5/} Complaint by Spain. (Measure lapsed 31.12.77.)

Importing country	Bilateral agreements under 3:4	Unilateral action under 3:5	Unilateral action under 3:6	COM.TEX/SB/
EEC (cont'd)	Philippines (N) (1.1.77-31.12.77)			246
	Korea (N) ^{1/} (26.5.76-31.12.77)			252
			India (1.4.77-31.12.77)	260, 282
		India ^{2/} (16.3.77-31.12.77) (1.2.77-31.12.77)		260, 282
		Colombie) Egypt) India) Macao) ^{3/} Pakistan) Philippines) Spain)		284 285 286 287 288 289 290
Finland	Hong Kong (N) (1.2.77-31.12.77)			220 & Corr.1
	Macao (N) (1.6.77-31.7.78)			254
Sweden	Pakistan (E) (1.3.76-28.2.77) (1.3.77-31.12.77)			205 242
		India ^{4/}		207, 225, 245, 260

^{1/} The agreement replaced a unilateral action (COM.TEX/SB/36).

^{2/} Complaint by India.

^{3/} The TSB deferred examination of these measures which were terminated on 31.12.77 (COM.TEX/SB/283).

^{4/} Complaint by India. An Article 4 agreement was subsequently concluded on one of the items under restraint (COM.TEX/SB/256).

Importing country	Bilateral agreements under 3:4	Unilateral action under 3:5	Unilateral action under 3:6	COM.TEX/SB/-
Sweden (cont'd)	Hong Kong (N) ^{1/} (1.7.76-31.12.77)			211, 277 (M)
	Thailand (N) (1.12.76-30.11.78)			213
	Thailand (N) (15.1.77-14.1.79)			217
	Malaysia ^{1/} (N) (1.9.76-31.12.77) (1.11.76-31.12.77)			218
	Macao ^{1/} (15.7.76-14.7.78)			219
	Sri Lanka (N) (1.8.77-31.7.78)	Pakistan		245 269
United States			Romania ^{2/}	237

^{1/} Previous agreement was under Article 4.

^{2/} Interim measure pending negotiation of an agreement. An Article 4 agreement replaced this measure (COM.TEX/SB/267). See Article 4.)

30. In accordance with its procedure for Article 4 notifications, the TSB reviewed these agreements, with the exception of two temporary extensions of one agreement (see paragraph 39 below). They were found to be in conformity with the Arrangement. These were subsequently transmitted to the participating participating countries in the COM.TEX/SB/- series of documents. Any comments made by the TSB in the course of its review of these agreements are included in the relevant sections of the following paragraphs, which give a brief summary of the notifications on a country-by-country basis. Supplementary information with regard to these agreements is given in the tables below.

Austria

31. An agreement with Korea on woven shirts of discontinuous synthetic fibres was twice renewed, once for a twelve-month period ending 31 July 1977, and again for a further twelve-month period. The agreement with Macao on woven shirts of cotton and of discontinuous fibres was extended by eleven months until 31 December 1977. In July 1977, Austria notified the TSB that following negotiations with Singapore, the two parties had agreed not to extend their agreement on woven shirts of discontinuous synthetic fibres. The agreement expired on 31 July 1977, and was replaced by an agreement to strengthen co-operation between the administrations of the two countries.

Canada

32. A new agreement with Romania on its exports to Canada of worsted wool fabrics was concluded for a three-year period beginning 1 January 1977.

EEC

33. The EEC notified four agreements concluded with Brazil, Colombia, Korea and Macao. These had originally been notified in 1976 under Article 2:4, pending their formal conclusion. The two-year agreement with Brazil which ended 31 December 1977, was concluded with respect to cotton yarn, cotton fabrics and bed, table, toilet and kitchen linen. The agreement with Colombia was concluded with respect to imports of cotton yarn, woven fabrics of cotton into Benelux and Italy, and of other woven fabrics of cotton and woven fabrics of man-made fibres into the United Kingdom. The agreement covered the two-year period ending 31 December 1977. The two-year agreement with Korea beginning 1 January 1976 included woven fabrics of cotton and man-made fibres and several items of under and outer garments. The agreement with Macao was for a twenty-seven month period ending 31 December 1977.

34. An agreement with Thailand which had not been formally ratified, was received by the TSB. Items covered by this agreement included woven fabrics of cotton and man-made fibres, several items of under and outer garments, and bed linen and similar household articles. The agreement had a validity of one year, ending 31 December 1977. While noting that the agreement had not as yet been formally ratified, the TSB nevertheless reviewed it and agreed to circulate the text to participating countries for information. The existing agreement with Hong Kong was amended with respect to its exports of one item to the Federal Republic of Germany.

Finland

35. An agreement was concluded with Hong Kong for a fourteen-month period ending 31 July 1978. This agreement which succeeded an earlier one, covered briefs and drawers, jumpers, sweaters etc., shirts and peaked caps.

Norway

36. Nine agreements or extensions of previous ones were concluded by Norway with Hong Kong, India, Macao, the Philippines, Singapore, Sri Lanka and Thailand. The agreement with Hong Kong covered fifteen items of woven and knitted garments for the twelve-month period ending 31 December 1977. This agreement was divided into two parts; Part I was concluded under Article 3 and Part 2 under Article 4. Two agreements were concluded with India; one was for two years on bed linen, and the other for twelve months on shirts and blouses. Both agreements terminated on 31 December 1977.

