

GENERAL AGREEMENT ON

CONFIDENTIAL

TARIFFS AND TRADE

TEX.SB/1533*
12 January 1989

Textiles Surveillance Body

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 4

Bilateral agreement between Sweden and Malaysia

Note by the Chairman

Attached is a notification received from Sweden of a bilateral agreement concluded with Malaysia for the period 1 July 1987 to 30 June 1992.¹

¹The previous bilateral agreement is contained in COM.TEX/SB/936.

*English only/Anglais seulement/Inglés solamente

Geneva, 4 January 1989

Ambassador M. Raffaelli
Chairman of the Textiles
Surveillance Body
GATT
Centre William Rappard
154, rue de Lausanne
1211 Geneva 21

Telex 1533

Dear Mr Ambassador,

Pursuant to Article 4:4 of the Arrangement Regarding International Trade in Textiles, as extended through the 1986 Protocol, I am notifying the Textiles Surveillance Body of the conclusion of a new bilateral agreement between Malaysia and Sweden.

The new agreement with Malaysia has been entered into for the period July 1, 1987 to June 30, 1992. In accordance with the Nordic Statement in the GATT Textiles Committee on July 31, 1986, a reduction has been made in the product coverage. Previous restraints on ex group 2, woven shirts, ex group 4, knitted underwear other than T-shirts and the Rest Group have been eliminated. Babies garments, i.e. sizes not exceeding 86 centimetres, not knitted or crocheted, are no longer under restraint.

Two groups, group 1, stockings etc. and group 9, costumes etc, which were previously restrained in the Rest Group are now subject to specific restraint levels.

Growth rates have been improved for all categories under restraint and now vary from 1 % up to 4 %, with the higher figures applicable during the later part of the agreement period.

All three elements of flexibility, i.e. carryover, carry forward and swing, are each available at 3 %, or for some items 5 %. The use of the flexibility provisions taken together shall not exceed 6 %, or 10 % for some items, of the restraint limits. The levels of flexibility have been agreed taking into account the sensitivity of the products under restraint in the Swedish market.

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

Due to the introduction of the Harmonized System, the composition of some groups has been modified. For group 5, sweaters etc, the scope has been extended to cover knitted shirts, T-shirts and knitted waistcoats. To compensate for the increased coverage in group 5, 14 000 pieces have been added to the restraint level for the first period of the new agreement.

A provision concerning the debiting of garments delivered in combination, sets or ensembles has been introduced.

The situation of the Swedish textile and clothing industry remains exposed, although a certain improvement has occurred in some sectors recently. It remains, however, to be seen if it is merely of a temporary nature. The number of persons employed in this sector has been further reduced during the period 1980 - 1987, from 34 000 to 25 000 in 1987. Average profitability in the textile and clothing industry is lower than in the industry in general.

Imports of clothing and other made-up textile products increased by 16 % in volume between 1986 and 1987. Imports from developing countries during the same period increased by 23 %. The market share for domestically produced items is thus decreasing. Import penetration in this sector as an average is well over 80 %.

A copy of the new Agreement is attached.

For the Ambassador


Lars Tillfors
First Secretary

Encl.

September 22, 1987

Dnr 11/195	Ans Grupp M&I
H 11-7 781711	

Dato Ahmad Sarji Abdul Hamid
The Secretary General
Ministry of Trade & Industry
Government Offices Complex
Jalan Duta
KUALA LUMPUR

Agreement regarding exports of certain textile products
from Malaysia to Sweden

Sir,

With reference to the consultations held in Kuala Lumpur from May 25 - 27, 1987, between representatives of our two Governments regarding exports of certain textile products from Malaysia to Sweden, I have the honour to inform you that the following is the understanding of the Government of Sweden:

AGREEMENT
BETWEEN
THE GOVERNMENT OF SWEDEN
AND
THE GOVERNMENT OF MALAYSIA
REGARDING THE EXPORTS OF CERTAIN TEXTILE PRODUCTS
FROM MALAYSIA TO SWEDEN

ARTICLE 1



The following Agreement has been reached having regard to the Arrangement Regarding International Trade in Textiles, bearing in mind particularly the article 4 thereof and the provisions of GATT document L/6030.

