

# GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/SB/1467

5 April 1989

## TARIFFS AND TRADE

Special Distribution

---

### Textiles Surveillance Body

#### REPORT OF THE SECOND MEETING (1989)<sup>1</sup>

1. The Textiles Surveillance Body held its second meeting of 1989 on 22-24 February.
2. Mr. Gero appointed Mr. Otto Wentzel (Norway) as his alternate. Mr. Abdel-Fattah appointed Mr. Shalid Gulrez Yazdani (Pakistan) as his alternate for the meeting.
3. Present at the meeting were the following members and/or alternates: Messrs Abdel-Fattah/Yazdani, Choi/Lau, Gero/Wentzel, Koda, Mazzocchi, de la Peña/Castro, Salim and Shepherd.
4. The report of the first meeting has been circulated in COM.TEX/SB/1455.

#### Notifications under Article 3:5

##### United States/Dominican Republic

5. The TSB was informed by the United States and the Dominican Republic that the consultations they held on 13-15 February regarding the Article 3:5 measure taken by the United States on imports of Category 633 (man-made fibre coats)<sup>2</sup> had been suspended and would be resumed on 9-10 March.
6. In view of this, the TSB agreed to the parties' request to further defer its examination of the case.

#### Notification under Article 11:4 and Article 3:5

##### United States/Costa Rica

7. The TSB was informed by the United States that an agreement had been reached with Costa Rica on Category 347/348, superseding the unilateral measure taken under Article 3:5. This bilateral solution, as well as the solution previously reported on Category 342/642,<sup>2</sup> will be notified to the TSB in due course.
8. The TSB, awaiting notification of the agreed solutions, did not find it necessary to pursue the matter.

---

<sup>1</sup>Two hundred and thirty-seventh meeting overall

<sup>2</sup>See COM.TEX/SB/1455

Notification reviewed under Article 3:5

United States/Thailand

9. The TSB was informed by the United States that in accordance with the TSB's recommendation<sup>1</sup> it had rescinded the unilateral restraint placed on Category 870 (luggage of silk blends and vegetable fibres, other than cotton).

General observation and conclusion on some Norwegian agreements

10. During its review of agreements concluded by Norway with Indonesia and Thailand, the TSB gave particular attention to elements related to restraints introduced on the same product (bedlinen) in each agreement<sup>2</sup>:

- (a) there was very little or no trade from the countries concerned at the time of negotiation;
- (b) a statement by Norway that the new restraints were negotiated on the basis of a perception of an "imminent increase of imports", as defined in Annex A, together with other elements of interest to the exporting country;
- (c) Annex B, paragraph 2, and paragraph 12 of the 1986 Protocol were invoked for the low growth and flexibility provisions;
- (d) the imminent increases in imports foreseen at the moment of the negotiation of the agreements were not such as to pose a real risk of market disruption;
- (e) by the time of notification of the agreements, which was delayed, and of their review by the TSB, the anticipated trade had not developed.

11. In view of the points outlined above, the TSB recommended that the parties review the situation, bearing in mind the provisions of the MFA.

Notifications under Article 4

Norway/Indonesia

12. The TSB continued its review<sup>1</sup> of a notification from Norway of its first agreement with Indonesia, concluded for the period 1 October 1987 to 30 September 1991. It took into account supplementary information received regarding this notification.

---

<sup>1</sup>COM.TEX/SB/1455

<sup>2</sup>The TSB had reviewed at its two hundred and thirty-fourth meeting the agreements concluded by Norway with Korea and with Macao, which showed a similar feature. (See COM.TEX/SB/1443)

13. In this agreement:

- (a) the eight product categories covered were under restraint;
- (b) the base levels were higher by more than 6 per cent over previous trade in one case and substantially higher in six cases; in one case there was no previous trade;
- (c) the growth rates were set at 3 per cent;
- (d) swing, carryover and carry forward were set at 3, 10 and 5 per cent respectively, with a cumulative use of flexibility established at 10 per cent.

14. With respect to the growth rates and the flexibility provisions, Norway made reference to Annex B of the Arrangement and paragraph 12 of the 1986 Protocol of Extension.

15. After its review,<sup>1</sup> the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1456)

Norway/Thailand

16. The TSB received a notification from Norway of a bilateral agreement concluded with Thailand for the period 1 January 1987 to 31 December 1990, with the possibility of a twelve-month extension. This agreement superseded and replaced the last year of the previous agreement.