37. The agreement with Macao covered knitted under and outer garments, and ready-made garments, not knitted. The TSB noted that in this agreement which is to terminate on 31 December 1978, the quotas had been denominated in value terms. The TSB on previous occasions observed that due to price and currency fluctuations, the denomination of quotas in value terms should be avoided. In this respect, the TSB drew the attention of the participating countries to the requirement in Article 5 of the Arrangement that normal commercial usage in such matters as the denomination of quantitative units should be respected.

38. The agreement with the Philippines which was terminated on 31 December 1977, covered woven shirts and blouses, trousers, knitted jumpers, sweaters, etc. The agreement with Singapore on its exports to Norway of shirts, slacks, jeans, trousers, etc., was concluded for varying periods for different items. The agreement terminated on 31 December 1977. The agreement with Sri Lanka was concluded for a two-year period ending 30 April 1978, and covered shirts. Two agreements were concluded with Thailand; one related to its exports of blouses, jackets, jumpers, sweaters, etc., and the other to shirts. Both agreements terminated on 31 December 1977. In the course of its review of the agreement between Norway and Thailand, the lack of swing was noted and the TSB assumed that Thailand had waived its right to swing.

Sweden

39. An agreement was concluded with India with respect to its exports to Sweden of bed linen for the two-year period ending 30 June 1978. This agreement followed consultations recommended by the TSB at its meeting held in December 1976, when it considered the unilateral measures taken by Sweden under Article 3:5 with respect to textile items including bed linen. Two temporary extensions of an earlier agreement with Korea were forwarded to the Textiles Committee. Having regard to the interim nature of these extensions, the TSB decided to defer consideration of their conformity with the Arrangement pending the outcome of the continuing negotiations. These extensions related to six clothing items and bed linen, and were terminated on 31 December 1977. An agreement was concluded with Singapore on its exports to Sweden of shirts and blouses, sweaters, pullovers, etc., trousers and some knitted undergarments. The agreement covered varying periods for different items, and was terminated on 28 February 1978. The TSB noted the lack of swing provisions in the agreement, and assumed that Singapore had waived its right to swing.

United States

40. Several modifications of its existing bilateral agreements were notified by the United States. These related to the following partners: Haiti (two amendments), Hong Kong, India, Japan, Korea, Malaysia, Mexico, Pakistan, the Philippines, Poland and Thailand. The amendments to the agreements with Haiti, Korea and Poland concerned changes in the designated consultation levels of different categories of products. In the case of the agreement with Hong Kong changes were made in the specific limits. As regards those with Malaysia, Mexico and the Philippines, changes were made in the designated consultation levels, as well as in the specific limits on certain categories of products. The agreement with Thailand was amended to effect changes in the aggregate and group limits, as well as in the designated consultation levels for certain products. The amendment to the agreement with Pakistan related to re-classification of one item. The amendment notified with regard to the agreement with India concerned the termination of restraints on exports of Indian handloom products. The agreement with Japan was modified to allow for several categories of products previously under specific limits, to be put under the existing general consultation provision. Accordingly, the aggregate group and specific limits for the period 1 October 1976 to 31 December 1977 would not apply. A new four-year agreement beginning 1 January 1977, was concluded with Romania. The agreement covers textile products of wool and man-made fibres. It replaces an earlier interim arrangement under Article 3:6 (see paragraph 28).

Notifications received under Article 4
since November 1976 until 31 December 1977

N: New agreement M: Modification E: Extension T: Termination

Importing country	Exporting country	Period	COM.TEX/SB/
Austria	Macao (E)	1.2.77-31.12.77	243
	Singapore (T) Korea (E)	1.8.76-31.7.78	259 272/Rev.1
Canada	Romania (N)	1.1.77-31.12.79	274
EEC	Macao (N)	1.10.75-31.12.77	226
	Brazil (N)	1.1.76-31.12.77	227
	Korea (N)	1.1.76-31.12.77	228
	Colombia (N)	1.1.76-31.12.77	229
	Thailand (N)	1.1.77-31.12.77	248
	Hong Kong (M)	1.1.75-31.12.77	279
Finland	Hong Kong (E)	1.6.77-31.7.78	253
Norway	Macao (E)	1.1.77-31.12.78	204
	Sri Lanka (N)	1.5.76-30.4.78	215
	Singapore (N)	(1.1.76-31.12.77)	216
		(1.10.76-31.12.77)	
	India (N)	1.1.76-31.12.77	230
	India (N)	1.1.77-31.12.77	247
	Thailand (N)+(E)	(1.12.76-30.11.77)	231
		(1.1.77-31.12.77)	
	Hong Kong (N) ¹	1.1.77-31.12.77	232
	Philippines (N)	(1.10.76-31.12.77)	268
Thailand (N)	(1.1.77-31.12.77)	275	

¹The agreement was divided into two parts. Part 1 was concluded under Article 3 and Part 2 under Article 4.