ARTICLE 2

This Agreement shall apply for the periods specified in Annex I.

ARTICLE 3

The Government of Malaysia will limit exports from Malaysia to Sweden of the textile products listed in Annex I to this Agreement to the group levels set out in Annex I. The date of issue of shipping documents shall be considered to be the date of exportation.



ARTICLE 4

- (a) This Agreement shall apply to exports from Malaysia to Sweden of the textile products described in Annex I hereof, of cotton, wool or man-made fibres, or blend thereof, in which any or all of these fibres in combination represent either the chief value of the fibres or 50 per cent or more by weight (or 17 per cent or more by weight of wool).
- (b) This Agreement shall also apply to the products described in Annex I hereof, which are manufactured from impregnated fabrics as defined in Annex III of this Agreement.
- (c) The classification of the products in this Agreement is based on the Nomenclature of the Customs Cooperation Council and the Swedish customs tariff.



From the entry into force of the International Convention on the Harmonized Commodity Description and Coding System (HS) this classification will be based on the Harmonized System and on the Swedish customs tariff derived from this system. (Annex II)
- (d) The origin of the products covered by this Agreement shall be determined in accordance with the rules in force in Sweden.

ARTICLE 5

The Government of Sweden will admit imports of the textile products of Malaysian origin, listed in Annex I, provided that such imports are covered by an Export Certificate, as per specimen in Annex IV. Such a document shall be issued by the Malaysian Ministry of Trade and Industry, be consecutively numbered, state the group number, and bear an endorsement that the consignments concerned have been approved and debited to the agreed group limit for exports to Sweden for the relevant period.

ARTICLE 6

- (a) If in the period July 1, 1986 to June 30, 1987 the group limits specified in column (i) of Annex I to the Agreement of July 7, 1983 are not fully utilized, the Government of Malaysia may after consultations with the Government of Sweden, during the period July 1, 1987 to June 30, 1988 approve the export of additional amounts (carryover) equivalent to such shortfalls provided that such exports
- i) are in the same groups where the shortfalls occurred;
 - ii) do not exceed 5 per cent of the limits for groups 1, 17 as specified in column (i) of Annex I to the Agreement of July 7, 1983;
 - iii) do not exceed 3 per cent of the levels for groups 5, 8, 9, 10, and 13 as specified in column (i) of Annex I to the Agreement of July 7, 1983.
- mi
- 2



- (b) If in any twelve months period of this Agreement, the group limits specified in Annex I to this Agreement are not fully utilized, the Government of Malaysia, may, after consultations with the Government of Sweden, during the subsequent twelve months period approve the export of additional amounts (carryover) equivalent to such shortfalls provided that such exports
- i) are in the same group where the shortfalls occurred;
 - ii) do not exceed 5 per cent of the limits for groups 1, 17 for the relevant current period;
 - iii) do not exceed 3 per cent of the limits for groups 5, 8, 9, 10, 13 for the relevant current period.
- (c) During each twelve months period of this Agreement, the Government of Malaysia may, after consultations with the Government of Sweden, approve the export of amounts in excess (carry forward) of the group limits specified in Annex I to this Agreement up to 5 per cent of these limits for groups 1, 17 and 3 per cent for groups 5, 8, 9, 10, 13 for the relevant current period. Where specific group limits have been increased by carry forward the Government of Malaysia shall inform the Government of Sweden of the carry forward quantities and debit these to the corresponding group limits which are agreed or may be agreed upon for the subsequent period.
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- (d) During each twelve months period of this Agreement, the Government of Malaysia may, after consultations with the Government of Sweden, approve the export of amounts in excess of the group limits specified in Annex I to this Agreement up to 5 per cent of these limits for groups 1, 17 and 3 per cent for groups 5, 8, 9, 10, 13 (swing). Where specific group limits have been increased by swing a corresponding reduction shall be made in one or more of other group limits. For the purpose of calculating swing, the conversion factors in Annex I shall apply.
- (e) During each twelve months period of this Agreement, the additional export quantities resulting from carryover, carry forward and swing taken together shall, for specific groups 1, 17, not exceed 10 per cent of the respective agreed limit; for groups 5, 8, 9, 10, 13 they shall not exceed 6 per cent.

