REPORT OF THE TEXTILES SURVEILLANCE BODY
TO THE TEXTILES COMMITTEE ON THE OPERATION OF THE
ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES
UNDER THE 1986 AND 1991 PROTOCOLS OF EXTENSION

1 AUGUST 1986 - 31 JULY 1992

CLOSING DATE
31 JULY 1992

92-1507
# Table of Contents

<table>
<thead>
<tr>
<th>Chapter 1</th>
<th>Introductory Remarks</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Structure of the Report</td>
<td>6</td>
</tr>
<tr>
<td>B.</td>
<td>Participation in the MFA under the 1986 and 1991 Protocols</td>
<td>6</td>
</tr>
<tr>
<td>C.</td>
<td>Overall Functions of the TSB</td>
<td>7</td>
</tr>
<tr>
<td>III.</td>
<td>Participation of technical experts in TSB work</td>
<td>9</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter 2</th>
<th>Measures Introduced or Maintained during MFA IV</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Categorization of Textile Products during MFA IV</td>
<td>10</td>
</tr>
<tr>
<td>B.</td>
<td>Unilateral Measures taken under MFA IV</td>
<td>12</td>
</tr>
<tr>
<td>C.</td>
<td>Matters Referred under Article 3, paragraph 5(ii), and Article 11, paragraphs 4 and/or 5</td>
<td>15</td>
</tr>
<tr>
<td>D.</td>
<td>Evolution of Restrictions under Bilateral Agreements during MFA IV</td>
<td>17</td>
</tr>
<tr>
<td>E.</td>
<td>Measures taken in Relation to Cases of Circumvention of Bilateral Agreements</td>
<td>154</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Chapter 3</th>
<th>Reports under Articles 2 and 11 and Notifications under Articles 7 and 8</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td>Notifications under Article 2</td>
<td>156</td>
</tr>
<tr>
<td>I.</td>
<td>Under Article 2:1</td>
<td>156</td>
</tr>
<tr>
<td>II.</td>
<td>Under Article 2:4</td>
<td>157</td>
</tr>
<tr>
<td>B.</td>
<td>Notifications under Article 11, paragraphs 11, 12 and 2</td>
<td>158</td>
</tr>
<tr>
<td>C.</td>
<td>Notifications under Articles 7 and 8</td>
<td>166</td>
</tr>
</tbody>
</table>
I. Notifications concerning participants 167

II. Notifications concerning non-participants 167

Chapter 4

Observations and Recommendations of the TSB 170

A. General Observations Relating to Provisions of the Arrangement as Extended by the 1986 Protocol, and to Some Elements Contained in Certain Bilateral Agreements 170

I. Application of paragraph 8 of the 1986 Protocol of Extension 170

II. General observation relating to Article 6, paragraph 6, of the Arrangement and paragraph 15 of the 1986 Protocol of Extension 171

III. General observation relating to paragraph 24 of the 1986 Protocol of Extension 171

IV. General observation on overshipments 172

V. Report relating to the examination of the consistency of aggregate and group limits with the provisions of the MFA 172

VI. General observation on restraints agreed in the absence of trade 173

B. Observations on Specific Notifications 173

I. Notifications reviewed under Article 4 173

(a) All elements in agreements and mutual trade interests 174

(b) Overall access in agreements with Aggregate/Group limits 174

(c) New restraints and real risk of market disruption 175

(d) Base levels 176
<table>
<thead>
<tr>
<th>(e) Growth and flexibility provisions</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Article 1, paragraph 2, Annex B, paragraph 2, and paragraph 12 of the 1986 Protocol of Extension</td>
<td>178</td>
</tr>
<tr>
<td>(ii) Paragraphs 2 and 5 of Annex B</td>
<td>180</td>
</tr>
<tr>
<td>(iii) Paragraph 10 of the 1986 Protocol of Extension</td>
<td>182</td>
</tr>
<tr>
<td>(iv) In context of other elements in agreements</td>
<td>182</td>
</tr>
<tr>
<td>(f) Paragraph 13 of the 1986 Protocol of Extension</td>
<td>184</td>
</tr>
<tr>
<td>(g) Paragraph 14 of the 1986 Protocol of Extension</td>
<td>185</td>
</tr>
<tr>
<td>(h) Article 6, paragraph 6, and paragraph 15 of the 1986 Protocol of Extension</td>
<td>185</td>
</tr>
<tr>
<td>(i) Paragraph 18 of the 1986 Protocol of Extension</td>
<td>186</td>
</tr>
<tr>
<td>(j) Paragraph 24 of the 1986 Protocol of Extension</td>
<td>187</td>
</tr>
<tr>
<td>(k) Article 8 and paragraph 16 of the 1986 Protocol of Extension</td>
<td>190</td>
</tr>
<tr>
<td>(l) Problem of overshipments</td>
<td>191</td>
</tr>
<tr>
<td>(m) Article 12, paragraph 3, of the MFA</td>
<td>191</td>
</tr>
<tr>
<td>(n) Consultation provisions in agreements for the introduction of restraints</td>
<td>192</td>
</tr>
<tr>
<td>(o) Provisions not covered by the MFA</td>
<td>192</td>
</tr>
<tr>
<td>(i) Price clause</td>
<td>192</td>
</tr>
<tr>
<td>(ii) Other provisions</td>
<td>193</td>
</tr>
<tr>
<td>(p) Timely notification of agreements</td>
<td>193</td>
</tr>
<tr>
<td>(q) Other observations and statements heard</td>
<td>193</td>
</tr>
</tbody>
</table>
### Chapter 5

**Concluding Remarks: An Overview of the Operation of MFA IV**

- **A.** Restraints under agreements between MFA participants from 31 July 1986 to 31 July 1992
- **B.** Some Considerations on the Implementation of MFA IV

### APPENDIX I

Membership of the TSB in the Period of 1 August 1986 to 31 July 1992

### APPENDIX II

Notifications of Agreements and Amendments thereto as Outlined in Chapter 2, Section D

### APPENDIX III

Number of Restraint Agreements entered into by Participating Countries: Situation on 31 July 1992
CHAPTER 1 Introductory Remarks

1.1 In accordance with the requirements of Article 11, paragraph 12, of the Arrangement, the TSB is required to review annually "all restrictions introduced or bilateral agreements entered into by participating countries concerning trade in textile products since the coming into force of this Arrangement" and report its findings to the Textiles Committee. The report also meets the requirement of Article 10.4. In this context, it may be useful to recall that the Textiles Committee made its last major review of the Arrangement in 1989.

1.2 Since the MFA under the 1986 Protocol of Extension as further extended under the 1991 Protocol had covered a period of six years by the closing date of this report, the TSB thought it would be helpful if in this report it reviewed the operation of the Arrangement during this whole period i.e., 1 August 1986 to 31 July 1992.

A. Structure of the Report

1.3 Besides this introductory chapter, this report contains four other chapters:

(i) measures with a restrictive effect introduced or maintained between participating countries during MFA IV (Chapter 2);
(ii) other measures or agreements: (a) notified under Article 2 and TSB observations thereon; (b) notified under Article 11; and (c) notified under Articles 7 and 8 with respect to non-restrictive arrangements between participating countries and restrictive measures affecting non-participants (Chapter 3);
(iii) observations and recommendations of the TSB on (a) measures taken under the MFA; and (b) notifications under Article 11 (Chapter 4);
(iv) concluding remarks; an overview of the operation of MFA IV (Chapter 5).

1.4 Since this report encompasses the last report of the TSB for the major review of the Arrangement and the subsequent annual reports (COM.TEX/SB/1490, 1550, 1648), the Body was of the view that it would be useful to present in an addendum, in tabular form, the status of restrictions on 31 July 1992. The addenda to the reports mentioned above contain details for the earlier periods of MFA IV.

B. Participation in the MFA under the 1986 and 1991 Protocols

1.5 The following countries had participated in the Arrangement under the 1986 Protocol until 31 July 1991:

Argentina, Austria, Bangladesh, Brazil, Canada, China, Colombia, Costa Rica, the Czech and Slovak Federal Republic, the Dominican Republic, the EEC, Egypt, El Salvador, Fiji, Finland, Guatemala, Hong Kong, Hungary, India, Indonesia, Jamaica, Japan, Korea, Macau, Malaysia, Mexico, Norway, Pakistan, Peru, the Philippines, Poland, Romania, Singapore, Sri Lanka, Sweden,
Switzerland, Thailand, Turkey, the United States, Uruguay and Yugoslavia. Fiji only acceded to the Arrangement on 12 June 1991.

1.6 By 31 July 1992, the 1991 Protocol of Extension had been accepted by all above-listed participants - except Fiji, Poland and Sweden - plus Panama.

C. Overall Functions of the TSB

1.7 The TSB, a standing body, with members designated ad personam, worked under the chairmanship of Ambassador Marcelo Raffaelli, throughout the period covered by this report. (Appendix I contains details of the membership of the Body).

1.8 The functions of the Body are outlined below.

I. Review of notifications

1.9 The major function carried out by the TSB continued to be the review of all measures taken by participants under the provisions of the Arrangement, be they unilateral actions or bilateral agreements. The TSB considers each of the notifications received on a case-by-case basis and on its own merits.

1.10 At its meeting held on 17-19 November 1986, the TSB considered the situation created by the entry into force, on 1 August 1986, of a new Protocol of Extension. It decided that, as a general rule, notifications of actions taking effect no later than 31 July 1986 should be considered as falling under the terms of the 1981 Protocol of Extension, even if their effect carried over after 31 July 1986. New agreements or measures taking effect from 1 August 1986 or later should be treated as falling under the provisions of the 1986 Protocol, even if they had been negotiated before 1 August 1986. The TSB decided it would continue, however, to consider all notifications on a case-by-case basis. (COM.TEX/SB/1190)

1.11 All notifications received and reviewed, and reports on the meetings held over the period, have been circulated in the COM.TEX/SB/- series of documents. The reports of the TSB have included summaries of the major points discussed, along with such comments or observations deemed appropriate by the TSB, as well as full statements of any recommendations, findings or decisions taken by the Body.

1.12 The review of measures notified under Articles 3 and 4 of the Arrangement continued to be conducted under the procedures laid down in COM.TEX/SB/35 and COM.TEX/SB/83 (Annex).

1.13 Notifications of bilateral agreements concluded with, or restrictions imposed on, non-participating countries have continued to be made in accordance with the decision of the Textiles Committee that such actions taken vis-à-vis non-participants should be notified to the TSB. The TSB has taken cognizance of these notifications and has transmitted them to the Textiles Committee under Articles 7 and 8, for information.
1.14 The TSB, in compliance with the provisions of Article 11, paragraphs 11, 12 and 2, has each year invited all participating countries to inform the TSB of the status of their restrictions, if any, on textile products. After reviewing the replies, the TSB had them circulated to the Textiles Committee, for information. The TSB wishes to call the attention of the Textiles Committee to the fact that the response of participating countries has not been satisfactory, as several participants have given information only sporadically, or not at all.

II. Dispute settlement

1.15 Another main function of the TSB is the settlement of disputes arising from:

(a) unilateral actions taken under Article 3, paragraphs 5 or 6;
(b) any matter referred to the Body under Article 11, paragraphs 4 or 5, in the absence of a mutually agreed solution between the parties concerned.

1.16 In all cases of disputes, and before formulating its recommendations, the TSB, as required by Article 11, paragraph 6, invites the participation of such countries as may be directly affected by the matter in question. These participants may present their respective cases orally and/or in writing and respond to any relevant questions put to them by members of the TSB. It has been agreed in the TSB that a member of the TSB whose country is party to the dispute should not present the case for that country, but that another spokesman from that country should advocate it.

1.17 The TSB procedures in cases involving disputes between countries which have appointed members to the TSB and others which have not, set down, inter alia, that the spokesmen for both the country having a member on the TSB and that which has not, should be invited to present their cases fully; and that the party not having a member on the TSB would be invited to designate a person who, after the presentation of the case by the two delegations and the questioning phase, could participate in the remaining phase of the discussion up to, and including, the drafting of the recommendations.¹

1.18 It is understood that consensus within the Body on the form and content of its recommendations regarding any dispute does not require the assent or concurrence either of the concerned member of the Body or of the person designated by the other party, or - in the case of a dispute involving two countries which have appointed members to the TSB - does not require the assent or concurrence of either of the members concerned.

¹The guidelines for such procedures were first set down in COM.TEX/SB/30, Annex I, revised in May 1978 and contained in COM.TEX/SB/319, Annex I.
1.19 The TSB, besides exercising its functions in cases of disputes, has always attempted to exercise a conciliatory role to bring about an amicable settlement between the parties concerned, and has, in a number of cases, requested the parties to resume consultations with a view to reaching a mutually acceptable agreement.

III. Participation of technical experts in TSB work

1.20 On occasion, the TSB sought advice from technical experts mentioned in Article 11:2 of the Arrangement. In so doing, the TSB followed the procedure which it put in application on 1 December 1984. Under this procedure (a) in all cases such experts may be present at meetings only if invited by the Body to clarify specific questions at the proposal of one or more of its members; and (b) in dispute cases, interested parties should formally notify the Chairman, in advance, the names of their delegation members as well as of experts, if any; such experts may be invited to answer specific questions at the proposal of a delegation participating in the review, provided the TSB so agrees. (COM.TEX/SB/1006)
CHAPTER 2 Measures Introduced or Maintained during MFA IV

2.1 This Chapter deals with all measures introduced or maintained under the MFA by participating countries as notified to the TSB during the period covered by this report. In reporting on restrictions under MFA IV, the TSB had to bear in mind two special cases. The first referred to notifications concerning countries which were participating in the MFA on 31 July 1992 but had not accepted the 1991 Protocol at the time such notifications were received and transmitted by the Body to the Textiles Committee. The second special case was that of notifications concerning countries which had participated in the MFA until 31 July 1991 but had not accepted the 1991 Protocol by 31 July 1992. The TSB decided that restrictions contained in the notifications covered by both above-mentioned cases would be included in the section dealing with MFA restrictions, so as to offer as broad a picture as possible.

2.2 The TSB also considered that a brief outline of the categorization systems of MFA products adopted by participating countries maintaining MFA restrictions would be useful for the understanding both of this Chapter and of Chapter 5.

A. Categorization of Textile Products during MFA IV

2.3 The Arrangement does not stipulate a classification of textile products. Each participating country which maintains restrictions under the MFA, has therefore constructed its own categorization of textile products. The following paragraphs give a broad outline of the different systems used by each restraining participating country.

2.4 Austria does not have a formal category system. Only a few clothing items of cotton or man-made fibres are considered sensitive in its market and placed under restraint. For all other products (cotton yarn, cotton fabrics, household linen, knitted or woven outer-garments and under-garments), Austria has used broad based categories, mostly for consultation or surveillance purposes. During the period covered by this report, a few adjustments were made as a result of classification changes due to the adoption of the Harmonized System.

2.5 Canada has divided all MFA products into "clothing" and "textile and textile products". Within this broad division, all "clothing" is contained in thirteen categories and all "textile and textile products" fall under twenty-four categories.

2.6 Each clothing category generally includes a broad spectrum of products; exceptions to this are categories such as tailored collar shirts or swimwear. The "textile" categories tend to be more product specific. Whereas fibre distinction is not important for the clothing categories, such distinction is utilized for the yarns and fabric categories. The categories are not necessarily identical from one agreement to another and there is no single numerical classification system which cuts across all such agreements.
2.7 In most agreements concluded by Canada, the categories cover products of cotton, wool and man-made fibres, but in five agreements the coverage has included products made of blends including silk and vegetable fibres other than cotton.

2.8 Canada has been conducting bilateral consultations with its trading partners with respect to the adaptation of its MFA categories to the Harmonized System.

2.9 The EEC adapted its categorization to the Harmonized System at the outset of MFA IV. Ninety-three categories covering products of cotton, wool and man-made fibres are placed under three groups, according to their perceived sensitivity in the Community market. Generally, in the case of non-clothing categories, fibre distinction is made in the case of yarns and fabrics and a few made-up items; such distinction is generally not made for the clothing categories.

2.10 As stated above, the categories in the EEC agreements cover products of cotton, wool and man-made fibres. In 1992, the EEC increased the coverage in three agreements to include a few categories for products of blends of vegetable fibres other than cotton.

2.11 Although the EEC had adjusted its categorization to the Harmonized System at the outset of its MFA IV agreements, some adjustments were made subsequently to take account of the migration of products between categories when the EEC began implementing its agreements under the Harmonized System.

2.12 Finland does not have a formal category system. Its selective agreements generally concern certain clothing products considered sensitive in its market. Apart from shirts, blouses and trousers, the categories are not product specific, and one category often includes several items. In a few agreements a few non-clothing items are included (household linen, tarpaulins and sails).

2.13 At the outset of MFA IV, Norway had twenty-six product categories. These were made up of twenty clothing categories, three fabric categories and three made-up items. During 1988, Norway reduced the number of categories subject to MFA restrictions to seven clothing and two non-clothing categories. This number was further reduced by three clothing categories and one non-clothing category in 1990. Furthermore, certain sizes of children's garments were eliminated from the categories. In 1992, the categorization was modified again by the exclusion of another clothing category and the inclusion of a new non-clothing category. At present, Norway's category system thus includes three clothing and two non-clothing categories. Two of these clothing categories are not product specific and include several similar items.

2.14 At the beginning of MFA IV, Sweden adjusted its textile categories to the Harmonized System. The system was composed of twenty product categories (clothing and a few made-up items). These categories, in general, were not product specific and were without fibre distinction.
Certain categories covering a wide range of products were sub-divided into two or more sub-categories. Product coverage in the agreements varied, and not all categories were included in each agreement.

2.15 The United States modified its categorization of MFA products to take account of: (a) products falling under the provisions of paragraph 24 of the 1986 Protocol of Extension; and (b) the Harmonized System.

2.16 Traditionally, the United States category breakdown used product specific gender and fibre distinction. Thus, all products numbered in the 300s were cotton products, those numbered in 400s were wool products and those numbered in 600s were man-made fibre products.

2.17 These numbers continue to apply but the United States also added products of silk blends and of vegetable fibres other than cotton. Categories of such products fall in the 800s. Furthermore, in adapting its categorization to the Harmonized System the United States introduced categories under the 200s which cover blends of cotton and man-made fibre, particularly for yarns and fabrics. The United States system thus has one hundred and forty-seven categories.

2.18 Since the late 1980s the United States, in agreement with its trading partners, has been merging certain categories, particularly clothing categories of cotton and man-made fibres.

2.19 As the United States agreements have differing periods of validity, these modifications in categorization and necessary adjustments in quotas were often introduced as amendments of agreements.

B. Unilateral Measures taken under MFA IV

2.20 Since 1 August 1986, the TSB received notification of several unilateral measures taken under the provisions of Article 3:5 or Article 3:8 and paragraph 8 of the 1986 Protocol. The TSB did not review all these measures, because in certain cases the parties requested deferral of TSB review, in view of scheduled bilateral consultations, or because agreed solutions were found soon after notification.

2.21 Since these unilateral measures have either expired or been replaced by agreed solutions, the TSB decided to just list them; for those wishing more information regarding them, reference is made to the TSB report for the Major Review in 1989 and to the two subsequent annual reports for 1990 and 1991, where all relevant information has been included.

2.22 The measures are listed below:

(i) Canada on imports from Brazil:

- under Article 3:5 on bedsheets, pillowcases and cotton terry towels for the period 5 January 1988 to 4 January 1989;
- on the same products, first under Article 3:6, then converted to Article 3:5, covering the period 5 January 1989 to 4 January 1990.

(ii) **United States** on imports from **Bangladesh**; under Article 3:5:
- on sweaters (Category 645/646) for the period 30 October 1986 to 29 October 1987;
- on knit shirts (Category 338/339) for the period 28 February 1987 to 27 February 1988;
- on nightwear (Category 351/651) and trousers (Category 847) for the period 30 July 1989 to 29 July 1990.

(iii) **United States** on imports from **China**; under Article 3:5, unless otherwise stated:
- suit-type coats, men's and boys' (Category 833) for the period 30 September 1986 to 29 September 1987;
- trousers (Category 847) for the period 31 December 1986 to 30 December 1987;
- under Article 3:8 and paragraph 8 of the 1986 Protocol on sweaters (Category 845/846) for the period 29 August 1987 to 28 August 1988.

(iv) **United States** on imports from **Costa Rica**; under Article 3:5:
- skirts (Category 342/642) for the period 27 May 1988 to 26 May 1989;
- gloves (Category 331) for the period 30 November 1988 to 29 November 1989;
- suits for men and boys (Category 443) for the period 30 August 1991 to 29 August 1992.

(v) **United States** on imports from the **Dominican Republic**; under Article 3:5:
- coats (Category 633) for the period 30 June 1988 to 29 June 1989;
- trousers for women and girls (Category 448) for the period 28 March 1991 to 27 March 1992.

(vi) **United States** on imports from **Guatemala**; under Article 3:5:
- trousers (Category 347/348) for the period 26 April 1989 to 25 April 1990.
(vii) United States on imports from Pakistan:

- under Article 3:5 on lightweight plainweave man-made fibre fabric (Category 613-C) for the period 27 April 1986 to 26 April 1987;


(viii) United States on imports from Thailand; under Article 3:5, unless otherwise stated:

- luggage (Category 670-L and Category 870) for the period 25 May 1988 to 24 May 1989;

- sweaters (Category 345), towels (Category 363) and cotton dish towels (Category 369-D) for the 1989 calendar year;

- cotton and polyester blended yarn (Category 301pt/607pt) for the period 30 January 1989 to 29 January 1990;

- trousers (Category 347/348) and wool trousers (Category 448) for the 1989 calendar year;

- blouses (Category 341/641) and knit shirts (Category 638/639) for the period 31 March 1989 to 30 March 1990;

- trousers (Category 847) for the period 26 May 1989 to 25 May 1990;

- sheeting (Category 313) and printcloth (Category 315) for the period 31 March 1989 to 30 March 1990;

- poplin and broadcloth (Category 314) and poplin and broadcloth (Category 614) for the period 30 October 1989 to 29 October 1990;

- dresses (Category 336/636) for the period 31 October 1989 to 30 October 1990;

- woven shirts (Category 340/640), sleepwear (Category 351/651) and sheets (Category 361) for the period 28 March 1990 to 27 March 1991;

- bags (Category 669-p) for the period 27 February 1990 to 26 February 1991;

- under Article 3:8 and paragraph 8 of the 1986 Protocol on knit shirts (Category 638/639) for the period 31 March 1990 to 30 March 1991;

- under Article 3:8 and paragraph 8 of the 1986 Protocol on dresses (Category 336/636) for the period 31 October 1990 to 30 October 1991.
(ix) United States on imports from Turkey; under Article 3:5, unless otherwise stated:
- skirts (Category 342/642) for the period 27 May 1987 to 26 May 1988;
- under Article 3:8 and paragraph 8 of the 1986 Protocol on the same product for the period 27 May 1988 to 26 May 1989;
- nightwear (Category 351/651) for the period 29 November 1989 to 28 November 1990.

C. Matters Referred under Article 3, paragraph 5(ii), and Article 11, paragraphs 4 and/or 5

2.23 Certain matters were referred to the TSB under Article 11:4 and/or 11:5 (in one case under Article 3:5(ii)). These concerned different situations: (a) requests for consultations under Article 3:3; (b) measures taken under Article 3:5; (c) requests for consultations or measures taken under the provisions of bilateral agreements; (d) problems arising from the implementation of the Harmonized System and/or modifications in classification; and (e) other.

2.24 Since the differences between parties on these matters have been resolved, the TSB is listing the cases below. Details regarding them are found in the TSB report for the Major Review in 1989 and the two subsequent annual reports; those cases which were reviewed subsequently are contained in COM.TEX/SB/1688, 1724, 1728 and 1748. The last of these cases was reviewed by the TSB on the closing date of this report; its review is included at the end of this sub-section. (COM.TEX/SB/1797)

(i) References to requests under Article 3:3

(a) in December 1988, by Costa Rica, on requests made by the United States regarding Category 342/642 (skirts) and Category 347/348 (trousers).

(b) By Thailand:
- in October 1989, on measures taken by the United States on Category 313 (sheeting), Category 315 (printcloth), Category 445/446 (sweaters) and Category 628 (twill and sateen fabrics);
- in March 1990, on measures taken by the United States on Category 300pt (carded cotton yarn) and Category 345 (sweaters);
- in May 1990, on measures taken by the United States on Category 604pt (spun polyester yarn), Category 669-P (man-made fibre bags), Category 340/640 (woven shirts), Category 351/651 (nightwear) and Category 361 (sheets).
(ii) Reference to measures taken under Article 3.5

(a) in May 1990, by Thailand, to measures by the United States still in application (see paragraph 2.22 (viii) above).

(b) in December 1987, by Turkey, to a measure taken by the United States on Category 342/642 (skirts).

(iii) Requests for consultations or measures taken under the Consultation Provisions of bilateral agreements

(a) By Brazil:
   - in October 1986, on requests for consultations by the United States on Category 314/320pt (cotton poplin and broadcloth fabrics);
   - in October 1986, on a restraint introduced by the United States on Category 341 (woven blouses);
   - in October 1990, on a restraint introduced by the United States on Category 351/651 (nightwear).

(b) By India:
   - in February 1987, on measures taken by the United States on Category 369-S (shop towels), Category 641 (blouses) and Category 642 (skirts);
   - in January 1992, on measures introduced by Canada on winter outerwear and on underwear.

(c) By Indonesia:
   - in April 1992, on a restraint introduced by the United States on Category 443 (men's and boys' suits).

(iv) Problems arising from the implementation of the Harmonized System and/or modifications in classification

(a) By Hong Kong:
   - in April 1992, on the question of the categorization of certain garments under the Hong Kong/United States agreement.

(b) By Malaysia:
   - in September 1990, on the recategorization of certain ensemble items under its agreement with the EEC.

2.25 The TSB reviewed, on 31 July 1992, a case referred by Brazil under Article 11, paragraphs 4 and 5, concerning the introduction of a restraint by the United States on Category 443 (men's and boys' suits) when exported
by Brazil. The restraint was introduced under the consultation provisions of the Brazil/United States agreement, with effect from 30 April 1992.

2.26 After reviewing all the information presented by the delegations, the TSB was not able to reach a conclusion on the existence of a real risk of market disruption, on the factors which had contributed to the current situation in the United States market for the product and on the rôle of Brazil's exports therein.

2.27 In its review, the TSB looked also at the treatment of imports from other suppliers into the US market and agreed on the need for Brazil to be treated with equity in relation to such suppliers.

2.28 In concluding its review, the TSB recommended that the parties resume their consultations promptly with a view to finding a mutually acceptable solution, keeping in mind the need referred to in the paragraph above.

2.29 The TSB recommended also that the parties report back not later than 14 September 1992.

D. Evolution of Restrictions under Bilateral Agreements during MFA IV

2.30 The Arrangement is essentially applied through the conclusion of bilateral agreements between participating countries. Each agreement, generally valid for several years, includes different number of products under restraint. This section outlines the evolution of restrictions under these bilateral agreements during MFA IV as notified to the TSB. This has been done on a country-by-partner-country basis.

2.31 As mentioned in paragraph 2.1, this section also includes information on notifications concerning countries which had participated in the MFA until 31 July 1991, but had not accepted the 1991 Protocol at the time the notifications were transmitted to the Textiles Committee, or had not accepted the 1991 Protocol by 31 July 1992. Since these notifications were transmitted to the Textiles Committee under Articles 7 and 8 without review, the TSB decided that the elements of those notifications would in each case be noted by the Secretariat; it being understood that the inclusion of such summaries did not imply TSB review.

2.32 The COM.TEX/SB/- numbers cited in the following paragraphs refer to the TSB reports containing the Body's reviews. Appendix II identifies the document numbers of the notifications concerned. Appendix III gives in tabular form the number of restraint agreements entered into by participating countries on 31 July 1992.

Austria

Austria/China

2.33 The first MFA agreement between Austria and China was concluded under MFA III, with validity from 1 January 1986 to 31 December 1988. An
agreement negotiated under MFA IV came into force on 1 January 1989, with validity until 31 December 1991.

2.34 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.

2.35 A new agreement was concluded for calendar year 1992, with the possibility of an extension until 31 December 1993.

2.36 Under this agreement:

(a) the product coverage was increased from three categories in the previous agreement to six product categories;

(b) a restraint on one category was liberalized; two previous restraints were maintained, and limits introduced on two categories;

(c) the base levels were more than 6 per cent above previous restraint levels or relevant reference levels;

(d) the growth rate was set at 6 per cent for all categories, in the event the agreement were to be extended; this rate was higher than in the previous agreement;

(e) swing, carryover and carry forward were each available at 5 per cent.

(Austria/Egypt)

2.37 An agreement concluded under MFA III between Austria and Egypt, valid until 31 December 1986 and establishing a restraint level on one product (cotton yarn), was replaced under MFA IV by an agreement for the period 1 January 1987 to 31 December 1988, with limits on the same product.
2.38 In the new agreement, the base level for the restraint was 28.7 per cent above the previous level, with a growth rate of 3.5 per cent for the second agreement year (3 per cent in the previous agreement), resulting in a compounded growth rate of 16.6 per cent. There was no provision for carryover/carry forward.

2.39 On its expiration, this restraint agreement was replaced by an export surveillance agreement concerning the same product. (COM.TEX/SB/1265 and 1542)

**Austria/Hong Kong**

2.40 An agreement concluded under MFA III between Austria and Hong Kong, valid until 31 January 1987, was replaced under MFA IV by an agreement valid from 1 February 1987 to 31 January 1990.

2.41 In this agreement:

(a) the product coverage was reduced by eliminating certain items previously subject to the agreed export authorization system;

(b) previous restraints on four product categories were maintained;

(c) increases in base levels were at 1 per cent for two categories, 2 per cent for one category and higher than 6 per cent for one category;

(d) growth rates were raised to 1 per cent for two categories (previously 0.5 per cent) and maintained at 2 per cent for the other two categories;

(e) swing was available at 5 per cent and carryover/carry forward, at 11/6 per cent, was higher than in the previous agreement.

2.42 In 1988, the TSB received a notification from Austria of an amendment of its bilateral agreement with Hong Kong resulting from the application of the Harmonized System by Austria. Changes were made, effective 1 January 1988, in product description and in product coverage of categories, and as a consequence the level of a category under restraint was adjusted.

2.43 A further amendment, valid from 1 February 1988, was agreed between the parties. 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.

2.44 On 1 February 1990 a new agreement came into force, valid until 31 January 1993.

2.45 Under this agreement:

(a) the product coverage was reduced from nineteen to twelve clothing categories;

(b) the previous restraint on one category was liberalized, leaving four clothing categories under restraint;

(c) the increases in base levels over previous restraint levels were higher than 6 per cent in all cases;

(d) growth rates were set at 6 per cent in two cases and at 4 per cent in the other two cases;

(e) swing and carryover/carry forward, available at 5 and 11/6 per cent respectively, were unchanged from the previous agreement.

(Austria/India)

2.46 The agreement concluded under MFA III between Austria and India, valid until 31 December 1986, was replaced under MFA IV by an agreement valid from 1 January 1987 to 31 December 1991, with the possibility of extension for one year.

2.47 In this agreement:

(a) the coverage was reduced;

(b) previous restraints on two clothing categories (woven blouses and shirts of cotton) were maintained, with the extension of fibre coverage in one case (woven blouses of man-made fibres). A product previously under restraint was placed under statistical surveillance;

(c) the base level of the merged item was 12.7 per cent above the sum of the 1986 restraint level for cotton blouses and the rollback level for man-made fibre blouses, and the annual growth rate was 3.5 per cent, resulting in a compounded growth rate of 6 per cent; the base level for cotton shirts was 30.7 per cent
higher than the 1986 restraint level, and the annual growth rate 3.5 per cent, resulting in a compounded rate above 6 per cent. Annual growth rates were 0.5 per cent higher than in the old agreement;

(d) swing at 5 per cent, and carryover/carry forward at 10/6 per cent, were unchanged.

2.48 This agreement was replaced by another, valid for calendar year 1992 with the possibility of a one-year extension.

2.49 Under this agreement:

(a) the product coverage was increased from nine categories in the previous agreement to ten categories;

(b) restraints continued to apply to two categories; their base levels were more than 6 per cent higher than the previous restraint levels;

(c) the growth rate of 6 per cent, in the event the agreement were to be extended, was higher than in the previous agreement;

(d) swing continued to be set at 5 per cent;

(e) carryover and carry forward were available at 10 and 6 per cent, respectively, with their combined utilization limited to 11 per cent.

(COM.TEX/SB/1265 and 1728)

**Austria/Korea**

2.50 An agreement concluded under MFA III between Austria and Korea, valid until 31 December 1986, was replaced under MFA IV by an agreement valid from 1 January 1987 to 31 December 1991.

2.51 In this agreement:

(a) the coverage was reduced;

(b) five clothing categories under restraint included one previously unrestrained; one category previously restrained was placed under administrative surveillance;

(c) base levels for the categories already restrained were between 1 and 4 per cent above the previous restraint level; the base level of the newly restrained category was 33 per cent above the rollback level;

(d) annual growth rates, between 1.2 and 4 per cent, were the same as or slightly higher than in the previous agreement;
(e) swing available, after notification, at 5 per cent, was more favourable to Korea than in the previous agreement;

(f) carryover/carry forward at 10/5 per cent were lower than in the previous agreement for two categories (previously 11/6 per cent);

(g) previous limit on the cumulative use of flexibility was removed.

2.52 An amendment of this agreement was agreed for the period 1 July 1989 to 31 December 1991.

2.53 In this amendment:

(a) new restraints were introduced on three categories, and the coverage of Category 3, previously restrained, was extended;

(b) for the new restraints, the base level increases over the reference levels were less than 6 per cent in one case and higher than 6 per cent in the other cases; the level of Category 3 was increased by a quantity representing the previous trade in the product added to its coverage plus an increase substantially higher than 6 per cent;

(c) the growth rate was set at 1.5 per cent in all cases; a growth of 19 per cent was accorded to Category 3 for the second restraint period;

(d) the flexibility provisions of the agreement applied;

(e) the product coverage was adapted to the Harmonized System.

2.54 In its notification under Article 11, Austria informed the TSB that a consensus had been reached regarding an agreement valid until 31 December 1993, but that the formal exchange of letters had not yet been completed.

(COM.TEX/SB/1265 and 1450)

Austria/Macau

2.55 An agreement concluded between Austria and Macau under MFA VII expired on 31 December 1986, being replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1990.

2.56 Under this agreement:

(a) the product coverage was reduced;

(b) one product previously under restraint was made subject to consultation;
(c) the increases in the base levels of the two products remaining under restraint were 10.2 and 1 per cent; growth rates at 2.5 and 1 per cent respectively were, compared to the previous agreement, higher in one case and lower in the other;

(d) swing was available at 5 per cent;

(e) carryover/carry forward at 11/6 per cent were higher than in the previous agreement.

2.57 A new agreement for the period 1 January 1991 to 31 December 1994 was concluded by the parties.

2.58 Under this agreement:

(a) the product coverage was reduced from three to two clothing categories, of which one was made subject to consultations;

(b) the base level for the restrained category was more than 6 per cent higher than the previous level;

(c) growth was set at 6 per cent;

(d) carryover/carry forward was set at 11/6 per cent with the possibility of 4 per cent carryover from the previous agreement.

(Austria/Singapore)

2.59 The restraint agreement concluded between Austria and Singapore under MFA III expired on 31 December 1986 and was replaced by an agreed export authorization system of indefinite duration for woven blouses of cotton or of man-made fibres. (COM.TEX/SB/1265)

(Austria/Thailand)

2.60 A restraint agreement between Austria and Thailand, replacing a previous export surveillance system, was concluded under MFA IV for the period 1 May 1989 to 31 December 1991.

2.61 Under this agreement:

(a) the product coverage was limited to eight clothing categories;

(b) two categories were placed under specific restraint;

(c) the base level in one case was 6 per cent higher than the reference level and substantially more than 6 per cent higher, in the other;
(d) the growth rate for each category was set at less than 6 per cent;

(e) swing and carryover/carry forward were available at 5 and 11/6 per cent, respectively.

2.62 A new agreement was concluded by the parties, valid for calendar year 1992. Under this agreement:

(a) the product coverage at eight categories remained unchanged from the previous agreement;

(b) one restraint was liberalized, so that only one category continued under restraint;

(c) the base level was 6 per cent higher than the previous restraint level; this figure was higher than the growth rate in the previous agreement.

(COM.TEX/SB/1503 and 1728)

**Austria/Turkey**

2.63 An agreement was first concluded between Austria and Turkey for the period 1 January 1990 to 31 December 1991, with the possibility of extension by mutual consent for one year. The agreement was not extended, and expired on 31 December 1991.

2.64 In this agreement:

(a) the product coverage was limited to two cotton categories, both under restraint;

(b) the base levels were negotiated by taking into account the evolution of imports;

(c) the growth rate was set at 5 per cent;

(d) swing was set at 5 per cent;

(e) carryover and carry forward were available at 11 and 6 per cent, respectively.

(COM.TEX/SB/1530)

**Canada**

**Canada/Bangladesh**

2.65 The first restraint agreement between Canada and Bangladesh, concluded under MFA III, expired on 31 December 1986 and was replaced by an
agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.66 In this agreement:

(a) the product coverage was expanded from three to five clothing categories;

(b) two new categories were placed under restraint;

(c) increases in base levels over the previous restraints varied between 6.9 and 7.5 per cent and those over the relevant rollback levels were in both cases substantially higher than 6 per cent;

(d) annual growth rates were 6 per cent in one case, 7 per cent in three cases and 7.5 per cent in one case;

(e) swing at 7 per cent was higher than in the previous agreement;

(f) carryover/carry forward was set at 10/5 per cent and cumulative flexibility at 13 per cent.

2.67 A new restraint was later agreed on one product category for the period 1 January 1988 to 31 December 1991. The base level was substantially higher than previous trade. The growth rate was set at 6 per cent. Swing, carryover/carry forward were available at 7 and 10/5 per cent and a cumulative use of flexibility was established at 13 per cent.

2.68 In a further modification of the agreement, an extraordinary carryover was agreed, allowing Bangladesh to carry over the entire unused 1988 quota levels into the 1989 agreement year.

2.69 This agreement was extended for calendar year 1992; its terms, including product coverage, products under restraint, growth and flexibility provisions, remained unchanged. (COM.TEX/SB/1385, 1443, 1523 and 1771)

Canada/Brazil

2.70 An agreement concluded between Canada and Brazil under MFA III, valid until 31 December 1986, was extended to 31 December 1987. Under this extension:

(a) new restraints were agreed on two products and a previous restraint on one product was lifted;

(b) the base levels of the three products previously under restraint were more than 6 per cent over the previous levels; increases in base levels over previous trade for the new restraints were higher and in one case substantially higher than 6 per cent;
(c) swing between the two clothing items was available at 7 per cent and between non-clothing items at 5 per cent, with the possibility of higher swing after consultations;

(d) additional access was available for the clothing products by counting five children's garments as three quota units.

2.71 This agreement expired without being replaced.

2.72 A new agreement between the parties was concluded for the period 1 January 1990 to 31 December 1991; it superseded unilateral restraints taken by Canada under Article 3:5 on two product categories. 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.

2.73 This agreement was extended for calendar year 1992; its terms, including product converge, products under restraint, growth and flexibility provisions remained unchanged. (COM.TEX/SB/1345, 1579 and 1748)

Canada/China

2.74 An agreement concluded between Canada and China under MFA III expired on 31 December 1986 and was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991. This agreement was embodied in two Memoranda of Understanding.

2.75 In this agreement:

(a) product coverage was expanded by adding certain fabric categories and including products of silk blends and blends of vegetable fibres other than cotton in two categories;

(b) one previous restraint was removed and new restraints were agreed on three categories;

(c) increases in base levels over previous restraint or reference levels ranged between lower than 6 per cent and substantially higher than 6 per cent, except in one case where there was a reduction;
(d) growth rates set between 3 and 6 per cent remained unchanged from the previous agreement, except in one case where it was reduced from 6 to 5 per cent;

(e) swing was set at 5 and 7 per cent with 10 per cent for two categories; there was no provision for swing between the two memorandums of understanding;

(f) carryover/carry forward for categories covered in the first memorandum were available at 8/5 per cent for one category and at either 10/5 or 11/5 per cent for the rest; for the two categories in the second memorandum, carryover and carry forward were each available, at 10 per cent, with their combined use not to exceed 10 per cent;

(g) the cumulative use of flexibility in the first memorandum was set at 10 per cent for three categories, 11 per cent for five categories and 12 per cent for the others; in the second memorandum it was 11 per cent;

(h) the flexibility provisions were more favourable to China as some categories had no swing and/or carryover/carry forward available in the previous agreement;

(i) additional access continued to be available for children's and infants' garments, as five such garments would be counted as three quota units.

2.76 The agreement was amended by the introduction of an agreed restraint on a further product category, with validity from 1 January 1988. 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.

2.77 This agreement was extended for calendar year 1992; its terms, including product coverage, products under restraint, growth and flexibility provisions remained unchanged. (COM.TEX/SB/1391, 1467 and 1748)

Canada/Colombia

2.78 The first agreement ever concluded between Canada and Colombia was valid for the period 5 September 1990 to 31 December 1991. It covered one product category, placed under restraint. The growth rate was set at 6 per cent and carryover/carry forward were available at 11/6 per cent. The TSB did not review this agreement, deciding to forward its text to participating countries under Articles 7 and 8, as at the time Colombia had not yet accepted the extension of the 1986 Protocol.

2.79 This agreement was extended for the period 1 January to 31 December 1992. The 1992 level for the only product under restraint was
6 per cent higher than the 1991 notional annual level. Provision for carryover/carry forward was made at 11/6 per cent. (COM.TEX/SB/1647 and 1797)

Canada/Czech and Slovak Federal Republic

2.80 An agreement concluded between Canada and Czechoslovakia under MFA III expired on 31 December 1986, and was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.81 In this agreement:

(a) the product coverage continued to be limited to the four categories under restraint;

(b) base levels were the same as in the last restraint period of the previous agreement in two cases, higher by less than 6 per cent in one case and more than 50 per cent lower in one case;

(c) annual growth rates were less than 6 per cent; they were lower than those of the previous agreement in two cases, higher in one case and the same in the remaining case;

(d) the flexibility provisions remained unchanged, with swing at 5 per cent, carryover/carry forward at 10/6 per cent and cumulative use of flexibility at 11 per cent;

(e) additional access continued to be available in the clothing categories, as five children's and infants' garments would be counted as three quota units.

2.82 This agreement was extended and amended for calendar year 1992; under this extension as amended:

(a) a sub-limit was eliminated;

(b) the base levels were increased over previous levels by less than 6 per cent in one case, by 6 per cent in two cases and by substantially more than 6 per cent in one case; provision for improved growth was made for two categories;

(c) swing and carryover/carry forward remained unchanged; the cumulative use of flexibility was increased from 11 to 15 per cent.

(COM.TEX/SB/1450 and 1771)

Canada/Dominican Republic

2.83 The first agreement ever concluded between Canada and the Dominican Republic was valid for the period 1 January 1988 to 31 December 1991.
2.84 In this agreement:

(a) product coverage was limited to one category, subject to restraint;

(b) the base level was substantially higher than the reference level and the growth rate was set at 6 per cent;

(c) carryover and carry forward were available at 11 and 6 per cent, with their cumulative use limited to 15 per cent.

2.85 This agreement was extended for calendar year 1992; its terms, including product coverage, products under restraint, growth and flexibility provisions remained unchanged. (COM.TEX/SB/1619 and 1748)

**Canada/Hong Kong**

2.86 An agreement concluded between Canada and Hong Kong under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.87 In this agreement:

(a) product coverage was altered by the exclusion of certain non-clothing items and the inclusion in most clothing categories of blends of vegetable fibres other than cotton and blends containing silk;

(b) all previous restraints, except two sub-limits, were maintained and restraints introduced on three product categories;

(c) base level increases over previous restraints or applicable reference levels for clothing categories were less than 6 per cent in some cases and higher than 6 per cent in other cases; base level increases over previous restraints or applicable reference levels for textile categories were 6 per cent or higher than 6 per cent;

(d) growth rates for clothing categories were in all cases less than 6 per cent; they were lower than previous growth rates in all but two cases; growth rates at 6 per cent for the textile categories were unchanged from previous rates, except in one case where it was higher;

(e) swing at 5 per cent, with some limitations of swing into Group I (clothing) categories from Group II (textiles) categories, was less favourable to Hong Kong than before;

(f) carryover/carry forward were provided for at 8/5 or 10/5 per cent, and cumulative use of flexibility was limited at 10, 11 or
12 per cent; they were less favourable to Hong Kong than in the previous agreement;

(g) additional access was provided, as five children's and infants' garments would be counted as three quota units.

2.88 This agreement was extended for the period 1 January 1992 to 31 December 1993; its terms, including product coverage, products under restraint, growth and flexibility provisions remained unchanged. (COM.TEX/SB/1418 and 1748)

Canada/Hungary

2.89 An agreement concluded between Canada and Hungary under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.90 In this agreement:

(a) as in the previous agreement, the product coverage was limited to the product category under restraint;

(b) the increase in the base level over the previous restraint level was less than 6 per cent;

(c) the growth rate at 3 per cent remained unchanged from the previous agreement;

(d) carryover/carry forward continued to be available at 10/5 per cent, with no carryover in the first agreement period and no carry forward in the last agreement period.

2.91 This agreement was extended with modifications for calendar year 1992; under this extension:

(a) the agreement continued to cover one product category which was under restraint;

(b) the base level for 1992 was higher than the previous level by substantially more than 6 per cent;

(c) the growth rate was raised from 3 to 4 per cent;

(d) the flexibility provisions remained unchanged. (COM.TEX/SB/1377 and 1771)

Canada/India

2.92 An agreement concluded between Canada and India under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV
for the period 1 January 1987 to 31 December 1991, with the possibility of a one-year extension.