Importing country	Exporting country	Period	COM.TEX/SB/
Sweden	Korea (E)	1.7.76-30.6.77	221
		1.7.77-31.12.77	276
	India (N)	1.7.76-30.6.78	256
	Singapore (N)	(1.9.76-28.2.79 (1.3.77-28.2.79	270
United States	Japan (M)	1.10.74-31.12.77	233
	Thailand (M)	1.1.76-31.12.78	234
	Haiti (M)	1.1.76-31.12.78	235 261
	Hong Kong (M)	1.10.74-30.9.77	236
	Malaysia (M)	1.1.75-31.12.77	244
	Pakistan (M)	1.7.74-31.12.77	249
	Korea (M)	1.10.74-30.9.77	262
	Poland (M)	1.1.75-31.12.77	263
	India (M)	1.10.73-30.9.77	264
	Mexico (M)	1.5.75-30.4.78	265
	Philippines ₁ (M)	1.10.75-30.9.78	266
Romania (N) ¹	1.1.77-31.12.80	267	

¹The agreement replaced an Article 3:6 agreement.

Restrictive measures vis-à-vis non-participants

41. During the period under review the TSB received seven notifications of measures taken against non-participants and one relating to the termination of existing agreements. These notifications were made bearing in mind the request by the Textiles Committee that actions taken vis-à-vis non-participants in the Arrangement should be notified to the TSB. The EEC notified two measures taken in respect of imports of certain textile items from Morocco and Tunisia, as well as a bilateral agreement concluded with Portugal. Sweden notified a bilateral agreement concluded with Portugal and two agreements with Malta. The United States notified the conclusion of an agreement with a non-participating country and the termination of an existing agreement with Czechoslovakia. These notifications were circulated to the Textiles Committee under Articles 7 and 8 of the Arrangement.

EEC phase-out programmes

(a) EEC/Japan

42. In addition to the phase-out programmes contained in COM.TEX/SB/196 and Add.1 the TSB reviewed in January 1977 a notification by the EEC of its programme for the elimination of pre-MFA restrictions affecting Japan. The TSB heard statements by both parties to the effect that the programme had been bilaterally agreed.

(b) Termination of phase-out programmes

43. The TSB received from the EEC a memorandum dated 20 January 1977¹, in response to its recommendations concerning the programmes for the elimination of pre-MFA restrictions applied to Brazil, Colombia, Hong Kong, India, Korea, Macao, Malaysia, Mexico, Pakistan, Singapore and Thailand. The TSB's conclusions and recommendations with respect to the Community's phase-out programmes, which essentially rest upon the provisions of Article 2 of the MFA, were drawn up in view of the content of this memorandum.²

44. The TSB, in reviewing the EEC memorandum, noted the EEC reference to its obligations under Article 11:8. The TSB regretted that it had not been possible for the EEC to eliminate all the residual restrictions in question.

¹Circulated in document COM.TEX/SB/212.

²These are set out in COM.TEX/SB/214.

In its memorandum the Community notified that the elimination of some of the residual restrictions had been advanced in the case of the United Kingdom by three months to 1 January 1977, and in the case of France and Ireland by two months to 1 February 1977. The Community also notified that some of the restrictions would remain in force in the United Kingdom and France until 31 March 1977 as originally stipulated in the phase-out programmes. The TSB was assured that no restrictions would remain in force after that date with respect to those participating countries for which the Community had notified phase-out programmes.

Status of restrictions notified under Article 2:4

(a) Termination of pre-MFA restrictions

45. The United States notified the termination of its pre-MFA bilateral agreements on cotton textiles with El Salvador and Spain.

(b) Progress reports

46. The TSB requested periodic reports from Mexico and Thailand following its examination of their import régime under the procedures evolved for the review of restrictions notified under Article 2:4 by participants which are not contracting parties to GATT. These, as well as a report from Spain, were received in 1978 (see Section II below).

Non-MFA measures concerning trade in textiles having a restrictive effect

47. The TSB was apprised of certain actions which had been taken to restrain imports of textiles without recourse to the provisions of the Arrangement. In addressing itself to these issues, together with the related question of the relationship of Article XIX actions, and other actions outside the MFA, and the obligation of participants arising from paragraph 1 of Article 9 of the Arrangement, the TSB noted that its consideration of such matters had always been frustrated by the question as to whether the provisions affecting GATT rights found in paragraph 6 of Article 1 override the obligation contained in paragraph 1 of Article 9 of the Arrangement, or vice versa. At that time, and in those circumstances, the TSB could only recall the Chairman's summing up at the December 1976 meeting of the Textiles Committee and urge the participating countries not to have recourse to the GATT unless it can be demonstrated that recourse to the MFA is not feasible or has proven unsatisfactory. (This problem was subsequently resolved through the Protocol Extending the MFA and paragraph 9 of the understandings set forth in the Conclusions of the Textile Committee which were attached thereto.)

