

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

COM.TEX/SB/943
21 May 1984

Special Distribution

Textiles Surveillance Body

REPORT OF THE FIFTH MEETING (1984)¹

1. The Textiles Surveillance Body held its fifth meeting of 1984 on 20-21 March 1984.
2. Present at this meeting were the following members and/or alternates: Mr. Bondad/Mrs. Sjahruddin, Messrs. Cartland, Keck/Richardson, Marques Porto, Puri, Sato, Shepherd and Westlund. Mr. Satuli (Finland) attended the meeting on 21 March as alternate to Mr. MacNeil.
3. The report of the fourth meeting has been circulated in COM.TEX/SB/935.
4. The following points were discussed:

Article 4 notifications

Sweden/Malaysia

5. The TSB received a notification from Sweden of a bilateral agreement concluded under Article 4 between Sweden and Malaysia, valid for the period 1 July 1983 to 30 June 1987.
6. In this agreement:
 - (a) a restraint on Group 17 (brassières) was introduced, and previous restraints were continued;
 - (b) within the limit for the Rest Group, sub-limits were introduced for three groups of products (stockings, costumes, dresses and skirts and shorts);
 - (c) increases in base levels for groups previously under restraint ranged between 0.3 and 0.75 per cent, except for one group (bed linen) where there was a reduction of 1.7 per cent;
 - (d) the level for Group 17 was set substantially above previous trade;
 - (e) growth rates were well below 6 per cent and below growth rates in the previous agreement, ranging between 0.3 and 0.75 per cent, with growth at 0.05 per cent for bed linen;

¹ Hundred and sixty-fifth meeting overall.

(f) swing was set at 1 per cent and carryover/carry forward at 3/1 per cent;

(g) cumulative use of flexibility was limited to 3 per cent.

7. The TSB took note of statements by both parties that the reduction in the limit for one group and the limit set for the group newly brought under restraint had been agreed to take account of the changing export interests of Malaysia. The TSB also noted the statement by Sweden that the growth rates and flexibility provisions had been agreed under Annex B and paragraph 11 of the 1981 Protocol, in view of Sweden's small market, high level of imports and the need to maintain Sweden's minimum viable production.

8. The TSB noted that whereas there was no swing in the previous agreement, some swing had been provided in this agreement, although the use of carryover and carry forward and the cumulative use of flexibility were lower than in the previous agreement.

9. With regard to Article 10 of this agreement, the TSB noted that the parties had taken into account its recommendation on the previous Sweden/Malaysia agreement.¹

10. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/936).

Austria/Hong Kong

11. The TSB reviewed a notification by Austria of an Article 4 agreement concluded with Hong Kong, valid from 1 February 1984 to 31 January 1987.

12. In this agreement:

(a) the four products previously restrained were kept under restraint;

(b) increases in base levels varied from 0.5 to 6 per cent;

(c) growth rates varied from 0.5 to 2 per cent;

(d) swing was set at 5 per cent;

(e) carryover and carry forward were set at 10 and 5 per cent, respectively.

13. The TSB took note of a statement by Austria that the growth and swing rates were due to the exceptional circumstances, in terms of Annex B, prevailing in the Austrian market with respect to the products concerned.

14. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/937).

¹COM.TEX/SB/741 paragraph 13. See also COM.TEX/SB/632 paragraphs 16 and 26.

Austria/Macao

15. The TSB reviewed a notification by Austria of an Article 4 agreement concluded with Macao, valid from 1 January 1984 to 31 December 1986.

16. In this agreement:

- (a) the three products previously restrained were kept under restraint;
- (b) increases in base levels were 2 per cent;
- (c) growth rates, at 2 per cent, were equal to those of the previous agreement for two products and higher for one product;
- (d) swing was set at 5 per cent;
- (e) carryover and carry forward were set at 10 and 5 per cent, respectively.

17. The TSB took note of a statement by Austria that the growth and swing rates below 6 per cent were due to the exceptional circumstances, in terms of Annex B, prevailing in the Austrian market with respect to the products concerned.

18. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/938).