ARTICLE 7

The Government of Malaysia will forward to the Government of Sweden via the Embassy of Sweden in Kuala Lumpur monthly statistics on a cumulative basis of the quantities of the items as listed in Annex I for which duly endorsed export documents for export to Sweden have been issued. The statistics shall reach the Government of Sweden within a period of two months from the month under reference.

The Government of Sweden will forward to the Government of Malaysia, via the Embassy of Sweden in Kuala Lumpur, monthly statistics on a cumulative basis of licences issued for imports from Malaysia. The statistics shall reach the Government of Malaysia within a period of two months from the month under reference.



ARTICLE 8



Both parties regard it as essential that exports from Malaysia to Sweden of textile products listed in Annex I are evenly spaced throughout the period of agreement taking into account normal seasonal factors and that, due consideration is given to traditional patterns of trade. Accordingly the Government of Malaysia will endeavour to do so.

ARTICLE 9

If the information available to the Swedish authorities shows that the quantitative limit for the category of products specified in an Export Certificate has already been reached or the unused portion of that limit is insufficient to cover the goods specified in the Export Certificate, the said authorities may refuse to admit any quantity in excess of the quantitative limit. In this event the Government of Sweden shall inform the Government of Malaysia as soon as possible. Should any excess quantity be permitted to enter Sweden the authorities of Malaysia shall, upon information by the Swedish authorities, deduct the overshipped quantity from the relevant level which is agreed or may be agreed upon for the following restraint period.

ARTICLE 10

The Government of Sweden and the Government of Malaysia agree to consult each other, at the request of either party, when any problem arises from the implementation of this Agreement. The Government of Sweden and the Government of Malaysia agree furthermore to enter into consultations on a prolongation, modification or removal of the limitations before the end of the period of the agreement.



Should a textile product, not included in this Agreement, be imported into Sweden from Malaysia in such quantities as to cause a real risk of market disruption in the opinion of the Government of Sweden, the said Government may request consultations concerning that product. Both parties agree to consult as soon as possible with a view to finding a mutually acceptable solution.



In case there are divergent opinions on classifications of products at the point of entry into Sweden, between the two parties to this Agreement, the classification shall be based on information provided by the competent Swedish authorities. Should the Malaysian authorities request consultations concerning the classification of the product concerned such consultations shall take place with a view to reaching agreement as soon as possible.

ARTICLE 11

The Government of Malaysia and the Government of Sweden agree to collaborate with a view to taking appropriate action to avoid circumvention of limitations set out in this Agreement.

The Government of Malaysia and the Government of Sweden reaffirm their willingness to strengthen this collaboration having regard to the administrative and technical procedures in force in Malaysia for the implementation of this Agreement.

Where information available to the Government of Sweden constitutes clear evidence that products of Malaysian origin subject to specific limits established under this Agreement have been transhipped, re-routed or otherwise



imported into Sweden in circumvention of this Agreement, the Government of Sweden may request the opening of consultations in accordance with Article 10 herein. Where the evidence provided establishes that the provisions of this Agreement have been circumvented, the Government of Malaysia undertakes to debit the appropriate specific limits for the year in which the circumvention took place or for subsequent years, the timing and scale of such debiting being decided in consultations with the Government of Sweden.

ARTICLE 12

Either Government may terminate this Agreement before the end of the period of validity provided that at least one hundred and twenty days' notice is given. In such event the Agreement shall come to an end on the expiry of the period of notice.

ARTICLE 13

The Annexes to this Agreement shall be considered as an integral part of it.

ARTICLE 14

This Agreement has been drawn up in two copies in the English language, each of these being equally authentic.