48. In this connexion, the first issue concerned a reference made to the TSB under Article 9, paragraph 3, by Hong Kong, regarding the supersession of two bilateral agreements between Hong Kong and Canada consequent upon the Article XIX actions taken by Canada under the GATT in November 1976.¹ In the opinion of Canada the actions in question were not subject to the provisions of the Article of the MFA that had been cited and that it was thus inappropriate for these measures to be considered by the TSB. Notwithstanding the divergence of views, the TSB held that the matters fell within its competence and, without considering the legal question referred to above, recommended that the parties should consult further and report thereon to the TSB. Such a report was received from Hong Kong while Canada maintained its view regarding the TSB's competence in this matter.²

49. The second reference to this issue derived from a complaint by Mexico that Canada's action under Article XIX of the GATT, without first exhausting the possibilities of conciliation that must be utilized in accordance with the MFA, had had the effect of disregarding its obligation under the Arrangement in respect of countries that are not contracting parties to the General Agreement. In its discussion of the matter the TSB noted that an importing country taking restrictive action under the provisions of the GATT could give rise to adverse consequences for trade that would not have arisen if the importing country had taken action under the provisions of the MFA. In addition, the TSB noted that a situation of inequity could also arise for non-contracting parties participating in the Arrangement as they could not have recourse to the relevant provisions of the General Agreement for redress. The TSB accordingly recalled the Chairman's conclusions at the December 1976 Textile Committee on this question. Besides, it saw some merit in the view, that was also expressed at that meeting, that contracting parties, signatories to the MFA, imposing restrictions on textile products under Article XIX of the GATT should notify the TSB through the Textiles Committee and stand ready to participate in the discussion of such measures in the Body.³

¹See L/4453.

²See COM.TEX/SB/210, paragraphs 6-10; COM.TEX/SB/222; and COM.TEX/SB/225, paragraphs 6-9.

³See COM.TEX/SB/255, paragraphs 7-10, and COM.TEX/8, paragraph 69.

Section II

TSB Activities During the
First Year of the Extended MFA

Membership of the TSB during 1978

50. At its meeting on 22 December 1977, the Textiles Committee decided that the term of office of members of the TSB for 1977 should be extended until such time as the new members would be designated. On 3 April 1978, the Committee agreed on the composition of the TSB for the remainder of 1978. The membership of the Body and the participants nominating members as well as their alternates for this period are as follows:

<u>Members</u>	<u>Alternates</u>
Mr. E. Hagfors (Finland) (replaced by Mr. S. Patek (Sweden) in May)	Mr. E. Hagfors (Finland)
Mr. P. Kumar (India)	Mr. M.A.B. Hamza (Egypt)
Mr. I. Klaric (EEC) (replaced by Mr. J. Beck (EEC) in September)	Mr. J. Beck (EEC)
Mr. V. Jayanama (Thailand)	Mr. D. Bondad (Philippines)
Mr. H. Phelan (United States)	
Mr. C.S. Shin (Korea) (replaced by Mr. N.S. Park (Korea) in October)	Mr. P. Tsao (Hong Kong) (acted in the interim - end June/ mid October as a member)
Mr. X. Suarez (Colombia)	Mrs. E. Arciniega (Peru)
Mr. Terada (Japan) (replaced by Mr. Kujirai in July)	Mr. N. Abe (Japan)

Review of notifications

A. Article 3

51. During the period from 1 January 1978 to 20 October 1978, the TSB received three notifications under Article 3 of the Arrangement. Two of these related to bilateral agreements concluded under paragraph 4 of that Article; they were found to be in conformity with the Arrangement and

were subsequently transmitted to the Textiles Committee. One notification transmitted the termination of earlier measures taken under Article 3:5 with respect to imports involving a number of exporting countries. In addition, the TSB continued its consideration of an Article 3:5 action in the light of the reports it had received from the parties concerned on the results of their consultations as recommended by the TSB. These measures concerned the following countries:

Austria	:	Korea
Canada	:	Hong Kong
EEC	:	Colombia, Egypt, India, Macao, Pakistan and the Philippines.

Austria

52. Two agreements concluded between Austria and Korea under Article 3:4 have been notified to the TSB. One constituted a new agreement on outer garments of knitted synthetic fibres, woven blouses and shirt blouses of synthetic fibres. The agreement covers the period running from 1 July 1978 to 31 July 1979. The second related to an extension of a previous agreement for a twelve-month period ending 31 July 1978, with respect to imports of socks of synthetic fibres. The TSB reviewed both agreements and circulated them to the Textiles Committee, noting the absence of swing provisions between these two agreements and another agreement concluded between the two parties under Article 4, and assumed that Korea had waived its right to swing.

Canada

53. In accordance with its recommendation that consultations should be held between Canada and Hong Kong on bedsheets and polyester filament fibres (see paragraph 11), the TSB was informed that such consultations took place in November 1977. While a mutually satisfactory arrangement had been discussed between the two parties with respect to polyester filament fibres, a certain problem still persisted as regards bedsheets. Noting that this was largely an administrative problem, the TSB recommended further consultations and requested a report by 31 January 1978.

54. At its meeting in February 1978, the TSB was informed by both parties that such consultations were scheduled for 27 February 1978. The TSB, therefore, concurred in an extension of the time limit until 31 March 1978. Hong Kong reported in April 1978 that the restrictions imposed by Canada on bedsheets had been lifted.

EEC

55. At its meeting in April 1978, the TSB received a communication from the EEC informing it that the previous measures taken by the Community under Article 3:5 with respect to imports from Colombia, Egypt, India, Macao, Pakistan and the Philippines had been terminated as of 31 December 1977. The EEC further informed the TSB that a communication would be made at a later date concerning the measures taken with respect to imports from Spain. The TSB was subsequently informed that these restrictions had lapsed on 31 December 1977. It is to be noted that the restrictions with respect to some of the above-mentioned countries were superseded by bilateral agreements negotiated under Article 4, which are still under consideration by the TSB.