2.93 Under this agreement:

(a) product coverage remained unchanged;

(b) one Group limit and two specific limits were liberalized and a specific limit on another product category was introduced;

(c) base level increases over previous restraints were less than 6 per cent in one case and higher than 6 per cent for the second case; it was higher than 6 per cent over the reference level for the new restraint; it was not possible to calculate the increase in the base level of one restraint level due to changed coverage; the Group limit was increased by more than 6 per cent;

(d) growth rates remained unchanged at 6 per cent for the Group limit and the limits on clothing categories, and at 4.5 per cent for the textile category;

(e) swing at 5 and 7 per cent remained unchanged, with no swing between Groups;

(f) carryover/carry forward at 10/5 per cent remained unchanged; cumulative use of flexibility, previously inexistent, was set at 15 per cent;

(g) parties agreed to include handloom products corresponding to one category in the restraint level; they also agreed to consultation provisions with respect to handloom products corresponding to four clothing categories;

(h) additional access continued to be available as five children's and infants' garments would be counted as three quota units.

2.94 Under the consultation provisions of the agreement, restraints were introduced by Canada on two clothing categories, from 1 May to 31 December 1991; these restraints were extended to 31 December 1992, with growth of 6 per cent. Later on, Canada withdrew one of these restraints.

2.95 This agreement was extended with amendments for calendar year 1992; under this extension as amended:

(a) the product coverage was increased by the inclusion of bedsheets, which were placed under restraint;

(b) the base levels of the Group limit on certain clothing items, of one specific limit and of the new restraint on bedsheets were more than 6 per cent higher than the previous levels or the relevant reference level; the levels of the other three restraints were increased by the relevant growth rates;
(c) swing and carryover/carry forward for the new restraint were set at 7 and 10/5 per cent respectively, while the provisions for the other restraints remained unchanged;

(d) the cumulative use of flexibility was increased from 15 per cent to 17 per cent.

(COM.TEX/SB/1418, 1688, 1728 and 1771)

Canada/Indonesia

2.96 An agreement concluded between Canada and Indonesia under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.97 In this agreement:

(a) fibre coverage was extended for most items by the inclusion of silk blends and blends of vegetable fibres other than cotton;

(b) all previous restraints (ten categories or part categories and one merged category) were maintained. They were all expanded to include products of paragraph 24 fibres at levels 6 per cent over previous levels of restraint;

(c) for three categories, an additional 5 per cent of each restraint level was available for garments made of traditional folklore fabrics;

(d) growth was set at 6 per cent and was lower than before for one category;

(e) swing between 5 and 7 per cent remained unchanged from the previous agreement;

(f) carryover and carry forward were set at 7 and 5 per cent with cumulative use of flexibility at 15 per cent;

(g) additional access was available in all except two cases as five children's and infants' garments would be counted as three quota units;

(h) categories not under restraint were subject to a consultation mechanism.

2.98 Under an amendment agreed by the parties:

(a) two product categories were merged and their restraint levels adjusted for the last two agreement years, in order to deal with overshipments which had taken place;

(b) the two parties agreed to cooperate in order to deal with
problems which may have resulted from over-allocation of quotas, or from export licences issued fraudulently.

2.99 This agreement was extended for calendar year 1992; its provisions with respect to product coverage, products under restraint, growth and flexibility provisions remained unchanged, but the agreement was modified regarding the definition of cottage industry products which could qualify for the additional access provided for three clothing categories. (COM.TEX/SB/1342, 1553 and 1748)

Canada/Korea

2.100 An agreement concluded between Canada and Korea under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.101 In this agreement:

(a) fibre coverage was extended to include silk blends and blends of vegetable fibres other than cotton for four clothing categories and the sub-category of a further clothing category;

(b) restraints on two non-clothing categories and parts of three non-clothing categories were liberalized;

(c) base level increases over previous levels for categories without any fibre modification varied between 0.3 and 1.5 per cent; for categories with extended coverage the increases in base levels over previous levels plus 1986 imports of products of new fibres varied between 0.6 and 18.7 per cent, except in two cases where it was not possible to calculate the change, and one case where there was a reduction; base level increases for the non-clothing categories were higher and in some cases substantially higher than 6 per cent over previous levels;

(d) growth rates for clothing categories ranging between 0.3 and 0.85 per cent were in all cases lower than in the previous agreement; for the non-clothing categories the growth rates, between 4 and 10 per cent, remained unchanged;

(e) swing was available between 2 and 7 per cent with no swing between clothing and non-clothing categories;

(f) carryover/carry forward ranged between 6/3 and 11/6 per cent, with the cumulative use of flexibility between 6 and 18 per cent;

(g) additional access was available in all clothing categories, except one, as five children's and infants' garments would be counted as three quota units; in one case (winter outergarments) up to 15 per cent of the limit was for children's and infants' garments.
2.102 This agreement was extended for calendar year 1992; its terms, including product coverage, products under restraint, growth and flexibility provisions remained unchanged. (COM.TEX/SB/1342 and 1748)

Canada/Macau

2.103 An agreement concluded between Canada and Macau under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.104 In this agreement:

(a) product categories covered by the agreement remained unchanged but the fibre coverage for all clothing categories was modified to include silk blends, vegetable fibres other than cotton, or blends thereof;

(b) the Group limit on all clothing categories and previous specific limits were maintained;

(c) increases in base levels over previous levels plus 1986 imports of new fibres varied between 6 and 13.9 per cent;

(d) growth rates remained unchanged at 6 per cent;

(e) swing at 6 per cent between all categories was more favourable to Macau than in the previous agreement; other flexibility provisions remained unchanged with carryover/carry forward at 11/6 per cent and the cumulative use of flexibility at 11 per cent for the Group limit and 15 per cent for the specific limits;

(f) additional access was available in all clothing categories, as five children’s and infants’ garments would be counted as three quota units;

(g) unrestrained categories were subject to a consultation mechanism.

2.105 This agreement was extended for calendar year 1992; its terms, including product coverage, products under restraint, growth and flexibility provisions remained unchanged. (COM.TEX/SB/1345 and 1748)

Canada/Malaysia

2.106 An agreement concluded between Canada and Malaysia under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.107 In this agreement:

(a) the product coverage was extended by the addition of certain yarns, fabrics and made-up items;
(b) all previous restraints were maintained, Categories 2 and 9 being now merged;

(c) increases in base levels over previous limits were 3 per cent for one product and 6 per cent or higher than 6 per cent for the other products groups;

(d) annual growth rates, between 3 and 6 per cent, were lower than in the previous agreement in three cases;

(e) swing, previously available at 7 per cent for all categories, was decreased to 5 per cent for two categories; carryover/carry forward, set at 10/5 per cent, were lower than in the previous agreement;

(f) additional access continued to be available in all clothing categories, as five children's and infants' garments would be counted as three quota units;

(g) unrestrained categories were subject to a consultation mechanism.

2.108 This agreement was amended by the introduction of agreed restraints on two product categories for the period 1 January 1988 to 31 December 1991. The base levels were much higher than the reference levels; growth rates were set at 5 per cent. Swing was set at 5 per cent within the clothing group, with additional swing for 1988 only of 10 per cent between the two newly restrained categories. Carryover/carry forward was available at 10/5 per cent, and the cumulative use of flexibility was limited to 15 per cent.

2.109 A further amendment was agreed with the introduction of a restraint on one product category for the period 1 April to 31 December 1991. The TSB did not review this amendment, deciding to forward its text to participating countries under Articles 7 and 8, as at the time Malaysia had not yet accepted the extension of the 1986 Protocol.

2.110 This agreement was extended for calendar year 1992; its terms, including product coverage, products under restraint, growth and flexibility provisions remained unchanged. (COM.TEX/SB/1369, 1429, 1647 and 1771)

Canada/Pakistan

2.111 An agreement concluded between Canada and Pakistan under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.112 In this agreement:

(a) product coverage was expanded;
(b) the restraint on one category was removed, while six restraints on clothing and textile items were maintained;

(c) increases in base levels over previous restraints were in all cases higher than 6 per cent;

(d) growth rates, set between 6 and 8 per cent, remained unchanged;

(e) swing was available at 7 per cent with no swing between the clothing and textiles categories;

(f) carryover/carry forward was unchanged at 11/6 per cent, while cumulative use of flexibility at 16 per cent was lower than in the previous agreement;

(g) as in the previous agreement, additional access was available in all clothing categories as five children's and infants' garments would be counted as three quota units;

(h) the consultation mechanism for the introduction of restraints on additional products provided that, in the absence of a mutually satisfactory solution, Canada might establish a specific limit for the product concerned.

2.113 An amendment introducing a restraint on one product category was agreed for the period 20 November 1987 to 31 December 1991. The base level was substantially higher than the reference level. The growth rate was agreed at 6.3 per cent for the 1989 agreement year and at 6 per cent for the subsequent years. Swing and carryover/carry forward were available at 7 and 11/6 per cent, with the cumulative use of flexibility set at 16 per cent.

2.114 Under a further amendment:

(a) restraints were agreed on two products beginning 21 November 1988 at levels much higher than the relevant reference levels;

(b) the 1989 limits on four product categories were adjusted upwards by more than 6 per cent;

(c) annual growth rates at 6 per cent applied in all cases;

(d) swing and carryover/carry forward were set at 7 and 11/6 per cent respectively, with the cumulative use of flexibility limited to 16 per cent.

2.115 Under yet another amendment, a restraint on a further product was agreed for calendar year 1991. The base level was substantially more than 6 per cent over the rollback level, with swing and carryover/carry forward available at 7 and 11/6 per cent; the cumulative use of flexibility was limited to 16 per cent. If parties agree to extend the restraint period, a growth rate of 6 per cent would apply.
2.116 This agreement was extended with amendments for calendar year 1992. Under this extension as amended:

(a) the coverage of one product category under restraint was reduced by the exclusion of one product (bar mops);

(b) the base levels were increased by the applicable growth rates except for two cases where the increases were higher and one case where the increase was substantially higher than the growth rates of 6 per cent;

(c) the flexibility provisions of the agreement remained unchanged.

(COM.TEX/SB/1312, 1429, 1565, 1688 and 1771)

Canada/Philippines

2.117 An agreement concluded between Canada and the Philippines under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.118 In this agreement:

(a) the product coverage was expanded to include certain yarns, fabrics and certain made-up items;

(b) one restraint was terminated and a new one agreed;

(c) increases in base levels over previous restraints were lower than 6 per cent in one case, 6 per cent in two cases and higher than 6 per cent in six cases; for the new restraint, the base level was substantially more than 6 per cent over the relevant rollback level;

(d) annual growth rates were 6 per cent in all cases but one, where it was 8 per cent; for categories previously under restraint, they remained unchanged;

(e) swing, carryover/carry forward, at 7 per cent and 11/6 per cent, respectively, were unchanged;

(f) unrestrained categories covered by the agreement were subject to a consultation mechanism.

2.119 The agreement was amended by the introduction of an agreed restraint on one product category for the period 1 January 1988 to 31 December 1991. The base level being substantially higher than the reference level, the growth rate was set at 5 per cent. Swing and carryover/carry forward were available at 7 and 10/5 per cent, respectively.

2.120 This agreement was extended for calendar year 1992; its terms, including product coverage, products under restraint, growth and
flexibility provisions remained unchanged. (COM.TEX/SB/1385, 1429 and 1748)

Canada/Poland

2.121 An agreement concluded between Canada and Poland under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.122 In this agreement:

(a) the product coverage was expanded to include yarns, made-up items and certain apparel products;

(b) one restraint was terminated;

(c) increases in base levels over previous restraints were lower than 6 per cent in five cases and 6 per cent in five cases;

(d) annual growth rates of 3 per cent in five cases and 6 per cent in five cases were the same as in the previous agreement;

(e) swing, at 2 per cent for one category and 5 per cent for the others, was more favourable to Poland than before;

(f) carryover/carry forward were maintained at 10/5 per cent, while cumulative flexibility, set at 12 per cent, was higher than before;

(g) additional access continued to be available in clothing categories, as five children's and infants' garments would be counted as three quota units;

(h) unrestrained categories covered by the agreement continued to be subject to a consultation mechanism.

2.123 An amendment of the agreement, taking effect on 1 January 1989, increased the restraint level on one product category to a level substantially above the previous one. The growth rate and flexibility provisions remained unchanged.

2.124 This agreement was extended until 1992, without modifications. The TSB did not review this extension, deciding to forward its text under Articles 7 and 8, as Poland has not accepted the extension of the 1986 Protocol. (COM.TEX/SB/1418, 1450 and 1771)

Canada/Romania

2.125 An agreement concluded between Canada and Romania under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.
2.126 In this agreement:

(a) the product coverage was reduced by the exclusion of one textile product; all products covered were under restraint;

(b) the restraint on the textile product not covered in the new agreement was removed; all other restraints were maintained. For one category, which covered an assortment of apparel items, limits for each sub-category were agreed, expressed as percentages of the limit for the category; the sum of the sub-limits exceeded the limit for the category;

(c) increases in base levels from previous limits were lower than 6 per cent for four categories, 6 per cent for one category, higher than 6 per cent for one category and substantially higher than 6 per cent for another; there was a reduction in one sub-limit of the category mentioned in (b) above;

(d) annual growth rates, between 3 and 6 per cent, were the same as in the previous agreement in four cases and higher in two cases;

(e) swing at 5 per cent for one category and 6 per cent for all others, and carryover/carry forward at 10/5 per cent, with a cumulative use of flexibility limited to 12 per cent, provided somewhat improved flexibility possibilities for the exporting country;

(f) additional access was available in all clothing categories, as five children's and infants' garments would be counted as three quota units.

2.127 The agreement was the object of an amendment, effective from 1 January 1988. Under this amendment:

(a) the product coverage was extended by the inclusion of three categories, all placed under restraint;

(b) the limit on the category covering an assortment of apparel items (see (b) in preceding paragraph) was eliminated; new limits for the sub-categories were agreed, at levels higher or substantially higher than 6 per cent over 1987 imports;

(c) the base levels of the new restraints were substantially higher than the rollback levels;

(d) the annual growth rates for these new restraints were set at 5 per cent;

(e) swing for these new restraints was set at 6 per cent; the other flexibility provisions of the agreement applied;
(f) two existing restraint levels were adjusted upwards; in one case the increase also included an adjustment resulting from changes in classification.

2.128 This agreement was extended for calendar year 1992; its terms, including product coverage, products under restraint, growth and flexibility provisions remained unchanged. (COM.TEX/SB/1369, 1377, 1429, 1530 and 1748)

Canada/Singapore

2.129 An agreement concluded between Canada and Singapore under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.130 Under this agreement:

(a) the product coverage was expanded by the addition of certain yarns, fabrics, clothing products and made-up items;

(b) the eleven categories under restraint remained the same as in the previous agreement;

(c) increases in base levels varied between 3.1 per cent and 25.1 per cent, being lower than 6 per cent in three cases, 6 per cent in one case, higher than 6 per cent in six cases and substantially higher than 6 per cent in one case;

(d) annual growth rates were 6 per cent in five cases, and both less than 6 per cent and lower than in the previous agreement in six cases;

(e) swing, with certain limitations, remained unchanged at 7 per cent;

(f) carryover/carry forward, previously 11/6 per cent, were set at 10/5 per cent, and the cumulative use of flexibility was unchanged at 15 per cent;

(g) additional access continued to be available in clothing categories, as five children's and infants' garments would be counted as three growth units;

(h) unrestrained categories covered by the agreement were subject to a consultation mechanism.

2.131 This agreement was extended for calendar year 1992; its terms, including product coverage, products under restraint, growth and flexibility provisions remained unchanged. (COM.TEX/SB/1385 and 1748)
Canada/Sri Lanka

2.132 An agreement concluded between Canada and Sri Lanka under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.133 In this agreement:

(a) the product coverage was unchanged;

(b) all previous restraints were maintained and three new product categories were brought under restraint;

(c) increases in base levels over previous restraints or the relevant reference levels were lower than 6 per cent in one case, higher than 6 per cent in six cases and substantially higher than 6 per cent in three cases;

(d) annual growth rates were lower than 6 per cent, except in two cases where they were set at 6 per cent; in six cases they were lower than under the previous agreement;

(e) swing at 7 per cent and cumulative use of flexibility at 15 per cent remained unchanged; carryover/carry forward, previously 11/6 per cent, were now set at 10/5 per cent;

(f) additional access continued to be available in apparel categories, as five children's and infants' garments would be counted as three quota units;

(g) unrestrained categories covered by the agreement continued to be subject to a consultation mechanism.

2.134 Under an amendment agreed by the parties, effective for the period 30 July to 31 December 1991:

(a) a restraint was agreed on a non-clothing product category (bedsheets);

(b) the base level was more than 6 per cent higher than the rollback level;

(c) swing with the other non-clothing category (work gloves) was set at 7 per cent (previously work gloves had no swing);

(d) carryover/carry forward was available at 10/5 per cent, with the cumulative use of flexibility limited to 15 per cent.

2.135 This agreement was extended for calendar year 1992; its terms, including product coverage, products under restraint, growth and flexibility provisions remained unchanged. (COM.TEX/SB/1418, 1688 and 1771)
An agreement concluded between Canada and Thailand under MFA III, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

In this agreement:

(a) the product coverage was expanded to include yarns, fabrics and made-up items;

(b) all previous restraints were maintained and three new product categories were placed under restraint;

(c) increases in base levels over previous restraint levels or the relevant reference levels were lower than 6 per cent in two cases, 6 per cent in eight cases, higher than 6 per cent in two cases and substantially higher than 6 per cent in one case;

(d) annual growth rates were set at 4 per cent in two cases, 5 per cent in three cases and 6 per cent in eight cases; in five cases they were lower than in the previous agreement;

(e) swing, at 5 per cent for six categories and 7 per cent for the others, was lower than in the previous agreement for six categories, higher for one and unchanged for the others;

(f) carryover/carry forward, previously 11/6 per cent, were set at 10/5 per cent;

(g) additional access continued to be available in clothing categories, as five children's and infants' garments would be counted as three quota units;

(h) unrestrained categories covered by the agreement were subject to a consultation mechanism.

Under the consultation provisions of the agreement, a limit was introduced by Canada on one product category for the period 1 December 1989 to 30 November 1990. Subsequently, a restraint was agreed for the period 1 December 1990 to 31 December 1991.

The notional annual level for the initial restraint was more than 6 per cent higher than the rollback level; the agreed level was more than 6 per cent higher than the initial level. Swing and carryover/carry forward were set at 7 and 10/5 per cent, respectively.

This agreement was extended for the calendar year 1992; its terms, including product coverage, products under restraint, growth and flexibility provisions remained unchanged.
Canada/Turkey

2.141 An agreement concluded under MFA III between Canada and Turkey, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1990.

2.142 Under this agreement:

(a) the product coverage was expanded from one product category to five product categories;
(b) the previous restraint on one category was maintained, and new restraints were agreed on four categories;
(c) increases in base levels over the previous restraint level or the relevant rollback levels were substantially higher than 6 per cent in all but one case, where the increase was less than 6 per cent;
(d) annual growth rates were set at 6 per cent;
(e) swing, with certain limitations, was available at 7 per cent;
(f) carryover/carry forward were provided for at 11/6 per cent, with no carryover in the first agreement period and no carry forward in the last agreement period; cumulative flexibility was limited to 16 per cent.

2.143 This agreement was extended with amendments for calendar year 1991. Under this extension:

(a) the product coverage was reduced by one product category, with its consequent liberalization;
(b) the 1991 levels were more than 6 per cent higher than 1990 levels in all but one case, where it was lower than 6 per cent;
(c) the flexibility provisions remained unchanged, with swing at 7 per cent (no swing between the two Groups), carryover/carry forward at 11/6 per cent and the cumulative use of flexibility limited to 16 per cent.

2.144 The agreement was further extended for calendar year 1992; its terms, including product coverage, products under restraint, growth and flexibility provisions remained unchanged. (COM.TEX/SB/1385, 1688 and 1748)

Canada/Uruguay

2.145 An agreement concluded under MFA III between Canada and Uruguay, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.
2.146 In this agreement:

(a) coverage continued to be limited to one product;

(b) increase in the base levels for this product was higher than 6 per cent over the previous level;

(c) growth rate at 6 per cent was higher than in the previous agreement;

(d) carryover/carry forward were unchanged at 10/5 per cent.

2.147 This agreement was extended for calendar year 1992; its terms, including product coverage, products under restraint, growth and flexibility provisions remained unchanged. (COM.TEX/SB/1312 and 1771)

**European Economic Community**

2.148 All agreements concluded by the EEC under MFA III expired on 31 December 1986, except the agreement with China, which expired on 31 December 1988. In all cases, under additional Protocols effective 1 January 1986, the agreements were modified to take account of the enlargement of the EEC market on the accession of Spain and Portugal to the EEC; the Community restraint levels were increased and the basket exit formula for Spain and Portugal was included. (Under MFA III there was no agreement between the EEC and Argentina.)

2.149 The EEC agreements under MFA IV, when reviewed by the TSB, were in de facto application from 1 January 1987 (except the agreement with China). The product coverage of these agreements included all textile products of cotton, wool and man-made fibres. All agreements (except with China) were concluded for the period 1 January 1987 to 31 December 1991.

2.150 The paragraphs below outline the evolution of each of these agreements which were all amended as a result of the unification of Germany. The EEC increased the 1991 limits of restraints at the Community level. The uplifts, which were calculated on the basis of either a standard formula or direct imports for consumption in the former German Democratic Republic, were added to the German share of the Community limits.

**EEC/Argentina**

2.151 The agreement between the EEC and Argentina under MFA IV was concluded after a break of several years, as the previous agreement had expired on 31 December 1982.

2.152 In this agreement:

(a) three Categories were under restraint;

(b) annual growth rates varied between 1.7 and 6 per cent;
(c) swing at 7 per cent, subject to certain limitations, and carryover and carry forward at 7 and 5 per cent, were available;

(d) cumulative use of flexibility was limited to 17 per cent.

2.153 The agreement was extended for a further twelve-month period ending 31 December 1992. The terms of the agreement remained unchanged, with the exception that inter-regional transfer was increased from 16 to 40 per cent. (COM.TEX/SB/1272, 1677 and 1724)

**EEC/Bangladesh**

2.154 In the agreement concluded under MFA IV between the EEC and Bangladesh the previous restraints (i.e., two regional restraints) were terminated and no new restraints were introduced. Consultation provisions for introducing restraints were included; the threshold levels for the application of the consultation procedures were three times or more than those applicable in the previous agreement. In the event of the introduction of restraints, the applicable flexibility provisions would be higher than in the previous agreement.

2.155 The agreement was extended to 31 December 1992. Its terms remained unchanged, except that if any restraints were introduced, the applicable inter-regional transfer would be 40 per cent instead of 16 per cent. (COM.TEX/SB/1294 and 1724)

**EEC/Brazil**

2.156 In the agreement concluded under MFA IV between the EEC and Brazil:

(a) the product coverage remained unchanged:

(b) two Community limits and two regional restraints were terminated, and one Community restraint was converted to restraints in two member States;

(c) increases in base levels for Community limits were lower than 6 per cent in three cases, 6 per cent in two cases and higher than 6 per cent in three cases; the increases in base levels for regional restraints could not be precisely calculated due to either the extended coverage in the context of the categorization changes, or due to the conversion of a Community limit to two regional restraints;

(d) annual growth rates, between 1 and 6 per cent, were in all cases higher than in the previous agreement except in one case, where it was unchanged at 6 per cent;

(e) swing, with certain limitations, was available at 2 per cent into one category and 7 per cent for other categories, and was more favourable to Brazil than in the previous agreement;
(f) carryover and carry forward was set at 7 and 5 per cent and cumulative use of flexibility was available at 17 per cent. The flexibility provisions were generally more favourable to Brazil than in the previous agreement;

(g) additional access was available in the case of one Category, as five children's garments would be counted as three quota units for up to 5 per cent of the limit.

2.157 The agreement was extended for the twelve-month period 1 January to 31 December 1992, superseding a three-month extension which had been applied provisionally from 1 January 1992. The provisions of the agreement remained unchanged, except that inter-regional transfer was increased from 16 to 40 per cent. (COM.TEX/SB/1294 and 1748)

EEC/China

2.158 Until 31 December 1988, textile trade between the EEC and China was governed by an agreement modified by the Supplementary Protocol effective 1 January 1984. Five regional restraints were introduced for the 1988 agreement year.

2.159 Under Article 4 of the MFA and the EEC/China Trade and Economic Cooperation Agreement, a bilateral agreement was concluded for the period 1 January 1989 to 31 December 1992.

2.160 In this agreement:

(a) the product coverage remained unchanged;

(b) nine regional limits were liberalized; one restraint at the Community level and four regional restraints were introduced, resulting in twenty-two Community restraints and forty-two regional restraints;

(c) increases in base levels over previous restraints or reference levels were less than 6 per cent for four Community and one regional restraints; in all other cases, the base level increases were higher or substantially higher than 6 per cent;

(d) annual growth rates for the Community limits were set between 1.94 and 6 per cent and for regional restraints between 5 and 6 per cent; these rates were higher than in the previous agreement in all but six cases at the Community level and ten cases at the regional level;

(e) swing, while subject to limitations was set at 7 per cent and was more favourable to China than in the previous agreement;

(f) carryover at 7 per cent was higher than in the previous agreement, while carry forward at 5 per cent remained unchanged.
A cumulative rate of flexibility at 17 per cent was higher than in the previous agreement;

(g) additional quantities for outward processing traffic were agreed for four categories at the Community level and for two categories for one region, with annual growth between 4.5 and 7.5 per cent;

(h) additional access was available for three categories restrained at the Community level and one category restrained in five regions, as five children's garments would be counted as three quota units for up to 5 per cent of the relevant limits.

2.161 Under an amendment, the restraint levels for the agreement period beginning 1 January 1990 were adjusted to take account of the migration of products between categories, resulting from the implementation of the Harmonized System by the EEC. (COM.TEX/SB/1407, 1474 and 1565)

**EEC/Colombia**

2.162 The MFA III restraint agreement between the EEC and Colombia was replaced under MFA IV by a consultation agreement covering the EEC's ninety-three product categories, providing for exchange of information and for co-operation to avoid circumvention. Provision was made for the possibility of consultations in cases of market disruption or real risk thereof with a view to finding an appropriate solution.

2.163 The agreement, which was notified under Articles 7 and 8, was extended for the period 1 January to 31 December 1992. (COM.TEX/SB/1359 and 1677)

**EEC/Czech and Slovak Federal Republic**

2.164 In the agreement concluded under MFA IV between the EEC and the Czech and Slovak Federal Republic:

(a) the product coverage remained unchanged;

(b) one Community limit and eleven regional restraints were terminated;

(c) base levels of Community restraints were increased over 1986 limits by less than 6 per cent in fourteen cases, by 6 per cent in two cases and by more than 6 per cent in five cases; they were lower than the 1986 levels in two cases and in fourteen cases the changes in base levels could not be calculated due to modifications in product coverage resulting from categorization changes. For the ten regional limits, the increases in base levels over 1986 limits were less than 6 per cent in three cases and more or substantially more than 6 per cent in six cases, while in one case the change could not be calculated due to the modification in product coverage of the category in question;
(d) annual growth rates of Community restraints varied between 1 and 6 per cent, being in all but three cases below 6 per cent; they were, however, all higher than in the previous agreement, except in two cases, where the rates remained unchanged. For the regional limits, annual growth rates varied between 1.5 and 5.5 per cent, and were in all cases both below 6 per cent and higher than in the previous agreement;

(e) swing, while subject to limitations, was available at 2 per cent into one category and at 4 and 5 per cent for the other categories, and was generally more favourable to Czechoslovakia than in the previous agreement;

(f) carryover at 7 per cent was higher than before, while carry forward at 5 per cent remained unchanged. Cumulative flexibility at 13 per cent for Group I and 13.5 per cent for Groups II and III was higher than in the previous agreement;

(g) additional access was available in the case of three categories as for up to to 5 per cent of the limits five children's garments would be counted as three quota units.

2.165 The agreement was amended by (a) increases in quotas, on an exceptional basis, for twelve Community restraints in the 1990 and 1991 agreement years; and (b) the establishment of separate quotas for 1991 on imports of products subject to outward processing traffic (OPT).

2.166 The agreement was extended with modifications to 31 December 1992. The TSB did not review the notification as the Czech and Slovak Federal Republic had not at the time of the notification accepted the 1991 Protocol extending the 1986 Protocol of Extension. The notification was transmitted under Articles 7 and 8. The elements of this extension, listed below, have been noted by the TSB Secretariat.

2.167 Under this extension:

(a) product coverage was extended to include certain products falling within paragraph 24 of the 1986 Protocol of Extension;

(b) thirteen restraints and two sub-limits at the Community level and four regional restraints were liberalized;

(c) a restraint on woven fabrics of flax or ramie (Category 117) and household linen of flax or ramie (Category 118) were included in the agreement; these products had been subject to mutually agreed restraints, not notified under the MFA;

(d) the 1992 limits were in all cases higher by more or substantially more than 6 per cent over the 1991 limits;

(e) swing was set at 7 or 10 per cent, with some limitations, with carryover at 9 per cent and carry forward at 5 per cent; their
cumulative use, increased to 17 per cent, provided Czechoslovakia with improved flexibility; in addition, inter-regional transfer was increased to 40 per cent;

(f) the provisions related to the price clause in the agreement were deleted.

(COM.TEX/SB/1306, 1632 and 1724)

**EEC/Guatemala**

2.168 The MFA III agreement between the EEC and Guatemala was on its expiry replaced by an MFA IV agreement covering the EEC's ninety-three product categories, providing for exchange of information and for co-operation to avoid circumvention. Provision was made for the possibility of consultations in cases of market disruption or real risk thereof with a view to finding an appropriate solution. The agreement, which was notified under Articles 7 and 8, was extended to 31 December 1992. (COM.TEX/SB/1377 and 1724)

**EEC/Hong Kong**

2.169 The agreement between the EEC and Hong Kong concluded under MFA IV contained the elements listed below:

(a) the product coverage remained unchanged;

(b) six Community restraints and three regional restraints were liberalized; one Community restraint was liberalized in all regions except one;

(c) increases over previous limits for the Community restraints varied between 0.2 per cent and 4 per cent; in ten cases the increase could not be calculated due to modifications in product coverage resulting from categorization changes; increases for the two regional limits were lower than 6 per cent;

(d) annual growth rates ranging between 0.2 and 4 per cent for the Community limits and at 5 and 6 per cent for the two regional limits were in all cases either unchanged from the growth rates in the previous agreement or slightly higher;

(e) swing, subject to limitations, was set at 4 and 5 per cent and was more favourable to Hong Kong than in the previous agreement;

(f) carryover between 2 and 7 per cent and carry forward between 1 and 5 per cent were possible after consultations; the cumulative use of flexibility was set at 12 per cent. The flexibility provisions in this agreement were more favourable than in the previous agreement;
(g) additional access was available for four categories, as five children's garments would be counted as three quota units up to certain percentages of the limits.

2.170 Under an amendment, the restraint levels for the agreement period beginning 1 January 1989 were adjusted to take account of the migration of products between categories, resulting from the implementation of the Harmonized System by the EEC.

2.171 The agreement was extended to 31 December 1992. The provisions of the agreement remained unchanged, except that inter-regional transfer was raised from 8 to 40 per cent. (COM.TEX/SB/1377, 1565, 1677 and 1724)

**EEC/Hungary**

2.172 The agreement concluded under MFA IV between the EEC and Hungary contained the following elements:

(a) the product coverage remained unchanged;

(b) six Community restraints and three regional restraints were removed;

(c) increases in base levels were lower than 6 per cent for seven Community restraints and two regional restraints, higher (and in some cases substantially higher) than 6 per cent for eleven Community restraints; in eight cases it was not possible to calculate the precise increases due to changes in coverage resulting from the new categorization;

(d) growth rates between 1 and 6 per cent were higher than in the previous agreement, except in one case where it was unchanged;

(e) swing, while subject to limitations, at 4 and 5 per cent was more favourable to Hungary than in the previous agreement;

(f) carryover and carry forward were available at 7 and 5 per cent. The cumulative use of flexibility at 13 per cent for Group I and 13.5 per cent for Groups II and III, and the carryover provision were higher than in the previous agreement;

(g) additional access was available in the case of three categories, as five children's garments would be counted as three quota units for up to 3 per cent of the limit;

(h) a price clause was included.

2.173 The agreement was amended by (a) increases in quotas, on an exceptional basis, for sixteen Community and one regional restraints in the 1990 and 1991 agreement years; and (b) the establishment of separate quotas for 1991 on imports of products subject to outward processing traffic (OPT).
2.174 The agreement was extended with modifications to 31 December 1992. Under this extension:

(a) product coverage was extended to include certain products falling within paragraph 24 of the 1986 Protocol of Extension;

(b) seven restraints and a sub-limit at the Community level and three regional restraints were liberalized; consequent to this liberalization, four outward processing Community quotas and one regional OPT quota were removed;

(c) a restraint on woven fabrics of flax or ramie (Category 117) was included in the agreement;

(d) the 1992 limits were in all cases higher by more or substantially more than 6 per cent over the 1991 limits;

(e) swing at 7 or 10 per cent, with some limitations, and carryover/carry forward at 9 and 5 per cent together with their cumulative use increased to 17 per cent, provided Hungary with improved flexibility; in addition, inter-regional transfer was increased to 40 per cent;

(f) the provisions related to the price clause in the agreement were deleted.

(COM.TEX/SB/1342, 1565 1632 and 1724)

**EEC/India**

2.175 In the agreement concluded under MFA IV between the EEC and India:

(a) the product coverage remained unchanged;

(b) three Community restraints and all regional restraints were liberalized;

(c) increases in base levels were less than 6 per cent in seven cases, 6 per cent or more in three cases; in two cases it was not possible to calculate the increase due to modifications in the product coverage of the categories concerned;

(d) growth rates between 1.75 and 6 per cent were higher than in the previous agreement, except in two cases where they remained unchanged at 6 per cent;

---

2This product had been subject to a mutually agreed restraint not notified under the MFA.
(e) swing, with certain limitations, was available at 7 per cent; carryover and carry forward were set at 7 and 5 per cent; the cumulative use of flexibility was set at 17 per cent; all flexibility provisions were more advantageous to India than under the previous agreement;

(f) additional access was available for two categories, as five children's garments will be counted as three quota units for up to 5 per cent of the limits;

(g) additional quotas for handmade garments were available for four categories.

2.176 Under two amendments of the agreement, restraints for the Community were agreed on cotton yarn (Category 1) for the agreement period beginning 18 November 1987 with a growth rate of 2 per cent, and on jerseys and pullovers (Category 5) for the period 23 November 1988 to 31 December 1991 with an annual growth rate of 5 per cent. The base levels in each case were substantially higher than the basket exist levels, took into account the recent evolution of trade, and were established in accordance with the relevant consultation provisions of the agreement. The flexibility provisions of the agreement applied.

2.177 Under an amendment, the restraint levels for the agreement period beginning 1 January 1988 were adjusted to take account of the migration of products between categories, resulting from the implementation of the Harmonized System by the EEC.

2.178 Under a further amendment a restraint at the Community level was agreed for woven fabrics of synthetic fibres (Category 3) with a sub-limit for "fabrics other than bleached or unbleached" (Category 3a) for the period 18 September 1991 to 31 December 1992. The base level was much higher than the basket exit level and the recent level of imports.

2.179 The agreement was extended for a further twelve-month period ending 31 December 1992. The terms of the agreement as amended remained unchanged, with the exception that inter-regional transfer was increased from 16 to 40 per cent. (COM.TEX/SB/1407, 1472, 1565 and 1724)

**EEC/Indonesia**

2.180 In the agreement concluded under MFA IV between the EEC and Indonesia:

(a) the product coverage remained unchanged;

(b) all previous restraints were maintained;

(c) increases in base levels for the three Community restraints and the four regional restraints were higher than 6 per cent over previous restraint levels;
(d) annual growth rates at 6 per cent for the Community limits were higher in one case and marginally lower in two cases than in the previous agreement; at 4 or 5 per cent for regional restraints, they were higher than in the previous agreement;

(e) swing, while subject to limitations, was set at 7 per cent and was more favourable to Indonesia than in the previous agreement;

(f) carryover at 7 per cent was higher than in the previous agreement, while carry forward at 5 per cent remained unchanged. Cumulative use of flexibility at 17 per cent was higher than in the previous agreement;

(g) additional quantities for outward processing traffic were agreed for three categories with annual growth at 9 per cent;

(h) possibilities were available for transfer of up to 10 per cent of regional shares of Community limits among ASEAN countries;

(i) additional access was available in the case of one Category, as five children's garments would be counted as three quota units for up to 5 per cent of the limit.

2.181 Under three amendments:

(a) a restraint at the Community level was agreed with respect to cotton fabrics (Category 2). The restraint, which was agreed for the period 1 January 1987 to 31 December 1991, applied pro rata for 1987 from 23 June 1987 for France, from 7 August 1987 for Germany, Italy and the Benelux and from 12 September 1987 for Ireland, Denmark, Greece, Spain and Portugal. The regional restraint for the United Kingdom from 1 January 1987 was subsumed into the Community restraint;

(b) the parties agreed to a restraint on Category 4 (T-shirts and knitted shirts) when imported into the Community, for the period 23 November 1988 to 31 December 1991; and

(c) a Community restraint was agreed on T-shirts and knitted shirts (Category 5) for the period 20 March 1990 to 31 December 1991, with an additional quota for the first restraint period.

2.182 In each case mentioned above, the restraint level was substantially higher than the basket exit level, took into account the recent evolution of trade and was established in accordance with the relevant consultation provisions of the agreement. The annual growth rates were 4 per cent for the restraints listed in (a) and (b) and 6 per cent for the restraint listed in (c); the flexibility provisions of the agreement applied.

2.183 Before Indonesia had accepted the 1991 Protocol extending the 1986 Protocol of Extension, the TSB received and transmitted without review, under Articles 7 and 8, notification of a restraint agreed on
woven fabrics of synthetic fibres (Category 35) when imported into Spain, effective for the period 24 April to 31 December 1991.

2.184 Under a further amendment, a restraint at the Community level was agreed for woven fabrics of synthetic fibres (Category 3) with a sub-limit for "fabrics other than bleached or unbleached" (Category 3a) for the period 12 July 1991 to 31 December 1991. For three member States which had previous regional limits the restraint applied for the whole 1991 agreement year, and for the other member States it applied pro rata from 12 July 1991. The base level was much higher than the basket exit level and took account of the recent developments in imports. Swing with Category 2 was available at 7 per cent.

2.185 The agreement was extended for a further twelve-month period ending 31 December 1992. The terms of the agreement as amended remained unchanged, except that inter-regional transfer was increased from 16 to 40 per cent. (COM.TEX/SB/1294, 1342, 1472, 1565 and 1724)

**EEC/Korea**

2.186 In the agreement concluded under MFA IV between the EEC and Korea:

(a) the product coverage remained unchanged;

(b) one Community limit and five regional restraints were terminated;

(c) base levels of Community restraints were lower than the 1986 level in one case, marginally higher in two cases, higher by less than 6 per cent in eighteen cases, at 6 per cent in three cases and higher than 6 per cent in one case; in two cases base levels were adjusted to take account of classification changes in one EEC region; with respect to fifteen Community restraints the changes in base levels could not be calculated due to modifications in product coverage resulting from categorization changes; for the three regional restraints the increases in base levels were lower than 6 per cent in one case, at 6 per cent in one case and higher than 6 per cent in the remaining case;

(d) growth rates for Community restraints on categories falling within Group I ranged between 0.1 and 1.25 per cent and remained unchanged from the rates in the previous agreement; for the other Community restraints the growth rates varied between 1.5 and 6.5 per cent and were in twelve cases higher than, and in the others unchanged from, rates in the previous agreement; for regional restraints growth rates were at 3 per cent and 6 per cent;

(e) swing, subject to limitations, at 4 and 5 per cent with additional swing between two categories, was more favourable to Korea than in the previous agreement;
(f) carryover and carry forward were available after consultations between 2 and 7 per cent and 1 and 5 per cent, respectively. Cumulative use of flexibility was set at 12 per cent. The carryover and cumulative use of flexibility rates were higher than in the previous agreement;

(g) additional access was available in the case of three Categories, as five children's garments would be counted as three quota units for up to 3 per cent of the limit in two cases and for up to 5 per cent of the limit in one case.

2.187 Under several amendments to this agreement the parties agreed to:

(a) restraints until 31 December 1991 on synthetic filament yarn (Category 41) when imported into Spain, effective from 1 January 1987, and into Italy, effective from 1 July 1987;

(b) a restraint on woven fabrics of continuous artificial fibres (Category 36) for the period 1 January 1987 to 31 December 1991 when imported into France;

(c) a restraint on woven fabrics of artificial fibres (Category 36) when imported into Italy for the period 1 January 1988 to 31 December 1991;

(d) a restraint on impregnated textile fabrics (Category 100) when imported into Spain for the period 1 January 1988 to 31 December 1991, with an additional quantity for 1988. In each case the restraint level was substantially higher than the basket exit level, took into account the recent evolution of trade and was established in accordance with the relevant consultation provisions of the agreement. The annual growth rate was 4.5 per cent for the first restraint and 6 per cent for the others; the flexibility provisions of the agreement applied.

2.188 The agreement was extended to 31 December 1992. The provisions of the agreement remained unchanged, except that inter-regional transfer was raised from 8 to 40 per cent. (COM.TEX/SB/1294, 1342, 1418, 1450 and 1724)

EEC/Macau

2.189 In the agreement concluded under MFA IV between the EEC and Macau:

(a) the product coverage remained unchanged;

(b) two restraints at Community level and one restraint at the regional level were eliminated;

(c) increases in base levels for the twenty Community restraints and thirteen regional restraints were less than 6 per cent in twenty cases; there were reductions in the base levels for two Community restraints; in the case of seven Community restraints and four regional restraints there were increases, but these could not be precisely calculated due to changes in coverage under the new categorization;

(d) annual growth rates between 1 and 5 per cent were unchanged from previous growth rates for eleven Community and five regional restraints, higher for eight Community restraints and eight
regional restraints; they were lower for one Community restraint;

(e) swing, subject to limitations, at 4 and 5 per cent was more favourable to Macau than in the previous agreement;

(f) carryover and carry forward available after consultations between 2 and 7 per cent and 1 and 5 per cent respectively. Cumulative use of flexibility was set at 12 per cent. Carryover and cumulative use of flexibility were higher than in the previous agreement;

(g) additional access was available in the case of five categories, as five children's garments would be counted as three quota units for up to 3 per cent of the limit in two cases and for up to 5 per cent of the limit in three cases;

(h) additional quantities for outward processing traffic were agreed for in two categories with growth at less than 6 per cent.

2.190 The agreement was extended to 31 December 1992. The provisions of the agreement remained unchanged, except that inter-regional transfer was raised from 8 to 40 per cent. (COM.TEX/SB/1342, 1677 and 1724)

EEC/Malaysia

2.191 In the agreement concluded under MFA IV between the EEC and Malaysia:

(a) the product coverage remained unchanged;

(b) two Community limits and all regional restraints were terminated;

(c) increases in base levels for Community restraints were less than 6 per cent in five cases and higher than 6 per cent in two cases. For two other categories there were increases, but these could not be precisely calculated due to the extended coverage in the context of the categorization changes;

(d) annual growth rates between 3 and 6 per cent were in all cases higher than in the previous agreement;

(e) swing, while subject to limitations, was set at 7 per cent and was more favourable to Malaysia than in the previous agreement;

(f) carryover at 7 per cent was higher than in the previous agreement, while carry forward at 5 per cent remained unchanged. Cumulative use of flexibility at 17 per cent was higher than in the previous agreement;
(g) additional quantities for outward processing traffic were agreed for four categories with growth lower than 6 per cent in one case and higher than 6 per cent in the others;

(h) possibilities were available for transfer of up to 10 per cent of regional shares of Community limits among ASEAN countries;

(i) additional access was available in the case of two Categories, as five children's garments would be counted as three quota units for up to 5 per cent of the limit.

2.192 The agreement was extended for the period 1 January 1992 to 31 December 1992. The provisions of the agreement remained unchanged, except that the inter-regional transfer was raised from 16 to 40 per cent. At the time of this notification, Malaysia had not yet accepted the 1991 Protocol extending the 1986 Protocol of Extension, and the TSB transmitted the notification under Articles 7 and 8. (COM.TEX/SB/1294 and 1724)

EEC/Mexico

2.193 The MFA III agreement between the EEC and Mexico which included a restraint on one product category was replaced by an agreement concluded under MFA IV, covering the EEC's ninety-three product categories, providing for exchange of information and for co-operation to avoid circumvention. Provision was made for the possibility of consultations in cases of market disruption or real risk thereof with a view to finding an appropriate solution. This agreement, which was notified and transmitted under Articles 7 and 8, was extended for the twelve-month period ending 31 December 1992. (COM.TEX/SB/1359 and 1677)

EEC/Pakistan

2.194 In the bilateral agreement concluded under MFA IV between the EEC and Pakistan:

(a) the product coverage remained unchanged;

(b) six regional restraints were removed;

(c) increases in base levels over previous limits were lower than 6 per cent for one Community restraint and higher than 6 per cent for three Community restraints and four regional restraints; in the case of two Community restraints the changes in base levels could not be calculated due to modifications in product coverage resulting from categorization changes;

(d) annual growth rates ranging between 2.5 and 7 per cent were higher than in the previous agreement in all cases;

(e) additional quantities were annually available for Category 1;
(f) swing, while subject to limitations, was set at 7 per cent and was more favourable to Pakistan than in the previous agreement;

(g) carryover at 7 per cent and carry forward at 5 per cent, with cumulative use of flexibility at 17 per cent, were higher than in the previous agreement;

(h) additional access was available in the case of one category where five children's garments would be counted as three quota units for up to 5 per cent of the limit;

(i) additional quotas for outward processing traffic were provided for three categories under restraint with annual growth higher than 6 per cent in two cases and lower in one.

