

**GENERAL AGREEMENT ON  
TARIFFS AND TRADE**

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Textiles Surveillance Body

REPORT OF THE FIFTH MEETING (1985)<sup>1</sup>

1. The Textiles Surveillance Body held its fifth meeting of 1985 on 29 April and 1 May 1985.
2. Present at this meeting were the following members and/or alternates: Messrs. Boisnon, Cartland, Hamza, Iversen/MacNeil, Kawaguchi, Rosselli/Paredes, Salim and Shepherd.
3. The Body was informed that effective 16 April 1985, Mr. Salim had appointed Mr. D. Bondad (Philippines) as his alternate, to succeed Mr. S. Haron (Malaysia).
4. The report of the fourth meeting has been circulated in COM.TEX/SB/1067.

Notification under Article 3:4

Austria/Egypt

5. The TSB continued its review of a notification from Austria, of a bilateral agreement<sup>2</sup> concluded with Egypt for the period 1 January 1985 to 31 December 1986.
6. In this agreement:
  - (a) cotton yarn was placed under restraint;
  - (b) the base level was substantially above the reference level;
  - (c) growth rate was set at 3 per cent;
  - (d) imports into Austria for non-local consumption are expressly excluded from the restraint level.
7. The TSB noted that the growth rate was below 6 per cent, but taking into account other elements listed in paragraph 6 above, decided to transmit this notification to the Textiles Committee. (COM.TEX/SB/1068)

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<sup>1</sup>Hundred and eighty-fifth meeting overall

<sup>2</sup>See COM.TEX/SB/1067

Notifications under Article 4:4

Sweden/Macao

8. The TSB reverted to its consideration<sup>1</sup> of a notification from Sweden of a new bilateral agreement concluded under Article 4 of the MFA with Macao, valid with retroactive effect from 1 January 1984 to 31 December 1987.

9. In this agreement:

(a) all previous restraints were maintained; product coverage remained unchanged;

(b) increases in base levels varied between 0.1 and 0.75 per cent for group limits, and was 1 per cent for the "rest group";

(c) growth rates within the agreement varied between 0.1 and 0.75 per cent for group limits, and was 1 per cent for the "rest group";

(d) swing was provided at 3 per cent, carryover and carry forward at 3/3 per cent; cumulative flexibility was set at 3 per cent.

10. The TSB noted that in a majority of cases the growth rates of the present agreement were lower than the compounded growth rates of the previous agreement<sup>2</sup>; it also noted that while swing, previously non-existent, was now provided, carryover and carry forward were lower than in the previous agreement and further limited by a cumulative flexibility limit.

11. With regard to the consultation provision of Article 10 of the agreement, the TSB noted that account had been taken of its earlier<sup>3</sup> recommendation, for similar clauses in other bilateral agreements.

12. In reviewing this agreement the TSB noted the very small share of Macao in the Swedish market with respect to two product groups and questioned the appropriateness of invocation of damage to Sweden's minimum viable production in the case of those two product groups.

13. The TSB concluded that while the provisions relating to minimum viable production had been invoked in respect of all product groups, it was not possible to identify how the provisions of the MFA of interest to the exporting country, particularly Article 6, had been taken into account in this agreement.

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<sup>1</sup>COM.TEX/SB/1050

<sup>2</sup>The agreement, contained in COM.TEX/SB/704, was concluded under the 1977 Protocol of Extension

<sup>3</sup>See COM.TEX/SB/632, paragraph 16 and COM.TEX/SB/710, paragraph 13

14. After its review, the TSB agreed to transmit this notification to the Textiles Committee with the above observations. (COM.TEX/SB/1069)

Sweden/Singapore

15. The TSB reverted to its consideration<sup>1</sup> of a notification from Sweden of a new bilateral agreement concluded under Article 4 of the MFA with Singapore, valid with retroactive effect from 1 December 1983 to 30 November 1988. This agreement superseded a provisional extension of the previous agreement.

16. In this agreement:

(a) all previous restraints were maintained; product coverage remained unchanged; a new sub-limit within the "rest group" was introduced;

(b) increases in base levels varied between 0.024 and 0.1 per cent for group limits, and was 0.1 per cent for the "rest group";

(c) growth rates within the agreement varied from year to year between 0.025 per cent and 1.6 per cent for group limits, between 1.3 and 1.7 per cent for the "rest group" and its sub-limits;

(d) swing was provided at 3 per cent, carryover and carry forward at 3/3 per cent; cumulative flexibility was set at 3 per cent.

17. The TSB noted that in all cases the compound growth rates were lower than growth rates in the previous agreement; it also noted that while swing, previously non-existent, was now provided, carryover and carry forward were lower than in the previous agreement and further limited by a cumulative flexibility limit.

18. The TSB noted that in the new agreement account had been taken of the recommendation it had made regarding the consultation provision of Article 10 of the previous agreement.<sup>2</sup>

19. The TSB recalled its comment<sup>3</sup> made in regard to the previous agreement between the parties, that the low growth rates and the restrictive flexibility provisions did not seem to be fully justified in respect of some product groups, in view of Singapore's share in the Swedish market; the Body expressed its concern that that observation, which the Body "wanted ... to be taken into account by both parties", seemed not to have been borne in mind in the negotiation of the present agreement, as the same product groups were kept under restraint, under conditions even more stringent than previously provided.

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<sup>1</sup>COM.TEX/SB/1050

<sup>2</sup>See COM.TEX/SB/632, paragraph 16 and COM.TEX/SB/840, paragraph 7

<sup>3</sup>COM.TEX/SB/840, paragraph 8 (report of the 5th meeting of 1983)

20. After its review, the TSB agreed to transmit this notification to the Textiles Committee with the above observation. (COM.TEX/SB/1070)

United States/Korea

21. The TSB received a notification from the United States of a further modification of its agreement with Korea. The parties agreed to specific limits on both parts of Category 614 (man-made fibre fabric) for the agreement period beginning 1984, with growth at 2.5 per cent. Agreement was also reached on a special swing of 3.5 per cent for the 1984 agreement year with respect to Category 670-L (man-made fibre luggage), as well as on overshipments of this category.<sup>1</sup>

22. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1071)

Other business

23. In order to assist it in its work, and at its invitation, the TSB heard a presentation from Sweden on questions relating to Sweden's minimum viable production and the application of the MFA in bilateral agreements concluded by that country.

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<sup>1</sup> See also COM.TEX/SB/1044, paragraph 36