Disposition of previously pending cases under Article 3:5

56. With reference to the two dispute cases between Sweden on the one hand, and each of India and Pakistan, on the other (see paragraphs 24 to 27), the TSB was informed by Sweden that the restrictions had lapsed on 31 December 1977. The parties stated that therefore they did not intend to pursue the matter further.

Bilateral surveillance systemAustria

57. The TSB received a notification from Austria concerning a bilateral surveillance system with respect to certain textile products exported from Hong Kong to Austria. The TSB noted that this system supersedes the previous bilaterally agreed restriction under Article 3 on exports from Hong Kong of shirts, not knitted. Since this is a bilateral surveillance system the TSB decided to transmit the text of the agreement to the participating countries for their information without reference to any specific Article in the Arrangement.

Measures taken under Article 3 since
1 January 1978 until 20 October 1978

N: New M: Modification E: Extension T: Termination

Importing country	Bilateral agreements under 3:4	Unilateral action under 3:5	Unilateral action under 3:6	COM.TEX/SB/
Austria	Korea (N) (1.7.78-31.7.79)			362
	Korea (E) (1.8.78-31.7.79)			363
Canada		Hong Kong (T)		322
EEC		Colombia (T)		317
		Egypt (T)		317
		India (T)		317
		Macao (T)		317
		Pakistan (T)		317
		Philippines (T)		317
		Spain (T)		-

B. Article 4

58. Since 1 January 1978, the TSB has received forty-three notifications under Article 4; of these, nine notifications recently received, are still under consideration by the TSB, nineteen notifications relate to new agreements and twenty-three notifications extend and/or modify existing agreements. One notification concerns the termination of a previous agreement and another concerns an agreement which had been applied on a de facto basis with effect from 1 January 1976. The countries involved are:

Austria : Egypt, India, Korea
 EEC¹ & 2 : Romania, India*, Pakistan*, Bangladesh*, Korea*, Sri Lanka*
 Norway: : Korea
 Sweden : India*, Thailand*, Sri Lanka*, Pakistan*
 United States² : Brazil, Colombia, Egypt, Haiti, Hong Kong, India, Jamaica, Korea, Macao, Pakistan, the Philippines, Poland, Romania, Singapore, Thailand

¹For bilateral agreements negotiated in 1976 under Article 4 by the EEC with Egypt, Malaysia and Singapore see under Article 2:4 below.

²For the Article 4 bilateral agreements recently concluded between the United States and Malaysia, as well as for the agreement between the EEC and Argentina, see under "Restrictive measures vis-à-vis non-participants" below.

*These agreements are still under consideration by the TSB.

59. Thirty-four agreements have been reviewed by the TSB in accordance with its procedure for Article 4 notifications, with the exception of one agreement which was transmitted to the Textiles Committee without having been reviewed (see paragraph 61). They were found to be in conformity with the Arrangement and were transmitted to the participating countries in the COM.TEX/SB/-- series of documents. Any comments made by the TSB in the course of its review of these agreements are included in the relevant section of the following paragraphs which summarize the notifications on country-by-country basis. Supplementary information with regard to these agreements is given in the tables below.

Austria

60. Austria notified the TSB of the termination of a bilateral agreement with Egypt on cotton yarn, the two parties agreed to enter into consultations if exports of cotton yarn from Egypt were to cause real risks of market disruption. A previous bilateral agreement with India was extended for a four-year period ending 31 December 1981. The products covered by this agreement are finished fabrics and miscellaneous products of cotton other than yarn, grey goods, terry towels and towelling; woven blouses, woven shirts and bedlinen of cotton. The TSB noted that though the growth rate for the aggregate level was 6 per cent for blouses, shirts and bedlinen an annual growth of 3 per cent had been agreed upon due to the exceptional circumstances prevailing in the market for these sectors, in the sense of paragraph 2 of Annex B.¹ The TSB further noted the absence of swing between these three categories, and assumed that India had waived its right to swing. Two notifications were received with respect to imports from Korea. The first related to the extension of an agreement on woven shirts of synthetic fibres for a twelve-month period beginning 1 August 1978. The TSB concluded that the 1.5 per cent growth provided in this extension reflected the existence of a special circumstance in terms of paragraph 2 of Annex B.¹ The TSB also noted the absence of swing between this agreement and two other agreements under Article 3, and assumed that Korea had waived its right to swing. The second notification related to a twelve-month extension of an existing agreement with respect to exports of cotton fabrics and of garments and other finished products.

¹The relevant portion of the paragraph reads as follows: "In exceptional cases where there are clear grounds for holding that the situation of market disruption will recur if the above growth rate is implemented, a lower positive growth rate may be decided upon after consultation with the exporting country or countries concerned."

EEC

61. The TSB has received a notification from the EEC transmitting an Article 4 agreement concluded with Romania. This agreement has been applied on a de facto basis with effect from 1 January 1976, but was formally signed on 2 December 1977. Under the provisions of Article 13 of the said agreement, the late signature meant that it could only enter into legal force on 1 January 1978, by which time the expiry date of 31 December 1977 had passed. In view of this, the TSB did not review the agreement and decided to transmit the text to participating countries for information. The TSB has recently received notifications of new agreements concluded between the EEC on the one hand and each of Bangladesh, India, Korea, Pakistan and Sri Lanka, on the other. These notifications are still under consideration by the Body.

