1. The Textiles Surveillance Body held its fourth meeting of 1986 on 12-14 May.

2. Present at this meeting were the following members and/or alternates: Messrs. Boisnon, Kawaguchi, Kuneralp/Randhawa, Rosselli, Salim, Shepherd, Sun/Cartland, Wright/Satuli.

3. The report of the third meeting of 1986 has been circulated in COM.TEX/SB/1151.

Notifications under Article 4

Sweden/Korea

4. The TSB continued its review begun in 1985 of the bilateral agreement between Sweden and Korea concluded for the period 1 March 1983-28 February 1987, as amended in 1985 with retroactive application from 1 March 1983. The TSB drew attention to the notification requirements of Article 4:4 in noting the long delay in the notification of the agreement.

5. In this agreement:

(a) restraints in the previous agreement were maintained, and a new restraint was introduced on Group 17 (brassières);

(b) an aggregate limit was maintained with respect to those group limits previously subject to an aggregate; limits on bed linen (Group 13), towels (Group 14) and brassières (Group 17) were not subject to the aggregate limit;
(c) the base level for the aggregate limit increased by 0.2 per cent, while base levels of all limits subject to the aggregate limit were reduced from previous limits by between 0.7 and 8.4 per cent; the aggregate limit was 2 per cent lower than the sum of the Group limits;

(d) base levels of Groups not subject to the aggregate limit were reduced by 10.2 per cent (Group 13) and increased by 10 per cent (Group 14) from previous limits; the increase in the base level over previous trade for Group 17 was 4.1 per cent;

(e) growth was set at 0.3 per cent for the aggregate and Group limits;

(f) swing was said to be incorporated in the Group limits falling within the aggregate as the result of the difference between their sum and the aggregate limit; swing was not available for the three Groups falling outside the aggregate; and

(g) carryover and carry forward were available between 0.5 and 4 per cent, after consultations, with carryover and carry forward not exceeding 4 per cent.


7. In reviewing this agreement, the TSB bore in mind the principle that a restraint level should be higher than the level specified for the preceding twelve-month period, and noted that (a) there were reductions in levels for all Groups subject to the aggregate limit; (b) there was a reduction in the level for Group 13; (c) there was an increase in the level for Group 14 where imports from Korea were negligible; and (d) there was a marginal increase in the aggregate limit as well as in the overall access.

8. In considering the incorporation of swing in the Group limits (paragraph 5(f) above), the TSB recalled that in its review of the previous agreement between the parties, Sweden had stated that swing was absent as a
reflection of a mutual recognition of the minimum viable production principle; the TSB also noted that in both the previous and the present agreement the sum of the Group limits subject to the aggregate exceeded the aggregate limit, and that swing was not available for the three Groups outside the aggregate.

9. While noting that the agreement had been concluded having regard to the need for Sweden to maintain its minimum viable production with respect to the Groups under restraint, the TSB considered that Korea's small share in the Swedish market with respect to certain products did not warrant the low growth and reduced flexibility provisions applicable to those products.

10. The TSB concluded that the terms of this agreement implied an extreme interpretation of the relevant Articles of the Arrangement.

11. In agreeing to transmit the agreement to the Textiles Committee the TSB recommended that if the two parties were to extend it for a further period, they should ensure that its terms are fully in line with the Arrangement. (COM.TEX/SB/1152)

United States/Yugoslavia

12. The TSB reviewed a notification by the United States of the introduction under its agreement with Yugoslavia of agreed restraints for the agreement period ending 31 December 1985 on Categories 444 (wool suits, women, girls and infants) as of 1 January 1984, and 433 (wool suit-type coats, men and boys) as of 1 July 1984, and decided to transmit it to the Textiles Committee. (COM.TEX/SB/1153)

13. The TSB also reviewed a notification by the United States regarding (a) the extension of the United States/Yugoslavia agreement for one year, until 31 December 1986, and (b) the introduction of specific limits on Categories 434 (other wool coats, for men and boys) and 435 (wool coats for women, girls and infants) and joint Categories 340/640 (cotton and mmf shirts, not knitted) and 447/448 (wool trousers, slacks, shorts, outer) for the period 1 August 1985-31 December 1986.
14. In the extended agreement:

(a) base levels for previous limits were 1 per cent above 1985 levels in the case of wool Categories (433 and 444) and 6 per cent above the 1985 level for the combined wool/mmf Category (433/643, wool and mmf suits, men and boys), with 4.26 per cent increase for the wool sub-limit;

(b) base levels for new limits were between 13.3 and 59.9 per cent above rollback or trade levels;

(c) growth between 1985 and 1986 was available at 6.25 per cent for the combined cotton/mmf Category and at 1 per cent for the wool Categories;

(d) swing was set at 6 per cent for non-wool Categories, and 5 per cent for wool Categories;

(e) carryover/carry forward were available at 11/6 per cent.

15. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1154)

Canada/Malaysia

16. The TSB received a notification from Canada of a further modification of its bilateral agreement with Malaysia. A limit was agreed on Items 11 and 12 (dresses, skirts, suits, coordinates, outerwear sets, athletic sets or suits, etc., but excluding miscellaneous garments for children and infants) for the period 1 June 1985-31 December 1986.

17. The base level was 29.6 per cent higher than the rollback level, growth for the 1986 agreement year was 10.8 per cent. Swing was set at 7 per cent, carry forward at 6 per cent and carryover into 1986 was available at 50 per cent of the previous seven-month level.

18. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1155)
Canada/Bangladesh

19. The TSB received a notification from Canada of a new Article 4 agreement concluded with Bangladesh for the period 1 October 1985-31 December 1986, with respect to tailored collar shirts and jackets.

20. The restraint levels were set much higher than previous trade levels, taking into account anticipated exports from Bangladesh.

21. Swing was set at 6 per cent, and carryover/carry forward were available at 100 per cent between the three-month restraint period (1 October-31 December 1985) and the 1986 agreement year.

22. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1156)

United States/Uruguay

23. The TSB reviewed a notification received from the United States concerning an amendment to its bilateral agreement with Uruguay.

24. According to this amendment:

(a) the restraint on Category 410 (woollen and worsted fabric) scheduled to expire on 31 January 1987, was extended until 31 January 1989, with an increase in the 1986/87 level of 22.3 per cent over the 1985/86 level;

(b) a new limit was introduced on Category 442 (wool skirts) for the period 1 January 1986-30 June 1989, the base level being 61 per cent higher than the rollback level.

25. The annual growth rate for these products was set at 1 per cent, and swing, carryover/carry forward were available at 5 and 11/7 per cent, respectively.
26. With reference to the increase in the level for Category 410 mentioned in paragraph 24(a) above, the TSB noted that its earlier observations\(^1\) regarding the restraint on this category had been taken into account by the parties.

27. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1157)

**United States/Bangladesh**

28. The TSB reviewed a notification by the United States of a new agreement with Bangladesh superseding the previous agreement between the parties, scheduled to expire on 28 February 1987. The validity of the new agreement covered the period 1 February 1986-31 January 1988.

29. In the new agreement:

   (a) all previous restraints were maintained and new restraints introduced on six categories;

   (b) base levels were between 7.1 and 141.8 per cent above either previous restraints or rollback levels;

   (c) growth and swing were available at 6 per cent;

   (d) carry forward at 6 per cent was available during the first twelve-month period, and carryover at 11 per cent in the subsequent twelve-month period.

30. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1158)

**United States/Guatemala**

31. The TSB received a notification from the United States of a selective bilateral agreement concluded with Guatemala. The parties agreed to a restraint on cotton gingham and yarn-dyed fabrics, for the period 1 January 1985-31 December 1988.

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\(^1\)See COM.TEX/SB/1035, paragraph 39(b).
32. In this agreement:

- the base level for the combined category was 2.3 per cent over the rollback level;

- growth was set at 6 per cent; carryover and carry forward were available at 11/6 per cent.

33. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1159)

United States/Colombia

34. The TSB received a notification from the United States of an amendment to the bilateral agreement concluded with Colombia, valid for the last agreement year.

35. The two parties agreed to an increase in the designated consultation level for category 347/348 (trousers), and on the designated consultation levels for Categories 335 (cotton coats, WGI), 340 (cotton woven shirts), 352 (cotton underwear, including union suits), 640 (mmf woven shirts). In all cases the new designated consultation levels were substantially above the previous levels.

36. The two parties also agreed to convert the designated consultation level on Category 315 (cotton print cloth) to a specific limit. The base level for the specific limit was considerably above the previous designated consultation level; swing was available at 10 per cent.

37. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1160)

Sweden/Hong Kong

38. The TSB received a notification from Sweden of a modification of its bilateral agreement with Hong Kong. A restraint was agreed on Group 13 (bed linen) for the period 1 September 1984-31 August 1987; the aggregate limit was also increased for the same period.
39. The base level for Group 13 was more than 6 per cent over the reference level, and annual growth was set at 0.2 per cent. The increase in the aggregate level was 1.12 per cent lower than the limit for Group 13.

40. In reviewing this notification, the TSB was informed that the modification had been concluded in accordance with the structure of the original agreement, and was of the opinion that the observations made with respect to the agreement were also applicable to the modification.

41. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1161)

United States/Pakistan

42. The TSB received two notifications from the United States of amendments to its bilateral agreement with Pakistan.

43. Under the first amendment, restrictions on Categories 334 (men's and boys' other cotton coats) and 350 (cotton dressing gowns) were rescinded by the United States, and the parties agreed to a restraint level on Category 335 (women's, girls' and infants' cotton coats), for the last agreement year (1986) at a level higher than 6 per cent over the 1985 level.

44. With respect to Categories 334 and 350, the TSB recalled that it had reviewed the restraints under Article 11:4 in July 1984. It noted that in accordance with its recommendation the parties had held several consultations between July 1984 and December 1985 in order to reach mutually agreed solutions. It recalled that it had asked the United States to take the necessary steps to avoid dislocation of the normal flow of trade and noted that, while trade with respect to Category 334 had not been dislocated, trade with respect to Category 350 had been hampered. The TSB further noted that at the consultations held in December 1985, the United States had agreed to rescind the restraints.

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1See COM.TEX/SB/1093, paragraph 14

2Pakistan had referred the restraints on Categories 334 and 350 under Article 11:4 in July 1984. The TSB observations and recommendation are contained in COM.TEX/SB/978.
45. The second amendment concerned agreed adjustments to the 1985 and 1986 aggregate limits.

46. After its review, the TSB agreed to transmit the notifications to the Textiles Committee (COM.TEX/SB/1162 and 1163).

Canada/Indonesia

47. The TSB began its review of a notification received from Canada of modifications to its bilateral agreement with Indonesia.

Notifications under Article 11

Malaysia

48. The TSB reverted to its review of the notification made by Malaysia under Article 11 in response to the request made by the TSB in April 1985. After its review, the TSB agreed to transmit the notification to the Textiles Committee for its information. (COM.TEX/SB/1115/Add.24)