2.195 Under several amendments, new restraints were agreed pursuant to the relevant provisions of the agreement.

2.196 In 1987, a Community and some regional restraints were agreed for the agreement period. In each case the restraint level was higher than both 1986 imports and the relevant basket exist level. These restraints were:

(a) a Community restraint on bed linen (Category 20) effective from 5 March 1987, with an annual growth of 6.5 per cent; this product was previously under restraint when imported into France and Italy;

(b) regional restraints on woven fabrics of synthetic fibres (Category 3) when imported into France and Italy, effective from 23 June 1987; the growth rate was set at 3.5 per cent;

(c) regional restraints on blouses (Category 7) when imported into France, Ireland and Spain, with effect from 9 October 1987; annual growth was set at 4 per cent.

2.197 Under further amendments, more restraints were agreed. In each case the restraint level was substantially higher than the basket exit level and took into account the recent evolution of trade. These amendments concerned the following restraints:

(a) regional restraints on table linen, toilet and kitchen linen (Category 39) when imported in the Benelux and France for the period 1 January 1988 to 31 December 1991, with the growth rate set at 6 per cent;

(b) a restraint on woven fabrics of synthetic fibres (Category 3) when imported into Spain for the period 1 January 1989 to 31 December 1991, with annual growth set at 3.5 per cent;

(c) a Community restraint on dresses (Category 26) for the period 23 March 1990 to 31 December 1991, with growth set at 6 per cent;
(d) a Community restraint on woven fabrics of synthetic fibres
(Category 3) effective 18 September 1991, superseding the three
regional which were in application previously; the growth rate
was set at 4 per cent.

2.198 The flexibility provisions of the agreement applied to each of the
new restraints listed above.

2.199 Under an amendment, the restraint levels for the agreement period
beginning 1 January 1989 were adjusted to take account of the migration of
products between categories, resulting from the implementation of the
Harmonized System by the EEC.

2.200 The agreement was extended for the period 1 January to
31 December 1992. The provisions of the agreement with respect to
restraint levels, including categories under restraint, growth and
flexibility remained unchanged, except that the inter-regional transfer was
raised to 40 per cent. With respect to outward processing traffic, the
1992 levels were increased by substantially more than the growth rates, and
quotas were provided for three additional categories. (COM.TEX/SB/1369,
1407, 1523, 1553, 1565, 1724 and 1771)

**EEC/Peru**

2.201 In the bilateral agreement concluded under MFA IV between the EEC
and Peru:

(a) the product coverage remained unchanged;

(b) one Community restraint and two regional restraints were removed;

(c) the increases in base levels for the two remaining restraints
were higher than 6 per cent;

(d) additional quantities were annually available in Category 1;

(e) the annual growth rates, of 5 and 7 per cent, were higher than in
the previous agreement;

(f) flexibility provisions were more favourable to Peru than in the
previous agreement.

2.202 The agreement was extended for a further twelve-month period ending
31 December 1992. The terms of the agreement remained unchanged, with the
exception that inter-regional transfer was increased from 16 to
40 per cent. (COM.TEX/SB/1359 and 1724)
EEC/Philippines

2.203 In the bilateral agreement concluded under MFA IV between the EEC and the Philippines:

(a) the product coverage remained unchanged;

(b) one Community limit and five regional restraints were terminated;

(c) increases in base levels for Community restraints were lower than 6 per cent for five categories and higher than 6 per cent for three categories. For three other categories there were increases, but these could not be precisely calculated due to the extended coverage in the context of the categorization changes. For regional restraints, increases in base levels were higher or substantially higher than 6 per cent;

(d) annual growth rates, between 3.5 and 6 per cent for Community limits, and between 6 and 8 per cent for regional limits, were in all cases higher than in the previous agreement;

(e) swing, while subject to limitations, was set at 7 per cent and was more favourable to the Philippines than in the previous agreement;

(f) carryover at 7 per cent was higher than in the previous agreement, while carry forward at 5 per cent remained unchanged. Cumulative flexibility at 17 per cent was higher than in the previous agreement;

(g) additional quantities for outward processing traffic were agreed for three categories, with annual growth between 6 and 9 per cent;

(h) additional access was available in the case of three categories as for up to 5 per cent of the limits five children's garments would be counted as three quota units;

(i) possibilities were available for transfer of up to 10 per cent of regional shares of Community limits among ASEAN countries.

2.204 Under two amendments, new restraints were agreed pursuant to the relevant consultation provisions of the agreement. The restraint levels were much higher than the relevant basket exit levels and took into account the recent evolution of trade. These restraints were agreed on:

(a) men's and boys' suits (Category 16) when imported into France for the period 23 June 1987 to 31 December 1991, with growth set at 6 per cent;

(b) knitted track suits (Category 73) when imported into the Community for the period 7 February 1989 to 31 December 1991,
with annual set growth at 5 per cent. Additional access was available as five children's garments were to be counted as three quota units for up to 5 per cent of the restraint limit.

In each case, the flexibility provisions of the agreement applied.

2.205 Under an amendment, the restraint levels for the agreement period beginning 1 January 1988 were adjusted to take account of the migration of products between categories, resulting from the implementation of the Harmonized System by the EEC.

2.206 The agreement was extended for a further twelve-month period ending 31 December 1992. The terms of the agreement as amended remained unchanged, with the exception that inter-regional transfer was increased from 16 to 40 per cent. (COM.TEX/SB/1285, 1342, 1472, 1565 and 1724)

**EEC/Poland**

2.207 In the agreement concluded under MFA IV between the EEC and Poland:

(a) the product coverage remained unchanged;

(b) five restraints at the Community level were terminated;

(c) increases in base levels of Categories under restraint were in twenty cases lower than 6 per cent, in five cases higher than 6 per cent and in four cases substantially higher than 6 per cent, but in several instances these rates resulted from changes in the categorization system;

(d) except for one category, annual growth rates varied between 1.5 and 6 per cent, and were in all cases higher than in the previous agreement; for the remaining category the rate at 13 per cent remained unchanged from the previous agreement;

(e) as in the previous agreement, no swing was available for Category 1; for other categories swing, while subject to limitations, was available at 4 and 5 per cent and was more favourable to Poland than in the previous agreement;

(f) carryover at 7 per cent was higher than in the previous agreement, while carry forward at 5 per cent was unchanged. Cumulative flexibility was set at 13 per cent for Group I and 13.5 per cent for Groups II and III was higher than in the previous agreement;

(g) additional access was available in the case of four Categories, as five children's garments would be counted as three quota units;

(h) a price clause was included.
2.208 Under an amendment a restraint was agreed on knitted trousers and shorts (Category 28) when imported into France for the period 1 January 1987 to 31 December 1991. The base level was much higher than the basket exit level, and took recent imports from Poland into account. The growth rate was set at 5 per cent and the flexibility provisions of the agreement applied.

2.209 The agreement was amended by (a) increases in quotas, on an exceptional basis, for nineteen Community and two regional restraints in the 1990 and 1991 agreement years; and (b) the establishment of separate quotas for 1991 on imports of products subject to outward processing traffic (OPT).

2.210 The agreement was extended with modifications to 31 December 1992. Since the notification of this extension was received without Poland having accepted the 1991 Protocol, the TSB did not review it and transmitted it to the Textiles Committee under Articles 7 and 8; its elements, listed below, have been noted by the TSB Secretariat.

2.211 Under this extension:

(a) the product coverage was extended to include certain products falling within paragraph 24 of the 1986 Protocol of Extension;

(b) five restraints and a sub-limit at the Community level and all regional restraints were liberalized; consequent to this liberalization, two outward processing Community quotas and all regional OPT quotas were removed;

(c) restraints on woven fabrics of flax or ramie (Category 117) and household linen of flax or ramie (Category 118) were included in the agreement; these products had previously been subject to agreed restraints not notified under the MFA;

(d) the 1992 limits were in all cases higher by more or substantially more than 6 per cent over the 1991 limits;

(e) swing was set at 7 or 10 per cent, with some limitations, with carryover at 9 per cent and carry forward at 5 per cent; their cumulative use, increased to 17 per cent, provided Poland with improved flexibility; in addition, inter-regional transfer was increased to 40 per cent;

(f) the provisions related to the price clause in the agreement were deleted.

(COM.TEX/SB/1272, 1342, 1565, 1632 and 1724)

**EEC/Romania**

2.212 In the agreement concluded under MFA IV between the EEC and Romania:

(a) the product coverage remained unchanged;
(b) three Community limits and one regional restraint were terminated;

(c) base levels of Community restraints were increased over 1986 limits by less than 6 per cent in eleven cases, by 6 per cent in three cases, and by more than 6 per cent in two cases; in ten cases the changes in base levels could not be calculated due to modifications in product coverage resulting from categorization changes; for the eleven regional limits, the increases in base levels were lower than 6 per cent in two cases, higher than 6 per cent in four cases, substantially higher than 6 per cent in two cases and could not be calculated in three cases;

(d) annual growth rates for Community restraints falling within Groups I and II were lower than 6 per cent in all but two cases, and were at 6 per cent for the six categories falling in Group III; for the regional restraints, growth rates were 5 per cent in five cases and 6 per cent in six cases. All these rates were higher than in the previous agreement, except in one case, where it was unchanged;

(e) as in the previous agreement, no swing was available for Category I; for other categories swing, while subject to limitations, was available at 4 and 5 per cent and was more favourable to Romania than in the previous agreement;

(f) carryover at 7 per cent was higher than in the previous agreement, while carry forward at 5 per cent was unchanged. Cumulative flexibility set at 13 per cent for Group I and 13.5 per cent for Groups II and III was higher than in the previous agreement;

(g) additional access was available in the case of two categories, as five children's garments would be counted as three quota units for up to 5 per cent of the limits.

2.213 The agreement was amended by (a) increases in quotas, on an exceptional basis, for six Community and two regional restraints since 1 January 1991; (b) the establishment of separate quotas for 1991 on imports of products subject to outward processing traffic (OPT).

2.214 The agreement was extended for a further twelve-month period ending 31 December 1992. The terms of the agreement as amended remained unchanged, with the exception that inter-regional transfer was increased from 16 to 40 per cent. (COM.TEX/SB/1306, 1632, 1677 and 1724)

EEC/Singapore

2.215 In the agreement concluded under MFA IV between the EEC and Singapore:

(a) the product coverage was unchanged;
(b) five Community restraints and all regional restraints were terminated;

(c) increases in base levels of the seven Categories under restraint were in some cases higher than 6 per cent;

(d) annual growth rates, between 3 and 5 per cent, were in all cases higher than in the previous agreement;

(e) swing, while subject to limitations, was set at 7 per cent and was more favourable to Singapore than in the previous agreement;

(f) carryover at 7 per cent was higher than in the previous agreement, while carry forward at 5 per cent remained unchanged. Cumulative flexibility was set at 17 per cent;

(g) an additional quantity for outward processing trade was agreed for Category 7, with 6 per cent yearly growth;

(h) additional access was available in the case of two Categories, as five children's garments would be counted as three quota units.

The agreement was extended for a further twelve-month period ending 31 December 1992. The terms of the agreement remained unchanged, with the exception that inter-regional transfer was increased from 16 to 40 per cent. (COM.TEX/SB/1272 and 1724)

EEC/Sri Lanka

In the agreement concluded under MFA IV between the EEC and Sri Lanka:

(a) the product coverage remained unchanged;

(b) two regional restraints were removed;

(c) the increases in base levels for the four remaining restraints were all higher than 6 per cent;

(d) the annual growth rates, at 7 per cent in three cases and 8 per cent in one, were higher than in the previous agreement;

(e) flexibility provisions were more favourable to Sri Lanka than in the previous agreement;

(f) additional access was available in the case of two categories, as five children's garments would be counted as three quota units for up to 5 per cent of the limits;
(g) additional quantities for outward processing traffic were agreed for the categories under restraint with annual growth higher than 6 per cent.

2.218 The agreement was extended for a further twelve-month period ending 31 December 1992. The terms of the agreement remained unchanged, with the exception that inter-regional transfer was increased from 16 to 40 per cent. (COM.TEX/SB/1359, 1677 and 1724)

EEC/Thailand

2.219 In the agreement concluded under MFA IV between the EEC and Thailand:

(a) the product coverage remained unchanged;

(b) five regional restraints were terminated;

(c) increases in base levels for Community restraints were lower than 6 per cent for two categories, 6 per cent for two categories, higher than 6 per cent for five categories and substantially higher than 6 per cent for one category. For four other categories there were increases, but these could not be precisely calculated due to the extended coverage in the context of the categorization changes. For regional limits, increases in base levels were higher than 6 per cent;

(d) annual growth rates, between 3 and 7 per cent for Community limits, and at 6 or 7 per cent for regional restraints, were in all cases higher than in the previous agreement;

(e) swing, while subject to limitations, was set at 7 per cent and was more favourable to Thailand than under the previous agreement;

(f) carryover at 7 per cent was higher than in the previous agreement, while carry forward at 5 per cent remained unchanged. Cumulative flexibility at 17 per cent was higher than in the previous agreement;

(g) additional quantities for outward processing traffic were agreed for three categories, with annual growth higher than 6 per cent;

(h) possibilities were available for transfer of up to 10 per cent of regional shares of Community limits among ASEAN countries.

2.220 Under amendments, new restraints were agreed pursuant to the consultation provisions of the agreement. Under the first amendment, a restraint was placed on cotton yarn (Category 1) when imported into Italy with effect from 1 January 1987.
2.221 Two other amendments concerned a restraint on knitted shirts for men and boys (Category 75) for the period 1 January 1987 to 31 December 1991 and a restraint on bedlinen (Category 20) for the period 7 July 1989 to 31 December 1991; both applied to imports into France. In both cases the restraint levels were substantially higher than the relevant basket exit levels and took recent imports from Thailand into account. An additional quantity for 1987 was agreed with respect to Category 75. In both cases the growth rate was 6 per cent; the flexibility provisions of the agreement applied.

2.222 Under an amendment, the restraint levels for the agreement period beginning 1 January 1988 were adjusted to take account of the migration of products between categories, resulting from the implementation of the Harmonized System by the EEC.

2.223 This agreement was extended for the period 1 January to 31 December 1992. The provisions of the agreement with respect to restraint levels, including categories under restraint, remained unchanged. The 1992 levels were increased over 1991 levels by the applicable growth rates. The flexibility provisions remained unchanged, except that the inter-regional transfer was increased to 40 per cent.

2.224 The agreement was further amended by the introduction of an agreed Community limit on cotton yarn (Category 1) for the period 4 February to 31 December 1992.

2.225 The base level was much higher than the basket exit level and took account of the recent development in imports from Thailand. Growth was set at 3 per cent, in case of an extension of the agreement. The flexibility provisions of the agreement applied. (COM.TEX/SB/1285, 1342, 1503, 1565, 1677 and 1793)

EEC/Uruguay

2.226 In the agreement concluded under MFA IV between the EEC and Uruguay, the product coverage was unchanged; no restraints were introduced and all previous restraints (i.e., one Community and three regional limits) were terminated. It contained consultation procedures for introducing restraints and the threshold levels for the application of these procedures were more than double those applicable in the previous agreement. In the event restraints were introduced the applicable flexibility provisions would be higher than in the previous agreement.

2.227 The agreement was extended for the period 1 January to 31 December 1992. This extension was transmitted under Articles 7 and 8 as at the time of its notification Uruguay had not accepted the 1991 Protocol. (COM.TEX/SB/1294 and 1724)
2.228 An agreement between Finland and China was first concluded when China was not participating in the MFA. Its validity was for the period 1 January 1983 to 31 December 1986.

2.229 A new agreement was concluded for the period 1 January 1987 to 31 December 1990, and was notified to the TSB when China had not yet accepted the 1986 Protocol of Extension.

2.230 Under an amendment of this agreement, the product coverage was extended by the addition of two product categories (anoraks, jackets, blazers, etc., for men and boys; overcoats, anoraks, etc., for women and girls). Both product categories were placed under restraint for the 1988 agreement year only, but a carry forward of 7 per cent from restraint levels that would be negotiated for the subsequent periods of the agreement was provided. The restraint levels were higher than 6 per cent over previous trade.

2.231 Under a further amendment, the two categories mentioned in the preceding paragraph were merged and placed under restraint for the last two years of the agreement, with reduction in their coverage via the elimination of products made of wool. The 1989 limit for the merged category with its coverage reduced was 8 per cent more than the sum of the 1988 limits, and the growth rate for 1990 was set at 4 per cent, resulting in a compound growth rate of more than 6 per cent. Swing and carryover/carry forward were available at 5 and 10/5 per cent, respectively.

2.232 The agreement was extended for calendar year 1991. Under this extension, all provisions of the agreement remained unchanged and the restraint levels were increased by the application of the relevant growth rates.

2.233 A further extension of the agreement for the period 1 January 1992 to 31 December 1993 was notified to the TSB at a moment when China had not yet accepted the extension of the 1986 Protocol. The extension was transmitted without TSB review to the Textiles Committee under Articles 7 and 8. The elements of the extension, listed below, have been noted by the TSB Secretariat.

2.234 Under this extension:

(a) the restraint on a product was liberalized;

(b) the base levels of the seven remaining restraints were increased by more than the previous growth rates;

(c) growth rates, previously between 2 and 4 per cent, were raised to between 3 and 4.5 per cent;
(d) swing, carryover/carry forward were set at 5 and 11/6 per cent;
(e) separate quotas for outward processing traffic (OPT) were agreed.

(COM.TEX/SB/1256, 1429, 1443, 1492, 1579 and 1647)

**Finland/Hong Kong**

2.235 An agreement concluded under MFA III between Finland and Hong Kong, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.236 In this agreement:

(a) the product coverage was reduced;
(b) restraints on three categories were maintained and one new category was brought under restraint;
(c) base levels for the previously restrained categories were increased by 3.5 per cent, and annual growth rates at 2 per cent were the same as in the previous agreement; base levels and growth rates for two sub-limits were increased slightly; the base level of the category newly brought under restraint was higher than 6 per cent over previous trade, with annual growth at 2 per cent;
(d) swing, at 5 per cent for all categories, was more favourable to Hong Kong than before;
(e) carryover/carry forward remained unchanged at 11/6 per cent.

2.237 The parties agreed to an amendment which aimed at adapting three of the four categories under restraint to the Harmonized System and, as a consequence, revised restraint levels were agreed, with effect from 1 January 1988. The revised restraint levels took into account the level of previous imports from Hong Kong of garments of sizes between 86 cm and 110 cm, theretofore classified as infants' wear.

2.238 Under a further amendment of the agreement, the product coverage was extended by the addition of two clothing categories, of which one category (anoraks, windcheaters for men and boys and overcoats, capes, anoraks, etc., for women and girls of cotton and man-made fibres) was placed under restraint for the period 1 January 1988 to 31 December 1991. The base level was substantially higher than previous trade, and the growth rate was set at 2.5 per cent; the flexibility provisions of the agreement applied.

2.239 A new agreement came into force on 1 January 1992, with validity until 31 December 1993.

2.240 Under this agreement:

(a) restraints on one category and one part-category were removed;
(b) the base levels for the restrained categories were increased over the previous levels by more than 6 per cent in three cases and by less than 6 per cent in the other two cases;

(c) the growth rates, between 3 and 3.75 per cent, were higher than in the previous agreement;

(d) swing and carryover/carry forward remained unchanged at 5 and 11/6 per cent, respectively.

FINLAND/INDIA

2.241 An agreement concluded under MFA III between Finland and India, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991, with the possibility of extension to 31 December 1992.

2.242 In this agreement:

(a) the product coverage and the three categories under restraint were unchanged;

(b) the base levels were between 5 and 9 per cent above the restraint levels of the last year of the previous agreement; the annual growth rates, at 2.5 per cent in two cases and 3 per cent in the other, were between 0.5 and 1 per cent higher than previous growth rates;

(c) swing, carryover/carry forward were unchanged at 5 per cent and 11/6 per cent, respectively.

2.243 The agreement was amended by the introduction of a restraint on bed linen for the period 1 January 1988 to 31 December 1991. The base level was much higher than previous trade, with the growth rate set at 3 per cent. The flexibility provisions of the agreement (i.e. swing at 5 per cent and carryover/carry forward at 11/6 per cent) applied.

2.244 This agreement was extended for calendar year 1992, with the possibility of a further extension to 31 December 1993.

2.245 Under this extension:

(a) the restraint on one product category was liberalized;

(b) increases in base levels over previous restraint levels were more than 6 per cent in three cases and less than 6 per cent in one case;
(c) the growth rates which would apply in the case of an extension to 31 December 1993, at 3.99 or 4.5 per cent, were higher than the previous rates;

(d) the flexibility provisions remained unchanged with swing at 5 per cent and carryover/carry forward at 11/6 per cent.

(COM.TEX/SB/1256, 1443 and 1688)

Finland/Korea

2.246 An agreement concluded under MFA III between Finland and Korea, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.247 In this agreement:

(a) the coverage was substantially reduced, with the removal of nine categories;

(b) the five categories previously restrained were reduced to three by the merger of two categories and placing a restrained category under surveillance;

(c) base levels were 4 per cent over the last year of the previous agreement;

(d) annual growth rates were 2.5 per cent, or 0.5 per cent above the previous rates;

(e) swing at 5 per cent, and carryover/carry forward at 10/5 per cent, were unchanged.

2.248 The agreement was extended for the period 1 January 1992 to 31 December 1994. Under this extension, the restraint on one category was eliminated, and the category placed under the agreed system of administrative control. For the two categories remaining under restraint, the growth and flexibility provisions remained unchanged. (COM.TEX/SB/1256 and 1647)

Finland/Macau

2.249 An agreement concluded under MFA III between Finland and Macau, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.250 In this agreement:

(a) the coverage was the same as in the previous agreement;

(b) five clothing categories were placed under restraint, including one category previously under surveillance; a category
previously under restraint was made subject to administrative control;

(c) base levels for the previously restrained categories were increased by between 2 and 7.6 per cent over previous restraint levels; the base level for the newly restrained category was 2.2 per cent above rollback level;

(d) annual growth rates were 2 per cent in one case and 2.5 per cent in others; for three categories previously restrained, the new growth rates were somewhat higher (between 0.5 and 1.5 per cent) than before. For the remaining category, the growth rate was unchanged;

(e) swing at 5 per cent was now possible among all five categories, and therefore more favourable to Macau than before;

(f) carryover/carry forward were unchanged at 10/5 per cent.

2.251 Under an amendment, valid from 1 January 1988:

(a) the product coverage of the agreement was expanded;

(b) all products included in the expanded coverage were brought under restraint; one category previously under restraint had its coverage expanded and four new categories were placed under restraint;

(c) increases in base levels over the relevant reference levels were lower than 6 per cent in two cases and higher than 6 per cent in three cases;

(d) annual growth rates were set at 2.5 per cent for three categories and 3 per cent for two categories;

(e) the flexibility provisions of the agreement applied to the new restraints.

2.252 The agreement was replaced by a new one, valid for the period 1 January 1992 to 31 December 1993.

2.253 Under this agreement:

(a) the product coverage was reduced by the exclusion of one category (skirts) with consequent liberalization of the restraint on the product;

(b) restraints on two other categories were eliminated, and the categories placed under the agreed system of administrative control;
(c) the growth rates for all remaining restraints were increased, though they remained below 6 per cent;

(d) the flexibility provisions were improved by the increase in carryover/carry forward from 10/5 per cent to 11/6 per cent; swing at 5 per cent remained unchanged.

(COM.TEX/SB/1256, 1385 and 1647)

**Finland/Pakistan**

2.254 An agreement between Finland and Pakistan covering undershirts and bedlinen was concluded under MFA III for the period 1 July 1986 to 30 June 1991; it was notified to the TSB when Pakistan had not yet accepted the 1986 Protocol of Extension. (COM.TEX/SB/1241)

**Finland/Romania**

2.255 An agreement concluded between Finland and Romania under MFA III, valid until 31 December 1986, was replaced under MFA IV by an agreement for the period 1 January 1987 to 31 December 1990.

2.256 In this agreement:

(a) the four categories previously under restraint were unchanged;

(b) the base levels were increased by less than 6 per cent in two cases and by 6 per cent in the other two;

(c) the growth rate, set at 2 per cent, remained unchanged for three categories and was slightly higher for the remaining category;

(d) swing, carryover/carry forward were unchanged at 5 and 11/6 per cent respectively, with the possibility of carryover from the previous agreement.

2.257 On its expiration, this agreement was replaced by an export authorization system which covers certain clothing items but does not establish any restraints. (COM.TEX/SB/1312 and 1604)

**Finland/Singapore**

2.258 An agreement was concluded under MFA IV between Finland and Singapore, for the period 11 January to 31 December 1992. A previous restraint agreement concluded under MFA II had expired on 31 December 1981.

2.259 The new agreement established a restraint on one product (men's and boys' shirts of cotton and man-made fibres), at a level 6.9 per cent above the appropriate reference level. (COM.TEX/SB/1724)
Finland/Sri Lanka

2.260 An agreement was concluded under MFA III between Finland and Sri Lanka, for the period 1 June 1986 to 31 December 1990; it superseded the last seven months of a previous agreement.

2.261 In this agreement: (a) the same product (shirts of cotton and man-made fibre) was under restraint as in the previous agreement, (b) the base level was increased by 5.6 per cent over the previous restraint level, (c) growth within the agreement was 4.9 per cent for the second agreement period and 2 per cent for the third and fourth agreement periods with a compounded growth of 4.8 per cent, (d) carryover and carry forward were available at 10/5 per cent.

2.262 This agreement was extended with modifications for calendar year 1991. 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 were modified.

2.263 A new agreement was concluded by the parties, valid for calendar year 1992. Under this agreement:

(a) the product coverage, limited to one product, was unchanged from the previous agreement;

(b) the restraint level for the product was increased by 5 per cent over the previous level, an increase higher than the growth rate in the previous agreement;

(c) carryover/carry forward was increased from 10/5 per cent in the previous agreement to 11/6 per cent.

(COMETEX/SB/1241, 1579 and 1724)

Finland/Thailand

2.264 An agreement concluded under MFA III between Finland and Thailand, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1990, with the possibility of extension to 31 December 1991.

2.265 In this agreement:

(a) the coverage was reduced from three to two categories;

(b) one product previously under restraint was made subject to consultation; only one product was restrained;
(c) the base level represented an increase of 9.6 per cent over the last year of the previous agreement and the annual growth rate was increased from 2 to 3 per cent;

(d) carryover/carry forward remained available at 10/5 per cent.

2.266 This agreement was replaced by an export authorization agreement covering two clothing items, without restraints, valid from 1 January 1991 to 31 December 1993. (COM.TEX/SB/1256 and 1619)

**Norway**

**Norway/China**

2.267 An agreement concluded under MFA III between Norway and China, valid until 31 December 1988, was notified to the TSB at a time when China had not yet accepted the 1986 Protocol of Extension. This agreement replaced restrictions maintained by Norway prior to its becoming a participating country on 1 July 1984.

2.268 Under an amendment of the agreement, a new restraint was agreed on woven blouses for calendar year 1988. This restraint enjoyed swing at 2 per cent, and its level was substantially higher than previous trade.

2.269 A new agreement was concluded by the parties for the period 1 January 1989 to 31 December 1991.

2.270 In this agreement:

(a) the coverage was reduced from twenty-three to six product categories, all under restraint;

(b) five previous restraints were liberalized;

(c) increases in base levels over previous restraints were higher, and in three cases substantially higher, than 6 per cent;

(d) growth rates at 2 and 3 per cent were higher than in the previous agreement;

(e) swing, previously available at 2 per cent, was set at 2, 3 and 5 per cent;

(f) carryover and carry forward were available at 8 and 4 per cent;

(g) the cumulative use of flexibility, limited to 8 per cent, was more favourable to China.

2.271 Under an agreed amendment, with effect from 1 January until 31 December 1991, the product coverage was reduced by two product categories and by the exclusion of certain sizes of children's clothing items, resulting in the liberalization of the products concerned.
2.272 This agreement was extended for calendar year 1992, all its terms remaining unchanged for the extended period.

2.273 The agreement was further extended, with amendments, for the period 1 January 1992 to 31 December 1993.

2.274 Under this extension as amended:

(a) the product coverage and products under restraint were modified by the removal of one product category (woven shirts) and the addition of one product category (knotted netting and nets);

(b) the base levels of the three categories still under restraint were increased by more than 6 per cent over previous levels in two cases and by less than 6 per cent in the third case; the base level of the newly restrained category was set substantially higher than the relevant reference level;

(c) the growth rates for two categories were increased, but remained below 6 per cent in all cases;

(d) swing was increased from 2 to 3 per cent in the case of one category and remained unchanged at 3 per cent for the others; carryover and carry forward were increased from 8 and 4 per cent to 10 and 5 per cent, respectively.

(COM.TEX/SB/1256, 1485, 1604, 1724 and 1771)

Norway/Czech and Slovak Federal Republic

2.275 An agreement concluded under MFA III between Norway and the Czech and Slovak Federal Republic, valid until 30 June 1987, was replaced by an agreement concluded under MFA IV for the period 1 July 1987 to 30 June 1992.

2.276 In this agreement:

(a) the product coverage was reduced and previous restraints on five categories and one part-category were removed;

(b) increases in base levels over previous restraints were less than 6 per cent in seven cases, higher than 6 per cent in two cases and substantially higher in one case;

(c) growth rates, ranging between 0.5 and 3 per cent, remained unchanged from the previous agreement in one case and were higher in the others;

(d) swing, unavailable in the previous agreement, was now available, with certain limitations, at 2.5 per cent;
(e) carryover at 8 per cent and carry forward at 5 per cent were higher than in the previous agreement; the cumulative use of flexibility was set at 8 per cent.

(f) consultation provisions regarding the introduction of new restraints and for dealing with cases of circumvention were included.

2.277 Under a December 1988 amendment to the agreement:

(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.

2.278 Under a further amendment, effective for the period 1 March 1990 to 30 June 1992:

(a) the product coverage was reduced by: (i) the deletion of five product categories and (ii) the exclusion of certain sizes of children's garments, resulting in the liberalization of restraints on all these products;

(b) the levels of restraint on two categories were increased.

2.279 This agreement was extended, with amendments, for the period 1 July 1992 to 31 December 1993.

2.280 Under this extension as amended:

(a) the product coverage was modified by the exclusion of a previously restrained category (woven shirts) and by the inclusion of a product category (knotted nets and netting);

(b) the new category was made subject to a designated consultation level with an annual growth rate of 3 per cent;

(c) the base levels of the three previously restrained categories were substantially higher than the previous levels;

3 For a general observation on this provision see paragraph 4.146.
(d) the growth rate for all restraints was increased from 1 to 3 per cent;

(e) swing and carryover at 3 and 10 per cent, respectively, which were higher than the previous provisions also applied to the designated consultation level; carry forward remained unchanged at 5 per cent;

(f) the limit on the cumulative use of flexibility was eliminated.

(COM.TEX/SB/1407, 1467, 1604 and 1793)

Norway/Hong Kong

2.281 An agreement concluded under MFA III between Norway and Hong Kong, valid until 30 June 1987, was replaced by an agreement concluded under MFA IV for the period 1 July 1987 to 30 June 1990.

2.282 In this agreement:

(a) the product coverage was reduced by the elimination of nine categories previously subject either to an administrative system of surveillance or an exchange of statistics;

(b) eleven categories were maintained under restraint; previous restraints on four categories were eliminated, these categories being now subject to an administrative system of surveillance;

(c) increases in base levels varied between 0.7 and 4 per cent;

(d) annual growth rates, between 0.7 and 4 per cent, were in all cases higher than in the previous agreement;

(e) while swing for two categories was reduced from 1.5 to 1 per cent, it was higher than before for all other categories. Carryover/carry forward were in all cases higher than in the previous agreement; however, a limit was set on cumulative use of flexibility.

2.283 Under an amendment to this agreement, effective 1 November 1988:

(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.
A new agreement was concluded by the parties for the period 1 July 1990 to 30 June 1992.

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.

This agreement was extended, with amendments, for the period 1 July 1992 to 31 December 1993.

Under this extension as amended:

(a) the product coverage was reduced by four clothing categories, of which two had not been subject to specific restraint and two (knitted undergarments and woven shirts) were liberalized; one product category (knotted netting and nets) was added to the coverage and made subject to an export licence surveillance system;

(b) the 1992 notional base levels for the three remaining categories under restraint were increased by less than 6 per cent over previous levels;

(c) growth rates remained unchanged at 1 and 3 per cent;

(d) swing remained unchanged, while carryover and carry forward were increased from 6 and 3 per cent to 10 and 5 per cent.

(COM.TEX/SB/1359, 1467, 1579 and 1771)
Norway/Hungary

2.288 An agreement concluded under MFA III between Norway and Hungary, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.289 In this agreement:

(a) the product coverage was reduced and previous restraints on three categories were removed;

(b) base level increases were less than 6 per cent in four cases and higher or much higher than 6 per cent in the other five cases;

(c) growth rates, ranging between 0.5 and 3 per cent, remained unchanged from the previous agreement in two cases and were higher in the others;

(d) swing, unavailable in the previous agreement, was now available at 2.5 per cent;

(e) carryover and carry forward at 8 and 4 per cent were more favourable to Hungary; the cumulative use of flexibility was set at 8 per cent;

(f) consultation provisions regarding the introduction of new restraints and for dealing with cases of circumvention were included.

2.290 Under a September 1988 amendment to this agreement, 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.

2.291 Under a further amendment, effective from 1 January 1990 to 31 December 1991:

(a) the product coverage was reduced by the exclusion of: (i) four product categories and (ii) certain sizes of garments for children, with consequent liberalization of restraints on all these products;

(b) the levels of restraint on three categories were increased.

2.292 The agreement was extended, with amendments, for the period 1 January 1992 to 31 December 1993.

For a general observation on this provision see paragraph 4.146.
2.293 Under this extension as amended:

(a) the product coverage was reduced by the exclusion of (i) one product category (woven shirts); and (ii) clothing for boys and girls of height up to and including 152 cm; the restraint on woven shirts was liberalized;

(b) the base levels of the remaining restraints were substantially higher than previous levels;

(c) growth rates were increased but still remained below 6 per cent;

(d) swing was increased from 2.5 to 3 per cent and carryover and carry forward were improved from 8 and 4 per cent to 10 and 5 per cent;

(e) the limit on the cumulative use of flexibility was eliminated.

(COM.TEX/SB/1407, 1467, 1604 and 1771)

Norway/India

2.294 An agreement concluded under MFA III between Norway and India, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991, with the possibility of extension for one year.

2.295 Under this agreement:

(a) the product coverage was reduced from twenty-one to eight categories;

(b) previous restraints on two categories were liberalized;

(c) base level increases over previous restraints were higher than 6 per cent in three cases and less than 6 per cent in the remaining four cases (three categories and one merged category);

(d) the growth rate of one category at 0.1 per cent was lower than in the previous agreement; in other cases the growth rates, between 1 and 3 per cent, were higher than in the previous agreement;

(e) swing was less favourable than in the previous agreement for two categories (0.1 and 0.5 per cent); in other cases, swing at 3 and 5 per cent was more favourable;

(f) carryover/carry forward between 4/2 per cent and 10/5 per cent and cumulative use of flexibility between 4 and 10 per cent, were generally more favourable to India;

(g) additional access was provided for one category annually.
2.296 Under an amendment of the agreement, effective from 1 October 1990 to 31 December 1991:

(a) the product coverage was reduced by: (i) the deletion of four product categories and (ii) the exclusion of certain sizes of children's clothing, resulting in the liberalization of the products concerned;

(b) the limit on the cumulative use of flexibility was eliminated.

2.297 The agreement was extended, with amendments, for calendar year 1992, with provision for a further twelve-month extension.

2.298 Under this amended agreement:

(a) the product coverage was modified by the deletion of one product category (woven shirts) and the addition of another category (nets and netting); the former category was consequently liberalized, while the second category was made subject to consultations;

(b) the additional annual access previously available for suits for women and girls was integrated into the two clothing categories subject to restraint;

(c) the increase in the base levels for the clothing categories over previous levels was less than 6 per cent in one case and substantially more than 6 per cent in the other case; the base level increase for the non-clothing category was much lower than 6 per cent;

(d) in case of extension of the agreement, the applicable growth rates would be unchanged for the clothing categories, and slightly higher for the non-clothing categories; in all three cases these rates remain below 6 per cent;

(e) swing remained unchanged at 3 per cent for two categories and increased from 0.1 to 0.5 per cent for the third category;

(f) carryover and carry forward previously available at 4 and 2 per cent (one category) and 8 and 4 per cent (two categories) were increased to 10 and 5 per cent.

(COM.TEX/SB/1418, 1604 and 1748)

Norway/Indonesia

2.299 The first agreement between Norway and Indonesia was concluded under MFA IV for the period 1 October 1987 to 30 September 1991.

2.300 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.

2.301 The agreement was amended with effect from 1 October 1990 and extended until 31 December 1991. Under the amendment:

(a) the product coverage was reduced by: (i) the deletion of four product categories, and (ii) the exclusion of certain sizes of children's garments, resulting in the liberalization of all these products;

(b) the levels of all four categories remaining under restraint were increased.

2.302 The agreement was further extended, with amendments, for calendar year 1992. Under this extension as amended:

(a) the product coverage was increased by the addition of one category (knotted netting and nets) which was made subject to certification of origin;

(b) the base levels were more or substantially more than 6 per cent higher than previous levels in all but one case, where the increase was less than 6 per cent;

(c) the growth and flexibility provisions remained unchanged;

(d) the limit on the cumulative use of flexibility was eliminated.

Norway/Korea

2.303 An agreement concluded under MFA III between Norway and Korea, valid until 31 December 1989, was superseded by an agreement concluded under MFA IV for the period 1 January 1988 to 31 December 1991.

2.304 In this agreement:

(a) the product coverage was reduced from twenty-three to eight categories, all under restraint;

(b) previous restraints on five categories were liberalized and a new restraint was introduced on one category;
(c) increases in base levels for previously restrained categories were less than 6 per cent in one case, and higher or substantially higher than 6 per cent for the other cases; there was no previous trade in the category newly placed under restraint;

(d) growth rates at 2 per cent were higher than in the superseded agreement;

(e) swing, not available in the previous agreement, was available between 2 and 5 per cent;

(f) carryover and carry forward were unchanged at 8 and 4 per cent in all except one case, where they were set at 6 and 3 per cent and therefore lower than in the superseded agreement;

(g) a cumulative use of flexibility was established at 6 per cent in one case and at 8 per cent in all other cases.

2.305 Under an amendment with effect for calendar year 1991:

(a) the product coverage of the agreement was reduced by: (i) the deletion of four product categories and (ii) the exclusion of certain sizes of children's garments, resulting in the liberalization of the products concerned;

(b) the restraint level for one category previously merged with a liberalized category was effectively increased, as it was maintained at the level previously valid for the merged category.

2.306 The agreement was extended, with amendments, for the period 1 January 1992 to 31 December 1993.

2.307 Under this amended agreement:

(a) product coverage and products under restraint were modified by the removal of one product category (woven shirts) and by the addition of one product category (nets and netting);

(b) the base levels of the three previously restrained categories were increased by more or substantially more than 6 per cent over previous levels; the base level of the newly restrained category was more than 6 per cent higher than the rollback level;

(c) growth rates in all cases were less than 6 per cent, though increased for the previously restrained categories;

(d) the flexibility provisions, which also applied to the new restraint, were improved by the increase of carryover/carry forward from 8 and 4 per cent to 10 and 5 per cent, and by the removal of the limit on the cumulative use of flexibility.

(COM.TEX/SB/1443, 1604 and 1748)
Norway/Macau

2.308 An agreement concluded under MFA III between Norway and Macau, valid until 31 December 1987, was replaced by an agreement concluded under MFA IV for the period 1 January 1988 to 31 December 1991.

2.309 In this agreement:

(a) product coverage was reduced from twenty-one to eight categories;

(b) previous restraints on two categories were liberalized; the other restraints were maintained and a restraint was introduced on one category;

(c) increases in base levels for the previously restrained categories were substantially higher than 6 per cent; there was no previous trade for the newly restrained category;

(d) the growth rates at 2 per cent were higher than in the previous agreement;

(e) swing, not available previously, was set at 3 per cent;

(f) carryover and carry forward were available at 8 and 4 per cent;

(g) the cumulative use of flexibility was limited to 8 per cent.

2.310 Under an amendment effective for calendar year 1991, the product coverage of the agreement was reduced by: (a) the deletion of four product categories and (b) the exclusion of certain sizes of children's garments, resulting in the liberalization of all these products.

2.311 The agreement was extended, with amendments, for the period 1 January 1992 to 31 December 1993.

2.312 Under this extension:

(a) the product coverage was extended by the inclusion of one product, which was made subject to a surveillance system;

(b) the base levels were increased by more or substantially more than 6 per cent over previous levels;

(c) growth rates, previously at 2 per cent, were increased to 3 per cent;

(d) swing remained unchanged at 3 per cent;

(e) carryover/carry forward provisions were improved from 8 and 4 per cent to 10 and 5 per cent;

(f) the limitation on cumulative use of flexibility was eliminated.

(COM.TEX/SB/1443, 1604 and 1724)
Norway/Malaysia

2.313 An agreement concluded under MFA III between Norway and Malaysia, valid until 31 December 1987, was replaced by an agreement concluded under MFA IV for the period 1 January 1988 to 31 December 1991.

2.314 In this agreement:

(a) the product coverage was reduced from twenty-one to eight categories, all under restraint;

(b) previous restraints on two merged categories were liberalized;

(c) increases in base levels were higher (four categories and one merged category) or substantially higher (two categories) than 6 per cent over previous restraint levels;

(d) the growth rates, ranging between 1.5 and 3 per cent, were in all cases higher than in the previous agreement;

(e) swing, which was not available in the previous agreement, ranged between 2 and 4 per cent;

(f) carryover and carry forward at 6 and 3 per cent for one category and 8 and 4 per cent for all others, were in all cases higher than before;

(g) a cumulative use of flexibility was established at 8 per cent for all categories except one, for which it was set at 6 per cent.

2.315 Under an amendment effective for calendar year 1991, the product coverage of the agreement was reduced by: (a) the deletion of four product categories and (b) the exclusion of certain sizes of children's garments, resulting in the liberalization of all these products.

2.316 The agreement was extended, with amendments, for the period 1 January 1992 to 31 December 1993.

2.317 Under this amended agreement:

(a) product coverage was modified by the removal of one product category (woven shirts) and by the addition of one product category (nets and netting); the former category was consequently liberalized; the new category was made subject to consultation;

(b) the base levels of the three remaining restrained categories were increased by substantially more than 6 per cent over previous levels;

(c) growth rates in all cases were increased, but remained less than 6 per cent;
(d) swing remained unchanged at 3 per cent; carryover and carry forward were increased from 8 and 4 per cent to 10 and 5 per cent;

(e) the limitation on the cumulative use of flexibility was removed;

(f) a new consultation mechanism was introduced for products covered by the agreement but not subject to restraint.

(COM.TEX/SB/1443, 1604 and 1748)

Norway/Pakistan

2.318 The first agreement between Norway and Pakistan was concluded under MFA IV for the period 1 January 1988 to 31 December 1991.

2.319 Under this agreement:

(a) seven clothing and one made-up categories were covered, all under restraint;

(b) the base levels were all substantially higher than 6 per cent over the reference levels;

(c) growth rates were set at 1 per cent for one category and at 3 per cent for the others;

(d) swing was available at 1 per cent for one category, at 3 per cent for four categories, and at 5 per cent for the others;

(e) carryover/carry forward was provided at 4/2 per cent in one case and at 8/4 per cent for other categories;

(f) a cumulative use of flexibility was agreed at 4 per cent in one case and 8 per cent in all other cases.

2.320 Under an amendment effective for calendar year 1991 and implemented by Norway from 4 April 1991, the product coverage of the agreement was reduced by: (a) the deletion of four product categories and (b) the exclusion of certain sizes of children's garments, resulting in the liberalization of all these products.

2.321 From the notification made by Norway under Article 11, it can be noted that the agreement has been extended to 31 December 1993. This extension has not as yet been notified under Article 4. (COM.TEX/SB/1503 and 1619)

Norway/Philippines

2.322 An agreement concluded under MFA III between Norway and the Philippines, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.
In this agreement:

(a) the product coverage was reduced from twenty-one to eight categories, which all continued under restraint;

(b) previous restraints on five categories were liberalized;

(c) increases in base levels were higher or substantially higher than 6 per cent over previous restraints;

(d) the growth rates, at 3 per cent, were higher than those applicable in the previous agreement;

(e) swing, not available in the previous agreement, was available at 3 or 5 per cent;

(f) carryover and carry forward at 10 and 5 per cent were higher than before; a cumulative use of flexibility was established at 10 per cent.

Under an amendment effective for calendar year 1991, the product coverage of the agreement was reduced by: (a) the deletion of four product categories and (b) the exclusion of certain sizes of children's garments, resulting in the liberalization of all these products.

The agreement was extended, with amendments, for the period 1 January 1992 to 31 December 1993.

Under this amended agreement:

(a) product coverage and products under restraint were modified by the removal of one product category (woven shirts) and by the addition of one product category (nets and netting);

(b) the base levels of the three remaining restrained categories were increased over previous levels by less than 6 per cent in one case and by substantially more than 6 per cent in the other two cases; the base level of the newly restrained category was substantially more than 6 per cent higher than the rollback level;

(c) growth rates in all cases were less than 6 per cent; those applicable to the previously restrained categories remained unchanged;

(d) swing for the previously restrained categories remained unchanged at 3 per cent; for the new category it was set at 1 per cent;

(e) carryover and carry forward remained unchanged at 10 and 5 per cent;

(f) the limitation on the cumulative use of flexibility was removed.

(COM.TEX/SB/1443, 1604 and 1748)
2.327 An agreement concluded under MFA III between Norway and Poland, valid until 31 December 1987, was replaced by an agreement concluded under MFA IV for the period 1 January 1988 to 31 December 1991.