Austria/Philippines

19. The TSB reviewed a notification by Austria of an Article 4 agreement concluded with the Philippines, valid from 1 January 1984 to 31 December 1984.

20. In this agreement:

- (a) one product was kept under restraint, while the other product previously under restraint was made subject to surveillance under a Special Export Licence system;
- (b) the increase in base level was 3 per cent.

21. The TSB took note of a statement by Austria that the increase in base level below 6 per cent was due to the exceptional circumstances, in terms of Annex B, prevailing in the Austrian market with respect to the product concerned.

22. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/939).

Austria/Singapore

23. The TSB reviewed a notification by Austria of an Article 4 agreement concluded with Singapore, valid from 1 January 1984 to 31 December 1986. This is the first restraint agreement between the parties.

24. In this agreement:

- (a) one product was placed under restraint;
- (b) the increase over the roll-back level was substantially higher than 6 per cent;
- (c) growth rate was set at 1 per cent;
- (d) the compounded growth rate over the life of the agreement was higher than 6 per cent;
- (e) carryover and carry forward were set at 10/5 per cent.

25. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/940).

United States/Korea

26. The TSB received a notification from the United States, concerning a further modification to its bilateral agreement with Korea. Pursuant to the consultation provisions of the agreement the United States elected to convert all limits established for the 1983 agreement year into specific limits for the agreement years 1984 to 1987.

27. After its review the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/941).

United States/Thailand

28. The TSB received a notification from the United States of a new bilateral agreement concluded under Article 4 between the United States and Thailand valid for the period 1 January 1983 to 31 December 1987.

29. This agreement superseded and replaced the last six months of the previous agreement.

30. In this agreement:

- (a) restraints were introduced on one yarn and six fabric categories (categories 604, 313, 314, 317, 319, 320 and 613), and previous restraints were maintained;
- (b) the group limit on apparel categories continued;

(c) base levels of newly restrained categories were overall substantially above previous trade;

(d) increases in base levels of the group limit and other previously restrained categories were, in all except two cases, at 6.5 per cent; the increase for one category was 4 per cent, and for the merged wool category 445/446 (sweaters) was 2.1 per cent;

(e) growth was set at 6 per cent, except 3 per cent for category 639 (knitted shirts and blouses for women, girls and infants) and 1 per cent for category 445/446;

(f) as in the previous agreement, swing for the apparel categories was included in the levels; for other categories it was set at 7 per cent, except that in the first year swing at 10 per cent was allowed among the cotton fabric categories;

(g) carryover/carry forward was provided at 11/6 per cent.

31. In reviewing this agreement, the TSB bore in mind its recommendation made to the two parties concerning the situation resulting from the merger of category 315 with TSUSA No. 326.0092 on the exports of print cloth from Thailand.¹ The TSB noted that the two parties considered that the levels set for the fabric categories, growth and special swing provided for the first agreement year, served to redress the situation with respect to the previous limit set for category 315 plus TSUSA No. 326.0092.

32. The TSB noted that though two categories had less than 6 per cent growth, other elements listed in paragraph 30 above provided an overall balance to the agreement. However, the TSB observed that the share of Thailand in the United States market for category 445/446 was small.

33. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/942).

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34. With respect to the growth rate accorded to the wool category (445/446), the TSB recalled that during the review of other such low growth rates for wool categories in US agreements, the United States had on occasions in the past presented the situation in the United States wool sector which led to its requesting such rates. The TSB requested that the last presentation on this subject² be up-dated, and the United States agreed to do so at a suitable occasion.

¹See COM.TEX/SB/810

²COM.TEX/SB/859

United States/Hong Kong

35. The TSB began its review of two notifications modifying the United States/Hong Kong agreement.

Article 11 notifications

36. The TSB took note of notifications received from Hungary, Singapore and Yugoslavia, in reply to the Chairman's letter requesting information, pursuant to Article 11 of the Arrangement, on restrictions maintained by participating countries.¹ These notifications shall be submitted to the Textiles Committee at the time of the submission of the TSB's report for the Major Review.

¹See COM.TEX/SB/921, paragraph 23