Norway

62. A two-year bilateral agreement beginning 1 January 1977 was concluded with Korea with regard to its exports of fabrics; bed, table, toilet and kitchen linen; curtains and other furnishing articles and garments. The TSB noted this agreement lacked provisions for swing and assumed that Korea had waived its right to swing.

Sweden

63. Four notifications concerning agreements with India, Pakistan, Sri Lanka and Thailand have been recently received from Sweden and are still under consideration by the TSB.

United States

64. During the period under review, the TSB has received twenty-eight notifications from the United States. Eight of these related to new agreements and the remainder concerned modifications and/or extensions of existing agreements. In cases where existing agreements extend through 1978, modifications were made to adapt them to the new classification system introduced by the United States since 1 January 1978. An extract from a study by the United States International Trade Mission giving the new textile category system and its correlation with the old category numbers was circulated for the information of participating countries (COM.TEX/SB/318).

65. The bilateral agreement on cotton textiles with Brazil was amended for its third year (beginning 1 April 1978) in order to adapt it to the new classification system. The agreement with Colombia was amended for its third year beginning 1 July 1977, to effect increases in the designated consultation levels for that year with respect to certain categories. A new consultation agreement with Egypt was concluded for two years beginning

1 January 1978 to replace and supersede a previous agreement on cotton textiles. The agreement with Haiti was amended twice. The first amendment referred to increases in the consultation levels of three categories of products for the year 1977. The second amendment effected increases in the consultation levels of seven categories of products and modified two specific levels. The agreement with Haiti continues through 31 December 1978.

66. Two notifications were received with respect to agreements with Hong Kong. The first related to the extension of a previous agreement by a three-month period beginning 1 October 1977, with pro rata modifications for the extended period. The second notification related to a new cotton, wool and man-made fibre agreement concluded for the period 1 January 1978 to 31 December 1982. Four notifications were received concerning agreements with India. The first notified three extensions of a cotton textiles agreement on a short-term basis until 31 December 1977. The second related to a new cotton, wool and man-made fibre agreement for a five-year period beginning 1 January 1978. Two modifications to this new agreement were subsequently notified. The first concerned new consultation levels for two categories of products for 1978. Under the second amendment exports of certain rugs being traditional Indian handicraft products were added to the list of "Indian Items" subject to the agreed certification system. A consultation agreement was concluded with respect to exports of cotton, wool and man-made fibre textiles and textile products from Jamaica. Three notifications were received with respect to agreements with Korea. The first related to an extension of the existing agreement for a three-month period beginning 1 October 1977. The second transmitted a new cotton, wool and man-made fibre agreement which was concluded for a five-year period beginning 1 January 1978. The third notified amendments to a new agreement whereby certain products subject to specific limits could be exceeded by fixed percentages within the group limits. Furthermore, one product was put under specific limits for the duration of the agreement. The agreement with Macao was extended for a two-year period beginning 1 January 1978, with modifications relating to sub-categories and specific limits for the second agreement year.

67. A new agreement was concluded with Pakistan with respect to exports of cotton textiles for the period from 1 January 1978 through 30 June 1982. Three amendments to the agreement with the Philippines (1 October 1975 to 30 September 1978) were notified. Two of these related to new consultation levels for certain categories of products and one to adapt this agreement to the new classification system. Two notifications were received with respect to agreements with Poland. The first transmitted amendments to the existing cotton textile agreement which expired on 31 December 1977. The second related to a new agreement which was concluded with respect to exports from Poland of cotton, wool and man-made fibre textiles for the period 1 January 1978 through 31 December 1980.

68. Three notifications were received with respect to agreements with Romania. The first contained two amendments to the two existing agreements, i.e. the cotton textiles agreement and the wool and man-made fibres agreement. These amendments effected revisions for the last year of the cotton textiles agreement which expired on 31 December 1977, and the establishment of new consultation levels for 1977 with respect to certain categories in the wool and man-made fibre agreement which will expire on 31 December 1980. The second notification related to a further amendment to the wool and man-made fibre agreement to adapt it to the new classification system. The third notification related to a new agreement with respect to cotton textiles which was concluded for a five-year period beginning 1 January 1978. The existing agreement with Singapore on cotton, wool and man-made fibre textiles was amended to establish a new consultation level with respect to one category. The agreement with Thailand on cotton textiles was amended twice. Under the first amendment, group limits and new designated consultation levels were fixed for 1977. The second amendment effected changes in consultation levels of three categories for 1977.

69. During its review of two Article 4 agreements concluded between the United States and each of Korea and Hong Kong, the TSB noted that the parties thereto, having due regard to the provisions of paragraph 2 of Annex B, agreed, for the first year of validity of these agreements, to a growth rate lower than that applicable to the aggregate levels for the second and subsequent years. The TSB also noted that, in overall terms, these new agreements were consistent with the provisions of Article 4 of the Arrangement.