2.328 In this agreement:

(a) the product coverage was reduced and two previous restraints were removed;

(b) increases in base levels over previous restraints were in all cases higher than 6 per cent and in three cases substantially higher;

(c) growth rates, set between 1 and 2 per cent, were in all cases higher than previously;

(d) swing, unavailable in the previous agreement, was now available, with certain limitations, at 2.5 per cent;

(e) carryover remained unchanged at 8 per cent, while carry forward at 5 per cent was higher; the cumulative use of flexibility remained unchanged at 8 per cent;

(f) consultation provisions regarding the introduction of new restraints and for dealing with cases of circumvention were included.

2.329 Under a September 1988 amendment agreed by the parties:

(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.

2.330 Two further amendments to the agreement were agreed. Under the first amendment, effective for the period 1 January 1990 to 31 December 1991:

(a) the product coverage was reduced further by the deletion of four product categories, with the consequent liberalization of restraints on these categories;

---

5 For a general observation on this provision see paragraph 4.146.
(b) restraint levels on two categories were increased;

(c) the restraint level for one category previously merged to a liberalized category was effectively increased, as it was maintained at the level previously valid for the merged category.

2.331 Under the second amendment, valid for calendar year 1991:

(a) certain sizes of clothing for children were excluded from the coverage of the agreement and consequently from restraint;

(b) all four restraint levels were increased for the 1991 agreement year.

2.332 The agreement was extended, with amendments, until 31 December 1993. Since the notification of this extension was received without Poland having accepted the 1991 Protocol extending the 1986 Protocol, the TSB, did not review it and transmitted it to the Textiles Committee under Articles 7 and 8. The elements of the extension, listed below, have been noted by the TSB Secretariat.

2.333 Under this amended extension:

(a) the product coverage was modified by the removal of one product category (woven shirts) and by the addition of another (nets and netting); the former category was consequently liberalized, and the new category placed under restraint;

(b) the base levels of the three previously restrained categories were increased by more or substantially more than 6 per cent over previous levels; the level for the new restraint was much higher than previous trade;

(c) the growth rates were increased but remained at less than 6 per cent; growth at less than 6 per cent was provided for the newly restrained category;

(d) the flexibility provisions were improved by the increase of swing from 2.5 to 3 per cent, by the increase of carryover from 8 to 10 per cent, and by the removal of the limit on the cumulative use of flexibility; carry forward remained unchanged at 5 per cent.

2.334 An agreement concluded under MFA III between Norway and Romania, valid until 31 December 1987, was replaced by an agreement under MFA IV for the period 1 January 1988 to 31 December 1991.

2.335 In this agreement:

(a) the product coverage was reduced from twenty-one to eight categories, all under restraint;
(b) two categories previously subject to restraint were deleted from the agreement, and a restraint was introduced on one category;

(c) increases in base levels over previous restraints were higher than 6 per cent on all but one case, where it was lower than 6 per cent;

(d) growth rates at 1 and 1.5 per cent were higher than in the previous agreement;

(e) swing, not available in the previous agreement, was set at 2.5 per cent, with no swing out of one category;

(f) carryover and carry forward at 8 and 5 per cent were more favourable to Romania than in the previous agreement; a cumulative use of flexibility was set at 8 per cent.

2.336 Under an amendment effective for the period 1 January 1990 to 31 December 1991:

(a) the product coverage was reduced by: (i) the deletion of four product categories and (ii) the exclusion of certain sizes of garments for children, with consequent liberalization of restraints on all these products;

(b) the levels of restraint on two categories were increased.

2.337 This agreement was extended, with amendments, for the period 1 January 1992 to 31 December 1993.

2.338 Under this extension as amended:

(a) the product coverage and products under restraint were modified by the exclusion of one product category (woven shirts for men and boys) and the inclusion of another product category (knotted nets and netting);

(b) the base levels of the three previously restrained categories were substantially higher than the 1991 levels; the base level of the newly restrained category was substantially higher than the 1991 imports;

(c) a growth rate of 3 per cent applied to all restraints; previously the applicable growth rate was 1 per cent;

(d) swing at 3 per cent and carryover at 10 per cent were higher than the previous provisions; carry forward remained unchanged at 5 per cent;

(e) the limit on the cumulative use of flexibility was eliminated.

(COM.TEX/SB/1485, 1604 and 1793)
Norway/Singapore

2.339 An agreement concluded under MFA III between Norway and Singapore, valid until 30 June 1988, was superseded by an agreement concluded under MFA IV for the period 1 January 1988 to 31 December 1991.

2.340 Under this agreement:

(a) the coverage was reduced from twenty-one to eight product categories, all under restraint;

(b) previous restraints on four product categories were liberalized;

(c) increases in base levels over previous levels were higher, and in three cases substantially higher, than 6 per cent;

(d) growth rates were set at 3 per cent and were in all cases higher than in the previous agreement;

(e) swing, not available in the previous agreement, was set at 3, 4 and 5 per cent;

(f) carryover and carry forward were set at 10 and 5 per cent, with a cumulative use of flexibility limited to 10 per cent.

2.341 Under an amendment, effective for calendar year 1991, the product coverage in the agreement was reduced by: (a) the deletion of four product categories and (b) the exclusion of certain sizes of children's garments, resulting in the liberalization of all these products.

2.342 From Norway's notification under Article 11, it may be noted that the agreement has been extended to 31 December 1992. This extension has not as yet been notified under Article 4. (COM.TEX/SB/1485 and 1604)

Norway/Sri Lanka

2.343 An agreement concluded under MFA III between Norway and Sri Lanka, valid until 31 December 1987, was replaced by an agreement concluded under MFA IV for the period 1 January 1988 to 31 December 1991.

2.344 In this agreement:

(a) the product coverage was reduced from twenty-one to seven categories, all under restraint;

(b) previous restraints on five categories were liberalized;

(c) increases in base levels over previous restraints were higher than 6 per cent for two merged categories and substantially higher for the other three categories;

(d) the growth rates, set at 3 per cent, were in all cases higher than in the previous agreement;
(e) swing, not available in the previous agreement, was set at 3 per cent;

(f) carryover and carry forward, at 8 and 4 per cent, were higher than previously;

(g) a cumulative use of flexibility was established at 8 per cent.

2.345 Under an amendment with effect for calendar year 1991:

(a) the product coverage of the agreement was reduced by: (i) the deletion of four product categories and (ii) the exclusion of certain sizes of children's garments, resulting in the liberalization of the products concerned;

(b) the restraint level for one category previously merged with a liberalized category was effectively increased, as it was maintained at the level previously valid for the merged category.

2.346 The agreement was extended, with amendments, for the period 1 January 1992 to 31 December 1993.

2.347 Under this amended agreement:

(a) product coverage was modified by the removal of one product category (woven shirts) and by the addition of one product category (nets and netting); the former category was consequently liberalized, while the new category was made subject to a consultation level;

(b) the base levels of the three remaining restrained categories were increased by substantially more than 6 per cent over previous levels;

(c) growth rates remained unchanged at less than 6 per cent; growth at less than 6 per cent was provided for the category subject to the consultation level;

(d) the flexibility provisions, which also applied to the category placed under a consultation level, were improved by the increase of carryover/carry forward from 8 and 4 per cent to 10 and 5 per cent, and by the removal of the limit on the cumulative use of flexibility;

(e) a new consultation mechanism was introduced for products subject to consultation levels.

(COM.TEX/SB/1443, 1604 and 1748)

Norway/Thailand

2.348 An agreement concluded under MFA III between Norway and Thailand, valid until 31 December 1987, was superseded by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1990, with the possibility of a twelve-month extension.
2.349 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;

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

2.350 An amendment effected through an exchange of notes dated 30 January 1990 deleted the last paragraph of Article 14 of the agreement.

2.351 The agreement was extended for calendar year 1991. Under this extension, as amended:

(a) the product coverage was reduced by the exclusion of four product categories and of certain sizes of children's garments, resulting in the liberalization of these products;

(b) the restraint levels for the last agreement period were increased over those of the previous year by more than the relevant growth rates;

(c) the flexibility rates for one category were increased.

2.352 The agreement was further extended, with amendments, for the period 1 January 1992 to 31 December 1993.

2.353 Under this extension:

(a) product coverage and products under restraint were modified by the removal of one product category (woven shirts) and by the addition of one product category (nets and netting);
(b) the base levels of the three remaining restrained categories were increased by more or substantially more than 6 per cent over previous levels; the base level of the newly restrained category was more than 6 per cent higher than the rollback level;

(c) growth rates in all cases were less than 6 per cent; those applicable to the previously restrained categories remained unchanged;

(d) swing for the previously restrained categories remained unchanged at 3 per cent; for the new category it was set at 1 per cent;

(e) carryover and carry forward remained unchanged at 10 and 5 per cent;

(f) the limitation on the cumulative use of flexibility was removed.

(COM.TEX/SB/1467, 1547, 1604 and 1724)

Norway/Yugoslavia

2.354 An agreement concluded under MFA III between Norway and Yugoslavia, valid until 31 December 1987, was replaced by an agreement concluded under MFA IV for the period 1 January 1988 to 31 December 1990.

2.355 Under this agreement:

(a) the product coverage was reduced from twenty to eight categories;

(b) all previous restraints (on three categories) were maintained;

(c) increases in base levels were, in all three cases, much higher than 6 per cent;

(d) the growth rates at 1.5 per cent were higher than those in the previous agreement;

(e) swing, not available in the previous agreement, was set at 2.5 per cent, with no swing for one category;

(f) carryover and carry forward were available at 8 and 5 per cent, with a cumulative use of flexibility established at 8 per cent.

2.356 Under an October 1988 amendment of the agreement, the restraint level on one category (bedlinen) was increased from 20,000 kgs to 30,000 kgs.

2.357 The agreement was extended for the period 1 January to 31 July 1991. For this extended period the product coverage was reduced by four categories which were previously subject to consultation, and by the exclusion of certain sizes of children's garments. The growth provisions of the agreement were applied to the restrained categories.
2.358 The agreement was again extended, with modifications, until 31 December 1991. For the 1991 agreement year all three restraint levels were increased to levels higher, and in one case substantially higher, than the previous notional annual levels. The flexibility provisions remained unchanged, namely, swing at 2.5 per cent, carryover and carry forward at 8 and 5 per cent and the cumulative use of flexibility limited to 8 per cent.

2.359 This agreement expired without being replaced. (COM.TEX/SB/1443, 1485, 1619 and 1688)

Sweden

2.360 Sweden is not participating in the MFA as extended by the 1991 Protocol, but participated in the Arrangement until 31 July 1991. Sweden denounced all its restraint agreements maintained under the MFA and valid beyond 31 July 1991 (COM.TEX/SB/1619). The paragraphs below, therefore, concern the evolution of restrictions maintained by Sweden under MFA IV until 1 August 1991, when all quantitative restraints were terminated.

Sweden/Brazil

2.361 The MFA III agreement between Sweden and Brazil expired on 31 August 1987, without being replaced.

Sweden/China

2.362 Sweden concluded a bilateral agreement with China for the period 1 December 1988 to 31 July 1991.

2.363 Under this agreement, which replaced bilateral quotas previously notified by Sweden under Article 11:

(a) eight categories under the previous bilateral quotas were kept under restraint and two were liberalized; one product category was newly placed under restraint;

(b) the base levels, which were higher than previous restraint levels for eight categories, took into account the migration of products between categories, resulting from the introduction of the Harmonized System; for one product newly placed under restraint the base level was higher than the agreed reference level;

(c) the growth rates between 1.25 and 2.5 per cent for the second agreement period were higher than those applicable previously; for the third agreement period the applicable rates were between 1.5 and 3 per cent;

(d) swing, carryover and carry forward were set at 5 per cent each for one category, and at 3 per cent each for the remaining categories;
(e) the cumulative use of flexibility was limited to 10 per cent (one category) and 6 per cent (all other categories).

2.364 Under an amendment, the coverage was increased by one category and placed under restraint for the period 1 May 1990 to 31 July 1991. The base level was substantially higher than the agreed reference level, and swing for this category was available at 5 per cent. (COM.TEX/SB/1619)

**Sweden/Hong Kong**

2.365 The agreement between Sweden and Hong Kong under MFA III expired on 31 August 1987. Another agreement was concluded under MFA IV for the period 1 September 1987 to 31 August 1992.

2.366 In this agreement:

(a) the product coverage was reduced from twenty to fourteen product categories, with a further reduction by one category for the last two agreement periods;

(b) increases in base levels over previous restraint levels were in all cases less than 6 per cent;

(c) growth rates for the second agreement year at 1.25 per cent (nine categories), 2.5 per cent (four categories) and 3 per cent (one category), were in all cases higher than in the previous agreement; for the subsequent agreement years the growth rates for thirteen categories increased by annual increments of 0.25 or 0.5 per cent to reach 2 or 4 per cent in the final agreement year; for one category, the growth rates were 3 per cent for the second agreement year and 4 per cent for the third agreement year, after which the category would be liberalized;

(d) swing, which was incorporated in the limits in the previous agreement, was set at 3 or 5 per cent;

(e) carryover and carry forward at 3 and 3 per cent or 5 and 5 per cent were higher than in the previous agreement; a cumulative use of flexibility was set at 6 or 10 per cent.

(COM.TEX/SB/1547)

**Sweden/India**

2.367 The bilateral agreement between Sweden and India concluded for the period 1 January 1987 to 31 December 1991, superseded a six-month extension ending 30 June 1987 of the agreement they had concluded under MFA III.

2.368 In this agreement:

(a) coverage was reduced from seventeen to eight product categories;
(b) previous restraints on the Rest Group (except one category), and three categories were liberalized; two categories would be liberalized for the last two agreement years;

(c) limitation of access for products made from handloom fabrics continued to apply for certain clothing categories, but was lifted for made-up items;

(d) increases in base levels over previous restraint levels were less than 6 per cent, except for products from handloom fabrics for one category;

(e) the growth rates were higher than in the previous agreement and increased annually to reach between 2 and 4 per cent;

(f) swing, carryover and carry forward were available at 3 per cent each, except for two categories, where they were available at 5 per cent each;

(g) the cumulative use of flexibility, limited at 6 and 10 per cent, were more favourable than in the previous agreement.

(Sweden/Indonesia)

2.369 The agreement concluded under MFA III between Sweden and Indonesia expired on 31 December 1987, and was succeeded by another for the period 1 January 1988 to 31 December 1992.

2.370 In this agreement:

(a) the product coverage was reduced from twenty to five product categories, all placed under restraint;

(b) previous restraints on one category and babies' woven garments were liberalized; a restraint was introduced on a clothing category;

(c) increases in base levels over previous restraint levels were at 2 per cent for one merged category and at 1.5 per cent for two categories; the base level for the new restraint was set at 1 per cent over the agreed reference level;

(d) the growth rates were higher than in the previous agreement and increased annually, reaching between 2 and 3 per cent in the final agreement year;

(e) flexibility provisions for which no specific rates had been set in the previous agreement, were available at 3 per cent for each of swing, carryover and carry forward;
(f) the cumulative use of flexibility was limited to 6 per cent.

(COM.TEX/SB/1542)

Sweden/Korea

2.371 The bilateral agreement concluded under MFA III by Sweden and Korea and scheduled to expire on 28 February 1987, was extended to 30 June 1987. A new agreement was concluded for the period 1 July 1987 to 29 February 1992.

2.372 Under the extension:

(a) the aggregate limit on twelve categories was liberalized;

(b) adjustments were made in the product coverage of certain categories due to the introduction of the Harmonized System;

(c) the four-month limits were increased by 0.2 per cent.

2.373 Under the new agreement:

(a) restraints on five categories and three part categories were liberalized; a further part category would be restrained only for the first three agreement periods;

(b) increases in base levels over previous restraints ranged between 1 and 3 per cent;

(c) growth rates for the second year ranging between 1.25 and 3 per cent were in all cases higher than the growth rates in the previous agreement; for subsequent years these growth rates would increase either by 0.25 per cent or 0.5 per cent per year, but would in no case reach more than 4 per cent;

(d) swing, previously incorporated in the restraint levels, was now explicitly available at 3 per cent in seven cases and at 5 per cent for the other categories, and was therefore more favourable to Korea than in the previous agreement;

(e) carryover and carry forward were set at 3 and 3 per cent in seven cases and at 5 and 5 per cent in the other cases; the cumulative use of flexibility was available at 6 per cent in seven cases and at 10 per cent in the other cases; the flexibility provisions were in all cases more favourable to Korea;

(f) babies' woven garments were excluded from the agreement.

(COM.TEX/SB/1391)
Sweden/Macau

2.374 The bilateral agreement between Sweden and Macau, concluded under MFA III, expired on 31 December 1987 and was succeeded by an agreement concluded for the period 1 January 1988 to 31 March 1993.

2.375 In this agreement:

(a) product coverage was reduced from seventeen to ten product categories, all under restraint;

(b) the Rest Group and some restrained products were liberalized;

(c) increases in base levels were at 1.5 per cent for one case, 2 per cent for eight cases and 3 per cent for the remaining case;

(d) growth rates for the second year at 1.75, 2.25, 2.5 and 3.0 per cent were higher that in the previous agreement; for subsequent years the growth rate would increase annually by 0.25 per cent (five categories); by 0.5 per cent (four categories); for the remaining category the growth rate would increase by 1 per cent for the third agreement year, after which the category would no longer be under restraint;

(e) swing, carryover and carry forward were unchanged for five categories at 3 per cent, and for other categories were higher at 5 per cent;

(f) cumulative use of flexibility at 6 per cent (five categories) and 10 per cent (other categories) was more advantageous to Macau than in the previous agreement.

(COM.TEX/SB/1525)

Sweden/Malaysia

2.376 The bilateral agreement between Sweden and Malaysia concluded under MFA III expired on 30 June 1987. The parties concluded another agreement for the period 1 July 1987 to 30 June 1992.

2.377 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;

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

2.378 Under an amendment, the product coverage of the agreement was increased by the inclusion of knitted underwear; this product was placed under a restraint for the period 1 May 1990 to 31 July 1991, at a level much higher than previous trade. Swing was available at 5 per cent. (COM.TEX/SB/1467 and 1632)

**Sweden/Pakistan**

2.379 The agreement concluded between Sweden and Pakistan under MFA III was extended for the period 1 May to 30 June 1987. Another agreement was concluded for the period 1 July 1987 to 30 April 1992.

2.380 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.

2.381 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.

Sweden/Philippines

2.382 The agreement between Sweden and the Philippines concluded under MFA III, expired on 31 October 1987 and was succeeded by an agreement valid for the period 1 November 1987 to 31 October 1992.

2.383 In this agreement:

(a) the product coverage was reduced from seven product categories and the Rest Group to five product categories, with a further reduction by one product category for the last two agreement periods;

(b) increases in base levels for the five restrained categories were less than 6 per cent; extra access during the agreement period was provided for three product categories through ad hoc quantities;

(c) growth rates for the second agreement year at 1.75 per cent (one category), 2.25 per cent (three categories) and 3 per cent (one category) were in all cases higher than in the previous agreement; for the subsequent year, the growth rates increased by annual increments of 0.25 per cent, except for one category where the growth rate for the third agreement year was 4 per cent, and the category liberalized subsequently;

(d) swing, carryover and carry forward were available as in the previous agreement at 3 per cent each, except for one category where they were increased to 5 per cent each;

(e) the cumulative use of flexibility was raised to 6 per cent and 10 per cent (one category).

Sweden/Singapore

2.384 The agreement between Sweden and Singapore concluded under MFA III expired on 30 November 1988. Another agreement was concluded for the period 1 December 1988 to 31 December 1993.

2.385 In this agreement:

(a) the product coverage was reduced from twenty to eight product categories, all under restraint;
(b) the Rest group and some restrained products were liberalized;

(c) increases in base levels were at 1.5 or 2 per cent;

(d) growth rates for the second year at 1.75, 2.25 or 2.5 per cent were in all cases higher than previous rates; for subsequent years the growth rates would increase annually by 0.5 per cent (one category) or 0.25 per cent (all other categories), but would in no case be higher than 4 per cent;

(e) swing, carryover and carry forward, available at 3 per cent each, were unchanged from the previous agreement, except for one category where they were all set at 5 per cent; a cumulative use of flexibility at 10 per cent for one Category and 6 per cent for the others, was more favourable to Singapore.

(Sweden/Sri Lanka)

2.386 The agreement concluded under MFA III between Sweden and Sri Lanka expired on 31 July 1988. A new agreement was concluded for the period 1 August 1988 to 31 July 1993.

2.387 In this agreement:

(a) the product coverage was reduced from fourteen categories to three clothing categories, all under restraint;

(b) the Rest Group (except for one clothing category, now subject to a specific restraint) and one clothing category were liberalized; babies' woven garments are no longer included in the restraints;

(c) increases in base levels over previous restraint or reference levels were at 1.5 per cent in one case and 2 per cent in the other cases;

(d) the annual growth rates for the second agreement year, at 1.75 per cent (one category) and 2.25 per cent (two categories), were higher than in the previous agreement for the two categories previously under specific limit; for the subsequent agreement years the annual growth rates increase annually by 0.25 per cent to reach 2.5 or 3 per cent in the final agreement year;

(e) swing, carryover and carry forward, at 3 per cent each remained unchanged from the previous agreement;

(f) a cumulative use of flexibility, previously set at 3 per cent, was increased to 6 per cent.

(COM.TEX/SB/1530)
Sweden/Thailand

2.388 The agreement between Sweden and Thailand concluded under MFA III expired on 31 August 1987. A successor agreement was concluded for the period 1 November 1987 to 31 October 1992.

2.389 In this agreement:

(a) the product coverage was reduced through the elimination of certain products previously subject to restraints, including products in the Rest Group and babies' woven garments, which were thus liberalized;

(b) adjustments were made to the product coverage of certain categories due to the introduction of the Harmonized System;

(c) increases in base levels were 1.5 or 2 per cent;

(d) growth rates for the second year at 1.75 or 2.25 per cent were in all cases higher than previous rates; for subsequent years these growth rates will increase by 0.25 per cent per year, but will in no case be higher than 3 per cent;

(e) swing, carryover and carry forward, available at 3.3 and 3 per cent, respectively, were unchanged from the previous agreement; the cumulative use of flexibility, set at 6 per cent, was more favourable to Thailand than in the previous agreement.

Sweden/Turkey

2.390 The first bilateral agreement between Sweden and Turkey was concluded for the period 16 May 1988 to 15 May 1991.

2.391 In this agreement:

(a) the product coverage was limited to three clothing categories and bed linen, all placed under restraint;

(b) all base levels were substantially higher than the relevant reference levels;

(c) additional quantities were agreed for all four categories for the first agreement period;

(d) growth rates for the second and third agreement years were set at 1.25 and 1.5 per cent, respectively;

(e) swing, carryover and carry forward were each available at 3 per cent, with their cumulative use limited to 6 per cent.
2.392 Under an amendment, a new restraint was agreed on knitted underwear for the period 16 June 1990 to 15 May 1991 at a level substantially higher than previous trade. Swing was available at 5 per cent. (COM.TEX/SB/1604 and 1619)

**Sweden/Yugoslavia**

2.393 The agreement under MFA III between Sweden and Yugoslavia was extended for the six-month period ending 30 June 1987. An agreement was concluded for the period 1 July 1987 to 31 December 1991.

2.394 In the extension:

(a) the aggregate limit was liberalized;

(b) the limits were increased by the growth rates in the agreement;

2.395 Under the new agreement:

(a) one category, two part categories and the Rest Group were liberalized, and babies' garments not knit were excluded from the restraints;

(b) base level increases over previous restraint levels were in all cases lower than 6 per cent; in the case of one category where product coverage was extended due to the introduction of the Harmonized System, the base level was increased to take account of the increased coverage;

(c) growth rates for the second agreement year ranging between 1.25 and 2.25 per cent were in all cases higher than the growth rates in the previous agreement; for the subsequent years all growth rates would increase 0.25 per cent per year;

(d) swing, which had been incorporated in the levels in the previous agreement, was now explicitly available at 3 per cent;

(e) carryover and carry forward were available at 3 and 3 per cent; the cumulative use of flexibility was set at 6 per cent.

(COM.TEX/SB/1369)

**United States**

**United States/Argentina**

2.396 The first agreement concluded between the United States and Argentina was valid for the period 1 July 1989 to 31 March 1992. It covered one category (wool trousers for women and girls) which was placed under restraint.

2.397 The base level was set at more than 6 per cent over the roll back level, with a growth rate of 1 per cent. Carryover and carry forward were
available at 5 and 5 per cent, with additional carry forward of 2 per cent for the first agreement period.

2.398 This agreement expired without being replaced. (COM.TEX/SB/1647)

**United States/Bangladesh**

2.399 A selective agreement concluded under MFA III between the United States and Bangladesh covered categories placed under restraint until 31 January 1988.

2.400 This agreement was amended under MFA IV. A restraint was agreed on Category 635 (man-made fibre coats for women, girls and infants) for the period 1 August 1986 to 31 January 1989. The base level was substantially higher than the rollback level, and growth was set at 6 per cent. Swing, carryover/carry forward were available at 6 and 11/6 per cent respectively, with no carryover in the first restraint period and no carry forward in the last restraint period.

2.401 Under another amendment of the agreement:

(a) the six specific limits due to expire on 31 January 1988 were extended to 31 January 1989, with 6 per cent growth;

(b) a sub-limit of no more than 35 per cent of the specific limit for Category 341 (cotton blouses) was established for blouses made of yarn-dyed fabrics;

(c) the product coverage was extended by the introduction of specific limits agreed on Categories 641 (man-made fibre blouses) and 647/648 (man-made fibre trousers) as of 1 October 1986, and on Category 336 (cotton coats) as of 1 February 1987, with sub-limits on 641pt (blouses of yarn-dyed fabric) and 647/8pt (long trousers and slacks).

2.402 The increases over rollback levels for the new specific limits mentioned in (c) of the above paragraph were in all cases substantially higher than 6 per cent, with annual growth rates of 6 per cent. Swing was available at 6 per cent with additional special swing of 15 per cent into Categories 641 and 647/648 from any other limit, except from Category 331. Carryover/carry forward were provided at 11/6 per cent.

2.403 Under yet another amendment, a restraint was agreed on Category 645/646 (man-made fibre sweaters) for the period 1 November 1986 to 31 January 1990, thus superseding a unilateral measure taken by the United States under Article 3:5. The base level was substantially higher than the Article 3:5 level; growth, swing, carryover/carry forward were set at 6, 6 and 11/6 per cent respectively.
2.404 The agreement was again amended; three new restraints were agreed on Categories 338/339 (cotton knit shirts) from 1 June 1987, 342/642 (cotton and man-made fibre skirts) from 1 July 1987 and 638/639 (man-made fibre shirts) from 1 September 1987; in all cases the restraints extended to 31 January 1990.

2.405 The restraint levels were substantially higher than the respective rollback levels; annual growth was set at 6 per cent, swing at 6 per cent and carryover/carry forward at 11/6 per cent.

2.406 The agreement was extended until 31 January 1992 with respect to those categories which had been under restraint until 31 January 1989.

2.407 Under this extension:

(a) the limit on one category, and the sub-limit on a part category, were liberalized, resulting in the extension of restraints on nine categories or merged categories;

(b) increases in base levels over previous restraints were higher than 6 per cent for six categories and at 6 per cent for three categories; base level increases for two sub-limits were substantially higher than 6 per cent;

(c) the growth rates for all categories remained unchanged at 6 per cent;

(d) swing was set at 6 per cent, with additional swing possible for two categories; for the first agreement period of the extension special swing was possible between two merged categories;

(e) carryover/carry forward were available at 11/6 per cent.

2.408 Yet another amendment, valid for the period 1 August 1989 to 31 January 1993, was agreed by the parties.

2.409 Under this amendment:

(a) the product coverage was increased by one category and two merged categories, all placed under restraint;

(b) the base levels were substantially higher than the relevant rollback levels;

(c) the annual growth rate was set at 6 per cent;

Category 338/339 was previously subject to a measure under Article 3:5.
(d) the flexibility provisions of the agreement applied
(i.e., 6 per cent swing, 11/6 per cent carryover/carry forward).

2.410 The agreement was extended until 31 January 1993, with respect to
four merged categories which had been subject to restraint until
31 January 1990.

2.411 Under this extension:

(a) the base-levels were increased by more than 6 per cent over
the levels of the period ending on 31 January 1990;

(b) the growth rates remained unchanged at 6 per cent;

(c) swing at 6 per cent and carryover/carry forward at 11/6 per cent
continued to apply.

2.412 The TSB was informed by the United States that with the extension of
the restraints on these four merged categories, all restraints covered by
the agreement now had the same termination date.

2.413 A further amendment of the agreement covered an agreed restraint on
shop towels (Category 369-S) for the period 1 February 1991 to

2.414 The base level was set by increasing the rollback level
substantially more than 6 per cent, and the annual growth rate was agreed
at 6 per cent. The flexibility provisions of the agreement applied to this
restraint (i.e., swing at 6 per cent and carryover/carry forward at
11/6 per cent.

2.415 This agreement was extended, with amendments, for the period
1 February 1992 to 31 January 1995, superseding the restraint levels in
force from the agreement year 1992/93 on.

2.416 Under this extension with amendments:

(a) the product coverage was increased by three categories to twenty
categories or merged categories; the three newly added
categories were placed under restraint;

(b) all previous restraints were maintained, and their variable
periods of validity extended to 31 January 1995; three
sub-limits were eliminated;

(c) the base levels of the new specific limits for 1991/92 were set
at levels substantially higher than the relevant rollback levels,
and their levels for 1992/93 were increased by more than
6 per cent; the base levels of previously existing restraints
for 1992/93 were increased by 10 per cent;
(d) the annual growth rate for all categories for the subsequent periods (i.e., 1993/94 and 1994/95) was set at 7 per cent; for the previously restrained categories, the growth rate had been 6 per cent;

(e) swing was increased from 6 to 7 per cent; more categories or merged categories could benefit from the additional swing possibilities;

(f) carryover/carry forward remained unchanged at 11/6 per cent.

COM.TEX/SB/1241, 1285, 1325, 1359, 1542, 1573, 1647 and 1793

**United States/Brazil**

2.417 An agreement concluded under MFA III between the United States and Brazil, valid until 31 March 1988, was amended by the introduction of an agreed limit on Category 314 (cotton poplin and broadcloth) with effect from 28 August 1986.

2.418 The level agreed for Category 314 was substantially higher than that previously established by the United States, with growth for the last agreement period, ending 31 March 1988, at 4.5 per cent. Swing was available at 6 per cent, with the alternative of special swing of 20 per cent from any other cotton fabric category subject to a restraint. Carryover/carry forward were provided at 11/6 per cent.

2.419 Under another amendment, a restraint was agreed on wool suit-type coats for men and boys (Category 433) for the period 1 December 1986 to 31 March 1988. The base level was much higher than the reference level, and growth was set at 1 per cent. The flexibility provisions of the agreement, of 6 per cent swing and 11/6 per cent carryover/carry forward applied.

2.420 A new agreement was concluded by the parties, under MFA IV, for the period 1 April 1988 to 31 March 1992.

2.421 In this agreement:

(a) the product coverage remained unchanged;

(b) previous restraints on two categories and a merged category were liberalized, while two other categories and a merged category were brought under restraint;

(c) the aggregate limit was maintained, with the base level set at more than 6 per cent over the previous limit;

(d) there were substantial decreases in base levels for two categories; for other categories under specific limit, increases in base levels over previous limits or reference levels were 1 per cent for the wool categories, while for the cotton and
man-made fibre categories they were 6 per cent in two cases, higher than 6 per cent in nine cases and substantially higher than 6 per cent in ten cases;

(e) the growth rates remained at 1 per cent for the wool categories and at 6 per cent for the other categories; for the aggregate limit, the growth rate of 6 per cent was lower than in the previous agreement;

(f) the flexibility provisions were unchanged, with swing at 6 per cent and carryover/carry forward at 11/6 per cent. Additional swing was provided for a sub-limit.

2.422 Amendments of the agreement, effective 1 January 1989, were concerned with:

(a) the administration of the agreement resulting from the implementation of the Harmonized Commodity Code by the United States; and

(b) the replacement of Categories 337 (cotton playsuits) and 637 (man-made fibre playsuits) by merged Category 237.

2.423 The agreement was further amended with the introduction by the United States, pursuant to the consultation provisions of the agreement, of a restraint on Category 351/651 (cotton and man-made fibre nightwear), with effect from 24 May 1990. This measure was referred to the TSB by Brazil under Article 11, paragraphs 4 and 5 (see paragraph 2.24 (iii) (a) above).

2.424 In its meeting of 14 December 1990 the TSB was informed that, due to declining exports of the product from Brazil, the United States had agreed to remove the restraint.

2.425 The agreement was extended for the period 1 April 1992 to 31 March 1993, with provision for a further extension to 31 March 1994. The product coverage, categories under restraint, growth and flexibility provisions remained unchanged. (COM.TEX/SB/1285, 1325, 1455, 1523, 1565, 1573 and 1793)

United States/China

2.426 An agreement concluded before China joined the Arrangement, valid until 31 December 1987, was amended under MFA IV. According to this amendment:

(a) specific limits were agreed for three Categories (319, 637 and 650) and one part-Category (659-S), with effect from the agreement year 1987, at levels much higher than the applicable formula levels;
(b) swing of 5 per cent was made available for the new specific limits, as well as special swing of 10 per cent from any other specific limit into Category 637;

(c) overshipments of 5,000 dozen would be charged to the 1987 limit on Category 637 and, under the agreement that would replace the current one on 1 January 1988, in each of the following four years;

(d) specific limits and annual growth rates for the Categories and part-Category in (a) above were agreed for the future agreement between the parties.

2.427 Another agreement, covering only Category 335 (cotton coats), was concluded by the parties under MFA IV for the period 1 January 1988 to 31 December 1991, pending the negotiation of a new comprehensive agreement.

2.428 In this agreement:

(a) the base level was 3.3 per cent over the 1987 restraint level;

(b) the growth rate at 2.7 per cent was lower than in the previous agreement;

(c) provision was made for a special carry forward for application in 1987;

(d) it was agreed that if the new comprehensive agreement was not concluded by 31 December 1987 the specific limits on Category 335 would be effective for the period 1 January 1988 to 31 December 1991.

2.429 A comprehensive agreement was concluded by the United States and China for the period 1 January 1988 to 31 December 1991, and subject to extension for a further twelve-month period, which superseded the agreement by the parties on Category 335, mentioned in the two preceding paragraphs.

2.430 In this new agreement:

(a) fibre coverage for apparel was extended to include silk blends and vegetable fibres other than cotton;

(b) product coverage was adapted to the new categorization system;

(c) all previous restraints were maintained and restraints or sub-limits introduced on twenty-one categories or sub-categories;

(d) the categories covered in the agreement were divided into four Groups, Group I including all categories subject to specific
limits; all other categories of cotton, wool and man-made fibres fell within Groups II (apparel) and III (non-apparel); new fibre apparel categories not subject to restraint fell within Group IV; Group limits were introduced on Groups II, III and IV;

(e) increases in base levels for categories previously under restraint varied between 1 and 22.6 per cent; for new restraints they were higher or substantially higher than 6 per cent over the relevant reference levels; in certain cases it was not possible to calculate the increases, due to the new categorization;

(f) increases in base levels for the Group limits were higher or substantially higher (Group IV) than the relevant reference levels;

(g) growth rates for the wool categories remained unchanged at 1 per cent. For all other categories growth rates varied between 2 and 6 per cent and were lower than in the previous agreement in ten cases; growth rates for Group II were 0.5 per cent for the second agreement year and subsequently at 5.5 per cent; for Group III were 0.2 per cent in the second agreement year and subsequently at 5.2 per cent; for Group IV the growth rate was 6 per cent;

(h) swing for the Groups was 5 per cent and 5 or 7 per cent with certain limitations for specific limits; additional swing was provided for some categories;

(i) carryover was available at 3 and 5 per cent for the Groups and at 2 per cent for the specific limits; carry forward with certain limitations was set at 2 and 3 per cent for the Groups and 3 per cent for the specific limits, with additional carry forward of 2 per cent for the first agreement year. Cumulative use of carryover and carry forward was set at 3 and 5 per cent for the Groups and at 3 per cent for specific limits (except for 1988 at 5 per cent). The flexibility provisions were, in almost all cases, less favourable to China than previously; there was a possibility for carryover/carry forward to be available for specific limits at 10/5 per cent after consultations.

2.431 An amendment to this agreement concerned modifications in the textile categorization and consequent changes in limits resulting from the implementation of the Harmonized Commodity Code by the United States.

2.432 The agreement was extended by the parties until 31 December 1993, without any changes in its terms. This extension was notified to the TSB when China had not yet accepted the 1991 Protocol. (COM.TEX/SB/1299, 1325, 1418, 1523 and 1647)
United States/Colombia

2.433 A comprehensive agreement concluded under MFA III between the United States and Colombia expired on 30 June 1986.

2.434 A selective agreement was concluded under MFA IV covering only Category 317-part (cotton sateens), for the period 1 April 1987 to 31 March 1990.

2.435 In this agreement:
   (a) the base level was substantially higher than the rollback level;
   (b) the growth rate was set at 6 per cent;
   (c) carryover/carry forward were available at 11/6 per cent.

2.436 This agreement expired on 31 March 1990.

2.437 A new agreement between the parties was concluded for the period 1 January 1992 to 31 December 1993. In this agreement, which covers two product categories, both under restraint, the base levels were substantially higher than the relevant rollback levels. Growth was set at 6 per cent; swing at 7 per cent and carryover/carry forward at 11/6 per cent. (COM.TEX/SB/1429 and 1793)

United States/Costa Rica

2.438 An agreement concluded between the United States and Costa Rica when the latter was not participating in the MFA was superseded by an agreement concluded under MFA IV for the period 1 June 1987 to 31 December 1988.

2.439 In this agreement:
   (a) product coverage was limited to shirts (Category 340/640);
   (b) the specific limit for the first restraint period (1 June-31 December 1987) was much higher than the relevant reference level;
   (c) the parties agreed to a specific limit at a lower level plus a guaranteed access level for the second restraint period;
   (d) carryover/carry forward for the specific limit were set at 11/6 per cent with no carryover in the first agreement period and no carry forward in the second agreement period.

2.440 A new selective agreement between the parties was concluded for the period 1 January 1992 to 31 December 1993.
2.441 This agreement replaced two memoranda of understanding under which three merged categories were subject to specific limits with growth at 6 per cent and to guaranteed access levels, up to 31 May 1992.

2.442 In the agreement:

(a) the product coverage was limited to one category and three merged categories;

(b) previous restraints on three categories were maintained and a new restraint was agreed on a wool category;

(c) the base levels over previous specific limits were 6 per cent higher than previous limits in two cases and more than 6 per cent higher in one case; the base level of the new specific limit was more than 6 per cent higher than the rollback level;

(d) the growth rates were 6 per cent for three categories and 1 per cent for the wool category;

(e) swing was possible at 7.5 per cent for one category and at 7 per cent for other categories;

(f) carryover/carry forward was available at 11/6 per cent;

---

7 The TSB was given the following information: The first memorandum of understanding concerned one merged category and was valid for the period 1 June 1989 to 31 May 1991. A specific limit at a level much higher than the rollback level was set for the first twelve-month period. For the second period, the parties agreed on a specific limit at a lower level and a guaranteed access level; the sum of both was higher than the limit for the first period. The growth rate for the specific limit was set at 6 per cent.

Under the second memorandum of understanding, the above-mentioned specific limit and the guaranteed access level were extended for one year. In addition, an understanding was reached with respect to two merged categories. A designated consultation level was agreed for one of them for the period 1 January to 31 May 1989, followed by a specific limit with growth at 6 per cent and a guaranteed access level, both for the period 1 June 1989 to 31 May 1992; their sum was higher than the designated consultation level. For the other merged category, a specific limit with growth at 6 per cent and a guaranteed access level were agreed for the period 1 June 1989 to 31 May 1992. In both cases access for the base period was higher than the relevant rollback levels.
(g) the previous guaranteed access levels continued at the same levels in two cases and at a higher level in one case; a guaranteed access level was provided for the wool category placed under specific limit.

(COM.TEX/SB/1391 and 1793)

**United States/Czech and Slovak Federal Republic**

2.443 A selective agreement concluded under MFA III by the United States and the Czech and Slovak Federal Republic, valid until 31 May 1989, was twice extended, with modifications, the first extension covered the period 1 June 1989 to 31 May 1992; the second extension covered the period 1 June 1991 to 31 May 1993, superseding the first extension from 1 June 1991.

2.444 Under the first extension:

(a) the product coverage was increased from two to six wool product categories, all placed under restraint, two of them as a merged category;

(b) the base levels of the two existing restraints were increased over previous levels by 6 per cent in one case and by 2.2 per cent in the other; the base levels of the three new specific limits were less than 6 per cent higher than the rollback level in one case and more or substantially more than 6 per cent in the other two cases;

(c) the growth rates, set in all cases at 1 per cent, were unchanged in the case of the previously restrained categories;

(d) swing and carryover/carry forward remained unchanged at 5 and 11/6 per cent.

2.445 In the second extension;

(a) one category of the merged category and another category were liberalized;

(b) the base levels for the 1991/92 agreement year were substantially higher than the levels for the previous year;

(c) the growth rates remained unchanged;

(d) swing was increased to 7 per cent; carryover/carry forward remained unchanged at 11/6 per cent.

(COM.TEX/SB/1231 and 1793)
United States/Dominican Republic

2.446 An agreement had been concluded under MFA III between the United States and the Dominican Republic, valid for the period 1 June 1983 to 31 May 1988.

2.447 The parties concluded an agreement granting special access to two categories for the period 1 December 1986 to 31 May 1988, as well as an amendment of the existing agreement, removing restraints on the same two categories. The notification of the new agreement and of the amendment to the existing agreement were received by the TSB while the Dominican Republic had not yet accepted the 1986 Protocol.

2.448 Both agreements were replaced by an agreement concluded under MFA IV for the period 1 June 1988 to 31 May 1992.

2.449 In this agreement:

(a) the product coverage was reduced from all categories covering cotton, wool and man-made fibre products to thirteen clothing categories of cotton and man-made fibres;

(b) previous restraints on two categories were liberalized, new restraints were introduced on two categories (of which one was merged with a previously restrained category) and three merged categories, resulting in restraints on one category and five merged categories;

(c) guaranteed access levels were agreed for all categories under specific limit;

(d) access provided under specific limits and guaranteed access levels in the first agreement year was in all cases higher or substantially higher than 6 per cent over the relevant reference levels (i.e. previous trade which included imports of products qualifying for guaranteed access levels, previous specific limits and previous guaranteed access levels);

(e) growth rates for specific limits were set at 6 per cent for all categories; they are lower than in the previous agreement for the three categories which had then been under restraint;

(f) swing and carryover/carry forward at 7 and 11/7 per cent respectively remained unchanged from the previous agreement.

2.450 From the notification under Article 11 from the United States, it may be noted that an extension of this agreement to 31 May 1993 has not yet been formalized. (COM.TEX/SB/1299 and 1472)
United States/Egypt

2.451 An agreement concluded under MFA III between the United States and Egypt, valid until 31 December 1986, was extended and amended for the period 1 January 1987 to 31 December 1989.

2.452 In this amended extension:

(a) product coverage continued to be limited to products of cotton;

(b) all previous restraints were maintained, and new restraints on a fabric group of categories and a clothing category were introduced;

(c) increases in base levels over previous restraints or trade were in all cases more or substantially more than 6 per cent;

(d) there was no annual growth for two sub-categories; for other categories or sub-categories growth rates were higher than 6 per cent;

(e) swing, carryover/carry forward at 6 and 11/6 per cent remained unchanged from the previous agreement;

(f) agreement was reached relating to a problem of shipments of certain categories.

2.453 The agreement was further extended for the period 1 January 1990 to 31 December 1991. Under this extension:

(a) the product coverage and categories under restraint remained unchanged;

(b) increases in base levels were substantially higher than 6 per cent for a clothing category, and higher than 6 per cent for the fabric group and two fabric sub-limits; there was no increase in the other cases;

(c) growth rates for the second year of the extension were unchanged at 6.4 or 6.3 per cent, except for two fabric sub-limits where no growth was provided;

(d) the flexibility provisions of 6 per cent swing and 11/6 per cent carryover/carry forward continued to apply;

(e) consultation provisions regarding the introduction of new restraints were revised;

(f) consultation provisions relating to problems of circumvention were agreed.
2.454 The agreement was again extended for the period 1 January 1992 to 31 December 1993.

2.455 This extension included a category (shop towels) which had been placed under restraint from 1 January 1991, at a level higher than the agreed reference level, with a growth rate of 6 per cent. All previous specific limits were maintained, except that the base level for a sub-limit was increased substantially over the previous level; the growth and flexibility provisions remained unchanged. (COM.TEX/SB/1407, 1573 and 1793)

United States/El Salvador

2.456 An agreement between the United States and El Salvador before the latter became a participant in MFA IV was concluded for the period 1 January 1987 to 31 December 1989. The parties agreed to a designated consultation level on Category 300/301 (cotton yarn). From the Article 11 notification by the United States, it may be noted that an agreement with El Salvador is valid until 31 December 1992; this had not been notified by the closing date of the report. (COM.TEX/SB/1294)

United States/Guatemala

2.457 An agreement concluded between the United States and Guatemala before the latter became a participant in the MFA, valid for the period 1 January 1985 to 31 December 1988. In its notification under Article 11, the United States has stated that the formal exchange of notes in respect of an agreement with Guatemala, valid until 31 December 1992, had not yet taken place.

United States/Hong Kong

2.458 An agreement concluded under MFA III between the United States and Hong Kong, valid until 31 December 1987, was on 4 August 1986 modified and extended until 31 December 1991, superseding in full the provisions applicable to agreement years 1986 and 1987.