17. In this agreement:

- (a) the product coverage was reduced from twenty-one to eight categories, all under restraint;
- (b) previous restraints on five categories were liberalized, and a restraint was introduced on one category;
- (c) increases in base levels over previous restraints were less than 6 per cent in one case, higher than 6 per cent in one case and much higher in five cases; previous trade in the newly restrained category was negligible;
- (d) the growth rates at 1 per cent (one category) and 3 per cent (other categories) were higher than in the previous agreement;
- (e) swing, not available in the previous agreement, ranged between 2 and 5 per cent;
- (f) carryover and carry forward were unchanged at 10 and 5 per cent in all except one case, where they were set at 4 and 2 per cent, and therefore lower than in the superseded agreement;

---

<sup>1</sup>See also paragraphs 10 and 11 above.

- (g) a cumulative use of flexibility was established at 10 per cent for all but one case, where the limit was 4 per cent.

18. With respect to the growth rates and the flexibility provisions, Norway made reference to Annex B of the Arrangement and paragraph 12 of the 1986 Protocol of Extension.

19. During its review, the TSB noted that the consultation provisions contained in the last paragraph of Article 14 of the agreement were in contradiction to Article 3 therein. Norway made known its view with regard to the intention of this provision which had been proposed by Thailand. The TSB urged the parties to amend the agreement so as to rectify the situation at an early date and understood that both parties were willing to conclude such an amendment.

20. After its review, the TSB agreed to transmit the notification to the Textiles Committee.<sup>1</sup> (COM.TEX/SB/1457)

Sweden/Malaysia

21. The TSB received a notification from Sweden of a bilateral agreement concluded with Malaysia for the period 1 July 1987 to 30 June 1992.

22. In this agreement:

- (a) the product coverage was reduced from fifteen to seven product categories, all under restraint;
- (b) the categorization was adapted to the Harmonized System;
- (c) the Rest Group limit was eliminated, though two restraints within the Rest Group limit were maintained; restraints were removed on one part product category and on babies' woven garments;
- (d) increases in base levels over previous levels were between 1 and 2 per cent in five cases, and substantially higher than 6 per cent for the two categories which were previously within the Rest Group;
- (e) growth rates for the second year were between 1.25 and 2.5 per cent and were in all cases higher than in the previous agreement; for subsequent years these rates will increase by either 0.25 or 0.5 per cent annually, resulting in growth rates for the final agreement year between 2 and 4 per cent;
- (f) swing, available at 3 or 5 per cent was higher than previously; carryover remained unchanged at 3 per cent, except in two cases where it was raised to 5 per cent; carry forward at 3 or 5 per cent was higher in all cases;

---

<sup>1</sup>See also paragraphs 10 and 11 above.

- (g) a cumulative use of flexibility at 6 per cent or at 10 per cent, was more favourable to Malaysia than previously.

23. With respect to the growth and flexibility provisions, Sweden made reference to Annex B of the Arrangement and to paragraph 12 of the 1986 Protocol of Extension.

24. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1458)

Sweden/Pakistan

25. The TSB received a notification from Sweden of a bilateral agreement concluded with Pakistan for the period 1 July 1987 to 30 April 1992, as well as a two-month extension until 30 June 1987 of the previous bilateral agreement.

26. The levels agreed for the two-month extension were between 0.6 and 2 per cent over previous levels; these represented higher growth rates than those of the agreement.

27. In the new agreement:

- (a) the product coverage was reduced from sixteen to four product categories, all under restraint;
- (b) the categorization was adapted to the Harmonized System;
- (c) previous restraints on two product categories and the Rest Group were liberalized; babies' woven garments were also liberalized;
- (d) increases in base levels of the restrained categories were between 1 and 2 per cent over previous restraint and reference levels;
- (e) growth rates for the second year at 1.25, 1.75 or 2.25 per cent were in all cases higher than previous rates; for subsequent years these growth rates would increase by 0.25 per cent annually, but would in no case be higher than 3 per cent;
- (f) swing, carryover and carry forward were each available at 3 per cent, unchanged from the previous agreement; a cumulative use of flexibility, set at 6 per cent, was more favourable to Pakistan than previously.

28. With respect to the growth and flexibility provisions, Sweden made reference to Annex B of the Arrangement and paragraph 12 of the 1986 Protocol of Extension.

29. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1459)

Canada/China

30. The TSB received a notification from Canada of an amendment of its bilateral agreement with China. A restraint on a product category (fine suits, sportscoats and blazers) was agreed for the period 1 January 1988 to 31 December 1991.

31. The base level was substantially higher than the rollback level; the growth rate was set at 6 per cent. Swing at 5 per cent and carryover/carry forward at 10/5 per cent were provided for, with a cumulative use of flexibility limited to 12 per cent.

32. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1460)

Austria/Hong Kong

33. The TSB received a notification from Austria of a further amendment of its bilateral agreement with Hong Kong valid until 31 January 1990.

34. Under this amendment:

- (a) the products covered in one category under restraint were reduced, without any modification in the restraint levels;
- (b) the product deleted from the category mentioned in (a) above was made subject to the agreed Export Authorization system;
- (c) a restraint was introduced on a product category (woven anoraks, windcheaters and windjackets) for the period 1 February 1988 to 31 January 1990;
- (d) the base level for the new restraint was substantially above previous trade, with annual growth set at 2.5 per cent;
- (e) the parties agreed on reference levels for three categories subject to the Export Authorization system for the period 1 February 1988 to 31 January 1990.

35. With respect to the less than 6 per cent growth for the new restraint, the TSB was informed by Austria that this was agreed in the context of the liberalization of a restraint and of the increase in the base level over previous trade, referred to in sub-paragraphs 34(a) and (d) above, respectively.

36. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1461)

Austria/China

37. The TSB received a notification from Austria of a bilateral agreement concluded with China for the period 1 January 1989 to 31 December 1991.

38. In this agreement:

- (a) the product coverage of the previous agreement was modified by the elimination of one product category and the addition of two product categories; all three categories thus covered were placed under restraint;
- (b) the base level of the previously restrained category was increased by more than 6 per cent over the previous level and the base levels of the new restraints were substantially higher than previous trade;
- (c) growth rates were set at 2, 2.5 and 3 per cent; the rate for the previously restrained category was higher than the previous applicable rate;
- (d) swing, carryover and carry forward, available in each case at 5 per cent, remained unchanged from the previous agreement.

39. The TSB was informed by Austria that the less than 6 per cent growth rate and the swing provision were agreed in the context of the elements referred to in paragraph 38(b) above.

40. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1462)

Norway/Czechoslovakia

41. The TSB received a notification from Norway of an amendment of its agreement with Czechoslovakia valid until 30 June 1992.

42. Under this amendment:

- (a) the product coverage was reduced from seventeen to nine product categories;
- (b) two categories previously subject to restraint were deleted from the agreement;
- (c) the consultation provisions on products not under restraint were deleted from the agreement;
- (d) the restraint level on one category was increased.

43. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1463)

Norway/Hungary

44. The TSB received a notification from Norway of an amendment of its agreement with Hungary, in force until 31 December 1991.

45. Under this amendment, the product coverage of the agreement was reduced from fifteen to eight categories; restraints on three product categories were liberalized and the consultation provisions on products not subject to restraint were deleted.

46. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1464)

Norway/Hong Kong

47. The TSB received a notification from Norway of an amendment of its bilateral agreement with Hong Kong, in force until 30 June 1990.

48. Under this amendment:

- (a) the product coverage of the agreement was reduced from fifteen to eight product categories;
- (b) previous restraints on three categories were liberalized;
- (c) four categories ceased to be subject to the Export Authorization arrangement;
- (d) the Export Authorization arrangement and its consultation provisions relating to products not subject to restraint were deleted.

49. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1465)

Norway/Poland

50. The TSB received a notification from Norway of an amendment of its bilateral agreement with Poland, in force until 31 December 1991.

51. Under this amendment:

- (a) the product coverage was reduced from twelve to eight categories;
- (b) the consultation provisions on categories not subject to restraint were deleted;
- (c) restraint levels on three categories and one merged category were increased by between 5.3 and 12 per cent above the levels established in the agreement.



52. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1466)

Report of the TSB for the Major Review

53. The TSB had a first discussion on the preparation of its report to the Textiles Committee for the Major Review of the Arrangement.

54. The TSB also requested the Chairman to invite participating countries to report on the status of restrictions maintained by them on imports of textile products covered by the MFA as extended by the 1986 Protocol.