Certain observations by the TSB in connexion with the notifications received

(a) Duration of agreements

70. In the course of its review of bilateral agreements notified to it, the TSB noted that certain agreements had an expiry date which went beyond the validity of the extended Arrangement. In such cases the TSB reaffirmed that the validity of the relevant TSB reviews could extend no longer than the life of the MFA.

(b) Notification requirements

71. The TSB noted that certain notifications received from participating countries were lacking in readily accessible details regarding relevant reference periods and levels. The TSB, therefore, urged that all notifying countries should furnish, except where genuine technical difficulties prevent, the required information and comparative data along the lines of Annexes A and B, and the indicative checklist (COM.TEX/SB/83, Annex) when making their submission to the TSB.

72. With reference to Article 3 notifications, the TSB noted that in some cases the importing countries concerned had failed to notify the Chairman of the request for consultations in accordance with the provisions of Article 3, paragraph 3. The TSB called all participants' attention to such requirements and urged that these should be complied with.

(c) Denomination of quotas

73. The TSB noted that, notwithstanding its previous observation that due to price and currency fluctuations a denomination of quotas in value terms should be avoided, certain quotas in some agreements recently notified to it are fixed in terms of value rather than quantity. The TSB, therefore, urges again all participants to respect the requirements of Article 5 of the Arrangement, regarding quantitative units based on normal practices in such matters as the denomination of quotas and restraint levels.

(d) Swing provisions

74. The TSB has noted the lack of swing provisions in an increasing number of agreements notified to it. In reviewing notifications of agreements which offered no explanation for swing, the TSB had assumed that the exporting countries concerned had waived their rights to swing. The TSB draws the attention of all participants in the Arrangement, both exporting and importing, to their obligations to meet the requirements of Article 4 and Annex B of the Arrangement. In cases where the exporting country waives its right to swing in return for certain other considerations in the agreement or as a reflection of a mutual recognition of the minimum viable production principle, the notifying country should note this in its short reasoned statement.

(e) Delay in notifications

75. The TSB noted that there had been a considerable delay in notifications of certain actions taken under the various provisions of the Arrangement. In this respect, the TSB urges all participants to conform to the requirements of the MFA.

Notifications Received under Article 4 Since
1 January 1978 until 20 October 1978

N: New agreement M: Modifications E: Extension T: Termination

Importing country	Exporting country	Period	COM.TEX/SB/-
Austria	Egypt	Termination	291
	Korea (E)	1.1.78-31.12.78	328
	India (E)	1.1.78-31.12.81	360
	Korea (E)	1.8.78-31.7.79	361
EEC	Romania ^{1/}	1.1.76-31.12.77	316
	Argentina (N)	1.1.78-31.12.82	<u>2/</u>
	Bangladesh (N)	1.1.78-31.12.82	<u>2/</u>
	India ^{3/} (N)	1.1.78-31.12-81	<u>2/</u>
	Korea (N)	1.1.78-31.12.82	<u>2/</u>
	Pakistan ^{3/} (N)	1.1.78-31.12.81	<u>2/</u>
	Sri Lanka (N)	1.1.78-31.12.82	<u>2/</u>
Norway	Korea (N)	1.1.77-31.12-78	298
Sweden	India (N)	1.3.78-28.2.79	<u>2/</u>
		1.7.78-30.6.79	
	Thailand (N)	1.7.78-30.6.79	<u>2/</u>
		1.12.77-30.6.79	
		15.1.78-30.6.79	
Sri Lanka (N)	1.8.78-31.7. 79	<u>2/</u>	
Pakistan (N)	1.3.78-28.2.79	<u>2/</u>	
	1.7.78-28.2.79		

^{1/}The agreement was applied de facto. It was formally concluded on 2 December 1977, and was notified after it had expired.

^{2/}Notifications recently received. Still under consideration by the TSB.

^{3/}May be extended by a further twelve-month period.

Importing country	Exporting country	Period	COM.TEX/SB/-
United States	Poland (M)	1.1.75-31.12.77	293
	Romania (M)	1.1.75-31.12.77	294 ^{1/}
		1.1.77-31.12.80	294, 347
	Haiti (M)	1.1.76-31.12.78	295, 302
	India (E)	1.10.77-31.12.77	296
	Macao (M + E)	1.1.75-31.12.79	297
	Pakistan (N)	1.1.78-30.6.82	300
	Romania (N)	1.1.78-31.12.82	301
	Jamaica ^{2/}		303
	Thailand (M)	1.1.76-31.12.78	304, 324
	Philippines (M)	1.10.75-30.9.78	305, 325, 346
	Singapore (M)	1.1.75-31.12.77	306
	Korea (E)	1.10.77-31.12.77	308
	Egypt (N) ^{2/}	1.1.78-31.12.79	312
	Poland (N)	1.1.78-31.12.80	314
	India (N)	1.1.78-31.12.82	315
	Hong Kong (E + M)	1.10.77-31.12.77	320
	Hong Kong (N)	1.1.78-31.12.82	321
	Korea (N)	1.1.78-31.12.82	329
	Colombia (M)	1.7.75-30.6.78	339
	India (M)	1.1.78-31.12.78	340, 356
	Korea (M)	1.1.78-31.12.82	341
	Brazil (M)	1.4.78-31.3.79	357

^{1/} Modification of two agreements

^{2/} Consultation agreement

C. Article 2:4

76. In May 1976, the EEC had notified several bilateral agreements concluded under Article 4 of the Arrangement. These had then been notified under Article 2:4 pending their formal conclusion when the notification would be confirmed under Article 4:4. All these agreements, except those concluded with Egypt, Malaysia, and Singapore were subsequently notified under Article 4, reviewed by the TSB and transmitted to the Textiles Committee under that Article. At its meeting in March 1978, the TSB received a communication from the EEC informing it that the three aforementioned agreements, though applied on a de facto basis, were never formally concluded and that they had expired on 31 December 1977. In the light of these considerations and the fact that they had not been definitively reviewed nor formally confirmed under Article 4, it was agreed that the text of these agreements would be transmitted to the Textiles Committee under Article 2:4 for information.