2.459 In this modified agreement:

(a) the coverage had been expanded to include silk blends and other vegetable fibre textiles and apparel;

(b) three Group limits were established;

(c) all forty-nine specific limits were maintained, and nine new restraints were introduced as of 1 August 1986 on categories or sub-categories covering products of silk blends or of vegetable fibres other than cotton;

(d) restraint levels for products of cotton, wool and man-made fibre in the superseded years were in nineteen cases higher than the
superseded levels, and in three cases lower, reflecting the new growth rates agreed for those categories;

(e) restraint levels on products of silk blends and other vegetable fibres were set at agreed reference levels;

(f) growth rates of products previously under restraint varied between 0.5 and 2.5 per cent. They were increased in nineteen cases and decreased in three cases. Those for the nine new restraints were between 0.1 and 2 per cent. Growth for the Group limits progressively increased from 0.5 per cent in the first agreement year to 2.5 per cent in the last agreement year giving a compounded growth rate of 1.6 per cent;

(g) swing was available at 5 or 7 per cent for specific limits, at 1 per cent between any of the three Groups, with an additional 1 per cent between Groups I and II for 1986; swing was not available for Categories 645/6, 845 and 846;

(h) carryover/carry forward were available at 1/3 per cent for Group limits and at 1/2 per cent for specific limits. Category 648 continued to be accorded 7.15 per cent carry forward;

(i) consultation provisions and criteria pursuant to which restraints on additional products could be established were set out in the agreement.

2.460 An amendment of the agreement was agreed in order to take account of changes, in the United States' textile categorization, related to the adoption of the Harmonized Commodity Code by the United States. The amendment consisted of adjustments made to the restraint levels in view of changes in the product coverage of different categories and of the necessary modifications in the conversion factors. Additional swing possibilities were agreed to permit smoother transition in trade.

2.461 A further amendment, effective from 1 January 1989, was concerned with:

(a) the administration of the agreement resulting from the implementation of the Harmonized Commodity Code by the United States; and

(b) the replacement of Categories 337 (cotton playsuits) and 637 (man-made fibre playsuits) by merged Category 237.

2.462 The agreement was further extended for the period 1 January 1992 to 31 December 1995.

2.463 Under this extension:

(a) the three Group Limits were maintained and the categories under specific limit remained unchanged;
(b) the base levels of the Group Limits remained at previous limits; the specific limits were increased by the applicable growth rates, except in one case where the increase was substantially higher than 6 per cent;

(c) growth rates for the Group Limits which had previously been variable were set at 1.8 per cent for Groups I and II and at 1.65 per cent for Group III; growth rates for the specific limits between 0.1 and 2.5 per cent remained unchanged, except in one case where it was increased from 2 to 2.5 per cent;

(d) the swing provisions remained unchanged at 1 per cent for the Group Limits, no swing for three categories, and at 5, 6 or 7 per cent for the other categories; the extra swing possibilities provided during the transition to the categorization under the Harmonized System remained, except for one category and into Group III from Group II; additional swing of 2 per cent was provided between some categories;

(e) maximum use of swing for six categories in Group I and nine categories in Group II was not possible, consequent to a limitation placed on the total access for these categories;

(f) carry forward/carryover were available at 3/1 per cent for Group Limits and the limits referred in sub-paragraph (e) above, and at 2/1 per cent for specific limits; special carry forward of 7.15 per cent continued to apply for Category 648.

(United States/Hungary)

2.464 An agreement concluded under MFA III between the United States and Hungary, valid until 31 December 1986, was extended until 31 December 1987.

2.465 Under an amendment of this agreement, the product coverage was extended to include Categories 434 (other wool coats for men and boys) and 645/646 (man-made fibre sweaters), with agreed restraints on the former effective 1 November 1986, and on the latter from 1 January 1987. These restraints would remain in effect until 31 December 1988.

2.466 Base levels were more than 6 per cent above the reference levels, with swing built-in the level for Category 645/646. The growth rate for Category 645/646 for 1988 was 6 per cent. Swing for Category 434 was available at 5 per cent. Provision for carryover/carry forward was at 11/6 per cent.

2.467 The agreement was extended for four years, with amendments, until 31 December 1991.
2.468 In the extended agreement:

(a) the product coverage was unchanged;

(b) the annual growth rates, of 1 per cent for wool categories and 6 per cent for the man-made fibre category, were unchanged;

(c) swing at 5 per cent, and carryover and carry forward at 11/6 per cent were unchanged; swing was improved for Category 433.

2.469 Under a further amendment, the product coverage was extended by the inclusion of three categories (Categories 300/301, 410 and 442), and restraints were introduced on these categories for the period 1 January 1988 to 31 December 1991.

2.470 The base levels were substantially higher than the reference levels. The growth rate was set at 6 per cent for the cotton category and at 1 per cent for the wool categories. The flexibility provisions of the agreement applied.

2.471 Under yet another amendment, the product coverage of the agreement was extended to include Categories 313 and 604 and restraints agreed on them for the period 1 March 1988 to 31 December 1991.

2.472 The base levels were substantially higher than the reference levels and the growth rate was set at 6 per cent. The flexibility provisions of the agreement applied.

2.473 Under another amendment, with effect from 1 January 1989, the product coverage was extended by one product category, which was placed under restraint for the remainder of the agreement.

2.474 The base level was set substantially higher than the roll back level, and the growth rate agreed at 6 per cent. Swing at 5 per cent and carryover/carry forward at 11/6 per cent were available for this category.

2.475 In another amendment of the agreement, the restraint levels were adjusted with effect from the 1988 agreement year. These adjustments, which resulted from the application of the Harmonized System by the United States, were applicable for the period ending 31 December 1991.

2.476 The agreement was extended, with amendments, for the period 1 January 1992 to 31 December 1993.

2.477 Under this amended extension:

(a) the product coverage was reduced from fourteen to eight categories, thus providing for the liberalization of restraints on six categories or merged categories;
(b) the base levels of the remaining restraints were increased by substantially more than 6 per cent over previous levels, except for two categories, where the increase was 6 per cent for one and less than 6 per cent for the other;

(c) the growth rates remained unchanged at 1 per cent for the wool categories and 6 per cent for the non-wool category;

(d) swing was increased from 5 to 7 per cent;

(e) carryover/carry forward remained unchanged at 11/6 per cent, with carryover available for the 1992 and 1993 agreement years and carry forward available for 1992.

(COM.TEX/SB/1201, 1306, 1325, 1443, 1450, 1503 and 1793)

United States/India

2.478 An agreement concluded under MFA III between the United States and India, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.479 In this agreement:

(a) product coverage was expanded to include, besides cotton, wool and mmf products, apparel products of other vegetable fibres and silk blends;

(b) the former groups for apparel and non-apparel products were replaced by three groups: Group I (all products subject to specific limits), Group II (all products of cotton and mmf not included in Group I plus apparel of other vegetable fibres and silk blends) and Group III (all products of wool);

(c) a limit was established for Group II: all previous restraints were maintained and a new restraint was introduced in Category 636 (mmf dresses);

(d) increases in base levels were lower than 6 per cent in three cases and higher in all others, of which some were substantially higher than 6 per cent;

(e) growth rates ranging between 4 and 7 per cent were higher than in the previous agreement in two cases, lower in one case and the same in the others;

(f) swing was available at 5 per cent for one category, 6 per cent for two categories or merged categories and 7 per cent for all other categories; additional swing was available in one case;

(g) carryover and carry forward were available at 11/6 per cent for all products under specific limits, except for one category where
carryover was available at only 5 per cent; for the Group II limit, carryover and carry forward were available at 5 plus 5 per cent;

(h) additional 5 per cent of the relevant limit was available in each agreement year for 100 per cent cotton garments made of handloom fabrics falling under four apparel categories or merged categories (335, 336/636, 342 and 347/348).

2.480 The agreement was amended by the introduction of four agreed specific limits under Group II, with effect from 1 January 1987.

2.481 The restraints on Categories 369-S (cotton shop towels), 640 (man-made fibre woven shirts), 641 (man-made fibre blouses) and 642 (man-made fibre skirts) were set at levels higher than 6 per cent over the respective reference levels, with growth at 6 per cent, swing at 7 per cent (plus special swing of 10 per cent from Category 340 to Category 640) and carryover/carry forward at 11/6 per cent.

2.482 The agreement was extended, with modifications, for calendar year 1992, with the possibility of a further twelve-month extension.

2.483 Under this extension:

(a) the product coverage remained unchanged;

(b) specific limits on six categories or merged categories were removed; specific limits on two categories and one merged category were introduced. All categories under specific limit were placed in Group I and all other non-wool categories in Group II; this resulted in the migration of one merged category from Group I to Group II and of two categories and one merged category from Group II to Group I;

(c) certain previously restrained categories were merged;

(d) base levels of previously restrained categories were increased at the applicable growth rates, except in two cases where they were increased by more than the growth rates; three base levels concerning newly restrained categories were more than 6 per cent higher than previous levels or reference levels;

(e) the Group II limit was increased by more than 6 per cent, taking into account the migration of categories referred to in sub-paragraph (b) above;

(f) for four clothing categories additional quota was provided for 100 per cent cotton garments made of handloom fabrics;

(g) swing provisions were improved by providing swing from specific limits into Group II, and by providing additional swing for certain categories; swing between categories was set between 5 and 7 per cent; no swing for one category continued to apply;
(h) carryover/carry forward remained unchanged at 11/6 per cent.

(COM.TEX/SB/1276, 1285 and 1724)

United States/Indonesia

2.484 An agreement concluded under MFA III between the United States and Indonesia, valid until 30 June 1988, was twice amended under MFA IV.

2.485 Under the first amendment:

(a) specific limits were agreed on five categories, one sub-category and one merged category, at levels higher and in some cases much higher than the reference levels;

(b) growth rates for these new limits were set at 6 per cent;

(c) solutions were found regarding overshipments in part-category 369-S (shop towels) during the 1985/86 agreement year.

2.486 Under the second amendment the parties agreed to redefine shipments which would not be charged to specific limits.

2.487 The agreement was extended to 30 June 1992, with modifications which became effective on 1 July 1987.

2.488 In this modified extension:

(a) the coverage was extended to include silk blends and vegetable fibres other than cotton in the case of apparel items;

(b) the new categorization based on the Harmonized System was introduced effective 1 January 1988;

(c) the Group II limit was raised to take account of the extended coverage of the agreement; adjustments to the Group and relevant specific limits were made to take account of changes in coverage of categories resulting from the new categorization;

(d) the growth and flexibility provisions remained unchanged, except that for two pairs of categories additional swing was provided due to the new categorization;

(e) additional access for products made from traditional folklore fabrics applied to four new categories.

2.489 Two further amendments were agreed by the parties, affecting the period 1 July 1989 to 30 June 1992.

2.490 Under the first amendment:

(a) the limit on Group I was eliminated;
(b) the product coverage of the two Groups was modified by the migration of certain categories from one Group to the other and by other adjustments necessitated by the application of the Harmonized System;

(c) some restrained categories were merged, without altering their restraint levels;

(d) the Group II limit was decreased to take account of the restraint or trade levels of categories referred to in sub-paragraph (b) above;

(e) new restraints were introduced on some categories or categories merged with previously restrained categories and one merged category;

(f) the new restraints were set at levels higher or much higher than the reference levels;

(g) growth rates for all specific limits were set at 6 per cent and for Group II at 10 per cent;

(h) adjustments to the swing provisions were made to take account of the liberalization of the Group II limit.

2.491 Under the second amendment, special carry forward for the agreement year ending 30 June 1990 was provided for eleven categories or merged categories. Furthermore, it was agreed that this special carry forward and any overshipments would be deducted from the agreement year 1 July 1990 to 30 June 1991, during which period Indonesia would forego the use of all flexibility provisions applicable to the categories concerned.

2.492 Under a further amendment, in April 1992, a restraint was agreed on wool suits for men and boys (Category 443) for the period 1 July 1991 to 30 June 1992.

2.493 The base level was substantially higher than the reference level. Swing was available at 5 per cent. The United States agreed that the whole twelve-month limit could be implemented during the nine-month period 1 October 1991 to 30 June 1992.

2.494 A new agreement was concluded between the parties for the period 1 July 1992 to 30 June 1994.

2.495 Under this agreement:

(a) the product coverage remained unchanged;

(b) three restraints were liberalized; certain categories under restraint were merged, with unified limits; four new restraints were introduced;
(c) due to the elements mentioned in (b) above, some categories moved from Group II to Group I, with consequent adjustment to the Group II limit;

(d) the base levels of previously restrained categories were increased by the applicable growth rates or by more than such rates, except in one case, where there was a reduction; the base levels of most new specific limits were substantially higher than the relevant rollback levels; in two cases there were no previous exports;

(e) growth rates remained unchanged from the previous agreement, with 10 per cent for the Group II limit, 6 per cent for restraints on non-wool categories and 1 per cent for the wool categories;

(f) the flexibility provisions remained unchanged, with swing at 5 or 7 per cent and carryover/carry forward at 11/6 per cent;

(g) special swing was provided between certain categories;

(h) additional access for certain traditional folklore products was provided for certain categories for up to 5 per cent of the limits.

(\text{COM.TEX/SB/1299, 1418, 1604 and 1793})

\textbf{United States/Jamaica}

2.496 An agreement was concluded between the United States and Jamaica, for the period 1 September 1986 to 31 December 1989, and was received by the TSB when Jamaica had not yet accepted the 1986 Protocol of Extension. This agreement superseded a previous consultation agreement between the parties.

2.497 Under an amendment to the agreement:

(a) the coverage was expanded to include Category 845 (sweaters, other vegetable fibre);

(b) Guaranteed Access Levels within Group I were agreed for three merged Categories (341/641, 345/845, 352/652) and one Category (632) with effect from 1 June 1987, and for one merged Category (340/640) with effect retroactive to the initial date of the agreement;

(c) designated consultation levels within Group II were agreed for Category 632 and merged Category 352/652 starting on 1 June 1987;

(d) specific limits within Group III were agreed for merged Categories 341/641, 345/845 and 445/446 with effect from 1 January 1987; in all cases the increase over the reference level was much higher than 6 per cent.
2.498 Under another amendment, the Guaranteed Access Levels (GALs) for Categories 338/339 (knit shirts and blouses of cotton) and 347/348 (cotton trousers) have been expanded to include the equivalent man-made fibre products, respectively Categories 638/639 and 647/648. The amendment similarly expanded the Designated Consultation Levels (DCLs) for the same merged Categories and increased their respective levels; it also established conversion factors for the new merged Categories.

2.499 Under yet another amendment:

(a) several Categories were merged and their respective conversion factors established;

(b) additional swing was agreed at 12.5 per cent from Cat. 341/641 (cotton and man-made fibre woven blouses) into Cat. 340/640 (cotton and mmf woven shirts) and at 30 per cent from Cat. 340/640 into Cat. 341/641;

(c) the GAL for Cat. 632 (man-made fibre hosiery) was increased;

(d) the DCL for merged Cat. 347/8/647/8 was increased for the first agreement period;

(e) the DCLs on merged Cats. 338/9/638/9 and 340/640 became specific limits at levels 16.2 per cent higher for the former and 27.8 per cent lower for the latter.

2.500 Under a further amendment, increases in guaranteed access levels (GALs) were agreed for knit shirts and blouses (Category 338/339/638/639) and hosiery (Category 632) for the 1988 and 1989 agreement years.

2.501 The agreement was extended until 31 December 1992 and modified. Under the extension and amendments:

(a) a new restraint was introduced with effect from 1 January 1988 on a clothing category at a level more than 6 per cent higher than the consultation level, with a yearly growth rate of 6 per cent;

(b) guaranteed access levels (GALs) for five merged categories were increased from 1988; guaranteed access levels were agreed in three cases with effect from 1 January 1989;

(c) designated consultation levels (DCLs) were agreed for four additional categories or merged categories;

(d) the specific level for one merged category was increased with effect from 1 January 1988;

(e) all other specific limits, DCLs and GALs were maintained.

(COM.TEX/SB/1241, 1328, 1359, 1443 and 1503)
United States/Japan

2.502 An agreement concluded by the United States and Japan under MFA IV, but valid retroactively from 1 January 1986 to 31 December 1989, covered cotton, wool and man-made fibre products.

2.503 In this agreement:

(a) all categories were divided into three Groups, each with applicable Group limits;

(b) the number of restraints was greatly increased, with new restraints on twenty-one categories or merged categories, of which seven had previously been the subject of unilateral measures taken under Article 3:5;

(c) the base levels of the Group limits were 1 per cent higher than 1985 trade in one case, 7.3 per cent lower than 1985 trade in the second case and substantially higher than 1985 trade in the third case;

(d) due to the shift from multi-year limits to annual limits in the new agreement, increases in base levels were not in all cases comparable; however, the increases in base levels from the reference levels were between lower than 6 per cent in eight cases, in other cases higher, and in some cases substantially higher than 6 per cent, except that there was no increase in one case, and there were reductions in three cases;

(e) for two merged categories (Categories 300/301, 342/642) the 1986 levels included extra quantities to take account of Japan's export needs, thus resulting in lower specific limits for 1987 and in the growth rates for these categories to apply from the 1988 agreement year;

(f) growth rates were set at 1 per cent for two Group limits and no growth for the third Group limit; for specific limits, growth rates were nil for one category, 1 per cent for the wool categories and for two mmf categories, 1.5 per cent for two categories and 2 and 3 per cent in the other cases;

(g) swing for two Group limits was available at 2 per cent during the first agreement year and 1 per cent for the remainder of the agreement period; no swing was available for the third group; swing was available at 5 per cent for the specific limits except that four non-apparel categories had no swing;

(h) carryover plus carry forward was available at 3 per cent for Group limits and 2 per cent for specific limits, of which carryover may not exceed 1 per cent.
2.504 A new agreement was concluded by the parties for the period 1 January 1990 to 31 December 1991.

2.505 Under this agreement:

(a) restraints on all apparel categories and all but five non-apparel categories were removed; a new restraint was agreed on a non-apparel category;

(b) limits on the Yarn and the non-Apparel Groups were removed;

(c) the restraint on the Apparel Group was converted into a designated consultation level at a lower level than the previous restraint, but higher than most recent trade;

(d) precise comparison of 1990 levels for the previously restrained categories to the previous restraint levels, could not be made due to migration of products between the categories resulting from the application of the Harmonized System; the base level for the new restraint was higher than 6 per cent over the roll-back level;

(e) the growth rates were set between 1 and 4 per cent;

(f) swing was available at 2 per cent for one category and at 5 per cent for the other categories;

(g) carryover and carry forward were set at 2 per cent, of which carryover may not be higher than 1 per cent;

(h) three fabric categories were placed under designated consultation levels.

2.506 This agreement expired without being replaced. (COM.TEX/SB/1276 and 1647)

United States/Korea

2.507 An agreement concluded under MFA III between the United States and Korea, valid until 31 December 1987, was amended and extended under MFA IV to 31 December 1989. The modified provisions of the agreement would apply in full to the 1986 and 1987 agreement years, superseding the previous provisions for these years.

2.508 In this modified agreement:

(a) the coverage had been expanded to include silk blends and/or other vegetable fibres other than cotton;

(b) four group limits were introduced;
(c) the restraint on one category was removed while new restraints were established on eight categories of which six categories covered products of silk blends and other vegetable fibres;

(d) the agreed 1986 levels for previously restrained categories were generally at the superseded levels; however, in two cases the levels were modified to take account of shifts in product coverage between these two categories, in three cases the levels were higher and in one case lower than the superseded levels;

(e) new restraints on a cotton category and a mmf category were not more than 6 per cent over the rollback level; the base levels on products of silk blends and other vegetable fibres were based on agreed negotiated reference levels;

(f) the base levels for the group limits were set taking into account the trade levels for 1985. Growth rates for the group limits increased progressively over the agreement period but were in all cases much lower than 6 per cent;

(g) growth rates of the previously restrained categories remained unchanged except in two cases where the growth rates were higher and two in which they were lower. Growth rates of the new categories brought under restraint were set at less than 6 per cent;

(h) the provisions of swing remained unchanged for the previously restrained categories (which included a number of categories with built-in swing). For the categories newly brought under restraint, swing was not available for two categories and available at 7 per cent for the others. Additional swing was possible between two sets of two categories; swing for the group limits was available at 1 per cent with the possibility of additional swing at 1 per cent for 1986 only;

(i) after consultations the parties agreed that carryover/carry forward would be available for the group limits at 3 per cent and for specific limits at 2 per cent, of which carryover should not represent more than 1 per cent, except for two products where carry forward was limited to 1 per cent;

(j) consultation provisions and criteria pursuant to which restraints on additional products could be established were set out in the agreement.

2.509 The agreement was further extended for the period 1 January 1990 to 31 December 1991, and modified.

2.510 Under this extension:

(a) several specific limits were liberalized; one specific limit and a sub-limit were introduced;
(b) there were reductions in base levels for one group limit and eleven specific limits, and increases in the base levels of two Group and twelve specific limits; the base levels for the two new limits were higher than the relevant reference levels;

(c) growth rates between 0.5 and 3 per cent (6 per cent for one limit) generally remained unchanged, except that they were reduced for nine limits and increased for two Group limits;

(d) swing was changed for one group from 1 per cent to no swing, and for one category from 7 to 10 per cent; additional swing was made available for some categories or between certain categories;

(e) provisions of the agreement regarding carry forward/carryover remained unchanged.

2.511 Under a further amendment, valid from 1 January 1990:

(a) restraints on two categories were introduced;

(b) the base levels were higher than the relevant reference levels;

(c) for the last agreement year, one of these categories was merged with another already restrained category;

(d) the annual growth rate was set at 2.5 per cent;

(e) the flexibility provisions of the consultation mechanism applied, i.e., swing at 7 per cent and carry forward/carryover at 2 per cent of which carryover may not exceed 1 per cent.

2.512 The agreement was again extended, with modifications, for two years, until 31 December 1993.

2.513 Under this extension:

(a) the product coverage remained unchanged;

(b) two Group sub-limits covering certain categories in Groups I and II, respectively, were introduced; the two sub-limits were smaller than the sum of the specific limits they encompassed;

(c) all 1992 limits were accorded the applicable 1991 growth rate which was nil in two cases and lower than 6 per cent in all the other cases, except one; there was a reduction for the Group II limit and one specific limit was increased by more than 6 per cent;

(d) the relevant growth rates continued to apply to all specific limits;
(e) growth rates for the two Group sub-limits were set at less than 6 per cent;

(f) the swing provisions remained unchanged, except for Group I, Group VI and one category, where they were improved; a larger number of categories were provided with additional swing;

(g) carryover/carry forward at less than Annex B levels continued to apply.

(COM.TEX/SB/1272, 1619, 1632 and 1680)

**United States/Macau**

2.514 An agreement concluded under MFA III between the United States and Macau, valid until 31 December 1988, was extended under MFA IV to 31 December 1991 and modified, with the modified provisions superseding in full the 1987 and 1988 agreement years.

2.515 In this modified agreement:

(a) product coverage was extended to include vegetable fibres other than cotton, and silk blends;

(b) new restraints were agreed on three categories or merged categories, of which two included products of the new fibres, and in four cases restraints were extended to include the new fibres;

(c) new designated consultation levels were agreed for seven products;

(d) the 1987 levels for the aggregate and Group I (covering all categories except wool) limits were 4.9 and 4.1 per cent higher than the sum of the previous 1987 levels and 1986 imports of products of other vegetable fibres and silk blends;

(e) the base levels of the three new restraints were higher than the reference levels by more than 6 per cent in one case and by substantially more than 6 per cent in two cases; in the other cases increases in base levels could not be calculated;

(f) growth rates in all cases, including those categories already under restraint, continued to apply at 6.25 per cent for non-wool categories and 1 per cent for wool categories, except in one case (Category 845/846) where the growth rate was 0.5 per cent;

(g) flexibility provisions of the agreement continued to apply; namely, swing at 7 per cent for Group I limit, and all categories within the Group, 3 per cent for the Group II (wool) limit with 5 per cent for all categories within this Group; and carryover/carry forward at 11/6 per cent;
(h) a consultation provision was included with respect to the adoption of the Harmonized System by the United States.

2.516 Two further amendments were agreed by the parties.

2.517 Under these amendments, changes were made to take account of the adoption of the new textile category system resulting from the implementation of the Harmonized Commodity Code by the United States, effective on 1 January 1988, and as a consequence of these changes, the consultation level for a clothing category and the Group I and Aggregate limits were increased with effect from 1 January 1989.

2.518 Under a further amendment, specific limits on three categories were reduced for 1991 and a specific limit converted into a designated consultation level at a lower level, in order to deal with problems of circumvention of the agreement resulting from the transshipment of goods not of Macau origin. Consequent adjustments were made to the Aggregate and Group I limits.

2.519 The agreement was extended for the period 1 January 1992 to 31 December 1993. The terms of the agreement, including product coverage, categories under specific limits or designated consultation levels, growth and flexibility provisions, remained unchanged. (COM.TEX/SB/1306, 1503, 1632 and 1793)

**United States/Malaysia**

2.520 An agreement concluded under MFA III between the United States and Malaysia, valid until 31 December 1989, was twice modified under MFA IV.

2.521 Under these modifications, the product coverage was extended to include Category 842 (skirts of silk blends and vegetable fibres other than cotton) and restraints were agreed on four categories, merged or part categories. The base levels were set substantially above the reference levels and the applicable growth rates were 6 per cent for the non-wool categories and 1 per cent for the wool category. Additional access was provided during the first restraint period in the case of three of these new restraints. A restraint on one merged category included a product of the new fibres in which there had been no Malaysian exports to the United States (Category 842, skirts).

2.522 The agreement was extended to 31 December 1991 and further modified, with the modified provisions superseding in full the 1987, 1988 and 1989 agreement years, and modifications in specific limits becoming effective on 1 January 1987.

8. 1.10.86 to 31.12.86 (Categories 342/642/842; 351/651); 1.9.86 to 31.12.86 (Category 605-T).
2.523 In the extension and modifications referred above:

(a) the product coverage was extended to include apparel of silk blends and vegetable fibres other than cotton;

(b) two Groups were established; Group I covering all categories under specific limit and Group II covering all other categories;

(c) five categories, one merged category and one part category were further added to those previously under restraint, and a limit was set for Group II, with effect from 1 January 1987;

(d) with effect from 1 January 1987 certain categories under specific limit were merged and some sub-limits were eliminated;

(e) base level increases over 1986 imports for the new restraints were in all cases except one, more or substantially more than 6 per cent;

(f) growth rates remained unchanged at 1 per cent for the wool categories and 6 per cent for other categories, the same rates applying for the new restraints; the growth rate for the Group II limit was set at 6.25 per cent;

(g) swing was unchanged at 5 per cent for the specific limits and out of Group II, and was set at 10 per cent into the Group II limit;

(h) carryover/carry forward were unchanged at 11/6 per cent.

2.524 Another amendment, effective from 1 January 1989, was concerned with:

(a) the administration of the agreement resulting from the implementation of the Harmonized Commodity Code by the United States; and

(b) the replacement of Categories 337 (cotton playsuits) and 637 (man-made fibre playsuits) by merged Category 237.

2.525 The agreement was extended, with amendments, for calendar year 1992. Under this modified extension:

(a) the product coverage was increased by the inclusion of certain non-apparel products made of fibres falling under Paragraph 24 of the 1986 Protocol of Extension;

(b) the categories under restraint remained unchanged;

(c) the 1992 levels were increased over the 1991 levels by the applicable growth rates;
(d) the flexibility provisions of the agreement applied, except that special carry forward was available between 1991 and 1992 for two merged categories.

(COM.TEX/SB/1342, 1523 and 1793)

**United States/Mexico**

2.526 An agreement concluded between the United States and Mexico under MFA II was extended twice by the parties, the second extension being valid until 31 December 1987.

2.527 Under MFA IV, in an amendment to the agreement the parties agreed to (a) a revision of the 1986 and 1987 designated consultation levels on two merged categories (Categories 336/636 and 342/642); (b) increases in six designated consultation levels for the 1986 agreement year (Categories 338/9, 340, 352/652, 604-A (acrylic yarn), 604-O (other, 666); (c) exclusion of Category 666 from Group II and a consequent adjustment of the designated consultation level for this Group; (d) increase of a specific limit (Category 341/641) and decrease of a designated consultation level (Category 335) for the 1986 and 1987 agreement years; and (e) special swing of 20 per cent between the sub-limits on Categories 347 and 348 and on Categories 647 and 648 for the 1986 and 1987 agreement years.

2.528 The agreement was again amended. These modifications, effective for the 1987 agreement year, were:

(a) the removal of the aggregate designated consultation level for Group II;

(b) the establishment of designated and minimum consultation levels for all categories falling within Group II; for three categories the new 1987 levels were contingent on the use of US-made fabric for the increased amounts;

(c) revision of designated consultation levels with respect to several categories falling within Groups I and III. In some cases the new levels were for 1987 only; in others they would also serve as the basis for a new agreement that might be entered into by the parties;

---

9 Group I - Cotton and man-made yarns and other man-made fibre furnishings (Category 666); Group II - Fabrics, except Category 666, made-ups and miscellaneous non-apparel products; Group III - Apparel.

10 See Footnote 9 above.
(d) the conversion of a designated consultation level into specific limit, at a higher level, and swing at 5 per cent; and

(e) revisions providing for additional swing between limits in two merged categories and their sub-limits.

2.529 A new agreement was concluded under MFA IV for the period 1 January 1988 to 31 December 1991.

2.530 In this agreement:

(a) the product coverage, while unchanged, falls under a new categorization system;

(b) fifteen designated consultation levels were converted into specific limits;

(c) restraints on a further seventeen categories or merged or part categories, of which five were previously under specific limits and all others, except one, under designated consultation levels, were placed under a "special régime" which required that given percentages of the limits be utilized only for products assembled in Mexico from fabrics wholly formed and cut in the United States;

(d) increases in base levels over the previous six specific limits were in all cases higher than 6 per cent over the previous levels; the new specific limits and the limits under the "special régime" were higher or substantially higher than the reference levels, except in one case where it was unchanged and three cases where they were lower;

(e) growth rates were generally set at 6 per cent, but were lower than previously in one case, and lower than 6 per cent in three other cases;

(f) swing was not available to one limit and its sub-limits; swing for all other categories was more advantageous to Mexico than in the previous agreement;

(g) carryover/carry forward at 11/6 per cent with certain limitations, remained unchanged;

(h) the previous consultation provisions for the apparel categories remained unchanged, while for the other categories they were modified.
2.531 An amendment of this agreement, effective from 1 January 1989, was concerned with:

(a) the administration of the agreement resulting from the implementation of the Harmonized Commodity Code by the United States; and

(b) the replacement of Categories 337 (cotton playsuits) and 637 (man-made fibre playsuits) by merged Category 237.

2.532 Under another amendment:

(a) restraints under the "special régime" on Categories 359-C (cotton coveralls) and 659-C (man-made fibre coveralls) were merged, with no sub-limits and no change in the 6 per cent growth rate; 10 per cent of the restraint level will continue not to be subject to the "special régime";

(b) the 1989 consultation level for Category 239 was increased.

2.533 The parties amended their agreement yet another time, with effect from 1 January 1989.

2.534 Under this amendment:

(a) the specific limits for Categories 342/642 and 666, which included Special Régime provisions, were converted into Designated Consultation Levels (DCLs) at the same levels as those of the 1989 restraints, the percentages not subject to special régime remaining unchanged;

(b) for 1989 only, the DCLs for both Categories were adjusted;

(c) new provisions were agreed regarding automatic implementation of the flexibility provisions of the agreement.

2.535 Further modifications of the agreement were agreed, effective for the period 1 January 1990 to 31 December 1991.

2.536 Under these modifications:

(a) certain products falling within three product categories were excluded from the coverage of the agreement;

(b) under the "normal" régime: two specific limits were converted to designated consultation levels (DCLs); most existing DCLs were removed; quota levels for certain categories were increased by more than the applicable growth rates; one category was newly placed under restraint with an increase over the reference level substantially above 6 per cent;
(c) under the "special" régime: all but one of the existing specific limits were either liberalized or converted into DCLs; one DCL was removed; a specific limit was introduced on a category previously restrained under the "normal" régime;

(d) in addition to the swing provisions of the agreement, special swing of 10 per cent was provided between two specific limits;

(e) the system of minimum consultation levels, applicable to all categories not subject to specific limits or DCLs, was replaced by a consultation mechanism for the introduction of new restraints.

2.537 The agreement was extended, with modifications, for calendar year 1992, with provision for a further one-year extension.

2.538 Under this modified extension:

(a) the product coverage remained unchanged;

(b) categories under specific limits and designated consultation levels remained unchanged; those under the "special régime" limits were increased by the addition of two merged categories; those under the "special régime" designated consultation levels remained unchanged;\(^1\)

(c) the base levels of the specific limits were increased over the previous levels by the applicable growth rates, except in one case where the increase was substantially more than 6 per cent, and a second case where there was a marked reduction;

(d) all designated consultation levels remained unchanged;

(e) the growth rates, swing and carryover/carry forward provisions remained unchanged, except that for the fabric group sub-limits where swing was not previously possible, it was made available at 7 per cent; additional swing was provided between two specific limits.

\(^1\)Products assembled in Mexico from fabrics wholly formed and cut in the United States may fall within the "special régime".
United States/Pakistan

2.539 An agreement concluded under MFA III between the United States and Pakistan, valid until 31 December 1986, was replaced by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.540 In this agreement:

(a) the product coverage, which previously covered cotton products only, was extended to include in Group III man-made fibre products (except Category 613-C) and apparel of silk blends and other vegetable fibres;

(b) restraints were introduced on four cotton categories and on three categories and two merged categories of man-made fibre apparel; the specific limit on a cotton category was replaced by a designated consultation level;

(c) the aggregate limit in the previous agreement was replaced by Group I, including all cotton categories under specific limit, and a limit on Group II (including all other cotton categories except bar mops) and a designated consultation level on bar mops; this resulted in an increase in access substantially higher than 6 per cent for cotton categories;

(d) for the cotton categories, there were reductions in the base levels of three previously restrained categories and the base levels of two newly restrained categories were lower than the rollback levels; for the other cotton categories the base level increases ranged between 1.4 and 11.1 per cent; for the man-made fibre products, increases in the base levels of all newly restrained categories were substantially higher than the rollback levels, while the increase for the previously restrained category was slightly higher than 6 per cent;

(e) growth rates for previously restrained categories, between 5 and 7 per cent, were lower than previous rates in four cases, and unchanged in others; for the new restraints they were 7 per cent for cotton categories and 6 per cent for man-made fibre categories;

(f) swing was available at 7 per cent for the cotton categories and at 6 per cent for the man-made fibre categories; for the non-apparel cotton categories, this was lower than before;

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

2.541 An amendment valid from 1 January 1987 was agreed by the parties. The product coverage was extended to include lightweight plainweave man-made fibre fabric (Category 613-C), which had been subject to restraint
Specific limits or consultation levels were agreed for all products included in Category 613 as well as charges for overshipments for the sub-Category previously under restraint. This agreed amendment superseded the Article 3:8 measure.

2.542 Under several modifications further agreed by the United States and Pakistan, with effect from 1 January 1988:

(a) the criteria set forth in the agreement to determine exclusion of products from the agreement in the sense of Article 12:3 of the MFA were re-defined;

(b) adjustments in limits and consultations levels were made to take account of changes in the United States' textile categorization related to the Harmonized Commodity Code;

(c) the Group II limit was increased in the exchange for a reduction in the level for bar mops;

(d) some products were transferred from Group II to Group III, as a result of the new categorization, without any further modification of the Group II limit;

(e) the designated consultation level on a category was converted to a specific limit at a level lower than the consultation level and with a growth rate of 5 per cent; no swing was possible and carryover/carry forward of 11/6 per cent applied;

(f) several designated consultation levels were increased either for the duration of the agreement or for one agreement year only.

2.543 Another set of amendments, agreed by the parties with effect from 1 January 1990, was received by the TSB when Pakistan had not yet accepted the 1991 Protocol. The TSB Secretariat has noted the following elements:

(a) the elimination of Group III; (b) removal of some designated consultation levels and one specific limit; (c) introduction of three new specific limits; (d) the transfer of certain categories from Group II to Group I and consequent adjustment of the Group II limit; and (e) increased flexibility for some categories.

2.544 The agreement was extended, with modifications, for calendar year 1992, with provision for a further extension to 31 December 1993.

2.545 Under this modified extension:

(a) the product coverage remained unchanged;

12 See paragraph 2.22 (vii).
(b) restraints were introduced on three categories; four previously unrestrained categories, in three of which there was no trade, were merged with four categories under specific limits; four categories under restraint became two merged categories; one specific limit was split into two limits; one designated consultation level was converted into a specific limit; the Group II limit (cotton categories not under specific limit) was converted into a designated consultation level;

c) the base levels of the new specific limits, or the newly merged restrained categories were more or substantially more than 6 per cent higher than the relevant reference levels or the rollback/previous restraint levels; the base levels of the other restraints were increased by the relevant growth rates;

(d) the designated consultation level for Group II was higher than the previous specific limit; the designated consultation levels on two categories remained unchanged;

(e) swing remained unchanged at 7 per cent, and also applied to the category for which previously there was no swing; no swing was possible out of one category (bar mops); additional swing was possible between some categories;

(f) carryover/carry forward remained unchanged at 11/6 per cent.

(United States/Panama)

Panama only became a participating country in MFA IV after the 1991 extension of the 1986 Protocol. An agreement concluded between the United States and Panama valid for the period 1 April 1987 to 31 March 1990 and establishing restraints on wool and man-made fibre sweaters, was received by the TSB before Panama became a participating country. From the Article 11 notification by the United States, it may be noted that a new agreement, valid for the period 1 April 1991 to 31 March 1994, has been concluded. This had not been notified by the closing date of the report.

(United States/Panama)

In both COM.TEX/SB/1376 and 1377, respectively the text of the agreement and the report of the two-hundred and twenty-fifth meeting of the TSB, it is erroneously stated that this was a consultation agreement; actually, restraint levels were set for each of three years of the agreement.
United States/Peru

2.547 An agreement concluded under MFA III between the United States and Peru, valid until 30 April 1989, was amended with effect from 1 January 1987 to include an agreed limit on Category 338/339 (cotton knit shirts and blouses).

2.548 The base level was substantially higher than the rollback level, with an annual growth rate of 7 per cent. Swing at 7 per cent and carryover/carry forward at 11/7 per cent were available in accordance with the provisions of the agreement.

2.549 Another amendment of this agreement concerned modifications in the textile categorization and consequent changes in limits resulting from the implementation of the Harmonized Commodity Code by the United States.

2.550 The agreement was extended, with amendments, for the period 1 May 1989 to 31 December 1991.

2.551 The specific limits for three categories were reduced, while they were increased for the three other categories under restraint. The applicable growth rates in all cases were reduced from 7 to 6 per cent.

2.552 The number of categories falling within the wool and cotton groups were reduced, and the designated consultation levels for these groups, as well as for specific categories, were increased.

2.553 Under another amendment of the agreement, in the absence of agreement to a request from Peru to increase the restraint level of a category and eliminate its sub-limit, the sub-limit was increased.

2.554 This agreement expired without being replaced. (COM.TEX/SB/1294, 1523 and 1604)

United States/Philippines

2.555 An agreement concluded under MFA III between the United States and the Philippines, valid until 31 December 1986 and subsequently extended for three months, was superseded by an agreement concluded under MFA IV for the period 1 January 1987 to 31 December 1991.

2.556 In this agreement:

(a) product coverage was extended to include apparel of other vegetable fibres and silk blends;

(b) the distinction between the traditional (children's apparel) and non-traditional (adult apparel) categories ceased to apply;

(c) the aggregate limit in the previous agreement was replaced by two groups; Group I (all categories under specific limit) and Group II (all other categories) which was subject to a limit,
resulting in total access for the first agreement year more than 6 per cent above the aggregate limit of the last agreement year of the previous agreement plus 1986 trade in apparel of the fibres mentioned in (a) above;

(d) previous restraints on four categories and one part category were liberalized;

(e) new restraints were agreed on one category, two merged categories and two part categories;

(f) base levels for restrained categories were in six cases reduced, with substantial reductions in four cases; unchanged in five cases; increased by more than 6 per cent in twenty cases, with substantial increases in a number of cases; in three cases it was not possible to calculate the changes in base levels;

(g) annual growth rates were set at 9 per cent for Group II, 1 per cent for the wool categories, and between 4 and 6 per cent for the other categories (except in one case where it was 2 per cent); these growth rates were lower than in the previous agreement in four cases; in the other cases they were the same or higher;

(h) swing was available at 7 per cent with additional swing for two categories and was more favourable to the Philippines than in the previous agreement;

(i) carryover/carry forward at 11/6 per cent were higher than in the previous agreement;

(j) the previous system of consultation levels for categories not subject to specific limits was replaced by a consultation procedure;

(k) provision was made for consultations on any changes in the agreement resulting from the adoption of the Harmonized System by the United States.

2.557 The agreement was amended, with effect from 1 January 1990 to 31 December 1991. Under this amendment:

(a) adjustments were made to the quota levels of two existing specific limits;

(b) a limit was introduced on Group I (cotton, wool and man-made fibre apparel and non-apparel products subject to specific limits) at a level lower than the sum of the specific limits; limits were also introduced on a merged category from 1 January 1990, on another category from 1 June 1990 and on two categories from 1 July 1990;
(c) the base levels of the specific limits were higher or substantially higher than the relevant rollback or reference levels;

(d) the growth rates were 5.5 per cent for one category and 6 per cent for the other categories;

(e) swing and carryover/carry forward at 7 and 11/6 per cent applied; special carry forward for 1990 was provided for two existing specific limits.

2.558 The agreement was extended, with further modifications, to 31 December 1993, effective from 1 January 1991.

2.559 Under this extension as modified:

(a) product coverage was extended by the inclusion of certain fabrics and made-up items of fibres covered by Paragraph 24 of the 1986 Protocol of Extension;

(b) two previous limits were liberalized and three new specific limits were established;

(c) the revised 1991 levels for the existing specific limits were given the applicable growth rates in eighteen cases, in seven cases these levels were more or substantially more than the growth rates; there were reductions in six cases; the Group II limit (products not in Group I nor subject to designated consultation levels) was increased by substantially more than the growth rate; the Group I limit was increased by the growth rate and liberalized from the 1992 agreement year;

(d) the new restraints were higher or substantially higher than the rollback levels;

(e) the growth rates for previous restraints remained unchanged except in one case where it was raised from 5.5 to 6 per cent; for the new restraints, growth of 6 per cent applied; for Category 359-C/659-C it was agreed that the 1991 limit would be utilized during the period 1 June to 31 December 1991, and that the 6 per cent growth provided for it would not apply;

(f) the flexibility provisions remained unchanged; provision was made for special swing into Group II from Group I and for certain specific limits.

2.560 During its review of the two notifications, the TSB was informed that the Group I limit referred to in paragraph 2.557 (b) was part of a solution agreed to resolve problems of overshipments in some categories.
It was also informed that the decreases in base levels referred to in sub-paragraph 2.559(c) above, were agreed in the context of (a) adjustments resulting from the application of the Harmonized System and (b) increases in certain base levels, including the limit for Group II. (COM.TEX/SB/1306 and 1797)

**United States/Poland**

2.561 An agreement concluded under MFA III between the United States and Poland, valid until 31 December 1989, was twice extended, with amendments. The first extension, until 31 December 1992, was superseded by a second one, for the period 1 January 1992 to 31 December 1993. These extensions were transmitted without review to the Textiles Committee as Poland has not as yet accepted the 1991 Protocol. The following elements concerning these notifications have been noted by the TSB Secretariat.

2.562 Under the first extension:

(a) the aggregate limit and all specific limits falling in Group III were liberalized; a limit on Group III was introduced; the Group II limit was maintained;

(b) some new specific limits were introduced;

(c) growth and flexibility provisions remained unchanged.

2.563 Under the second extension:

(a) the limits on Groups I and II and several specific limits were liberalized;

(b) the base levels for the nine remaining specific limits were increased by much more than 6 per cent over the previous levels;

(c) growth and carryover/carry forward remained unchanged; swing was increased from 6 to 7 per cent.

**(COM.TEX/SB/1724)**

**United States/Romania**

2.564 An agreement covering wool and man-made fibre products, concluded under MFA III between the United States and Romania, and valid until 31 December 1989, was amended under MFA IV. The growth rate for Category 604 (spun non-cellulosic yarn) was reduced from 7 to 1 per cent for the 1988 and 1989 agreement years.

2.565 Another amendment to this agreement concerned: (a) modifications in the textile categorization, consequent changes in coverage, in limits and in the administration of the agreement resulting from the implementation of the Harmonized Commodity Code by the United States; (b) the deletion from the coverage of the agreement of Category 637.
2.566 This agreement was extended for the period 1 January 1991 to 31 December 1993. Under this extension:

(a) all restraints and designated consultation levels were maintained;

(b) growth rates remained unchanged, at 6 or 7 per cent, except for four wool and two man-made fibre categories which had rates below 6 per cent;

(c) in determining the 1991 restraint levels, full account was taken of the relevant growth rates over the 1989 levels, as the agreements did not apply after 31 December 1989;

(d) swing was available at 5 per cent for the wool categories and at 7 per cent for the other fibre categories; swing continued to be built-in for four categories; additional swing was available for three cases;

(e) carryover/carry forward were available at 11/6 per cent.

2.567 Under an amendment of this agreement, designated consultation levels on two categories were converted into specific limits for the period 1 January 1992 to 31 December 1993.

2.568 The specific limits were set at levels substantially higher than the designated consultation levels, with the growth rate set at 1 per cent. Swing and carryover/carry forward were available at 5 and 11/6 per cent, respectively. (COM.TEX/SB/1455, 1523, 1647 and 1793)

2.569 An agreement covering cotton products, concluded under MFA III between the United States and Romania, valid until 31 December 1987, was amended under MFA IV.

2.570 This amendment:

(a) expanded its coverage, to include Category 833 (men's and boys' suit-type coats of silk blend and other vegetable fibres);

(b) created a merged 333/833 Category;

(c) established for this merged Category, for agreement year 1987, the same designated consultation level previously valid for Category 333 only, with a sub-level of 20 per cent for Category 833;

(d) increased, for 1987 only, the consultation levels for several categories.

