REPORT OF THE FIRST MEETING (1991)\textsuperscript{1}

1. The Textiles Surveillance Body held its first meeting of 1991 on 31 January and 1 February.

2. The following members had been appointed:

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<th>Members</th>
<th>Alternates</th>
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<tr>
<td>Mr. John Gero (Canada)</td>
<td>Mr. Johannes Potocnik (Austria)</td>
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<tr>
<td>Ms. Danièle Smadja (EEC)</td>
<td>Mr. Gérard Boisnon (EEC)</td>
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<td>Amb. Erik Hagfors (Finland)</td>
<td>Mr. Otto Wentzel (Norway)</td>
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<td>Mr. András Lakatos (Hungary)</td>
<td>Mrs. Naoko Saiki (Japan)</td>
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<td>Mr. Yoji Ishimaru (Japan)</td>
<td>Mr. Andrew Wong (Hong Kong)</td>
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<td>Mr. Oh Haeng Kyeom (Korea)</td>
<td>Mr. Antonio Buencamino (Philippines)</td>
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<tr>
<td>Mrs. Ana Maria Deustua (Peru)</td>
<td>Mr. Ashok Sajjanhar (India)</td>
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<td>Mr. Somchin Suntavaruk (Thailand)</td>
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<td>Mr. Cüneyt Elker (Turkey)</td>
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<td>Mr. Robert Shepherd (United States)</td>
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3. Present at this meeting were the following members and/or alternates:

- Mr. Boison, Mrs. Deustua, Messrs. Elker/Sajjanhar, Gero/Potocnik, Hagfors/Wentzel, Ishimaru, Lakatos, Oh/Wong, Somchin/Buencamino and Shepherd.

4. The report of the ninth meeting of 1990 has been circulated in COM.TEX/SB/1573.

Notification under Paragraph 8 of the 1986 Protocol and Article 3:8

United States/Thailand

5. The TSB reviewed the notification received under Paragraph 8 of the 1986 Protocol of Extension from the United States of an extension for the period 31 October 1990 to 30 October 1991 of the unilateral restraint on Category 336/636 (cotton and man-made fibre dresses) when imported from Thailand.\textsuperscript{2}

\textsuperscript{1}Two hundred and fifty-sixth meeting overall.

\textsuperscript{2}COM.TEX/SB/1573.
6. At the invitation of the TSB, representatives from the United States and Thailand presented their respective cases.

7. The TSB noted that for over one year the United States and Thailand had been involved in a series of unresolved disputes, which, in the view of the TSB, seemed to indicate that both countries were not approaching the MFA in the spirit of co-operation that should prevail between countries participating in the Arrangement.

8. The TSB also noted: (a) the share of Thailand in the US market; (b) the pattern of Thailand's export to the United States in previous years.

9. As Thailand and the United States would hold new consultations before the next meeting of the TSB, the Body recommended that they use that occasion to find a mutually agreed solution, in the light of the MFA as extended by the 1986 Protocol of Extension, and in the above mentioned spirit of co-operation.

10. The TSB decided that if the United States and Thailand do not agree on this matter, it will make a definitive ruling on the compatibility or not of the measure with the Arrangement as extended by the 1986 Protocol at its next meeting.

Notifications under Article 4

Canada/Brazil

11. The TSB received a notification from Canada of a bilateral agreement concluded with Brazil for the period 1 January 1990 to 31 December 1991. This agreement superseded unilateral restraints maintained by Canada under Article 3:5 on two product categories.

12. Under this selective agreement:
   a) product coverage consisted of three product categories;
   b) the base levels were substantially higher than the previous restraint or reference levels;
   c) growth was set between 6 and 7.2 per cent;
   d) swing and carryover/carry forward were available at 5 and 10/5 per cent respectively;
   e) the cumulative use of flexibility was limited to 12 per cent.

3The restraints applied to imports of bedsheets and pillowcases for the year ending 4 January 1990 (COM.TEX/SB/1474).
13. With respect to the swing provision in the agreement, the TSB heard a statement from Canada that this had been agreed taking into account the increases in base levels referred to above.

14. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1574).

Finland/China

15. The TSB received a notification from Finland of an extension of its agreement with China for the period 1 January to 31 December 1991.

16. Under this extension, all provisions of the agreement remained unchanged and the restraint levels were increased by the application of the relevant growth rates.

17. The TSB took note that the parties had agreed to consult on the desirability of amending the agreement upon the expiry of the 1986 Protocol of Extension on 31 July 1991.

18. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1575).

Finland/Sri Lanka

19. The TSB received a notification from Finland of an extension and modification for the period 1 January to 31 December 1991 of its agreement with Sri Lanka.

20. Under this extension:

   a) the product coverage continued to be limited to one clothing category;

   b) the level of the restraint was increased by 3 per cent over the 1990 restraint level;

   c) the consultation provisions of the agreement have been modified.

21. The TSB took note that the parties had agreed to enter into consultations on possible extension or modification of the agreement taking into account the expiry of the 1986 Protocol of Extension on 31 July 1991.

22. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1576).

Norway/Hong Kong

23. The TSB received a notification from Norway of a bilateral agreement concluded with Hong Kong for the period 1 July 1990 to 30 June 1992.
24. In this agreement:

   a) the product coverage was reduced from eight to seven product categories, thus liberalizing the category removed from the coverage; the coverage was further reduced by excluding in two stages boys' and girls' garments below certain sizes;

   b) the nominal increases in base levels over previous levels (i.e., without taking into account the exclusion of certain boys' and girls' garments) ranged between 1 and 8.2 per cent;

   c) at the end of the first agreement year two product categories would be liberalized;

   d) growth rates for the other categories, at 1 or 3 per cent, were higher than in the previous agreement;

   e) swing was set between 1 and 4 per cent, and at 5 per cent for the two categories restrained only during the first agreement year;

   f) carryover and carry forward were available at 6 and 3 per cent, or at 8 and 4 per cent; the two categories restrained only during the first agreement year enjoyed carryover of 10 per cent from the previous agreement.


26. After its review, the TSB agreed to transmit the notification to the Textiles Committee (COM.TEX/SB/1577).

Austria/Macao

27. The TSB began its review of the bilateral agreement concluded between Austria and Macao.

Notification transmitted under Articles 7 and 8

Finland/Malaysia

28. The TSB received a notification from Finland of a memorandum of understanding agreed with Malaysia establishing a licensing and consultation mechanism with respect to men's and boys' woven shirts of cotton and man-made fibres. This MOU, valid for the period 1 January 1991 to 31 December 1993, replaced a previous licensing agreement.

29. The TSB agreed to transmit the notification under Articles 7 and 8 for the information of participating countries (COM.TEX/SB/1578).
Measures taken under Article 3:5

United States/Thailand

30. The TSB, recalling its understanding regarding measures taken by the United States under Article 3:5(i) on imports from Thailand of products classified under Categories 340/640, 351/651, 361 and 669-P, agreed, at the request of Thailand, to revert to the matter at its meeting of 14-15 March 1991 and invited the governments of both countries to send delegations to present their respective cases.

Other business

Statement by Finland

31. The TSB took note of a brief statement by Finland on its textile policy.

4COM.TEX/SB/1548, paragraph 5.