Restrictive measures vis-à-vis non-participants

77. Since 1 January 1978, the TSB received notifications of nine agreements concluded with non-participating countries. These notifications were made bearing in mind the request by the Textiles Committee that actions taken vis-à-vis non-participants in the Arrangement should be notified to the TSB. Austria notified an agreement concluded with Macao¹. Sweden notified agreements concluded with Macao¹, Malaysia¹, Malta and Mauritius. The United States notified an agreement with Malaysia¹ and three agreements with a non-participating country. These agreements have been circulated to the Textiles Committee under Articles 7 and 8 of the Arrangement. The TSB has recently received two notifications of bilateral agreements, the first between the EEC and Argentina², the second between Finland and Macao¹; these are still under consideration.

Notifications under Article 11, paragraph 11

78. Having due regard to the provisions of Article 11, paragraph 11, the TSB requested the Chairman to invite all the participants in the Arrangement to inform the TSB of the present status of their restrictions, if any, whether or not they continue to be justified under the provisions of the GATT, including its Annexes and Protocols.

¹Countries which were former participants in the MFA, but have not signed the Protocol extending the Arrangement.

²At its meeting on 20 October 1978, the TSB decided to circulate the agreement between Finland and Macao to the Textiles Committee.

Notifications of Action taken vis-à-vis Non-Participants
1 January until 20 October 1978

Importing country	Exporting country	Period	COM.TEX/SB/-
Austria	Macao	1.1.78-31.12.81	358
EEC	Argentina	1.1.78-31.12.82	2/
Finland	Macao	1.8.78-31.12.81	2/
Sweden	Mauritius	1.11.77-31.12.78	292
	Macao	1.1.78-31.12.78	367
	Malaysia	(1.1.78-30.6.79 (1.3.78-30.6.79	368
	Malta	1.7.78-31.12.78	369
United States	Malaysia	1.1.78-31.12.80	358
	Non-participant ^{1/}	1.1.78-31.3.78	307, 326
	Non-participant	1.1.78-31.12.82	342

^{1/} Interim agreement.

^{2/} Notification recently received. Still under consideration by the TSB. (See footnote to paragraph 77.)

79. The TSB has so far received reports from sixteen participants in the Arrangement, viz Austria, Bangladesh, Brazil, Colombia, European Communities, Finland, Guatemala, Hong Kong, Indonesia, Korea, Peru, Singapore, Sweden, Turkey, the United States and Yugoslavia. The greater part of these notifications were by developing countries whose restrictions on imports of textiles are justified according to the provisions of Article XVIII of the General Agreement. In this connexion, the TSB noted that it may revert to the notifications received from those countries whose consultations under the Balance-of-Payments Committee of the GATT were scheduled to take place later in 1978 or in 1979.

80. The TSB also received progress reports from Mexico and Thailand in accordance with the procedure it had previously adopted for those participating countries which are not contracting parties to the GATT. In the case of Mexico, the TSB felt that further information should be called for in order to complete its examination. Spain also submitted a notification of a liberalization measure.

81. All of the above notifications have been transmitted to the Textiles Committee for the information of the participating countries. In this connexion the TSB observed that some of the notifications were not as complete as they might have been and accordingly urged all participants to notify, to the fullest extent possible, details of the restrictions maintained on imports of textiles.

Internal procedures

82. In addition to its review of the notifications received under the different provisions of the Arrangement, the TSB also extended or reaffirmed certain of its internal procedures.

(a) Equity in treatment

83. The TSB reconsidered its procedures for dealing with disputed cases and, in particular, the situation where, in a dispute, one of the parties has a nominated member on the Body and the other has not. In this respect its existing procedures had not been followed in their entirety owing to the practical difficulty for the TSB of coming to a conclusion and formulating its recommendations in the continued presence of the parties in contention. After its discussion of this point the TSB decided to amend paragraph 6(b) and (d) of COM.TEX/SB/30, Annex 1 so as to permit the non-represented party to designate a person to participate in the final phase of the case, including the drafting of the recommendations. Its previous decision that consensus on such matters within the Body did not require the assent or concurrence of the concerned parties¹ was reaffirmed.

(b) Review of notifications

84. The TSB further reconfirmed its previous decision to the effect that all the agreements notified to it would be reviewed on a case-by-case basis and on their own merits.

(c) Attendance of members

85. The TSB decided that, as from its third meeting in 1978, the Body's reports would give a list of the members present at each meeting.

¹See COM.TEX/SB/319, paragraphs 3 and 4.