2.571 An agreement was concluded by the parties under MFA IV for the period 1 January 1988 to 31 December 1989, with the possibility of extension to 31 December 1992.
2.572 In this agreement:

(a) the product coverage, which previously included only cotton products, was extended to include yarns and fabrics of cotton and of blends with man-made fibres and certain products falling within the definition of paragraph 24 of the 1986 Protocol;

(b) the previous limit on apparel products (Group II) was eliminated and an aggregate limit was introduced;

(c) new restraints were agreed on four categories or merged categories which included products of new fibres; the cotton products of some of these categories were previously subject to designated consultation levels;

(d) the base levels of previously restrained categories were 6 per cent or more above previous levels;

(e) the base levels for categories including new fibres were more than 6 per cent above the addition of previous levels and rollback levels for new fibre products; in one case it was not possible to calculate the increase;

(f) several categories were subject to designated consultation levels;

(g) the growth rates at 6 per cent were lower than those of 7 per cent of the previous agreement;

(h) swing, carryover/carry forward remained unchanged at 7 and 11/6 per cent; additional swing of 10 per cent was possible between two merged categories.

2.573 An amendment to this agreement concerned:

(a) modifications in the textile categorization, consequent changes in coverage, in limits and in the administration of the agreement resulting from the implementation of the Harmonized Commodity Code by the United States;

(b) the replacement of Categories 337 (cotton playsuits) and 637 (man-made fibre playsuits) be merged Category 237; and

(c) a correction in the unit of measure for a cotton category.

2.574 This agreement was extended for the period 1 January 1991 to 31 December 1993. The comments above in regard to the extension of the wool and man-made fibres agreement for the same period, insofar as they are not exclusive to that agreement, are also valid for the cotton agreement. (COM.TEX/SB/1328, 1455, 1523, 1647 and 1793)
United States/Singapore

2.575 An agreement concluded under MFA III between the United States and Singapore, valid until 31 December 1990, was amended under MFA IV.

2.576 This amendment concerned modifications in the textile categorization and consequent changes in limits resulting from the implementation of the Harmonized Commodity Code by the United States.

2.577 The agreement was extended for the period 1 January 1991 to 31 December 1995. Under this extension:

(a) all existing specific limits, including one resulting from the conversion of a Designated Consultation Level agreed before 1 January 1991, were maintained and the applicable growth rates remained unchanged;

(b) swing and carryover/carry forward were maintained at 7 and 11/6 per cent, respectively;

(c) additional swing continued to be available for some categories;

(d) Group II continued to be subject to a designated consultation level.

(COM.TEX/SB/1523 and 1647)

United States/Sri Lanka

2.578 An agreement concluded under MFA III between the United States and Sri Lanka, valid until 31 May 1988, was amended under MFA IV.

2.579 In this amendment:

(a) the coverage of the agreement was expanded to include four apparel categories of silk blends or vegetable fibres other than cotton;

(b) restraints were agreed on seven categories or merged categories; of these, four were effective for the agreement period 1 June 1986 to 31 May 1988, one became effective 1 December 1986 and two became effective 1 January 1987;

(c) products of silk blend and vegetable fibres other than cotton were included in three restraints, and products of vegetable fibres other than cotton in one;

(d) base level increases over the reference levels were much higher than 6 per cent for one wool category, one cotton category and one merged cotton/man-made fibre category. In the other cases, which included products of paragraph 24 fibres, the increases
over the reference levels were much higher than 6 per cent in three cases and lower than 6 per cent in one case;

(e) growth rate was set at 6 per cent for all non-wool categories and at 1 per cent for the wool category;

(f) swing was set at 6 per cent, with special swing at 5 per cent for one merged category for the first restraint period;

(g) carryover/carry forward were available at 11/6 per cent;

(h) additional flexibility for the first restraint period was available for two merged categories.

2.580 Under a further amendment, an agreed specific limit was established on merged Category 359-C/659-C (coveralls and overalls of cotton and man-made fibre) for the last agreement period. The restraint was set at a level substantially higher than both the rollback level and the formula level of the agreement.

2.581 The parties concluded an agreement under MFA IV for the period 1 June 1988 to 30 June 1992.

2.582 In this agreement:

(a) the product coverage was extended to include all products falling within the context of paragraph 24 of the 1986 Protocol;

(b) six categories were merged with categories previously under specific limit and placed under restraint; new restraints were agreed on three categories, one merged category and one sub-category;

(c) increases in base levels over previous restraint and/or reference levels were below 6 per cent in ten cases, 6 per cent in three cases, higher than 6 per cent in fifteen cases and substantially higher in six cases; in one case there was a reduction;

(d) the growth rates were unchanged, at 6 per cent for non-wool categories and 1 per cent for wool categories;

(e) the flexibility provisions remained unchanged from the previous agreement, namely, swing at 6 per cent for the non-wool categories and 5 per cent for wool categories and carryover/carry forward at 11/6 per cent.

2.583 An amendment of the agreement, effective from 1 January 1989, was concerned with:

(a) the administration of the agreement resulting from the implementation of the Harmonized Commodity Code by the United States; and
(b) the replacement of Categories 337 (cotton playsuits) and 637 (man-made fibre playsuits) by merged Category 237.

2.584 In its notification under Article 11, the United States has stated that the formal exchange of notes has not been completed with respect to the extension of the agreement to 30 June 1994. (COM.TEX/SB/1342, 1359, 1450 and 1523)

United States/Thailand

2.585 An agreement concluded between the United States and Thailand under MFA III, valid until 31 December 1988, was amended under MFA IV by the introduction of an agreed restraint on Category 342/642 (cotton and man-made fibre skirts) with effect from 1 July 1987.

2.586 This agreement expired without a successor agreement. A number of restraints were put in place under Article 3 in 1989 and 1990.

2.587 A new agreement was concluded by the parties for the period 1 January 1991 to 31 December 1993.

2.588 In reviewing this agreement the TSB noted that different data had been taken into consideration in negotiating the base levels, including, (a) the restraint levels in the previous agreement together with the applicable growth rates; (b) the levels of restraints taken or agreed under Article 3; and (c) the 1990 imports.

2.589 In this agreement:

(a) product coverage included products of cotton, wool, man-made fibre, silk blends and non-cotton vegetable fibres;

(b) a limit on the apparel Group and specific limits on several clothing and non-clothing categories were agreed;

(c) except in five cases, the Group and specific limits were set at levels higher or considerably higher than the levels referred to in the paragraph above;

(d) growth rates were set at 6 per cent on all restraints except three non-wool categories and three wool categories, where they were less than 6 per cent;

(e) no swing was possible into or out of the Group limit; for the specific limits, swing was available at 3.5, 5 or 7 per cent;

(f) additional swing was possible for some merged categories;

(g) carryover and carry forward were possible at 11/6 per cent.

(COM.TEX/SB/1325 and 1677)
United States/Turkey

2.590 A selective agreement concluded between the United States and Turkey, under MFA III, valid until 30 June 1988, was amended under MFA IV to include two new categories, both placed under restraint as of 1 November 1986, with increases over rollback levels substantially higher than 6 per cent, annual growth at 6 per cent, swing at 7 per cent and carryover/carry forward at 11/6 per cent. By the same amendment, the designated consultation levels for Categories 300/301 and 604-0 were increased for the 1986/87 agreement year.

2.591 In a further amendment, effective for the period 1 July 1987 to 30 June 1990:

(a) product coverage was extended by the inclusion of two categories;
(b) specific limits were agreed on the two new categories and on two other categories of which previously one category and one part category were subject to consultation levels and one part category to a specific limit;
(c) base level increases for the new categories were substantially higher than 6 per cent over the rollback levels, while the increases for the other two categories were higher than 6 per cent over previous reference levels;
(d) growth was set at 6 per cent and swing, carryover/carry forward were available at 7 and 11/6 per cent;
(e) agreement was reached relating to a problem of shipments of one part category.

2.592 A new agreement was concluded under MFA IV for the period 1 July 1981 to 30 June 1991. This agreement superseded the last two years of the previous agreement, which had been extended up to 30 June 1990. The extension of the agreement to 30 June 1990 was not notified to the TSB.

2.593 In this agreement:

(a) the product coverage was extended from twelve to twenty-four categories or merged categories of cotton and man-made fibres;
(b) two previous restraints will expire on 30 June 1990;
(c) new restraints were agreed on a group of fabric categories, on several fabric categories, on a merged category which had
previously been subject to unilateral measures under Article 3 and on two clothing categories merged with two previously restrained categories; there was no previous trade in four of the fabric categories falling under the fabric group;

(d) increases in base levels over previous restraints or reference levels were in three cases at 6 per cent, in others higher or substantially higher than 6 per cent, except in the four cases where there was no previous trade; there were reductions in two sub-limits;

(e) growth rates, at 4 per cent in two cases and 6 per cent in all others, were unchanged from the previous agreement;

(f) swing, carryover/carry forward at 7 and 11/6 per cent remained unchanged from the previous agreement.

2.594 The agreement was amended with effect from 30 September 1988.

2.595 Under this amendment:

(a) the product coverage was increased by a merged category, which was placed under restraint;

(b) the base level was substantially higher than the relevant rollback level;

(c) the growth rate was much higher than 6 per cent for the second agreement period and at 6 per cent for the last agreement year;

(d) the flexibility provisions of the agreement, namely 7 per cent swing and 11/6 per cent carryover/carry forward applied, except that carryover into the 1989-1990 agreement year could not exceed an agreed specific number.

2.596 The agreement was extended to 31 December 1993 and further amended.

2.597 Under this extension:

(a) product coverage was enlarged by the addition of five categories or merged categories; all were placed under restraint;

(b) one specific limit was liberalized;

(c) the base levels of previously restrained categories were substantially more than 6 per cent above previous levels;

(d) the base levels of the new restraints were much higher than the agreed reference levels;
(e) the growth rates were set at 6 per cent, except for seven limits or sub-limits where they were set at less than six per cent;

(f) swing at 7 per cent continued to apply for the non-wool categories; for the wool categories, swing was set at 5 per cent; additional swing was available for the yarn categories; carryover and carry forward at 11/6 per cent continued to apply.

(COM.TEX/SB/1285, 1377, 1503, 1542 and 1680)

**United States/Uruguay**

2.598 An agreement concluded between the United States and Uruguay under MFA III, valid until 30 June 1986, was extended under MFA IV until 30 June 1991 and modified with effect from 1 July 1987.

2.599 In the modification, which did not affect one category under restraint:

(a) five restraint levels were increased by between 5.1 and 36.4 per cent in relation to previous levels, starting on 1 July 1987, except with regard to one category, for which an increase higher than 6 per cent was valid from 1 July 1989;

(b) further adjustments in levels were agreed to take account of modifications in categorization resulting from the implementation of the new category system;

(c) growth rates remained unchanged at 1 per cent for the wool categories and 6 per cent for the cotton category;

(d) swing, previously available at 5 per cent, was raised to 6 per cent for the cotton category and 7 per cent for the wool categories.

2.600 Under another set of amendments:

(a) adjustments in product classification, necessary for the application of the Harmonized System, were made;

(b) product coverage was increased by one cotton category, which was placed under restraint from 1 January 1989;

(c) a restraint on a wool category, scheduled to expire on 31 January 1989, was extended for the agreement's life;

(d) the base levels for the restraints in b and c were much higher than the reference or the previous restraint levels;

(e) growth was set at 6 per cent for the cotton category and at 1 per cent for the wool category.
2.601 This agreement was extended by one year, up to 30 June 1992. 
(COM.TEX/SB/1395, 1632 and 1647)

United States/Yugoslavia

2.602 An agreement between the United States and Yugoslavia concluded under MFA III, valid until 31 December 1986, was extended until 31 December 1989 and modified by the introduction of restraints on three categories as of 1 November 1986.

2.603 In this extended agreement:

(a) the product coverage was expanded;

(b) besides the three categories placed under restraint on 1 November 1986, restraints on two merged categories were introduced effective 1 January 1987;

(c) increases in base levels for the categories mentioned in (b) above were lower than 6 per cent in one case, higher than 6 per cent in one case and substantially higher than 6 per cent in three cases;

(d) annual growth rates were unchanged from the previous agreement period, except that for one category it was lowered from 6.25 to 6 per cent; growth rates for the newly restrained categories were 1 per cent (wool) and 6 per cent (cotton or man-made fibre), resulting in compounded growth below 6 per cent in two cases and above 6 per cent in the others;

(e) swing at 6 per cent for cotton and mmf categories and 5 per cent for wool categories was unchanged;

(f) carryover/carry forward at 11/6 per cent were unchanged.

2.604 Under another amendment of this agreement:

(a) the product coverage was increased by one category and two merged categories;

(b) restraints were placed on these categories with effect from 1 October 1987 in one case and from 1 January 1988 in the other two cases;

(c) the base levels were in one case higher and in the others substantially higher than 6 per cent over the relevant roll back levels;

(d) the annual growth rate was set at 6 per cent;

(e) the flexibility provisions of the agreement, namely 6 per cent swing and 11/6 per cent carryover/carry forward, applied.
2.605 A further amendment concerned modifications in the textile categorization and consequent changes in limits resulting from the implementation of the Harmonized Commodity Code by the United States. (COM.TEX/SB/1265, 1503 and 1523)

E. Measures taken in Relation to Cases of Circumvention of Bilateral Agreements

2.606 The TSB received some notifications, under Article 8:4, of measures taken to deal with problems of circumvention of agreements; it also noted two cases where parties had, in consultations, addressed the problem. These cases are listed below.

2.607 The TSB was informed by the United States, under Article 8:4, of measures it had taken under its bilateral agreement with China, with respect to transshipment of certain textile products manufactured in China which had entered the United States customs territory as products of third countries. The TSB discussed this matter, bearing in mind that it had not been requested by either party to make a report or recommendation with regard to these measures. (COM.TEX/SB/1724)

2.608 In October 1990, the United States referred under Article 8:2 to problems of circumvention of its bilateral agreement with Macau for which the parties had been unable to find a mutually satisfactory solution. In December 1990, the TSB was informed by the two parties that they had found a mutually satisfactory solution. The United States stated that this would be notified in due course. (COM.TEX/SB/1573)

2.609 Subsequently, in June 1991, the United States notified, under Article 8:4, an amendment of its agreement with Macau under which specific limits on three categories were reduced for 1991 and a specific limit converted into a designated consultation level at a lower level, in order to deal with problems of circumvention of the agreement resulting from the transshipment of goods not of Macau origin. Consequent adjustments were made to the Aggregate and Group I limits.

2.610 The parties agreed that subject to the effective implementation by Macau of measures to prevent circumvention of the agreement, the United States would restore the original levels for the specific limits concerned; furthermore, they agreed that if Macau requested an increase in the designated consultation level, the United States would take into account the previous specific limit when reviewing such a request. (COM.TEX/SB/1632)

2.611 During consultations on the operation of their agreement, Norway and China had "addressed the problem of overshipments of certain categories as well as transshipments of Chinese products covered by the Agreement through other countries or territories for import into Norway". The TSB noted that, as a result of these consultations, "the Chinese authorities would continue to do its (sic) utmost to secure an effective administration of
quotas as well as to implement the necessary regulations to cope with the problem of transshipments". (COM.TEX/SB/1604) This problem was addressed by the parties again in the context of the extension of their agreement. (COM.TEX/SB/1724)
CHAPTER 3 Reports under Articles 2 and 11 and Notifications under Articles 7 and 8

3.1 All participating countries are required to report on the status of restrictions maintained by them. Chapter 2 has given information regarding the imposition and evolution of restrictions established under Articles 4 and 3, and any disputes arising therefrom.

3.2 This chapter contains information on restrictions notified by participants under Article 2, paragraphs 1 and 4; Article 11, paragraphs 11, 12 and 2; and notifications under Articles 7 and 8, which concerned non-restrictive arrangements between participating countries and restrictive measures affecting non-participants. Measures notified under Article 8:4 are listed in Section E of Chapter 2.

A. Notifications under Article 2

I. Under Article 2:1

3.3 On acceding to the MFA, participants are required to notify the restrictions maintained by them, in order to determine their conformity with the MFA. The TSB recalls to participating countries required to make notifications under Article 2, their obligations as participants in the Arrangement.

Costa Rica

3.4 In June 1988, Costa Rica notified that it maintained no quantitative restrictions on imports of textile products. After its review, the TSB concluded that Costa Rica's report on the status of quantitative restrictions or any other quantitative measures had fulfilled that country's obligation under Article 2:1. (COM.TEX/SB/1407)

Dominican Republic

3.5 In September 1988, the TSB received a notification from the Dominican Republic, under Article 2:1, on restrictions it maintained on imports of textile products.

3.6 In reviewing this notification the TSB noted that: (a) the Dominican Republic joined MFA II in March 1979, participated in MFA III since February 1984 and in MFA IV as of 23 February 1988; (b) this notification was the first received from the Dominican Republic under the provisions of Article 2:1; (c) imports of certain textile items have been suspended since April 1979.

3.7 In view of the fact that the Dominican Republic is a contracting party to the GATT and that its restrictions on imports of textile products have not been notified to the GATT under the relevant provisions of the General Agreement, the TSB drew the attention of the Dominican Republic to the requirements of Article 2, paragraphs 2 and 3, of the MFA, and
requested the Dominican Republic to report on this matter at the earliest possible date and in any event not later than 23 February 1989.

(Com.Tex/SB/1421)

3.8 No reply has yet been received.

Panama

3.9 Panama, which participated in MFA III, but accepted MFA IV only under the 1991 Protocol extending the 1986 Protocol of Extension, has not as yet made any notification under Article 2:1.

II. Under Article 2:4

China

3.10 In September 1987 China made a report under Article 2:4 on the status of its restrictions, and on the evolution of its textile industry. This report was made by China as a non-contracting party. As the TSB sought additional information, it agreed in December 1987 to revert to its review of the notification in early 1988, availing itself of information supplied by China to the TSB and that given to the Working Party on China's status as a contracting party (L/6270).

3.11 This review was conducted at the Body's meetings in January, February and May 1988.

3.12 The TSB noted that certain products were subject to licensing. It considered that it still needed:

(a) information on imports, by volume and value, of all textile products, including detailed information on imports of products not subject to licensing; and

(b) further clarification on the procedures required for acquiring foreign exchange for textile items not subject to import licensing.

3.13 The TSB nevertheless decided to transmit the notification to participating countries for their information. It was understood that this transmittal was without prejudice to the ongoing consultations in the Working Party on China's status as a contracting party.

3.14 In November 1988, in a further notification under Article 2:4, China supplied information and clarifications in response to the questions by the TSB stemming from the review referred to above.

---

15 Reports had already been made by China under Article 2:1, in 1984, and Article 2:4, in 1985.
3.15 The Body noted that this was the fourth notification made by China under Article 2. During its review, which took into consideration, *inter alia*, the provisions of Articles 2:5 and 13:2, the TSB was still not able to determine whether or not all restrictions maintained by China were in conformity with the Arrangement.

3.16 Nevertheless, it decided to transmit this notification to participating countries, for their information. The Body understood that this decision was without prejudice to the ongoing consultations in the Working Party on China's status as a contracting party.

3.17 In July 1989, China made another report under Article 2:4. The notification, which added no new information, stated that no changes had taken place since the last two notifications, sent to the Body in September 1987 and September 1988, respectively, and, regarding the various factors affecting imports into China, made reference to document Spec(88)13/Add.4.

3.18 The TSB felt, as it did on the occasion of its previous reviews of China's notifications, that it still was not able to determine whether or not all restrictions maintained by China were in conformity with the Arrangement.

3.19 It decided, nevertheless, to transmit this notification to participating countries, for their information. It also decided to reiterate, in the request for information it will send to China in 1990, that information as full and clear as possible should be given on all points raised by the TSB in its several requests made since 1984.

3.20 By the closing date of this report, no further notification had been received. (COM.TEX/SB/1314, 1345, 1369, 1395, 1443 and 1503)

**B. Notifications under Article 11, paragraphs 11, 12 and 2**

3.21 In order to fulfil its obligations under Article 11, the TSB requested the Chairman in 1987, 1988, 1989, 1990 and 1992, to invite all participating countries to provide information under Article 11, paragraphs 2, 11 and 12, on the status of restrictions maintained by them on textile products covered by the Arrangement as extended under the 1986 Protocol of Extension.

3.22 The TSB requested information on unilateral restrictions, bilateral agreements and other measures which have a restrictive effect, be they effected under the MFA or outside its provisions. The TSB also requested information on restrictions justified under the provisions of GATT (including its Annexes and Protocols). Since 1988, participating countries were also asked to provide information on "any type of measure having a restrictive effect, for instance, those subjecting imports to factors such as availability of foreign exchange, priorities in development needs, approval by State or industry bodies, etc., or those where products are imported by State-trading enterprises or other enterprises which enjoy exclusive or special privileges".
3.23 The reports received from participants since 1987 have been given on a country-by-country basis. By the closing date of this report, replies to the 1992 request for information were received from Austria, Brazil, Canada, Colombia, Costa Rica, the EEC, El Salvador, Egypt, Finland, Hong Kong, Japan, Korea, Macau, Norway, Singapore, Sri Lanka, Switzerland, Thailand, Turkey and the United States.

3.24 Since 1987, all but three participants have replied to at least one of the TSB's requests for information. The three participants which did not reply are Bangladesh, Malaysia and Pakistan.

3.25 The paragraphs below summarize the information received; TSB observations thereto are to be found in Chapter 4, Section B II (Notifications under Article 11, paragraphs 11, 12 and 2).

3.26 Argentina

- in 1989 Argentina notified that since September 1988 prior authorization was required for all textile products. Before September 1988, articles of apparel and clothing accessories of textile fabric were not subject to this requirement;

- in its reply to the 1990 request, Argentina informed the TSB that no restrictive measures affecting the imports of textile products covered by the Arrangement as extended by the 1986 Protocol were in force.

3.27 Austria

- all replies received from Austria concerned restraint agreements or consultation and surveillance arrangements notified under Article 4 or Articles 7 and 8;

- in its most recent notification, Austria informed the TSB that formalization of an agreement with Korea is awaiting an exchange of letters.

3.28 Bangladesh

- no information received during the six-year period covered by this report.

3.29 Brazil

- in 1987, Brazil referred to its notification to the Balance of Payments Committee of GATT (L/6126). Import licences were not issued for textile products covered by the MFA, except for certain man-made fibre yarns, certain industrial textiles and sails;

- in reply to the 1990 request, Brazil reported it maintained no quantitative restrictions, bilateral agreements or any other
quantitative measures which have a restrictive effect on imports of textile products covered by the Arrangements as extended by the 1986 Protocol. The issuance of import licences was required;

- in 1992, Brazil reported it maintained no restrictions.

3.30 Canada

- listed in all its replies the unilateral and bilateral restraints maintained with respect to exports from participants and non-participants. These had been notified to the TSB under Article 4 or Articles 7 and 8. In addition, Canada gave information on bilateral restraints agreed with the Taiwan Textile Federation.

3.31 China

- see Section A II above.

3.32 Colombia

- in 1989, Colombia reported that textile products were subject to prior import licensing. This was maintained under the provisions of GATT Article XVIII:B;

- in 1992, Colombia reported that the textile products had been transferred from the prior licensing system to a free régime. Colombia recalled that it had already announced to the GATT Council that it was disinvoking Article XVIII:B of the General Agreement.

3.33 Costa Rica

- after its initial notification under Article 2:1 (see Section A I above), Costa Rica in all its subsequent reports has notified it maintains no restrictions on imports of textile products covered by the Arrangement as extended by the 1986 Protocol.

3.34 Czech and Slovak Federal Republic

- the Czech and Slovak Federal Republic notified in 1987 that it did not maintain any unilateral restrictions on imports of textile products by the MFA. The TSB requested clarification, and Czechoslovakia provided some information stating it would provide further details at a later date;

- in 1990, it notified it maintained no unilateral or bilateral restrictions on imports of textile products. No import licences were required.

3.35 Dominican Republic

- see Section A I above.
3.36 **EEC**

- in all its replies, the EEC notified restrictions maintained on Albania, Mongolia, North Korea and Vietnam with respect to imports in some member States. Since March 1992 restrictions on Albania have been replaced by a surveillance system applied on several categories of products;

- the restrictions maintained on imports from the German Democratic Republic were suspended with effect from 1 July 1990 and then eliminated in 1991;

- most restrictions maintained on the Soviet Union were superseded from 1 January 1990 by a bilateral agreement; as of March 1992, its provisions were not applicable to products originating in the Republics of Estonia, Latvia and Lithuania. A surveillance system has been put in place for several categories with respect to these countries;

- all other restrictions maintained by the EEC were notified under Article 4 or Articles 7 and 8.

3.37 **Egypt**

- in replies to the 1989 and 1992 requests, Egypt reported restrictions maintained for balance-of-payments reasons under GATT Article XVIII. These were reported to the Balance of Payments Committee.

3.38 **El Salvador**

- in 1992 El Salvador reported that it did not apply any unilateral or bilateral restrictions affecting imports of textile products. There were no exchange restrictions and no prohibitions on textile imports.

3.39 **Finland**

- in its reports Finland listed all restraints maintained under its bilateral agreements concluded under the MFA and notified to the TSB;

- in its report in 1992, Finland also listed the products subject to surveillance and consultation in its bilateral agreements.

3.40 **Guatemala**

- in 1988, Guatemala notified that certain textile fabrics which were the same as, or similar to, those used for making army uniforms or clothing were subject to licensing by the Ministry of National Defence.
3.41 **Hong Kong**

- Hong Kong, in answer to each request notified it maintained no restrictions on imports of textile products covered by the Arrangement.

3.42 **Hungary**

- in 1987, Hungary notified that its import régime remained unchanged; under this régime, no restrictions applied.

3.43 **India**

- in 1987 and 1989, India reported on the textile products (mostly man-made fibres and yarns) which could be imported through designated agencies or by actual manufacturers for their own production needs, under the General Open Licence system; cotton and wool yarns, fabrics, carpets, tapestries, terry towelling, knitted and crocheted goods, articles of apparel and clothing accessories, rugs, household linen and furnishings continued to be subject to licensing and could be imported only for export production. India's restrictions were maintained under GATT Article XVIII.

3.44 **Indonesia**

- in 1987, Indonesia notified that certain yarns and fabrics and clothing items with batik or batik motifs could be imported only by Approved or Producer importers.

3.45 **Jamaica**

- in its replies in 1987 and 1989, Jamaica reported it maintained no restrictions on imports of textile products.

3.46 **Japan**

- in its reply to each TSB request, Japan has reported that it had not introduced and did not maintain any restrictions, agreements or measures having a restrictive effect on textile products covered by the Arrangement.

3.47 **Korea**

- in 1987, Korea listed the textile products (certain fabrics of silk and man-made fibres) which were subject to government regulation or recommendation by industry associations. These restrictions were maintained under GATT Article XVIII:B;

- in 1988, Korea notified that the requirement of recommendation by industry associations with respect to imports of certain man-made fibres was abolished on 1 July 1988;
- in 1990, Korea referred to the conclusions of the Balance of Payments Committee on consultations held in October 1989 under which Korea had undertaken to phase-out its import restrictions; the restrictions notified concerned silk yarns and fabrics;

- in 1992, Korea notified that imports of certain silk fabrics were subject to recommendations by the Korea Export Association of Textiles.

3.48 Macau
- in each of its replies, Macau reported that it did not maintain any restrictions.

3.49 Malaysia
- no information received during the six-year period covered by this report.

3.50 Mexico
- in 1988, Mexico notified the liberalization of its prior import licence requirement for textile products; the requirement was limited only for luxury goods such as carpets and carpeting, as well as for used clothing and used made-up items;
- this situation remained unchanged in 1989.

3.51 Norway
- Norway, which notified its restrictions contained in bilateral agreements either under Article 4 or Articles 7 and 8, listed these restrictions in each of its reports. As was seen in Chapter 2, the products under restraint in its Article 4 agreements were reduced; such reductions also applied to its agreements notified under Articles 7 and 8;

- in its 1992 report Norway listed restrictions contained under extensions of its agreements with Pakistan and Singapore which have still to be notified to the Body.

3.52 Pakistan
- no information received during the six-year period covered by this report.

3.53 Peru
- in its reports in 1987 and 1989, Peru notified that imports of all products were either subject to prior licensing or were prohibited; with respect to certain fabrics, prior licensing replaced prohibition of imports. These restrictions in almost all cases did not apply to imports from member countries of the
Andean Group. These restrictions were maintained under GATT Article XVIII:B;

- in its reply to the 1990 request, Peru referred to its communication to the Balance of Payments Committee and confirmed that it no longer maintained any type of non-tariff restriction on textile products covered by the Arrangement.

3.54 Philippines

- in 1987, the Philippines referred to its programme of liberalization notified to the Balance of Payments Committee;

- in its reply to the 1989 request the Philippines notified that the liberalization programme undertaken by it at the consultations with the GATT Balance of Payments Committee had been completed, and that it maintained no restrictions on imports of textile products.

3.55 Poland

- Poland, which participated in MFA IV until 31 July 1991, notified in 1989 that it maintained no restrictions on imports of textile products.

3.56 Romania

- in response to the 1987 request, Romania notified it maintained no restrictions on imports of textile products. The TSB had sought some clarifications on this report, without success. Romania has not replied to any of the more recent requests for information.

3.57 Singapore

- in reply to each TSB request, Singapore reported it maintained no restrictions on imports of textile products.

3.58 Sri Lanka


3.59 Sweden

- Sweden, which participated in the Arrangement as extended by the 1986 Protocol, concluded agreements with fourteen participants and maintained bilaterally agreed quotas outside the MFA with three participants;

- Sweden denounced all restraints valid beyond 31 July 1991.
3.60 Switzerland

- in all its replies Switzerland notified that it did not apply any quantitative restrictions, bilateral agreements or other quantitative restrictions or measures having a restrictive effect on imports of textile products;

- in its reply in 1988, Switzerland also listed the textile products, imports of which were subject to automatic licences unless exported from the EEC and EFTA countries; it also notified that imports of some textile items from certain participants required licences with certain minimum price margins;

- in 1992, Switzerland notified that the automatic licence requirement did not apply to imports entering the market on a preferential basis, or under free-trade agreements.

3.61 Thailand

- in its replies in 1987 and 1988, Thailand notified that natural fibre bags and piece goods containing 50 per cent or more of silk were subject to non-automatic import licensing;

- in 1989, Thailand reported that in addition to the above measures it had introduced since December 1988 a ban on imports of unfinished garments or components thereof (except collars, cuffs, waistbands, pockets and cuffs for trousers);

- in accordance with a TSB recommendation the ban was replaced by automatic import licensing with effect from 23 March 1990;

- in 1992, Thailand reported that only natural fibre bags were subject to non-automatic licensing; automatic import licensing continued to apply to unfinished garments.

3.62 Turkey

- in 1987, Turkey reported that imports of certain silk and man-made fibre fabrics, woollen and worsted yarns, carpets, tapestries, used clothing and furnishing articles were subject to prior authorization;

- since 1988, this authorization was required only for imports of used clothing and furnishing articles when imported in bulk;

- in 1990, Turkey reported that the requirement no longer applied under the "1990 Import Régime";

- in 1992, Turkey reported that it applied no restrictions on imports of textile products.
3.63 United States

- all replies received from the United States listed the agreements already notified or to be notified to the TSB under Article 4 or Articles 7 and 8, and where applicable, the unilateral measures in application at the time of reporting (see Chapter 2 above);

- in its 1992 report, the United States listed agreements with the Dominican Republic, Guatemala, Mauritius, Nigeria, Panama, Sri Lanka and Taiwan which have not as yet been notified. The United States added that agreements with the former Soviet Union and Yugoslavia were not currently being implemented.

3.64 Uruguay

- Uruguay in its replies has notified that it maintained no restrictions;

- in its reply in 1990, Uruguay added that it did not maintain any type of foreign-exchange controls, nor control imports of any textile article for priority development needs, or through privileged public or private trading enterprises.

3.65 Yugoslavia

- Yugoslavia notified restrictions it maintained under GATT Article XVIII:B. Quantitative restrictions applied by volume or value to most products covered by the Arrangement;

- in 1989, Yugoslavia reported the removal of restrictions on certain man-made fibres and yarns, and "conditional liberalized imports" of certain wool, yarns and net fabrics, subject to the availability of foreign exchange;

- in 1990, a number of products (including certain yarns and fabrics, as well as clothing items) were removed from the list of products subject to quantitative restrictions.

C. Notifications under Articles 7 and 8

3.66 Certain notifications were received and/or transmitted under Articles 7 and 8. Such notifications may be broadly divided into two: (i) agreements or arrangements without any quantitative restraints concerning participants; and (ii) restraints affecting non-participating countries and/or restraints maintained outside the provisions of the MFA. The notifications concerning non-participating countries were made in accordance with a request by the Textiles Committee that measures taken against or agreements concluded with non-participating countries be notified. Notifications under Article 8:4 concerning quota adjustments made subsequent to problems of circumvention and transshipment of goods are listed in Chapter 2.
I. Notifications concerning participants

3.67 A certain number of notifications containing restraint agreements concerned participating countries, notified before they had accepted the 1986 and/or the 1991 Protocols. These notifications have been included in Chapter 2, Section D.

3.68 The agreements or arrangements between participating countries, without quantitative restraints, concerned:

- Austria and Brazil, effective 1 November 1987, with respect to two textile items (COM.TEX/SB/1354);
- Austria and Egypt, effective 1 January 1989, to replace a restraint agreement on cotton yarn (COM.TEX/SB/1538);
- Austria and Japan, effective 1 September 1978 (COM.TEX/SB/1539);
- Austria and Malaysia, effective 1 October 1978 (COM.TEX/SB/1540);
- Austria and Singapore, effective 1 January 1987 (COM.TEX/SB/1264);
- Finland and Indonesia, for the period 1 January 1986 to 31 December 1989 with respect to two clothing items, and from 1 January 1990 to 31 December 1991 with respect to one clothing item (COM.TEX/SB/1600);
- Finland and Malaysia, for the period 1 January 1991 to 31 December 1993, with respect to one clothing item (COM.TEX/SB/1578);
- Finland and Romania, to replace a restraint agreement on certain textile products for the period 1 January 1991 to 31 December 1993 (COM.TEX/SB/1601);
- Finland and Thailand, for the period 1 January 1991 to 31 December 1993 with respect to two clothing items, replacing a restraint agreement (COM.TEX/SB/1618);
- Norway and Bangladesh, a certificate of origin agreement covering several textile products, effective 1 April 1988 (COM.TEX/SB/1481).

3.69 A restraint agreement between the EEC and Yugoslavia was concluded as an Additional Protocol to the Cooperation Agreement between the parties for the period 1 January 1987 to 31 December 1991. (COM.TEX/SB/1355 and 1676)

II. Notifications concerning non-participants

3.70 The notifications of measures taken against or agreements concluded by participating countries with non-participants in the MFA are listed below. Details concerning measures or agreements which are currently effective are contained in the addendum to this report.
<table>
<thead>
<tr>
<th>Participating Country</th>
<th>Exporting Country</th>
<th>Nature of Measure</th>
<th>Validity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Canada</strong></td>
<td>Bulgaria</td>
<td>Agreement</td>
<td>1.1.87 - 31.12.91</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Modification</td>
<td>1.11.88 - 31.12.91</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extension</td>
<td>1.1.92 - 31.12.92</td>
</tr>
<tr>
<td></td>
<td>Germany, Dem. Republic</td>
<td>Agreement</td>
<td>1.1.88 - 31.12.91</td>
</tr>
<tr>
<td></td>
<td>Maldives</td>
<td>Agreement</td>
<td>1.1.86 - 31.12.90</td>
</tr>
<tr>
<td></td>
<td>Mauritius</td>
<td>Agreement</td>
<td>1.1.86 - 31.12.90</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extension</td>
<td>1.1.91 - 31.12.91</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extension</td>
<td>1.1.92 - 31.12.92</td>
</tr>
<tr>
<td></td>
<td>North Korea</td>
<td>Import Quotas</td>
<td>23.8.86 - 31.12.91</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Import Quotas</td>
<td>1.1.92 - 31.12.92</td>
</tr>
<tr>
<td></td>
<td>South Africa</td>
<td>Import Quotas</td>
<td>1.1.88 - 31.12.91</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agreement</td>
<td>1.1.89 - 31.12.91</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extension</td>
<td>1.1.92 - 31.12.92</td>
</tr>
<tr>
<td></td>
<td>United Arab Emirates</td>
<td>Import Quotas</td>
<td>25.1.90 - 31.12.91</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Import Quotas</td>
<td>1.6.90 - 31.12.91</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Import Quotas</td>
<td>1.1.92 - 31.12.92</td>
</tr>
<tr>
<td></td>
<td>Vietnam</td>
<td>Agreement</td>
<td>22.7.86 - 31.12.91</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extension</td>
<td>1.1.92 - 31.12.92</td>
</tr>
<tr>
<td></td>
<td>Cambodia</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Laos</td>
<td>Import Quotas</td>
<td>15.6.92 - 31.12.92</td>
</tr>
<tr>
<td></td>
<td>Oman</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Qatar</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Swaziland</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EEC</strong></td>
<td>Bulgaria</td>
<td>Agreement</td>
<td>1.1.87 - 31.12.90</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amendment</td>
<td>1.1.91 - 31.12.91</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extension</td>
<td>1.1.92 - 31.12.92</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amendment</td>
<td>1.1.91 - 31.12.92</td>
</tr>
<tr>
<td></td>
<td>Haiti</td>
<td>Consultation</td>
<td>1.1.87 - 31.12.91</td>
</tr>
<tr>
<td></td>
<td>Soviet Union</td>
<td>Agreement</td>
<td>1.1.90 - 31.12.92</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amendment</td>
<td>1.1.91 - 31.12.91</td>
</tr>
<tr>
<td><strong>Finland</strong></td>
<td>North Korea</td>
<td>Agreement</td>
<td>1.1.92 - 31.12.94</td>
</tr>
<tr>
<td>Participating Country</td>
<td>Exporting Country</td>
<td>Nature of Measure</td>
<td>Validity</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-------------------</td>
<td>------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Norway</td>
<td>Germany, Dem.</td>
<td>Agreement</td>
<td>1.1.87 - 31.12.87</td>
</tr>
<tr>
<td></td>
<td>Republic</td>
<td>Import Quotas</td>
<td>1.1.88 - 31.12.88</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Import Quotas</td>
<td>1.1.89 - 31.12.89</td>
</tr>
<tr>
<td>Malta</td>
<td>Agreement</td>
<td>1.1.86 - 31.12.88</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Agreement</td>
<td>1.1.89 - 31.12.91</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amendment</td>
<td>1.1.91 - 31.12.91</td>
<td></td>
</tr>
<tr>
<td>North Korea</td>
<td>Agreement</td>
<td>1.1.90 - 31.12.91</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amendment</td>
<td>1.7.91 - 31.12.91</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Extension &amp;</td>
<td>1.1.92 - 31.12.93</td>
<td></td>
</tr>
<tr>
<td>United States</td>
<td>Bulgaria</td>
<td>Agreement</td>
<td>1.5.86 - 30.4.89</td>
</tr>
<tr>
<td></td>
<td>Burma</td>
<td>Agreement</td>
<td>1.1.87 - 31.12.90</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amendment</td>
<td>1.1.89 - 31.12.90</td>
</tr>
<tr>
<td></td>
<td>Fiji</td>
<td>Agreement</td>
<td>1.1.90 - 31.12.92</td>
</tr>
<tr>
<td></td>
<td>Germany, Fed.</td>
<td>Agreement</td>
<td>1.1.87 - 31.12.89</td>
</tr>
<tr>
<td></td>
<td>Republic</td>
<td>1.1.87 - 31.12.89</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Haiti</td>
<td>Agreement</td>
<td>1.1.87 - 31.12.89</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amendment</td>
<td>1.1.87 - 31.12.89</td>
</tr>
<tr>
<td></td>
<td>Extension &amp;</td>
<td>1.1.90 - 31.12.93</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amendment</td>
<td>1.1.87 - 31.12.89</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maldives</td>
<td>Extension</td>
<td>29.9.85 - 28.9.88</td>
</tr>
<tr>
<td></td>
<td>Mauritius</td>
<td>Amendment</td>
<td>1.4.86 - 30.9.90</td>
</tr>
<tr>
<td></td>
<td>Nepal</td>
<td>Amendment</td>
<td>1.1.0.85 - 31.12.90</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Extension &amp;</td>
<td>29.8.90 - 31.12.93</td>
</tr>
<tr>
<td></td>
<td>Soviet Union</td>
<td>Agreement</td>
<td>1.8.87 - 31.12.88</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Agreement</td>
<td>1.1.90 - 31.12.92</td>
</tr>
<tr>
<td></td>
<td>Trinidad &amp;</td>
<td>Agreement</td>
<td>1.1.0.86 - 31.12.89</td>
</tr>
<tr>
<td></td>
<td>Tobago</td>
<td>Agreement</td>
<td>1.1.89 - 31.12.93</td>
</tr>
<tr>
<td></td>
<td>United Arab</td>
<td>Agreement</td>
<td>1.1.89 - 31.12.93</td>
</tr>
<tr>
<td></td>
<td>Emirates</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 4 Observations and Recommendations of the TSB

4.1 The TSB examined certain provisions of the Arrangement as extended by the 1986 Protocol. The observations so made helped the TSB to conduct its review of measures taken under those provisions. The TSB also made general observations on certain elements contained in bilateral agreements.

4.2 During its review of notifications made under Article 4, the TSB made observations and/or recommendations on specific notifications; in so doing, it often took note of statements made by the parties concerned.

4.3 The paragraphs below refer to: (a) the general observations; and (b) observations on specific notifications.

A. General Observations Relating to Provisions of the Arrangement as Extended by the 1986 Protocol, and to Some Elements Contained in Certain Bilateral Agreements

I. Application of paragraph 8 of the 1986 Protocol of Extension

4.4 During its meeting held on 2-3 December 1986 the TSB examined the provisions contained in paragraph 8 of the 1986 Protocol of Extension. It noted that: (a) this paragraph may be invoked only by importing countries which administer restraints imposed under Article 3, paragraph 5, on the basis of date of export; (b) the restraint level for the extension period must include growth and flexibility in accordance with the provisions of paragraphs 3 and 5 of Annex B; (c) such extension may be made only once.

4.5 In a case where an importing country which administers restraints imposed under Article 3:5 on the basis of date of export has utilized Article 3:8 and there is no agreement on the extension or renewal or modification for a further twelve-month period of an Article 3:5 restraint, and the importing country intends to invoke paragraph 8 of the 1986 Protocol, the TSB reached the following conclusions regarding the applicable procedures:

(a) the importing country must notify to the TSB the absence of agreement, giving details of the proposal and reasons for the outcome;

(b) the importing country must at the same time notify to the TSB and the exporting country concerned its intention to invoke paragraph 8 of the 1986 Protocol, together with information on the "imminent and measurable increase in imports" which "may arise" and "would cause recurrence or exacerbation of market disruption or impede the steady and orderly development of trade";

(c) the extension of the restraint may not be put into effect by the importing country before submitting its intention to the TSB;
(d) all steps outlined above should take place before the expiry of the Article 3:5 restraint;

(e) the extension of the restraint shall be put into effect on the day after the expiration of the restraint introduced under Article 3:5;

(f) the TSB shall make the appropriate recommendations within a period of thirty days whenever practicable, using the procedures of Article 11, paragraphs 6 and 7; they may be made either before or after the restraint for the extended period comes into effect. (COM.TEX/SB/1201)

II. General observation relating to Article 6, paragraph 6, of the Arrangement and paragraph 15 of the 1986 Protocol of Extension

4.6 The TSB examined on several occasions the provisions contained in Article 6:6 of the Arrangement and in paragraph 15 of the 1986 Protocol and discussed the existence, in several of the agreements notified to and reviewed by it, of quotas or of guaranteed access levels for outward processing traffic (OPT).

4.7 In the course of its meeting on 28-29 September 1987 the TSB observed that the "special differential and more favourable treatment" mentioned in paragraph 15 of the 1986 Protocol of Extension could be provided under diverse formulations. It was of the opinion that this meant that in the case of MFA bilateral agreements which include any such formulations, effective increase in access for the product(s) concerned should be provided; in other words, the Body understood that the formulation should not, in principle, have the intent of providing for such access at the expense of quotas for non-OPT trade.

4.8 The TSB, however, understanding that the diverse formulations possible and the different solutions found under them required a flexible approach to the problem, decided that it would review the application of those formulations on a case-by-case basis, bearing in mind: (a) what it had said in the preceding paragraph, and (b) the effect which such a formulation would have on the basic objectives of the Arrangement as extended, particularly that of ensuring the orderly and equitable development of trade. (COM.TEX/SB/1314)

III. General observation relating to paragraph 24 of the 1986 Protocol of Extension

4.9 The TSB considered the provisions of paragraph 24 of the 1986 Protocol of Extension. It noted that these provisions had been invoked in the agreements notified to it in different ways.

4.10 The TSB considered the following elements: (a) product coverage under the Arrangement, and (b) the introduction of restraints on products falling within the paragraph.
4.11 The TSB was of the opinion that, while this paragraph had not amended Article 12 of the MFA, it had extended, under certain conditions, the product coverage of the Arrangement for the duration of the 1986 Protocol.

4.12 The TSB noted that specific restraints had been introduced on products made of fibres specified in paragraph 24 which were merged with products made of fibres specified in Article 12 when there had been no imports or imminent increase of imports (as defined in Annex A) of products made of fibres specified in paragraph 24, and observed that such specific restraints were not envisaged under that paragraph.

4.13 The TSB understood that specific restraints on products made of fibres specified in paragraph 24 should be introduced only if it was demonstrated that imports of such products were directly competitive with products made of fibres specified in Article 12 and were causing or aggravating market disruption or real risk thereof in the importing country.

4.14 The TSB requested all participating countries to take this observation into account. (COM.TEX/SB/1328)

IV. General observation on overshipment

4.15 Having reviewed certain notifications which featured solutions for significant overshipment, the TSB held a general discussion on the subject of overshipment.

