

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/731  
9 October 1981

Special Distribution

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## Textiles Surveillance Body

### REPORT OF THE TWELFTH MEETING (1981)<sup>1/</sup>

1. The Textiles Surveillance Body held its twelfth meeting of 1981 on 14 September.
2. The following members or alternates were present: Messrs. Beck, Chau, Delgado, Hobson, Hussain/Bajwa, Safioen, Sato and Shepherd. The TSB took note that Mr. Y. Matsui (Japan) had been nominated as alternate to Mr. Sato, replacing Mr. Imai.
3. The draft report of the eleventh meeting was approved and has been circulated in COM.TEX/SB/722.
4. The following subjects were discussed:

#### Mexico: report under Article 2:4

5. The TSB continued its review of the report submitted by Mexico under Article 2:4, and took note of additional data requested by the Body concerning imports into Mexico. It was agreed to transmit this report to the Textiles Committee (COM.TEX/SB/723).

#### Article 4 notifications

##### (a) Sweden/Yugoslavia

6. The TSB received a notification from Sweden of a new bilateral agreement concluded under Article 4 of the MFA with Yugoslavia, effective from 1 January 1981 until 31 December 1982.<sup>2/</sup>
7. The TSB noted that growth in the aggregate base level, as well as between the two years of the agreement, was very low and that in a number of product groups accounting for approximately one quarter of the quotas established for the restrained items, no growth was accorded.

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<sup>1/</sup> Hundred-and-twenty-seventh meeting overall

<sup>2/</sup> The previous agreement, which had expired on 31 December 1980, was extended on a provisional basis for three months pending consultations on a new agreement. The Letter from Sweden notifying this extension was circulated in COM.TEX/SB/678.

8. The TSB noted the absence of swing in this agreement. It recalled its previous observation that swing was one of the essential elements in bilateral agreements concluded under Articles 3 and 4. The TSB took note of the statement by Sweden that the absence of swing was a reflection of a mutual recognition of the minimum viable production principle. The TSB also observed that the limit of 5 per cent on the cumulative use of carryover and carry forward resulted in lower flexibility than that set out in Annex B. The TSB recalled its earlier observation that paragraph 6 of the Understanding reached by the Textiles Committee on 14 December 1977 could not be invoked as a general waiver of particular obligations under the Arrangement.<sup>1</sup>

9. With reference to Article 12 of this bilateral agreement, concerning consultation provisions, the TSB took note of the statement of the Swedish authorities to the effect that they would "not apply the provisions of Article 12 in the agreement outside the purview of the Arrangement Regarding International Trade in Textiles (MFA), as long as the two parties to the agreement remain within the arrangement."

10. The TSB took note that the agreement had been concluded on the basis of the MFA, particularly Articles 1:2 and 4 thereof, and the provisions of the Protocol of Extension.

11. After its review of this agreement, the TSB agreed to transmit it to the Textiles Committee (COM.TEX/SB/724).

(b) United States/Pakistan

12. The TSB reviewed a notification from the United States concerning an amendment to its agreement with Pakistan, increasing consultations on five categories of cotton fabric and apparel items. The TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/725).

(c) United States/India

13. The TSB reviewed a notification from the United States of an amendment to its bilateral agreement with India, in which an increase in the consultation level for Category 666 (furnishings of man-made fibre) was agreed. The TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/726).

(d) United States/Sri Lanka

14. The TSB also reviewed a notification from the United States of an amendment to its bilateral agreement with Sri Lanka, concerning the establishment of a new agreed limit on Category 334 (men's and boys' cotton coats) with effect from 1 January 1981. The TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/727).

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<sup>1</sup>COM.TEX/SB/380, paragraph 8

(e) United States/Romania

15. The TSB reviewed a notification from the United States of amendments to its two agreements on cotton products and wool/man-made fibre products with Romania. These amendments related to the establishment of new agreed limits on Categories 335 (women's and infants' cotton coats) and 340 (men's woven shirts), and increase the consultation level for Category 635 (women's and infants' coats of man-made fibres). The TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/728).

(f) United States/Korea

16. The TSB received a notification from the United States concerning categories for which limits had been established for the 1980 agreement year under the consultation provisions of Article 6 of the agreement, thus modifying the operation of the agreement within the context of Article 4, paragraph 4. The TSB took note that in three cases, such limits had been established by agreement between the parties, while in one case the limit had been introduced pursuant to the application of the above-mentioned procedures. The TSB agreed to transmit this notification to the Textiles Committee (COM.TEX/SB/729).