4.16 It was noted that overshipment might arise under different circumstances and for diverse reasons - for example, categorization or classification differences; fraudulent licences; inefficient operation of a textile licensing system; mis-entry or miscalculation of imports; and shipments which were above a restraint level and which were not a subject of dispute between the exporting and importing country.

4.17 The discussion highlighted the adverse effects of overshipment on both parties, possibly on other participants as well as their financial implications for traders. The TSB noted the need for the proper implementation of the Arrangement, and urged participants to cooperate and take the necessary steps to ensure that overshipment would not occur.

4.18 Therefore, the TSB reminded interested parties that it is open for them to bring to the attention of the Body specific cases of significant overshipment for its information under Article 11:2 or seek its review of such cases under Article 11:5. (COM.TEX/SB/1421)

V. Report relating to the examination of the consistency of aggregate and group limits with the provisions of the MFA

4.19 In accordance with the decision taken by the Textiles Committee during its meeting on 4 December 1987 (COM.TEX/55, paragraph 25) for the TSB to examine and report on the consistency of aggregate and group limits with the provisions of the Multi-fibre Arrangement, the TSB presented a
4.20 "The TSB recalls that participating countries "may, consistently with the basic objectives and principles of this Arrangement, conclude bilateral agreements on mutually acceptable terms in order, on the one hand, to eliminate real risks of market disruption (as defined in Annex A) in importing countries and disruption to the textile trade of exporting countries, and on the other hand to ensure the expansion and orderly development of trade in textiles and the equitable treatment of participating countries". The TSB understands "mutually acceptable terms" to mean that the terms must be consistent with the basic objectives and principles of the Arrangement.

4.21 The Body notes that aggregate and group limits have usually been justified by the notifying country as ensuring the orderly development of trade. The TSB is of the opinion that an aggregate or group limit is inconsistent with the provisions of the Arrangement if it does not ensure the expansion and orderly development of trade in the products covered by such a limit, or if it leads to a situation of disruption of the export trade of such products in the exporting country. The TSB concludes that the consistency or not of such a limit with the provisions of the MFA can be assessed only on a case-by-case basis.

4.22 In view of the preceding, the TSB is of the view that the Textiles Committee should urge participating countries to ensure that such limits do not run counter to the terms of Article 4:2."

VI. General observation on restraints agreed in the absence of trade

4.23 At its ninth meeting of 1989, held on 18-19 September, the TSB considered the fact that it had reviewed under MFA IV a number of notifications which included agreed restraints on products of which there were no exports. Such restraints were often explained as features of a solution negotiated under Article 4:3 to the satisfaction of the respective parties. In its rôle of supervising the implementation of the Arrangement, the TSB felt it should express its preoccupation with such features and with the possibility of a proliferation of restraints in the absence of trade. The TSB, therefore, exhorted all participating countries to avoid such proliferation and to abide strictly by the provisions of the Arrangement. (COM.TEX/SB/1503)

B. Observations on Specific Notifications

4.24 The observations made by the TSB on specific notifications have been divided into (i) notifications reviewed under Article 4; and (ii) notifications received under Article 11, paragraphs 11, 12 and 2.

I. Notifications reviewed under Article 4

4.25 The observations have been grouped under separate headings. In certain cases the TSB made reference to its general observations contained in Section A above. Notifications which were transmitted to the
Textiles Committee without any observations are not mentioned in this chapter. The COM.TEX/SB/- numbers refer to the report containing the relevant TSB review.

(a) All elements in agreements and mutual trade interests

4.26 The TSB heard a statement from the United States that the reductions in base levels for some categories and other features of the agreement with Pakistan were negotiated to take account of changes in the trade interests of both parties. (COM.TEX/SB/1325)

4.27 With respect to the United States/Philippines agreement, which included substantial reductions and substantial increases, the TSB heard a statement from the United States that the reductions in some base levels and large increases in others were agreed to take account of changes in the trade interests of both parties. (COM.TEX/SB/1306)

4.28 During its review of the extension of the agreement between the United States and Egypt, the TSB took note of a statement from the United States that the absence of increase in certain base levels and the absence of growth for two sub-categories were agreed taking into account other features of the agreement. (COM.TEX/SB/1573)

4.29 With respect to the extension of the agreement between the United States and Korea, the TSB heard statements from both parties that the terms of the amendment notified reflected their trade interests and were agreed taking into account the overall terms of their bilateral agreement. (COM.TEX/SB/1619)

4.30 In considering the increases and decreases contained in the amendment and extension of the United States/Peru agreement, the TSB heard statements from both parties that the changes were agreed taking into account the overall terms of the agreement. (COM.TEX/SB/1604)

4.31 In reviewing the extension and modifications of the United States/Malaysia agreement, the TSB noted the relatively low increase in one base level and the low growth rates applicable to the wool categories, and heard a statement from the United States that these had been agreed taking into account other elements in the agreement, including the merger of certain categories under specific limits, the elimination of some sub-limits, and that the base level increases over 1986 imports for the new restraints were, in all cases except one, more or substantially more than 6 per cent. (COM.TEX/SB/1342)

(b) Overall access in agreements with Aggregate/Group limits

4.32 In reviewing the United States/Korea agreement, the TSB noted that the sum of the specific limits subject to Group limits was lower than the Group limits in three cases and higher in one case. It was of the opinion that it was unclear that the agreement as modified offered more access to Korea than the superseded years of the agreement, in view of the
introduction of Group limits, of new specific limits and of features such as the existence of a limit on Group VI which was lower than the sum of its specific limits. (COM.TEX/SB/1272)

4.33 During its review of the United States/Romania cotton agreement, the TSB noted that it evolved from the structure of the previous bilateral agreement and that the merging of certain categories under restraint reflected the particular export interests of Romania to the United States. (COM.TEX/SB/1455)

4.34 During its review of the agreement between the United States and Turkey, the TSB took into account its observations on the consistency of aggregate and group limits with the provisions of the MFA (see paragraphs 4.20 to 4.22 above). (COM.TEX/SB/1503)

(c) New restraints and real risk of market disruption

4.35 In reviewing the Norway/Macau agreement, the TSB noted that the new restraint was set at a very low level with respect to both total imports and market share, and was of the opinion that the imminent increase in imports from Macau foreseen at the moment of negotiation of the agreement was not such as to pose a real risk of market disruption. The same observation was made with respect to the new restraint introduced in Norway's agreement with Korea. (COM.TEX/SB/1443)

4.36 The TSB considered the first agreement concluded between Norway and Indonesia. In view of the fact that prior to the conclusion of the agreement there was little or no trade in certain products placed under restraint, the TSB decided to ask both parties for the MFA rationale under which they had agreed to the different elements in this agreement. In concluding its review of the agreement the TSB took into account supplementary information regarding the notification. (COM.TEX/SB/1455 and 1467)

4.37 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:

(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;
by the time of notification of the agreements, which was delayed, and of their review by the TSB, the anticipated trade had not developed.

4.38 In view of the points outlined above, the TSB recommended that the parties review the situation, bearing in mind the provisions of the MFA. The TSB observed that the agreements concluded by Norway with Korea and with Macau showed a similar feature. (COM.TEX/SB/1467)

4.39 In reviewing the agreement between the United States and Turkey, the TSB took into account its observation on restraints agreed in the absence of trade. (See paragraph 4.23 above.) (COM.TEX/SB/1503)

4.40 During its review of the agreement between the United States and Indonesia, the TSB gave attention to the fact that restraints on two categories were agreed in the absence of previous trade. The Body was informed by the United States and Indonesia that the restraints had been introduced at the request of Indonesia in order to take into account the future development of trade in these categories which could be better accommodated in Group I than under the Group II limit. The parties informed the Body that they had agreed to these limits under Article 4:2 of the MFA.

4.41 The TSB was of the opinion that the parties had given an extreme interpretation to Article 4:2 and that its general observation on restraints agreed in the absence of trade was also applicable to this case. (COM.TEX/SB/1793)

(d) Base levels

4.42 In certain cases it was not possible to calculate changes in base levels: (a) for certain categories in the agreements concluded by the EEC, due to modifications in product coverage resulting from categorization changes as adapted to the Harmonized System (COM.TEX/SB/1272, 1285, 1294, 1306); (b) in the United States/Japan agreement, due to the shift from multi-year limits in the previous agreement to annual limits, increases in base levels were not in all cases comparable. (COM.TEX/SB/1276)

4.43 In reviewing the EEC/Argentina agreement, the TSB took note of a statement by the EEC that in setting the base levels the parties had taken into account the 1982 restraint levels together with growth and actual trade flows. (COM.TEX/SB/1272)

4.44 In the multi-year extensions superseding previous agreements concluded by the United States with Hong Kong and with Korea, the base

16 For the text of the general observation see paragraph 4.23.
levels of new restraints introduced on products of silk blends and vegetable fibres other than cotton were set at agreed reference levels. (COM.TEX/SB/1190 and 1272)

4.45 With reference to the reduction in the base level for one restraint in the Canada/China agreement, the TSB heard a statement from Canada that the reduction had been agreed in return for an increase in another category of export interest to China. (COM.TEX/SB/1391)

4.46 With respect to the reduction in the base level for Category 1 (trousers) in the Canada/Czechoslovakia agreement, the TSB was informed that the new level was substantially higher than average trade for the period 1983-1985, as the quota of the previous agreement had been little utilized. The TSB noted that Canada had proposed to amend the agreement in order to eliminate that quota, and had sought the co-operation of the Government of Czechoslovakia in this regard. The TSB recommended that Canada's initiative to eliminate that quota be agreed to by Czechoslovakia.

4.47 In reply to this recommendation, Czechoslovakia informed the TSB that it did not see the necessity, in spite of the fact that the restraint levels on Category 1 (and sub-category 1A) have been under-utilized over the past several years, to remove them from the agreement as proposed by the Canadian authorities; if the Canadian authorities wished to review this problem renewed negotiation about the restraint levels was necessary.

4.48 In the light of this reply to its recommendation, the TSB decided not to pursue the matter. (COM.TEX/SB/1450 and 1474)

4.49 During its review of the agreement between Canada and Korea the TSB noted, on the one hand the decrease in the base level for one clothing category, as well as the lower growth rates for all clothing categories, and on the other hand the liberalization of restraints on two non-clothing categories and parts of three non-clothing categories, as well as the increases in base levels of non-clothing categories, in several cases substantially higher than 6 per cent. (COM.TEX/SB/1342)

4.50 With respect to the reduction in base levels for two categories in the EEC/Czechoslovakia agreement, the TSB heard a statement from the EEC that some quota had been transferred between categories in order to respond to Czechoslovakia's export aspirations. (COM.TEX/SB/1306)

4.51 With respect to the reduction in base level for one category in the EEC/Korea agreement, the TSB heard a statement from the EEC that the reduction was agreed in exchange for more access in two categories of export interest to Korea. (COM.TEX/SB/1294)

4.52 Regarding the reductions in the base levels for two Community restraints in the EEC/Macau agreement, the TSB heard a statement from the EEC that they were agreed in order to take into account the true origin of previous imports into the Community. (COM.TEX/SB/1342)
4.53 During its review of the United States/Brazil agreement the TSB heard a statement from the United States that the decreases in base levels, the base level increases at less than 6 per cent and the growth at less than 6 per cent for the wool categories had been agreed in the overall context of the agreement. (COM.TEX/SB/1455)

4.54 In examining the arrangement for the two restraint periods in the United States/Costa Rica agreement where the specific limit for the first restraint period was much higher than the relevant reference level and where the parties agreed to a specific limit at a lower level plus a guaranteed access level for the second agreement period, the TSB was informed by the United States that all imports were subject to the specific limit in the first restraint period, while in the second, imports of shirts from United States' fabrics cut in the United States were subject to the guaranteed access level, and therefore the coverage falling under the specific limit had been reduced. (COM.TEX/SB/1391)

4.55 In considering the reductions in base levels for three categories in the United States/Japan agreement, the TSB noted that for two of them the utilization of the quotas was low and that substantial increases in base levels had been agreed for other categories. The TSB also noted that for the remaining category there was a further reduction in the 1987 level for this category with growth applicable for the last two agreement years, resulting in the 1989 limit being lower than the limit in 1985. The TSB noted the statement by the United States that these levels were agreed to take account of administrative adjustments. (COM.TEX/SB/1276)

4.56 In relation to the increase in base level in the new Finland/Sri Lanka agreement, effective 1 January 1992, Finland made reference to paragraph 2 of Annex B of the Arrangement. (COM.TEX/SB/1724)

4.57 With respect to decreases in some specific limits in the extension of the United States/Philippines agreement, the TSB was informed that they were agreed inter alia in the context of increases in certain base levels, including the limit for Group II. (COM.TEX/SB/1797)

(e) Growth and flexibility provisions

(i) Article 1, paragraph 2, Annex B, paragraph 2, and paragraph 12 of the 1986 Protocol of Extension

4.58 In reviewing the agreements concluded by Finland with Hong Kong, India, Korea, Macau, Sri Lanka and Thailand, the TSB gave particular attention to paragraph 12 of the 1986 Protocol of Extension, and noted a statement by Finland in which it reiterated the commitments made in the Textiles Committee on 31 July 1986.

4.59 In this context, the TSB decided that it would give the same particular attention to that paragraph in reviewing all notifications made by participating countries availing themselves of its provisions.
4.60 During its review of the Finland/Macau agreement, the TSB understood that the parties had borne in mind paragraph 12 of the 1986 Protocol of Extension in negotiating the growth rates. (COM.TEX/SB/1385)

4.61 During the reviews of modifications of the Finland/India and Finland/Hong Kong agreements, Finland made reference to paragraph 12 of the 1986 Protocol with respect to the growth and flexibility provisions. (COM.TEX/SB/1443)

4.62 With respect to the growth and flexibility provisions in its agreements valid from 1 January 1992 with Hong Kong, Korea and Macau, Finland made reference to paragraph 2 of Annex B and to paragraph 12 of the 1986 Protocol of Extension. Finland made reference to paragraph 2 of Annex B on the growth provisions in its new agreement with India. (COM.TEX/SB/1647 and 1688)

4.63 The TSB heard statements by Norway and Hong Kong that they had taken into account paragraph 12 of the 1986 Protocol of Extension in negotiating the growth rates and flexibility provisions of their agreement. Norway referred to this paragraph with respect to the swing provision for a restraint introduced as an amendment of its agreement with China which expired in 1988. (COM.TEX/SB/1359 and 1485)

4.64 With respect to the growth and flexibility provisions in the Norway/Czechoslovakia agreement, the TSB heard a statement from Norway that reference was made to Annex B of the Arrangement and paragraph 12 of the 1986 Protocol of Extension. Norway made similar statements concerning the growth and flexibility provisions in its agreements with China (valid from 1 January 1989), Hungary, India, Indonesia, Korea, Macau, Malaysia, Philippines, Poland, Romania, Singapore, Sri Lanka, Thailand and Yugoslavia. (COM.TEX/SB/1407, 1443 and 1485)

4.65 During its review of the Norway/Hong Kong and Norway/Pakistan agreements the TSB noted that Norway had made reference to paragraph 2 of Annex B and to paragraph 12 of the 1986 Protocol of Extension with respect to the growth rates and the flexibility provisions. (COM.TEX/SB/1503)

4.66 Sweden also made similar references concerning the growth and flexibility provisions contained in its agreements with Hong Kong, Indonesia, Macau and Sri Lanka. (COM.TEX/SB/1525, 1530, 1542, 1547 and 1579)

4.67 Norway made reference to paragraph 2 of Article 1 and paragraph 2 of Annex B concerning the growth and flexibility provisions applied to the new restraint introduced under each of the extensions of its agreements with China, Romania and Thailand. In the case of the extension of its agreement with Hong Kong, Norway made a similar reference. (COM.TEX/SB/1724, 1771 and 1793)

4.68 With reference to the growth and flexibility provisions in both the extension and the new agreement with Korea, Sweden made reference to Article 1:2 and Annex B of the Arrangement, as well as to paragraph 12 of
the 1986 Protocol of Extension; similar reference to these provisions was made with respect to the Sweden/Thailand agreement. (COM.TEX/SB/1391 and 1429) Sweden made reference to Annex B of the MFA and paragraph 12 of the 1986 Protocol with respect to the growth and flexibility provisions in its agreements with China, Hong Kong, India, Indonesia, Macau, Malaysia, Pakistan, the Philippines, Singapore, Sri Lanka, Turkey and Yugoslavia. (COM.TEX/SB/1369, 1487, 1525, 1530, 1542, 1547, 1565, 1573, 1604 and 1619)

(ii) Paragraphs 2 and 5 of Annex B

4.69 During its review of agreements concluded by Austria with Hong Kong, India, Korea and Macau, the TSB took note of statements made by Austria relating to the growth and/or flexibility provisions in these agreements. On the agreement with Hong Kong, the TSB took note of the statement that the lower than 6 per cent growth was agreed in view of exceptional cases in terms of Annex B of the Arrangement. In addition, Austria also stated that certain improvements were made in the agreement, such as the reduction in product coverage, increase in one base level by more than 6 per cent, higher growth rates for two categories, and improved provisions for carryover/carry forward (COM.TEX/SB/1276). On the agreement with India, Austria stated that swing at 5 per cent had been fixed in accordance with the provisions of paragraph 5 of Annex B of the Arrangement (COM.TEX/SB/1265). With respect to the agreement with Korea, the TSB noted the statement by Austria that the growth rates lower than 6 per cent and swing at 5 per cent were agreed due to the existing exceptional circumstances in terms of Annex B of the Arrangement (COM.TEX/SB/1265). For the agreement with Macau, the TSB took note of a statement by Austria which made reference to exceptional circumstances in terms of Annex B, and to the fact that, in determining the growth and flexibility provisions, the parties had taken account of the reduction in product coverage and the removal of the restraint on one product. (COM.TEX/SB/1265)

4.70 With respect to the growth and swing provisions in the agreement between Austria and Thailand, the TSB received a statement from Austria in which reference was made to paragraphs 2 and 5 of Annex B of the MFA. (COM.TEX/SB/1503)

4.71 The TSB heard a statement from Canada that the growth rates and swing provision in its agreement with Czechoslovakia had been agreed in view of these being exceptional cases in terms of Annex B, paragraphs 2 and 5, of the MFA. (COM.TEX/SB/1450)

4.72 During its review of the Canada/Hungary agreement, the TSB heard a statement from Canada that the lower than 6 per cent growth rate was agreed pursuant to paragraph 2 of Annex B (COM.TEX/SB/1377). Canada made similar statements with respect to the growth rates in its agreements with Malaysia, Singapore and Thailand as well as for the textile category in its agreement with India. (COM.TEX/SB/1369, 1385 and 1418)

4.73 The TSB also noted that the flexibility provisions were less favourable to Thailand than in the previous agreement, and heard a statement from Canada that 5 per cent swing for some categories had been agreed pursuant to paragraph 5 of Annex B. (COM.TEX/SB/1385)
4.74 With respect to the growth and flexibility provisions in the Canada/Poland agreement, the TSB heard a statement from Canada that these were agreed pursuant to paragraphs 2 and 5 of Annex B. (COM.TEX/SB/1418)

4.75 With regard to a number of agreements notified by the EEC, the TSB noted that they contained a number of points in common, which the TSB understood appeared in the other agreements negotiated by the Community to cover the period 1 January 1987-31 December 1991. With respect to these points, the TSB made several general observations, in the understanding that, unless otherwise decided by the Body, they should be equally applicable to all future notifications of agreements containing the same points. One of the general observations referred to growth rates.

4.76 In this context, the TSB heard a statement from the EEC that, while growth rates in the agreements concluded under the 1986 Protocol were in almost all cases higher than in the agreements concluded under the 1981 Protocol, there were cases in which the parties agreed to rates lower than 6 per cent pursuant to paragraph 2 of Annex B. In a number of cases, such lower rates had been compensated by increases in the base levels and other features of the agreements. The TSB took note of this statement and reiterated that it would review each agreement on a case-by-case basis. (COM.TEX/SB/1272)

4.77 These observations applied to the following agreements concluded by the EEC: Argentina, Brazil, China, Czechoslovakia, Hungary, India, Indonesia, Malaysia, Pakistan, Peru, Philippines, Poland, Romania, Singapore, Sri Lanka and Thailand. (COM.TEX/SB/1272, 1285, 1294, 1306, 1342, 1359, 1369, 1407 and 1474)

4.78 In addition, the TSB also noted a statement by the EEC that, in all agreements containing restraints, provision had been made for carryover and carry forward between the last year of the previous agreement and the first year of the new agreement. (COM.TEX/SB/1294)

4.79 The above observations relating to growth rates, and carryover/carry forward provisions between the old and new agreements applied to all EEC agreements containing restraints and reviewed by the Body during the period covered by this report, except that the carryover/carry forward provision did not apply to the agreement with Argentina, as there was no agreement between the parties under the 1981 Protocol.

4.80 During its review of the amendment of the EEC/Pakistan agreement, the TSB heard a statement from the EEC that the less than 6 per cent growth rate was agreed in view of this being an exceptional case in terms of Annex B of the Arrangement (COM.TEX/SB/1523).

4.81 With respect to the two EEC agreements containing no restraints (with Bangladesh and Uruguay), the TSB noted that in the event restraints were introduced, the applicable flexibility provisions would be higher than in the previous agreement. (COM.TEX/SB/1294)
4.82 The United States made reference to paragraphs 2 and 5 of Annex B regarding the growth and flexibility provisions included in its agreement with Argentina. (COM.TEX/SB/1647)

4.83 During its review of the extension of the agreement between the United States and Hungary, the TSB heard a statement from the United States that the parties had agreed to no growth between the 1987 and 1988 agreement years for Category 434, due to their agreement of commencing the first restraint period on 1 November instead of 1 October 1986, and by agreeing to the initial restraint period for fourteen months, thereby enhancing carryover/carry forward; furthermore, the parties did not consider this as a decision to have no growth for this category in any future extension of the agreement. (COM.TEX/SB/1306)

4.84 With respect to the growth rates for wool categories in the extension and modification of its agreement with Hungary, the United States stated that they had been sought pursuant to paragraph 2 of Annex B. The United States made a similar statement concerning growth rates for certain categories in the extension and modification of its agreement with Uruguay. (COM.TEX/SB/1325 and 1395)

(iii) Paragraph 10 of the 1986 Protocol of Extension

4.85 In certain cases, the TSB heard statements from the importing countries that in some of their agreements the low, and in some cases very low growth and flexibility provisions had been agreed pursuant to paragraph 10 of the 1986 Protocol. These concerned the following agreements: Austria/Korea, Canada/China, Canada/Hong Kong, Canada/Korea, EEC/Hong Kong, EEC/Korea, EEC/Macau, United States/China, United States/Japan and United States/Korea. (COM.TEX/SB/1272, 1276, 1294, 1342, 1377, 1391, 1418 and 1450)

4.86 During its review of the extension of the United States agreements with Hong Kong, the TSB noted that, as in the negotiation of their agreement, the parties had taken into account the provisions of paragraph 10 of the 1986 Protocol of Extension. (COM.TEX/SB/1688) During its reviews of an amendment and the extension of the United States/Korea agreement the TSB recalled that in the negotiations of their agreement the parties had taken into account the provisions of paragraph 10 of the 1986 Protocol of Extension. (COM.TEX/SB/1632 and 1680)

(iv) In context of other elements in agreements

4.87 The TSB was informed by Austria that the less than 6 per cent growth rate and the swing provision in its agreement with China were agreed in the context of the base level of the previously restrained category which was increased by more than 6 per cent and the base levels of the new restraints which were substantially higher than the previous trade. (COM.TEX/SB/1467)

4.88 With respect to the less than 6 per cent growth for the new restraint under an amendment of the Austria/Hong Kong agreement, the TSB was informed by Austria that this was agreed in the context of the liberalization of a
restraint and of the substantial increase in the base level over previous
trade for the new restraint. (COM.TEX/SB/1467)

4.89 During its review of the agreement between Austria and Turkey the TSB
heard a statement by Austria that the lower than Annex B levels for growth
and swing had been agreed in the overall context of the agreement.
(COM.TEX/SB/1530)

4.90 With respect to the swing provision in the Canada/Brazil agreement,
the TSB heard a statement from Canada that this had been agreed taking into
account the increases in base levels. (COM.TEX/SB/1579)

4.91 The TSB heard a statement from Canada that the growth and swing
provisions under the amendment of its agreement with Malaysia were agreed
taking into account the increases in base levels and the additional swing
for 1988. (COM.TEX/SB/1429)

4.92 Canada made a statement to the TSB that the lower than Annex B levels
for growth and flexibility provisions had been agreed in the overall
context of its agreement with Romania as amended. (COM.TEX/SB/1530)

4.93 With respect to the growth and flexibility provisions in its
agreement with Sri Lanka, Canada stated that they had been agreed taking
into account the increases in base levels. (COM.TEX/SB/1418)

4.94 The TSB heard a statement from the EEC that, when agreeing on most
growth rates and on the flexibility provisions in the agreement with
Hungary, the parties had taken into account other elements in the
agreement, particularly the removal of six Community and three regional
restraints, and the increases in some base levels higher or substantially
higher than 6 per cent. (COM.TEX/SB/1342)

4.95 In the amendment of the Finland/China agreement, the TSB noted that
the compound growth rate was more than 6 per cent. (COM.TEX/SB/1492)

4.96 During its review of the agreement between Norway and India, the TSB,
while noting improvements in the agreement, such as reduction in the
product coverage, liberalization of restraints on two categories and
generally more favourable flexibility provisions, as well as the improved
growth rates for practically all categories, noted that the growth and
swing provisions for one category were now less favourable to India and set
at extremely low levels. (COM.TEX/SB/1418)

4.97 With respect to its agreement with Brazil, the TSB heard a statement
from the United States that the decreases in base levels, the base level
increases at less than 6 per cent and the growth at less than 6 per cent
for the wool categories had been agreed in the overall context of the
agreement. (COM.TEX/SB/1455)

4.98 In reviewing the new agreement between the United States and China
covering one product, the TSB noted that, while the new agreement would
take effect on 1 January 1988, the special carry forward was available for the current comprehensive United States/China agreement, valid until 31 December 1987. (COM.TEX/SB/1325)

4.99 The TSB took note of a statement by the United States that in its agreement with Egypt the absence of growth in two sub-categories was agreed taking into account other features of the agreement. (COM.TEX/SB/1407)

4.100 Regarding the modification of the United States/Hungary agreement the TSB heard a statement from the United States that the growth and swing provisions were agreed taking into account increases in base levels and other elements in the amendment. (COM.TEX/SB/1443)

4.101 The TSB noted the low growth rates applicable to the wool categories in the United States/Malaysia agreement, and heard a statement from the United States that these had been agreed taking into account other elements in the agreement, including the merger of certain categories under specific limit, the liberalization of some sub-limits and the higher or substantially higher than 6 per cent base levels over 1986 trade for all new restraints, except one. (COM.TEX/SB/1342)

4.102 The growth for the new restraint in the modified United States/Mexico agreement was agreed in the context of other elements of the modifications. (COM.TEX/SB/1632)

4.103 With respect to growth rates lower than 6 per cent for certain categories and the swing provisions in the United States/Sri Lanka agreement, the TSB heard a statement from the United States that these had been agreed in the overall context of the agreement. (COM.TEX/SB/1450)

4.104 The TSB noted that the agreements notified by the EEC provided under certain conditions for the automatic transfer of unused regional quota-shares of Community limits to other regions, up to annually increasing percentages of the quota-shares to which the transfer is made. This provided for better flexibility than in previous agreements. (COM.TEX/SB/1272)

4.105 The TSB noted that the reduction in the growth rate for a category in the United States/Romania wool and man-made fibre agreement was agreed to by the parties in the context of the negotiation of a new agreement relating to trade in cotton textiles between both countries. (COM.TEX/SB/1455)

(f) Paragraph 13 of the 1986 Protocol of Extension

4.106 With respect to the provisions of the EEC/Bangladesh agreement, the TSB heard a statement from the EEC that in concluding it, particular attention had been paid to sub-paragraphs 13(a) and (b) of the 1986 Protocol of Extension. (COM.TEX/SB/1294)

4.107 In the course of its review of the agreement between the EEC and Pakistan, the TSB heard a statement by the EEC that, although growth rates
of less than 6 per cent were agreed for some sensitive products, the provisions of paragraph 13(d) of the 1986 Protocol of Extension had been fully taken into account. (COM.TEX/SB/1369)

4.108 With respect to the agreements concluded with Peru and Sri Lanka, the EEC made statements that it had taken into account paragraph 13(b) of the 1986 Protocol of Extension to provide for a more favourable treatment to Peru and to Sri Lanka than that accorded to other groups of suppliers. (COM.TEX/SB/1359)

4.109 The TSB noted a statement from Norway that its certificate of origin arrangement with Bangladesh regarding eight product categories had been concluded bearing in mind, inter alia, paragraph 13 of the 1986 Protocol. 17 (COM.TEX/SB/1485)

4.110 With respect to the new restraint on knit shirts and blouses (Category 339) in the United States/Egypt agreement, the TSB heard a statement from Egypt that it was a new entrant in the United States market in the product, which was of particular commercial interest to Egypt. The TSB, taking note of the statement by Egypt, drew attention to Article 6 of the MFA and sub-paragraphs 13(d) and (f) of the 1986 Protocol of Extension. (COM.TEX/SB/1407)

4.111 During its review of the agreement between Canada and Uruguay, the TSB took note of a statement by Canada that in concluding the agreement, particular consideration was given to paragraph 14 of the 1986 Protocol of Extension. (COM.TEX/SB/1312)

4.112 The TSB heard a statement from the United States that in the extension and modification of its agreement with Uruguay, increases over previous levels, growth rates and the swing provisions were agreed pursuant to paragraph 14 of the 1986 Protocol of Extension and to paragraph 2 of Annex B. (COM.TEX/SB/1395)

4.113 In May 1987, during its review of several agreements notified by the EEC, the TSB noted that they continued to contain provisions relating to re-exports of textile products after processing in the partner country concerned, but decided not to make any observation on that point at the time. (COM.TEX/SB/1272)

4.114 With respect to additional quantities available for three categories for outward processing traffic in the agreement between the EEC and the

17 The TSB decided to transmit this notification under Article 8 of the MFA.
Philippines, the TSB heard a statement by the EEC that the agreement reached by the parties on these quantities was intended to provide additional access, thereby taking care of specific interests of producers from both parties. In this context the TSB recalled its earlier decision (as contained in the previous paragraph) not to make any observation on provisions relating to re-imports of textile products after processing in the partner country. (COM.TEX/SB/1285)

4.115 With respect to OPT quotas, incorporated in the EEC agreements with the Czech and Slovak Federal Republic, Hungary, Poland and Romania, the TSB was informed that OPT imports had been previously limited under the Autonomous Régime applied by the Community. In the case of Hungary and Poland, the Régime was suspended in 1990. (COM.TEX/SB/1632)

4.116 During its review of the agreement between the United States and Costa Rica, the TSB had in mind that the agreement had been concluded before Costa Rica became a participant in the Arrangement. It also had in mind its general observation relating to products falling within Article 6:6 and paragraph 15 of the 1986 Protocol.

4.117 With respect to the arrangement for the two restraint periods, namely, a specific limit for the first restraint period, followed by a specific limit at a lower level plus a guaranteed access level in the second, the TSB was informed by the United States that all imports were subject to the specific limit in the first restraint period, while in the second, imports of shirts from United States’ fabrics cut in the United States were subject to the guaranteed access level, and therefore the coverage falling under the specific limit had been reduced. With regard to its general observation referred to in the preceding paragraph, the TSB was informed that exports from Costa Rica of products falling under the guaranteed access level already existed when the agreement was negotiated. However, since for technical reasons the parties were unable to provide for separate administration of both a guaranteed access level and a specific limit in the first restraint period, they had agreed to cover both types of trade under a specific limit during that period only. (COM.TEX/SB/1391)

4.118 During its review of an amendment of the United States/Mexico agreement, the TSB noted that the parties had agreed that, should a new agreement be entered into, it should take into consideration Article 6:6 of the Arrangement and paragraph 15 of the 1986 Protocol of Extension; the TSB bore this notation in mind when it reviewed the new agreement between the parties. (COM.TEX/SB/1314 and 1395)

(i) **Paragraph 18 of the 1986 Protocol of Extension**

4.119 The TSB heard a presentation from the Commission of the European Communities on the new EEC textile categorization as adapted to the Harmonized System. The TSB noted that the product coverage of the EEC agreements remained unchanged, although the number of EEC textile categories applied therein, as adapted to the Harmonized System, had been reduced from 114 to 93. (COM.TEX/SB/1265 and 1272)
4.120 In the amendment of the United States/Hong Kong agreement to take account of necessary changes related to the adoption of the Harmonized Commodity Code by the United States, additional swing possibilities were agreed to permit smoother transition in trade. (COM.TEX/SB/1455)

4.121 With respect to the migration of products between categories resulting from the implementation of the Harmonized System by the EEC in its agreements with China, Hong Kong, India, Pakistan, the Philippines and Thailand, the TSB understood that these amendments were negotiated taking into account paragraph 18 of the 1986 Protocol of Extension. (COM.TEX/SB/1565)

4.122 With respect to several notifications of amendments of agreements (United States - Brazil, China, Hong Kong, Malaysia, Mexico, Peru, Romania, Singapore, Sri Lanka, Yugoslavia) concerning modifications in the textile categorization and consequent changes in limits resulting from the implementation of the Harmonized Commodity Code by the United States, the TSB understood that these amendments were negotiated taking into account paragraph 18 of the 1986 Protocol of Extension. (COM.TEX/SB/1523)

4.123 The TSB noted that in an amendment of the agreement between the United States and Macau the Group I and Aggregate limits were increased as a consequence of changes made to take account of the adoption of the new textile category system resulting from the implementation of the Harmonized Commodity Code by the United States, effective on 1 January 1988. (COM.TEX/SB/1503)

4.124 The TSB was informed that reductions in certain specific limits in the extension of the United States/Philippines agreement were agreed inter alia in the context of adjustments resulting from the application of the Harmonized System. (COM.TEX/SB/1797)

(j) **Paragraph 24 of the 1986 Protocol of Extension**

4.125 Before 19 October 1987 the TSB had received several notifications of agreements which included products falling within paragraph 24 of the 1986 Protocol of Extension. On two such agreements (United States/Korea and United States/Macau) certain observations, as contained in the following paragraph, were made.

4.126 During its review of the United States/Korea agreement, the TSB heard statements from the United States and Korea that the restrictions on categories in Groups III, IV and VI were negotiated due to substantially increased imports of such products which were directly competitive with products made of fibres specified in Article 12 of the Arrangement. The TSB noted that paragraph 24 of the Protocol of Extension had been taken into consideration by the parties, and reviewed those restrictions under the terms of that paragraph. It also heard statements from both parties that, though the levels set in the agreement for the products of silk blends and other vegetable fibres were agreed for the 1986 agreement year, they were applied at pro rata levels from 1 September 1986 (COM.TEX/SB/1272). During its review of the United States/Macau agreement,


the TSB noted that in all cases where restraints included new fibres, there had been previous imports from Macau of products of these fibres.

(COM.TEX/SB/1306)

4.127 At its meeting held on 19-21 October 1987, the TSB made a general observation relating to paragraph 24 of the 1986 Protocol of Extension (for the text of the observation see Section A III above). The TSB agreed that the observation applied to notifications then already reviewed, namely, agreements concluded by the United States with Hong Kong, India, Korea, Macau, Pakistan and the Philippines. (COM.TEX/SB/1328)

4.128 In reviewing the agreement between Canada and China, the TSB noted that in the two cases where restraints included new fibres there had been previous imports from China of products of these fibres. (COM.TEX/SB/1391)

4.129 A similar notation was made by the TSB with respect to the Canada/Hong Kong agreement. (COM.TEX/SB/1418)

4.130 In reviewing the Canada/Indonesia agreement, the TSB gave particular attention to the fact that most of the categories covered by the agreement had been constructed so as to include without distinction fibres specified in paragraph 24 of the Protocol, along with those specified in Article 12 of the Arrangement, noting that (i) this was the case for all categories under restraint and most of those subject to the consultation mechanism of the agreement; and (ii) there were no imports of paragraph 24 products from Indonesia in any of the categories concerned.

4.131 The TSB questioned the basis for this wide coverage of products made from paragraph 24 fibres when there had been no trade in such products and concluded that its general observation relating to paragraph 24 of the 1986 Protocol of Extension was clearly applicable in this case. In this respect, the TSB reiterated:

(i) its observation that such specific restraints were not envisaged under that paragraph;

(ii) its understanding that specific restraints on products made of fibres specified in paragraph 24 should be introduced only if it was demonstrated that imports of such products were directly competitive with products made of fibres specified in Article 12 and were causing or aggravating market disruption or real risk thereof in the importing country.

4.132 The TSB requested the two countries to take this observation into account. (COM.TEX/SB/1342)

4.133 In reviewing the Canada/Korea agreement, the TSB took into account its general observation relating to paragraph 24 of the 1986 Protocol and the information provided by Canada that there had been imports from Korea of products made of fibres specified in paragraph 24 in the case of all restrained categories with coverage extended to include those fibres. (COM.TEX/SB/1342)
4.134 The TSB observed that all clothing categories covered by the Canada/Macau agreement had been constructed so as to include without distinction fibres specified in paragraph 24 of the 1986 Protocol, along with those specified in Article 12 of the Arrangement. It noted that, while there had been imports from Macau of paragraph 24 fibres in the period 1983 to 1986, they had shown a declining trend and in the latter year had occurred in only one of the categories under restraint. The TSB therefore questioned the basis for the restraints on other products made from paragraph 24 fibres and concluded that its "General Observation relating to paragraph 24 of the 1986 Protocol of Extension", in particular the fourth paragraph thereof, was applicable in this case. (COM.TEX/SB/1345)

4.135 During its review of the extension of Canada's agreements with Indonesia and Macau, the TSB recalled its observations with respect to inclusion in the product coverage of fibres specified in paragraph 24 of the Protocol along with those specified in Article 12 of the Arrangement, and noted that the parties had not modified the provisions of their agreements in that respect. The TSB understood that the patterns of imports into Canada of products of paragraph 24 fibres from Indonesia and Macau had not changed since its review of the agreements, and therefore reiterated its observations, requesting again that the parties take them into account if the agreements are amended. (COM.TEX/SB/1748)

4.136 In considering the extension of the EEC/Czech and Slovak Federal Republic agreement, the inclusion of certain products falling within paragraph 24 of the 1986 Protocol of Extension and a restraint on one such product, the TSB was of the opinion, that in the light of its general observation on such products, the conditions set out in paragraph 24 of the 1986 Protocol had been met. (COM.TEX/SB/1724)

4.137 With respect to the specific restraint introduced on Category 345/845 in the United States/Jamaica agreement, the TSB noted that there were no imports in Category 845 (sweaters of other vegetable fibres), and recalled its observation that the introduction of specific restraints on products made of fibres specified in paragraph 24 when there had been no imports or imminent increase of imports (as defined in Annex A) were not envisaged under that paragraph. It requested both parties to take this observation into account. (COM.TEX/SB/1328) Similar observations were made with respect to some restraints on categories which included paragraph 24 fibres under an amendment of the United States/Sri Lanka agreement, and with respect to the introduction of a restraint on Category 842 under an amendment of the United States/Malaysia agreement, though the TSB noted that subsequently trade had developed in this Category. (COM.TEX/SB/1342)

4.138 The TSB also noted that in the United States/Sri Lanka amendment, although the 1986 Protocol had come into force on 1 August 1986, one of the

---

18 See paragraphs 4.131 and 4.132 (Indonesia) and 4.134 (Macau).
restraints including products of paragraph 24 fibres had been made retroactive to 1 June 1986. The TSB advised both parties to pay attention to this fact. (COM.TEX/SB/1342) In reviewing the new agreement between the parties, the TSB noted that, in the cases where new restraints included products of paragraph 24 fibres, there had been previous imports from Sri Lanka. It further noted that certain restraints on products made from paragraph 24 fibres were renewed, when there continued to be no trade in these products. The TSB recalled its earlier observations concerning these restraints, and reiterated that such specific restraints were not envisaged under paragraph 24 of the 1986 Protocol. (See preceding paragraph.)

4.139 The TSB recommended that the parties review the situation at an appropriate moment, taking full account of its observations on this matter and in the light of its general observation relating to paragraph 24 of the 1986 Protocol of Extension. (COM.TEX/SB/1450)

4.140 With respect to certain modifications (Canada/Macao, United States/Malaysia, United States/Sri Lanka), the TSB noted the consultation provisions contained in the relevant agreements and recalled its understanding that specific restraints on products made of fibres specified in paragraph 24 should be introduced only if it was demonstrated that imports of such products were directly competitive with products made of fibres specified in Article 12 and were causing or aggravating market disruption or real risk thereof in the importing country. The TSB requested the countries concerned to take this observation into account. (COM.TEX/SB/1342 and 1345)

(k) Article 8 and paragraph 16 of the 1986 Protocol of Extension

4.141 In reviewing the consultation provisions in the bilateral agreements concluded by the EEC relating to paragraph 16 of the Protocol of Extension, the TSB noted that the parties may consult with a view to agreeing an equivalent adjustment of quotas in cases where evidence of circumvention had been established. The TSB observed that such consultations would address the question of adjustment of charges to existing quotas to reflect the country of true origin, with its timing and scope being decided in consultation between the countries concerned, with a view to arriving at a mutually satisfactory solution.

4.142 The TSB emphasized the importance to be attached to co-operation between all parties concerned to establish the relevant facts.

4.143 The TSB also took the view that any action taken by the Community in the absence of a mutually agreed solution should be without prejudice to the possibility of continuing consultations and could not substitute the right of recourse to the TSB by either party under Article 8:2 of the MFA and paragraph 16 of the Protocol of Extension.

4.144 The TSB understood that any arrangement or measure introduced under these consultation provisions was notifiable under Article 8:4 of the Arrangement.
4.145 In making this observation, the TSB did not address the meaning of the term "circumvention" as used in the Arrangement but decided it would do so in the future if necessary. (COM.TEX/SB/1272)

4.146 In reviewing the consultation provisions on circumvention in Norway's agreements with Czechoslovakia, Hungary and Poland, the TSB took the view that any action taken by Norway under these provisions does not prejudice the right of recourse to the TSB by either party under Article 8 of the MFA and paragraph 16 of the Protocol of Extension. (COM.TEX/SB/1395)

4.147 During its review of the agreement between the United States and the Dominican Republic, the TSB paid particular attention to the provisions relating to co-operation in the prevention of circumvention and heard a statement of the United States that the provision in paragraph 19 B (II) of the agreement aimed at assuring effective administration of the Special Access Program, in accordance with any relevant domestic laws of either party. (COM.TEX/SB/1472)

1) Problem of overshipments

4.148 During its review of the amendment of the Canada/Indonesia agreement, the TSB recalled its general observation on overshipments in which it "urged participants to cooperate and take necessary steps to ensure that overshipments would not occur". (COM.TEX/SB/1553)

4.149 The TSB was informed that the introduction of a Group I limit in an amendment of the United States/Philippines agreement was part of a solution agreed to resolve problems of overshipments in some categories. (COM.TEX/SB/1797)

4.150 The TSB noted that Norway and China had addressed the problem of overshipments of certain categories of Chinese products covered by their agreement. (COM.TEX/SB/1604)

(m) Article 12, paragraph 3, of the MFA

4.151 During its review of the agreement between Canada and India, the TSB noted the parties had agreed to include handloom products corresponding to one category in the restraint level, and also to consultation provisions with respect to handloom products corresponding to four clothing categories, and recalled the provisions of Article 12:3. (COM.TEX/SB/1418)

4.152 The TSB heard statements from Indonesia and the United States with respect to additional access provided to four additional categories for products made from traditional folklore fabrics. The parties stated that the clarification previously provided by them remained valid, i.e., that Indonesia may export such additional amounts provided they are products "which, while not traditional folklore garments in the sense of Article 12:3, are made of traditional folklore fabrics, such as Batik, Ikat and Kerawang". (COM.TEX/SB/1151 and 1418)
4.153 During its review of the Sweden/India agreement, the TSB noted that certain restraint limits included handmade clothing items made of handloom fabrics and understood from Sweden that the parties had not established a certification system as set out in Article 12:3 of the Arrangement for the products concerned. (COM.TEX/SB/1573)

(n) Consultation provisions in agreements for the introduction of restraints

4.154 In reviewing the procedures for introducing restraints on products subject to consultation in the agreements concluded by the EEC, the TSB noted that the threshold levels for the application of these procedures were in all cases twice those applicable in the previous agreements and understood that the EEC would continue to apply these procedures only when, in the view of the Community, there was a real risk of market disruption.

4.155 The TSB would continue to review any new restraints introduced under these provisions as modifications of the bilateral agreements on a case-by-case basis. (COM.TEX/SB/1294)

4.156 During its review of the EEC/Bangladesh agreement, the TSB noted that this agreement contained consultation provisions for introducing restraints and that the threshold levels for the application of the consultation procedures were three times or more than those applicable in the previous agreement. (COM.TEX/SB/1294)

4.157 In reviewing the agreement between the EEC and Uruguay, the TSB noted that it contained consultation procedures for introducing restraints and that the threshold levels for the application of these procedures were more than double those applicable in the previous agreement. (COM.TEX/SB/1294)

4.158 During its review of the Norway/Thailand agreement 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. In May 1989 the TSB received a report from Norway that it had accepted a proposal made by Thailand to delete the last paragraph of Article 14 of the agreement. (COM.TEX/SB/1467 and 1485) Thailand notified an amendment of the agreement under which the last paragraph of Article 14 of the agreement was deleted. (COM.TEX/SB/1547)

(o) Provisions not covered by the MFA

(i) Price clause

4.159 In relation to the price clause contained in the agreements concluded by the EEC with Czechoslovakia, Hungary, Poland and Romania, the TSB reiterated its earlier statements that such a price clause falls
outside the provisions of the MFA. It expressed the view that in any case of application of the price clause, due consideration should be given to the fact that such application may have the effect of nullifying the objectives of the Arrangement in terms of Article 9:1. The TSB recommended that in the event of the application of the price clause, every effort should be made to ensure that such application would be in conformity with the MFA. (COM.TEX/SB/1272, 1306 and 1342)

4.160 Under the extensions of the agreements with the Czech and Slovak Federal Republic and Hungary, the provisions related to the price clause were deleted (COM.TEX/SB/1724); the same happened under the extension of the EEC/Poland agreement.

(ii) Other provisions

4.161 During its review of the agreement between the EEC and China concluded under Article 4 of the MFA and under the EEC/China Trade and Economic Co-operation Agreement, the TSB expressed concern regarding the conformity of the provisions contained in Articles 11 and 12 of the agreement with the MFA. In this respect the TSB heard a statement from the EEC that these Articles and Annex IV of the agreement were concluded under the Trade and Economic Co-operation Agreement and not under the provisions of the MFA; the EEC also stated that it did not intend to seek the inclusion of similar provisions in future MFA agreements with MFA participants. After its review of the provisions of the agreement negotiated under the MFA, and taking into account that Articles 11 and 12 were not concluded under the Arrangement, the TSB decided to transmit the notification to the Textiles Committee. (COM.TEX/SB/1474)

(p) Timely notification of agreements

4.162 During its review of the Sweden/Hong Kong agreement, the TSB noted that the agreement had been in effect for over two years, and reiterated the importance of timely notification of agreements in accordance with the provisions of Article 4:4 (COM.TEX/SB/1547). The TSB noted that a number of cases of late notification by other countries had also occurred.

4.163 During its review of an amendment of the United States/Hungary agreement, the TSB noted the delay in notification and reiterated the importance of timely notification in accordance with Article 4:4. (COM.TEX/SB/1793)

(q) Other observations and statements heard

4.164 During its review of the United States/India agreement, the TSB noted ambiguities in paragraphs 5B and 19 of the agreement. The TSB suggested that the parties mutually clarify the provisions of these paragraphs and inform it regarding these clarifications. (COM.TEX/SB/1276)

4.165 In reviewing the Norway/Romania agreement, the TSB gave particular attention to the restraint introduced on bedlinen and noted that the trade in this product was at a relatively low level. It heard a statement from
Norway that the restraint had been negotiated in view of the pattern of trade from the exporting country in the two years preceding the negotiation of the agreement. (COM.TEX/SB/1485)

4.166 The TSB heard a presentation concerning the status of the wool sector in the United States market. (COM.TEX/SB/1256)

4.167 On the initiative of the Canadian Government, the TSB heard a presentation on the bilateral agreements concluded by Canada under the MFA as extended by the 1986 Protocol. (COM.TEX/SB/1299)

4.168 The TSB took note of a brief statement by Finland on its textile policy. (COM.TEX/SB/1579)

4.169 The TSB heard a statement from the Government of Norway on its policy to liberalize restrictions maintained under the MFA. (COM.TEX/SB/1472)

II. Notifications under Article 11, paragraphs 11, 12 and 2

4.170 Chapter 2 has covered, in Sections B and C, unilateral measures notified under Article 3:5 or under Article 3:8 and paragraph 8 of the 1986 Protocol, and matters referred under Article 3:5(ii) and Article 11:4 and/or 11:5. Chapter 3, Section A, has included the TSB's observations on notifications received under Article 2. The following paragraphs concern the evolution of measures notified under Article 11, paragraphs 11, 12 and 2.

4.171 In order to fulfil its obligations under Article 11, the TSB has annually requested participating countries for information on restrictions maintained or introduced by them during MFA IV, be they effected under the Arrangement, or outside its provisions vis-à-vis participants or non-participants, it being understood that where restrictions were justified under the provisions of the GATT, including its Annexes and Protocols, these should be notified for information purposes.

4.172 During its review of certain Article 11 notifications made in reply to its 1987 request, the TSB felt that more information would be desirable regarding elements such as foreign exchange constraints and overall national economic plans which affect textile imports. The TSB was of the opinion that participating countries notifying under Article 11 should, to the extent possible, include such information; to this end, in its letters addressed to all participating countries since 1988, requesting information under Article 11, the Body has asked that they provide information on "any type of measure having a restrictive effect, for instance, those subjecting imports to factors such as availability of foreign exchange, priorities in development needs, approval by State or industry bodies, etc., or those where products are imported by State-trading enterprises or other enterprises which enjoy exclusive or special privileges".

4.173 Though most participants responded to the requests for information made by the TSB, they did not all do so in each of the five years 1987,
1988, 1989, 1990 and 1992 (no request was made in 1991). Under the assumption that earlier notifications by countries which did not reply in 1992 are still valid, the situation would be the following on 31 July 1992:

(a) eighteen participating countries notified they maintained no quantitative restrictions on MFA products or any other measures having a similar effect, namely: Argentina, Brazil, Colombia, Costa Rica, the Czech and Slovak Federal Republic, El Salvador, Hong Kong, Hungary, Jamaica, Japan, Macau, Peru, the Philippines, Singapore, Sri Lanka, Switzerland, Turkey and Uruguay;

(b) four participating countries notified they maintained restrictions on only one or on very few products: Guatemala had restrictions on the type of fabric used for uniforms of its military forces; Korea maintained restrictions on imports of certain silk fabrics; Mexico maintained non-automatic licensing for used clothing and some kinds of hand-made carpets; Thailand had non-automatic licensing for natural fibre bags;

(c) four participating countries notified they applied restrictions under the GATT: Egypt, India and Yugoslavia under Article XVIII:B and Indonesia under Article XVIII:C;

(d) one participating country notified it applied restrictions which had not been justified under the GATT: Dominican Republic;

(e) six participating countries continued to maintain restrictions under the MFA: Austria, Canada, EEC, Finland, Norway and the United States;

(f) the situation was not clear as to the import régimes of China and Romania;

(g) one participating country, Panama, which accepted MFA IV in 1991, had provided no information;

(h) three participating countries did not provide any information since 1987: Bangladesh, Malaysia and Pakistan.

4.174 Several of the countries which notified they maintained no quantitative restrictions or any other measures with a similar effect had followed such a policy throughout the period reviewed; they are Costa Rica, El Salvador, Hong Kong, Japan, Macau, Singapore, Sri Lanka, Switzerland and Uruguay.

4.175 Several countries notifying they maintained no restrictions in July 1992, had earlier referred to restrictions maintained under GATT Article XVIII and subsequently liberalized either on disinvokation of the Article or as part of a programme of liberalization undertaken in the Balance of Payments Committee (Argentina, Brazil, Colombia, Peru, the Philippines and Turkey); with respect to the Czech and Slovak Federal Republic and Romania, the TSB had sought clarifications on their reports which stated they maintained no restrictions.
The TSB has also noted the following developments:

(a) liberalization of restrictions may be noted with respect to Korea and Mexico;

(b) Thailand introduced a ban on certain imports in December 1988. In November 1989 Thailand stated that the measure had been taken pursuant to paragraph 2 of Article 8 of the MFA. The TSB noted that Thailand had not reported holding any bilateral consultations with any of the participants involved in the alleged circumvention. The Body was of the opinion that this ban could not be justified under Article 8:2 or other provisions of the MFA; it therefore recommended that Thailand review the situation and, unless the measure could be modified to be brought into conformity with the MFA, or justified under the GATT, terminate it. This ban was replaced by automatic licensing from March 1990;

(c) Indonesia has listed products which may only be imported by Approved or Producer Importers; it has also simplified the licensing procedure;

(d) the TSB noted that the new Ordinances of 1987 notified by Switzerland had not modified the Swiss régime for textile imports. With respect to the requirement of licensing subject to certain minimum price margins for imports of some products from certain participants, the TSB recalled its opinion that every effort should be made to ensure that the application of the provision would be in conformity with the MFA;

(e) with respect to the six participating countries which have used the provisions of the MFA for introducing or maintaining restrictions on imports of textile products, Section D of Chapter 2 and Section A of this chapter give a full picture of the evolution of restrictions and TSB observations during MFA IV. Nevertheless, it may be useful to just mention a few broad facts. Certain bilateral agreements were allowed to lapse or were replaced by consultation or export surveillance agreements (Austria/Egypt, Austria/Singapore, EEC/Bangladesh, EEC/Colombia, EEC/Mexico, EEC/Uruguay, Finland/Romania, Finland/Thailand, Norway/Yugoslavia, United States/Argentina, United States/Japan, United States/Peru and all Sweden's agreements). Some new agreements were concluded (Austria/Thailand, Austria/Turkey, Canada/Colombia, EEC/Argentina, United States/El Salvador, United States/Guatemala). In amending all its agreements, Norway liberalized its textile import régime.
CHAPTER 5  Concluding Remarks: An Overview of the Operation of MFA IV

5.1  In its reports for the major reviews conducted by the Textiles Committee in 1984 and 1989, the TSB had included a chapter with an analysis of the implementation of the MFA during the period covered by the report. As the present report covers a span of six years, the longest ever covered by a TSB report, the Body decided to follow the same approach as on those occasions, offering in this chapter an overview of the implementation of MFA IV throughout this period.

5.2  This chapter is divided into two sections: the first summarizes the evolution of the bilateral agreements concluded by participating countries maintaining restrictions under the MFA during the period from the end of MFA III to 31 July 1992. While necessarily schematic, such a summary offers a useful overview of the evolution of MFA restrictions in the period; besides, measures maintained under bilateral agreements form the bulk of MFA restrictions. A detailed description of the evolution of such agreements and of amendments thereto is found in Chapter 2, Section D, Evolution of restrictions under bilateral agreements during MFA IV. In order to obtain a broader picture of the conditions governing trade in textiles in participating countries, this Chapter 5 should be read together with Chapter 3.

5.3  The second section of this chapter presents some considerations by the Body with respect to the implementation of MFA IV.

A. Restraints under Agreements between MFA Participants from 31 July 1986 to 31 July 1992

5.4  Austria

(i) The number of MFA restraint agreements fell from seven to six, as those with Egypt and Singapore lapsed and an agreement was concluded for the first time with Thailand;

(ii) their product coverage continues to be very selective;

(iii) the total number of restraints decreased;

(iv) under MFA IV, annual growth rates are higher than previously in practically all cases, reaching 6 per cent in several cases;

(v) in all of the latest agreements concluded by Austria, the base levels were increased by more than 6 per cent over previous restraint levels;

(vi) swing is in all cases set at 5 per cent, and carryover and carry forward are, in most cases, in accordance with the levels of Annex B.

Overall, Austria continues to apply the MFA sparingly; Austria's agreements are now less restrictive than those it had concluded under MFA III.
5.5  Canada

(i) The number of MFA restraint agreements increased from twenty to twenty-two, as agreements were concluded for the first time with Colombia and the Dominican Republic;

(ii) the product coverage was expanded in sixteen agreements and remained unchanged in four; in five cases, products made of fibres falling under paragraph 24 of the 1986 Protocol have been included in the coverage; in both new agreements the coverage is limited to one category;

(iii) the total number of restraints negotiated by Canada increased, due mainly to the agreements with Bangladesh, China, Hong Kong, India, Malaysia, Pakistan, Sri Lanka, Thailand and Turkey containing more restraints than previously; in the case of the agreements with Brazil, Korea and Poland the number of restraints declined; the number of Group limits decreased from three to two, due to the elimination of one Group limit in the agreement with India;

(iv) in many cases the increases over base levels were substantially more than 6 per cent; in the remaining cases they were usually set at or more than 6 per cent, but there were cases of lower increases;

(v) yearly growth rates were in several cases less than 6 per cent, and the agreements concluded under MFA IV included, at first, many cases of growth rates lower than those of the previous agreement. In most cases, however, the applicable growth rate was 6 per cent. In the later years of the period, all new restraints were granted a 6 per cent growth rate; under several amendments, rates of less than 6 per cent were increased; furthermore, many cases of extensions of agreements included amendments granting increases in base levels which resulted in a compounded growth rate of more than 6 per cent;

(vi) flexibility provisions under MFA IV agreements are more favourable to the exporting country in very few cases, unchanged in most agreements and less advantageous to the exporting country in some agreements. Limits on the cumulative use of flexibility were set in many cases, and have resulted in the limit to fall below the sum of the levels for swing and carryover/carry forward set out in Annex B. In the later years of the period, however, increases in the level of cumulative use of flexibility have been agreed in several agreements.

Overall, while in its 1989 report the TSB was "in no doubt" that Canada was applying MFA IV more strictly than it had applied MFA III, Canada's application of the Arrangement at the latter part of the period seemed to indicate a relaxation of that approach.
5.6 EEC

(i) The number of restraint agreements concluded by the EEC decreased from twenty-three to nineteen: an agreement with Argentina which had existed under MFA II was revived under MFA IV, the restraint agreements with Bangladesh, Colombia, Mexico and Uruguay were replaced by agreements without restraints (but under whose provisions restraints can be introduced), and the MFA agreement with Egypt expired;

(ii) all agreements continue to have a comprehensive product coverage; the coverage of three agreements was extended in 1992 to include a few products falling under paragraph 24 of the 1986 Protocol;

(iii) the total number of restraints in all agreements was reduced at the beginning of MFA IV. During the period covered by this report, twenty-four new restraints were agreed with several exporting countries. In 1992, several restraints in the agreement with the Czech and Slovak Federal Republic were terminated, and the levels for many restraints with countries from East and Central Europe increased;

(iv) increases in base levels over previous restraint levels or reference levels were lower than 6 per cent in many cases, but were set at more or substantially more than 6 per cent in other cases, notably those of regional limits and of restraints introduced in amendments to the agreements;

(v) in practically all cases annual growth rates were higher than previously; otherwise, they remained unchanged. They are still lower than 6 per cent, however, in a large number of cases;

(vi) improvements in flexibility provisions were made in all agreements. Limits on the cumulative use of flexibility were set in all agreements; in a few cases this resulted in the cumulative level to fall below the sum of the levels for swing and carryover/carry forward set out in Annex B. In addition it is possible, under certain circumstances, to transfer certain percentages of unused regional quota shares to other regions; these percentages were progressively increased from 1987 to 1992.

Overall, while the EEC's agreements under MFA IV meant a less restrictive application of the Arrangement than that under MFA III, it should be borne in mind: (i) the restrictive terms of the Community's agreements under MFA III; and (ii) that the improvements in MFA IV agreements in 1992 were limited to a few developed countries.

5.7 Finland

(i) The number of restraint agreements decreased from nine to seven, as the agreements with Pakistan, Romania and Thailand expired,
and an agreement was concluded for the first time with Singapore;

(ii) the product coverage continues to be very selective, having been increased in some agreements, decreased in others or remained unchanged;

(iii) the total number of restraints applied by Finland decreased;

(iv) the increases in base levels were in practically all cases lower than 6 per cent in the first years of the period considered. More recently, however, they were generally higher than 6 per cent;

(v) the annual growth rates, while higher than in previous agreements in practically all cases, were all under 6 per cent. Such rates were increased under new agreements concluded in the latter part of the period, or under amendments extending existing agreements, but still remain below 6 per cent;

(vi) swing was limited to 5 per cent in all cases, while carryover/carry forward was available at the levels of Annex B or was, in several cases, increased from the previous rate of 10/5 per cent to 11/6 per cent.

Overall, Finland continues to apply the MFA sparingly; Finland's agreements are now less restrictive than those it had concluded under MFA III.

5.8 Norway

(i) The number of restraint agreements increased from fifteen to sixteen, as the agreement with Yugoslavia expired and agreements were concluded for the first time with Indonesia and Pakistan; at the beginning of the period, Pakistan had been subject to a restraint imposed by Norway under Article 3:5;

(ii) the product coverage, which had been reduced in all agreements concluded by Norway under MFA IV as compared to the coverage in MFA III agreements, and was further reduced in later amendments of the agreements, is now very selective, covering no more than five product categories in a few cases and four product categories in most agreements;

(iii) the total number of restraints was reduced;

(iv) base levels were generally increased by more, and in some cases by substantially more, than 6 per cent. For most agreements such increases occurred more than once, as further increases in base levels were granted on the occasion of the extension of such agreements. For new restraints agreed in the latter part of the period considered, increases in base levels were always substantially more than 6 per cent;
all growth rates were lower than 6 per cent, although in general higher than in previous agreements; many rates were increased when the agreements were extended in the course of the period considered. They still remained in all cases below 6 per cent, but the increases granted to base levels resulted, in many cases, in compounded growth rates of more than 6 per cent;

swing was lower than 7 per cent in all cases, and in many cases below 5 per cent; through amendments of most of Norway's agreements, improvements were granted in regard to flexibility provisions, i.e., carryover and carry forward, when set below 10 per cent and 5 per cent, respectively, were increased to those levels, and a limit on the cumulative use of flexibility was abolished in practically all agreements.

Overall, by the end of the period Norway was applying the Arrangement sparingly, and compared to the beginning of the period, when Norway was giving a restrictive interpretation to the Arrangement, present agreements are much less restrictive.

5.9 Sweden

Agreements concluded by Sweden during its participation in the MFA are not included in this section, since all expired on 31 July 1991. It is sufficient to point out that there was total liberalization.

5.10 United States

The number of restraint agreements formally concluded by the United States decreased from twenty-nine (two of them with Romania) to twenty-six (two with Romania), as agreements with Japan, Peru and Uruguay expired without having been replaced; understandings on restraint agreements reached with El Salvador, Guatemala and Sri Lanka had not yet been formalized;

the product coverage continues to be comprehensive in most cases; it was expanded to include products made of paragraph 24 fibres in the agreements with China, Hong Kong, India, Indonesia, Jamaica, Korea, Macau, Malaysia, Pakistan, Philippines, Romania, Sri Lanka and Thailand;

the total number of restraints (merged categories being counted as one single limit) and of fabric limits (each comprising several fabric categories) increased; there was a decrease in the number of Aggregate limits and of Group limits;

base levels of categories previously under restraint were generally increased by more than 6 per cent or by substantially more than 6 per cent, the notable exceptions being the agreements with Hong Kong and Korea. Base levels of products newly placed under restraint were in most cases substantially more than 6 per cent higher than the relevant reference level;
(v) annual growth rates for all wool products were almost invariably set at 1 per cent. The growth rates for products of other fibres are almost invariably set at 6 per cent, and even higher rates are set for several products in the agreements with Egypt, India, Macau, Pakistan and Romania (wool and man-made fibre agreement). In the agreement with Bangladesh, where previously growth rates were of 6 per cent, they have been increased to 7 per cent for all restraints. Growth rates lower than 6 per cent apply, with very few exceptions, to restraints in the agreements with China, Korea and Singapore, and to all restraints in the agreement with Hong Kong;

(vi) swing in most agreements is set at 5 per cent for wool products and 7 per cent for products of other fibres; there are instances of lower than 5 per cent swing, and even of absence of swing. In amendments to the agreements with the Czech and Slovak Federal Republic and with Hungary, swing was increased from 5 to 7 per cent for all cases, including wool products; carryover/carry forward at 11/6 per cent apply to all agreements (11/7 per cent for the Dominican Republic), except those with China, Hong Kong and Korea, where very low levels have been set.

The TSB believes that the United States has continued the trend, already noted by the Body in its 1989 Report (COM.TEX/SB/1490), of invoking the Arrangement very freely; in that sense, it may be said that the United States is giving a more restrictive application to MFA IV than that it gave to MFA III. On the other hand, when extending or renegotiating its agreements, the United States has generally taken the opportunity to improve their terms, including quota levels.

B. Some Considerations on the Implementation of MFA IV

5.11 In drawing conclusions from all factual elements found in this report, the reader should bear in mind, inter alia, the elements cited in paragraphs 5.12 and 5.13.

5.12 A direct comparison of quantitative elements (e.g., numbers of agreements, numbers of restrictions, base levels, growth rates) would not necessarily permit drawing definitive conclusions, as illustrated by the following examples:

(a) the categorization systems of importing countries differ; one restraint in one country may cover what in another country's system is covered by several categories;

(b) the number of agreements concluded under MFA IV compared to MFA III and changes in the partner countries concerned in each agreement, could have resulted from different reasons: changes in market situations in either importing or exporting countries, or in both; preferences of the parties for ensuring conditions for predictability in the flow of textile trade;
(c) a smaller or larger number of restraints in MFA IV agreements than in previous agreements might reflect a response to several different situations: a change in policy; the need to address problems of real risk of market disruption; facilitating the administration of agreements by both importing and exporting countries;

(d) likewise, the levels of growth rates in different agreements are not per se a reliable indicator of policy trends: higher or lower growth rates have been in many instances agreed in relation to the base levels for the quotas.

5.13 The TSB reiterates that those wishing to reach conclusions regarding the application of the MFA should also bear in mind inter alia the following elements:

(a) the MFA has been in force for over eighteen years;

(b) the MFA has led to deep and widespread distortions in production and in international trade flows and practices;

(c) the vested interests spawned by the MFA have now very strong roots and influence policies of both importing and exporting participating countries;

(d) the administration of the MFA in both importing and exporting countries has become more difficult and complex, with a growing concern over the circumvention of quotas;

(e) in the application of the Arrangement, foreign policy or domestic political considerations have, in several cases, taken precedence over economic considerations;

(f) this has led, inter alia, to cases of improvements limited to certain geographical areas or to the acceptance of terms and conditions which could only be justified by extreme interpretations of the provisions of the MFA.

5.14 In the light of all the information contained in this report, the TSB observes that:

(i) out of thirty-nine participants, only six countries, all of them developed, are applying restraints under the Arrangement;

(ii) progress has been made during MFA IV by some developed countries in reducing their MFA restraints;

(iii) many developing countries have liberalized their import restrictions during MFA IV and many others continue to apply no such import restrictions;
(iv) MFA restraints continue to apply almost exclusively to products from developing countries, as has been the case throughout the life of the MFA;

(v) the objectives of achieving the reduction of barriers and of progressive liberalization of world trade have not yet been attained.
## APPENDIX I

### Membership of the TSB in the Period of
1 August 1986 – 31 July 1992

#### 1 August 1986 – 31 December 1986

<table>
<thead>
<tr>
<th>Member</th>
<th>Alternate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Robert Wright (Canada)</td>
<td>Mr. Antti Satuli (Finland)</td>
</tr>
<tr>
<td>Mr. Jørn Keck (EEC)</td>
<td>Mr. Gérard Boisnon (EEC)</td>
</tr>
<tr>
<td>Mr. Darry Salim (Indonesia)</td>
<td>Mr. Kiyotaka Akasaka (Japan)</td>
</tr>
<tr>
<td>Mr. Toru Kawaguchi (Japan)</td>
<td>Mr. Michael Cartland (Hong Kong)</td>
</tr>
<tr>
<td>Mr. Joun Sun (Korea)</td>
<td>Mr. Elbio Rosselli (Uruguay)</td>
</tr>
<tr>
<td>Mr. Victor Alfaro (Mexico)</td>
<td>Mr. Parampreet Randhawa (India)</td>
</tr>
<tr>
<td>Mr. Erdogan Hürbas (Turkey)</td>
<td></td>
</tr>
<tr>
<td>Mr. Robert Shepherd (United States)</td>
<td></td>
</tr>
</tbody>
</table>

#### 1 January 1987 – 31 December 1987

<table>
<thead>
<tr>
<th>Member</th>
<th>Alternate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Jørn Keck (EEC)</td>
<td>Mr. Gérard Boisnon</td>
</tr>
<tr>
<td>(replaced by Mr. Piergiorgio Mazzocchi in May 1987)</td>
<td></td>
</tr>
<tr>
<td>Mr. Pekka Shilja (Finland)</td>
<td></td>
</tr>
<tr>
<td>Mr. James Lau (Hong Kong)</td>
<td></td>
</tr>
<tr>
<td>Mr. Parampreet S. Randhawa (India)</td>
<td>Mr. Robert G. Wright (Canada)</td>
</tr>
<tr>
<td>Mr. Darry Salim (Indonesia)</td>
<td>Mr. Chong Moo Lee (Korea)</td>
</tr>
<tr>
<td>Mr. Toru Kawaguchi (Japan)</td>
<td>(replaced by Ms. Yvonne Choi (Hong Kong) from 14 July to 11 September 1987, then by Mr. Hyuck Choi (Korea) from 14 September 1987)</td>
</tr>
<tr>
<td>(replaced by Mr. Tadatsuna Koda in May 1987)</td>
<td></td>
</tr>
<tr>
<td>Mr. Robert E. Shepherd (United States)</td>
<td>Mr. Maamoun Abdel-Fattah (Egypt)</td>
</tr>
<tr>
<td>Mr. Elbio Rosselli (Uruguay)</td>
<td>Ms. Apiradi Tantraporn (Thailand)</td>
</tr>
<tr>
<td></td>
<td>Mr. Kiyotaka Akasaka</td>
</tr>
</tbody>
</table>

Mr. Maamoun Abdel-Fattah (Egypt)
## 1 January 1988 - to 31 July 1989

<table>
<thead>
<tr>
<th>Member</th>
<th>Alternate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. John Gero (Canada)</td>
<td>Mr. Tor C. Hildan (Norway)</td>
</tr>
<tr>
<td>Mr. Piergiorgio Mazzocchi (EEC)</td>
<td>(replaced by Mr. Otto Wentzel (Norway) from 22 February 1989)</td>
</tr>
<tr>
<td>Mr. Maamoun Abdel-Fattah (Egypt)</td>
<td>Mr. Gérard Boisnon</td>
</tr>
<tr>
<td>Mr. Darry Salim (Indonesia)</td>
<td>Mr. Munir Ahmad (Pakistan)</td>
</tr>
<tr>
<td>Mr. Tadatsuna Koda (Japan)</td>
<td>(replaced by Mr. Shalid Guirez Yazdani (Pakistan) from 1 January to April 1989)</td>
</tr>
<tr>
<td>Mr. Hyuck Choi (Korea)</td>
<td>Mr. A. Pharmy (Malaysia)</td>
</tr>
<tr>
<td>Mr. Alejandro de la Peña (Mexico)</td>
<td>Mr. Takeshi Nakane</td>
</tr>
<tr>
<td>Mr. Robert E. Shepherd (United States)</td>
<td>(replaced by Ms. Naoko Saiki from 7 April 1989)</td>
</tr>
</tbody>
</table>

## 1 August 1989 - 31 December 1989

<table>
<thead>
<tr>
<th>Member</th>
<th>Alternate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. John Gero (Canada)</td>
<td>Mr. Otto Wentzel (Norway)</td>
</tr>
<tr>
<td>Mr. Piergiorgio Mazzocchi (EEC)</td>
<td>(replaced by Amb. Stanislaw Patek (Sweden) from 10 October 1989)</td>
</tr>
<tr>
<td>Mr. Maamoun Abdel-Fattah (Egypt)</td>
<td>Mr. Gérard Boisnon</td>
</tr>
<tr>
<td>Amb. Darry Salim (Indonesia)</td>
<td>Mr. Munir Ahmad (Pakistan)</td>
</tr>
<tr>
<td>(replaced by Amb. Hassan Kartadjoemena (Indonesia) from 1 November 1989)</td>
<td>Mr. Ahmad Pharmy (Malaysia)</td>
</tr>
<tr>
<td>Mr. Tadatsuna Koda (Japan)</td>
<td>Ms. Naoko Saiki</td>
</tr>
<tr>
<td>Mr. Hyuck Choi (Korea)</td>
<td>Mr. James H. Lau (Hong Kong)</td>
</tr>
<tr>
<td>Mr. Alejandro de la Peña (Mexico)</td>
<td>Mr. Joao Carlos Parkinson de Castro (Brazil)</td>
</tr>
<tr>
<td>Mr. Robert E. Shepherd (United States)</td>
<td>-</td>
</tr>
</tbody>
</table>

---

1At its meeting held on 16 December 1988, the Textiles Committee agreed to leave the 1988 TSB membership unchanged for a period ending not later than 15 May 1989 (COM.TEX/59). At its meeting of 26 April 1989, the Textiles Committee extended the existing membership to 31 July 1989 (COM.TEX/60).
1 January 1990 - 31 December 1990

Member

Mr. Joao Carlos Parkinson de Castro (Brazil)
Mr. John Gero (Canada)
Mr. Wu Jiahuang (China)
Ms. Danièle Smadja (EEC)
Mr. James H. Lau (Hong Kong)

Amb. Hassan Kartadjoemena (Indonesia)

Mr. Tadatsuna Koda (Japan)
(replaced by Mr. Yoji Ishimaru from 30 May 1990)
Mr. Munir Ahmad (Pakistan)
Amb. Stanislaw Patek (Sweden)
Mr. Robert E. Shepherd (United States)

Alternate

Ms. Ana-Maria Deustua (Peru)
Mr. Johannes Potocnik (Austria)
Mr. Vasile Radu (Romania)
(replaced by Ms. Wanda Rosa (Macau) from 1 July 1990)
Mr. Gérard Boisnon
Mr. Hyuck Choi (Korea)
(replaced by Mr. Haeng Kyeom Oh from 17 September 1990)
Mr. Ahmad Pharmy (Malaysia)
(replaced by Ms. Yong Siew Min (Singapore) for the meeting of 30-31 May 1990 and by Mr. Merlin Kasimir (Malaysia) from 4 September 1990)
Ms. Naoko Saiki

Mr. Johannes Potocnik (Austria)
Mr. Gérard Boisnon
Mr. Otto Wentzel (Norway)
Mr. Yang Weihong (China)
Ms. Naoko Saiki
Mr. Andrew Wong (Hong Kong)
Mr. Alcides Prates (Brazil)
Mr. Antonio Buencamino (Philippines)
Mr. Ashok Sajjanhar (India)

1 January 1991 - 31 July 1991

Member

Mr. John Gero (Canada)
(replaced by Mr. John Donaghy from 1 July 1991)
Ms. Danièle Smadja (EEC)
Amb. Erik Hagfors (Finland)
Mr. András Lakatos (Hungary)
(replaced by Ms. Wanda Rosa (Macau) on 1 July 1991)
Mr. Yoji Ishimaru (Japan)
Mr. Haeng Kyeom Oh (Korea)
Ms. Ana-Maria Deustua (Peru)
Mr. Somchin Suntavaruk (Thailand)
Mr. Cüneyt Elker (Turkey)
Mr. Robert E. Shepherd (United States)

Alternate

Mr. Johannes Potocnik (Austria)
Mr. Gérard Boisnon
Mr. Otto Wentzel (Norway)
Mr. Yang Weihong (China)
Ms. Naoko Saiki
Mr. Andrew Wong (Hong Kong)
Mr. Alcides Prates (Brazil)
Mr. Antonio Buencamino (Philippines)
Mr. Ashok Sajjanhar (India)
<table>
<thead>
<tr>
<th><strong>Member</strong></th>
<th><strong>Alternate</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. John Donaghy (Canada)</td>
<td>Mr. Johannes Potocnik (Austria)</td>
</tr>
<tr>
<td>Ms. Danièle Smadja (EEC)</td>
<td>Mr. Gérard Boisnon</td>
</tr>
<tr>
<td>Amb. Erik Hagfors (Finland)</td>
<td>Mr. Otto Wentzel (Norway)</td>
</tr>
<tr>
<td>Mr. Yoji Ishimaru (Japan)</td>
<td>Ms. Naoko Saiki</td>
</tr>
<tr>
<td>Mr. Haeng Kyeom Oh (Korea)</td>
<td>Mr. Andrew Wong (Hong Kong)</td>
</tr>
<tr>
<td>Ms. Wanda Rosa (Macau)</td>
<td>Mr. Yang Weihong (China)</td>
</tr>
<tr>
<td>Ms. Ana-Maria Deustua (Peru)</td>
<td>Mr. Alcides Prates (Brazil)</td>
</tr>
<tr>
<td>Mr. Somchim Suntavaruk (Thailand)</td>
<td>Mr. Antonio Buencamino (Philippines)</td>
</tr>
<tr>
<td>Mr. Mehmet Onaner (Turkey)</td>
<td>Mr. Ashok Sajjanhar (India)</td>
</tr>
<tr>
<td>Mr. Robert E. Shepherd (United States)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Member</strong></th>
<th><strong>Alternate</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Alcides Prates (Brazil)</td>
<td>Ms. Ana-Maria Deustua (Peru)</td>
</tr>
<tr>
<td>Mr. John Donaghy (Canada)</td>
<td>Mr. Johannes Potocnik (Austria)</td>
</tr>
<tr>
<td>Mr. Wang Shichun (China)</td>
<td>Ms. Anikó Ivanka (Hungary)</td>
</tr>
</tbody>
</table>

| Ms. Danièle Smadja (EEC) | Mr. Gérard Boisnon |
| Mr. Andrew Wong (Hong Kong) | Mr. Haeng Kyeom Oh (Korea) |

| Mr. Ashok Sajjanhar (India) | Mr. Alaa-Eldin Shalaby (Egypt) |
| (replaced by Mr. Mohan Kumar from 22 July 1992) | (replaced by Mr. Maamoun Abdel-Fattah from 22 July 1992) |
| Mr. Yoji Ishimaru (Japan) | Ms. Naoko Saiki |
| Mr. Otto Wentzel (Norway) | Mr. kim Luotonen (Finland) |
| Mr. Antonio Buencamino (Philippines) | Mr. Malino Pangaribuan (Indonesia) | (from 22 July 1992) |
### APPENDIX II

Notifications of Agreements and of Amendments thereto as Outlined in Chapter 2, Section D

<table>
<thead>
<tr>
<th>Importing Country</th>
<th>Exporting Country</th>
<th>Document</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AUSTRIA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td></td>
<td>1462, 1725</td>
</tr>
<tr>
<td>Egypt</td>
<td></td>
<td>1263, 1538</td>
</tr>
<tr>
<td>Hong Kong</td>
<td></td>
<td>1274, 1413, 1461, 1534</td>
</tr>
<tr>
<td>India</td>
<td></td>
<td>1262, 1726</td>
</tr>
<tr>
<td>Korea</td>
<td></td>
<td>1261, 1447</td>
</tr>
<tr>
<td>Macau</td>
<td></td>
<td>1260, 1580</td>
</tr>
<tr>
<td>Singapore</td>
<td></td>
<td>1264</td>
</tr>
<tr>
<td>Thailand</td>
<td></td>
<td>1495, 1727</td>
</tr>
<tr>
<td>Turkey</td>
<td></td>
<td>1527</td>
</tr>
<tr>
<td><strong>CANADA</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td></td>
<td>1381, 1442, 1504, 1754</td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td>1344, 1574, 1729</td>
</tr>
<tr>
<td>China</td>
<td></td>
<td>1390, 1460, 1730</td>
</tr>
<tr>
<td>Colombia</td>
<td></td>
<td>1642, 1796</td>
</tr>
<tr>
<td>Czech &amp; Slovak</td>
<td></td>
<td>1445, 1759</td>
</tr>
<tr>
<td>Federal Republic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dominican Republic</td>
<td></td>
<td>1608, 1731</td>
</tr>
<tr>
<td>Hong Kong</td>
<td></td>
<td>1409, 1732</td>
</tr>
<tr>
<td>Hungary</td>
<td></td>
<td>1371, 1750</td>
</tr>
<tr>
<td>India</td>
<td></td>
<td>1414, 1683, 1751</td>
</tr>
<tr>
<td>Indonesia</td>
<td></td>
<td>1330, 1552, 1739</td>
</tr>
<tr>
<td>Korea</td>
<td></td>
<td>1329, 1733</td>
</tr>
<tr>
<td>Macau</td>
<td></td>
<td>1343, 1734</td>
</tr>
<tr>
<td>Malaysia</td>
<td></td>
<td>1360, 1427, 1646, 1755</td>
</tr>
<tr>
<td>Pakistan</td>
<td></td>
<td>1307, 1426, 1557, 1684, 1752</td>
</tr>
<tr>
<td>Philippines</td>
<td></td>
<td>1384, 1425, 1735</td>
</tr>
<tr>
<td>Poland</td>
<td></td>
<td>1411, 1446, 1770</td>
</tr>
<tr>
<td>Romania</td>
<td></td>
<td>1526, 1736</td>
</tr>
<tr>
<td>Singapore</td>
<td></td>
<td>1382, 1737</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td></td>
<td>1410, 1687, 1756</td>
</tr>
<tr>
<td>Thailand</td>
<td></td>
<td>1380, 1753, 1757</td>
</tr>
<tr>
<td>Turkey</td>
<td></td>
<td>1383, 1666, 1738</td>
</tr>
<tr>
<td>Uruguay</td>
<td></td>
<td>1308, 1758</td>
</tr>
<tr>
<td><strong>EEC</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td></td>
<td>1268, 1650, 1661, 1697</td>
</tr>
<tr>
<td>Bangladesh</td>
<td></td>
<td>1291, 1701</td>
</tr>
<tr>
<td>Brazil</td>
<td></td>
<td>1287, 1742</td>
</tr>
<tr>
<td>China</td>
<td></td>
<td>1404, 1473, 1559</td>
</tr>
<tr>
<td>Colombia</td>
<td></td>
<td>1357, 1670</td>
</tr>
<tr>
<td>Czech &amp; Slovak</td>
<td></td>
<td>1303, 1623, 1625, 1716</td>
</tr>
<tr>
<td>Federal Republic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Guatemala</td>
<td></td>
<td>1375, 1714</td>
</tr>
<tr>
<td>Hong Kong</td>
<td></td>
<td>1372, 1560, 1652, 1662, 1698</td>
</tr>
<tr>
<td>Hungary</td>
<td></td>
<td>1336, 1555, 1626, 1712</td>
</tr>
<tr>
<td>Importing Country</td>
<td>Exporting Country</td>
<td>Document COM.TEX/SB/-</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------</td>
<td>----------------------</td>
</tr>
<tr>
<td>EEC (cont'd)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>1401, 1402, 1470, 1561, 1666, 1693, 1705</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>1290, 1338, 1468, 1554, 1667, 1672, 1694, 1706</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>1286, 1340, 1415, 1448, 1654, 1707</td>
<td></td>
</tr>
<tr>
<td>Macau</td>
<td>1335, 1655, 1663, 1699</td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>1289, 1668, 1717</td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>1358, 1671</td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>1361, 1362, 1363, 1364, 1403, 1505, 1531, 1562, 1691, 1695, 1749</td>
<td></td>
</tr>
<tr>
<td>Peru</td>
<td>1349, 1656, 1708</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>1279, 1337, 1469, 1563, 1657, 1709</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>1269, 1341, 1556, 1627, 1669, 1718</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>1302, 1628, 1658, 1694, 1700</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>1270, 1692, 1710</td>
<td></td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>1350, 1659, 1711</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>1277, 1278, 1339, 1496, 1564, 1660, 1772, 1773</td>
<td></td>
</tr>
<tr>
<td>Uruguay</td>
<td>1288, 1715</td>
<td></td>
</tr>
<tr>
<td><strong>FINLAND</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>1251, 1423, 1491, 1525, 1641</td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1246, 1378, 1432, 1635</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>1245, 1431, 1685</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>1243, 1634</td>
<td></td>
</tr>
<tr>
<td>Macau</td>
<td>1242, 1379, 1633</td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>1238</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>1309, 1601</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>1690</td>
<td></td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>1233, 1576, 1689</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>1244, 1618</td>
<td></td>
</tr>
<tr>
<td><strong>NORWAY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>1250, 1480, 1588, 1702, 1760</td>
<td></td>
</tr>
<tr>
<td>Czech &amp; Slovak</td>
<td>1399, 1463, 1585, 1775</td>
<td></td>
</tr>
<tr>
<td>Federal Republic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1346, 1465, 1577, 1761</td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>1398, 1463, 1583, 1762</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>1416, 1587, 1746</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>1456, 1586, 1763</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>1438, 1589, 1743</td>
<td></td>
</tr>
<tr>
<td>Macau</td>
<td>1434, 1591, 1703</td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>1437, 1592, 1745</td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>1502, 1607</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>1439, 1593, 1747</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>1400, 1466, 1581, 1582, 1719</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>1476, 1584, 1774</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>1478, 1594</td>
<td></td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>1436, 1590, 1744</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>1457, 1546, 1595, 1704</td>
<td></td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>1435, 1477, 1606, 1681</td>
<td></td>
</tr>
<tr>
<td>Importing Country</td>
<td>Exporting Country</td>
<td>Document COM.TEX/SB/-</td>
</tr>
<tr>
<td>-------------------</td>
<td>-------------------</td>
<td>-----------------------</td>
</tr>
<tr>
<td>SWEDEN</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>1609, 1610</td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1545</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>1569</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>1533</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>1389</td>
<td></td>
</tr>
<tr>
<td>Macau</td>
<td>1524</td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>1458, 1624</td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>1459</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>1558</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>1486</td>
<td></td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>1528</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>1424</td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>1596, 1611</td>
<td></td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>1366</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNITED STATES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Argentina</td>
<td>1637</td>
<td></td>
</tr>
<tr>
<td>Bangladesh</td>
<td>1232, 1280, 1319, 1351, 1536, 1566, 1567, 1640, 1776</td>
<td></td>
</tr>
<tr>
<td>Brazil</td>
<td>1281, 1317, 1453, 1506, 1777</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>1295, 1318, 1412, 1511, 1645</td>
<td></td>
</tr>
<tr>
<td>Colombia</td>
<td>1428, 1778</td>
<td></td>
</tr>
<tr>
<td>Costa Rica</td>
<td>1387, 1779</td>
<td></td>
</tr>
<tr>
<td>Czech &amp; Slovak</td>
<td>1229, 1780</td>
<td></td>
</tr>
<tr>
<td>Federal Republic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>1297, 1298, 1471</td>
<td></td>
</tr>
<tr>
<td>Egypt</td>
<td>1397, 1568, 1781</td>
<td></td>
</tr>
<tr>
<td>El Salvador</td>
<td>1293</td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>1186, 1454, 1507, 1682</td>
<td></td>
</tr>
<tr>
<td>Hungary</td>
<td>1194, 1301, 1321, 1440, 1449, 1501, 1782, 1783</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>1275, 1283, 1713</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>1296, 1408, 1599, 1784, 1785</td>
<td></td>
</tr>
<tr>
<td>Jamaica</td>
<td>1326, 1326, 1347, 1441, 1497</td>
<td></td>
</tr>
<tr>
<td>Japan</td>
<td>1273, 1636</td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>1267, 1605, 1622, 1678</td>
<td></td>
</tr>
<tr>
<td>Macau</td>
<td>1300, 1498, 1509, 1629, 1786</td>
<td></td>
</tr>
<tr>
<td>Malaysia</td>
<td>1334, 1508, 1797</td>
<td></td>
</tr>
<tr>
<td>Mexico</td>
<td>1230, 1313, 1394, 1509, 1515, 1537, 1620, 1790</td>
<td></td>
</tr>
<tr>
<td>Pakistan</td>
<td>1322, 1323, 1475, 1643, 1788</td>
<td></td>
</tr>
<tr>
<td>Panama</td>
<td>1376</td>
<td></td>
</tr>
<tr>
<td>Peru</td>
<td>1292, 1512, 1597, 1598</td>
<td></td>
</tr>
<tr>
<td>Philippines</td>
<td>1304, 1795</td>
<td></td>
</tr>
<tr>
<td>Poland</td>
<td>1720</td>
<td></td>
</tr>
<tr>
<td>Romania</td>
<td>a) 1452, 1516, 1517, 1639, 1789</td>
<td></td>
</tr>
<tr>
<td></td>
<td>b) 1327, 1451, 1516, 1517, 1639</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>1513, 1630</td>
<td></td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>1331, 1348, 1444, 1510</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>1320, 1649</td>
<td></td>
</tr>
<tr>
<td>Turkey</td>
<td>1282, 1373, 1494, 1535, 1679</td>
<td></td>
</tr>
<tr>
<td>Uruguay</td>
<td>1393, 1621, 1644</td>
<td></td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>1299, 1500, 1514</td>
<td></td>
</tr>
</tbody>
</table>
### APPENDIX III

**Number of Restraint Agreements entered into by Participating Countries: Situation on 31.7.92**

<table>
<thead>
<tr>
<th>Country</th>
<th>A</th>
<th>C</th>
<th>EC</th>
<th>F</th>
<th>N</th>
<th>US</th>
<th>Total Countries</th>
</tr>
</thead>
</table>
| Argentina             |   |   |    |   |   |    | 1
| Bangladesh            | X |   |    | X |   |    | 2
| Brazil                | X | X |    |   |   |    | 3
| China                 | X | X | X  | X | X |    | 6
| Colombia              | X |   |    |   | X |    | 2
| Costa Rica            |   |   |    |   | X |    | 1
| Czech & Slovak Fed. Rep. |   |   |    |   |   |    | 4
| Dominican Rep.        |   | X |    |   |   |    | 2
| Egypt                 |   |   |    | X |   |    | 1
| El Salvador           |   |   |    | X |   |    | 1
| Guatemala             | X |   |    | X |   |    | 1
| Hong Kong             | X | X | X  | X | X |    | 6
| Hungary               | X | X |    |   | X |    | 4
| India                 | X | X | X  | X | X |    | 6
| Indonesia             | X | X |    | X | X |    | 4
| Jamaica               |   |   |    |   | X |    | 1
| Korea                 | X | X | X  | X | X |    | 6
| Macau                 | X | X | X  | X | X |    | 6
| Malaysia              | X | X |    | X | X |    | 4
| Mexico                |   |   |    |   | X |    | 1
| Pakistan              | X | X |    | X | X |    | 4
| Panama                | X |   |    |   |   | X  | 1
| Peru                  |   |   |    |   | X |    | 1
| Philippines           | X | X | X  | X | X |    | 4
| Poland                | X | X | X  | X |   |    | 4
| Romania               | X | X | X  | X |   | X  | 2
| Singapore             | X | X | X  | X | X |    | 5
| Sri Lanka             | X | X | X  | X |   | X  | 1
| Thailand              | X | X | X  | X | X |    | 5
| Turkey                | X |   |    |   | X |    | 2
| Uruguay               |   |   |    |   | X |    | 1

**TOTAL** 6 22 19 7 16 29

1. This agreement was concluded by the parties, but has not yet been formalized.
2. Two agreements.

Note: A - Austria; C - Canada; EC - European Economic Community; F - Finland; N - Norway; US - United States.