Done in Kuala Lumpur on

For the Government
of Malaysia

For the Government
of Sweden



ANNEX I

EXPORTS OF CERTAIN TEXTILES FROM MALAYSIA

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Group No	Description	Unit	Level for period 1.7.1987- 30.6.1988	Level for period 1.7.1988- 30.6.1989	Level for period 1.7.1989- 30.6.1990	Level for period 1.7.1990- 30.6.1991	Level for period 1.7.1991- 30.6.1992	Conversion factor (pcs/kg)
1	Stockings, understockings, socks, ankle socks, sockettes and the like, knitted or crocheted, other than ladies' stockings of continuous synthetic fibres	pairs	870.000	891.750	918.503	950.650	988.676	24,0
5	Sweaters, pullovers, slipovers, waistcoats and cardigans etc, T-shirts and shirts, knitted or crocheted	pieces	850.349	869.482	891.219	915.727	943.199	6,0
8	Trousers	pieces	326.121	333.458	341.795	351.194	361.730	3,0
9	Costumes, dresses and skirts	pieces	102.000	104.295	106.902	109.842	113.137	4,0
10	Blouses	pieces	357.021	363.269	370.534	378.871	388.343	6,0
13	Bed linen	kg	280.504	284.011	288.271	293.315	299.182	1,00
17	Brassières	pieces	186.368	191.027	196.758	203.645	211.791	18,0

- a) Two or more pieces of garments delivered in combination, set or ensemble, even if packed, consigned and sold together, should be charged against the group to which ever single piece of the combination, set or ensemble belongs.
- b) The denomination babies' garments applies to sizes not exceeding 86 centimetres.
- c) The denomination infants' wear applies to sizes not exceeding 110 centilong (children between 0 - 6 years old).
- d) Babies' garments, not knitted or crocheted, are not included in the export limit as from 1987-07-01 as set out in Annex I.

EXPORTS OF CERTAIN TEXTILES FROM MALAYSIA TO SWEDEN

Group No (a)	Ex Swedish Statistical Classification No (CCCN) (b)	Ex Swedish Statistical Classification No (HS) (c)
1	60.03.00-,10-,90-	61.11.10-,20-,30-,90- 61.15.91-,92-,93-,99-
5	60.05.30-, 60.04.10- 60.05.80-, 87-, 89-	61.09.10-,90-, 61.10.10-,20-, 30-,90-, 61.11.10-,20-,30-,90- 61.05.10-, 20-, 90-
8	60.05.80-,83- 61.01.50-,003 61.02.60-,99-	61.03.41-,42-,43-,49-, 61.04.61-,62-,63-,69- 61.11.10-,20-,30-,90-, 62.03.41-,42-,43-,49-, 62.04.61-,62-,63-,69-
9	60.05.60- 61.02.20-,30-,40-,99-	61.04.11-,12-,13-,19-,41-,42-,43-,44-,49-,51-, 52-,53-,59- 61.11.10-,20-,30-,90-, 62.04.11-,12-,13-,19-,41-,42-,43-,44-,49-,51-, 52-,53-,59-
10	60.05.80-,82- 61.02.50-,99-	61.06.10-,20-,90-, 61.11.10-,20-,30-,90-, 62.06.10-,20-,30-,40-,90-,

ANNEX II

EXPORTS OF CERTAIN TEXTILES FROM MALAYSIA TO SWEDEN

Group No (a)	Ex Swedish Statistical Classification No (CCCN) (b)	Ex Swedish Statistical Classification No (HS) (c)
<hr/>		
13	62.02.11-,19-,792-3	63.02.21-,22-,29-,31-,32-,39-
17	61.09.20-	62.12.10-,

Definition of "Impregnated Fabrics" for the purposes of Article 4

1. Fabrics of cotton, wool or man-made fibres or any blend containing one or more of those fibres in which either wool represents 17 per cent or more by weight or any or all of those fibres in combination represent 50 per cent or more by weight of the unfinished fabric shall be defined as "impregnated fabrics" where those fabrics have been impregnated, coated, covered or laminated with preparations of cellulose derivatives or of other artificial plastic materials whatever the nature of the plastic material (compact, foam, sponge or expanded).
2. The definition does not cover -
 - a) fabrics which, after impregnation, coating, covering or lamination, cannot, without fracturing, be bent manually around a cylinder of a diameter of 7 mm at a temperature between 15 degrees C and 30 degrees C.
 - b) fabrics either completely embedded in artificial plastic material or coated or covered on both sides with such material.

ORIGINAL

Importer's copy

2 No

1 Exporter (name, full address, country)		EXPORT CERTIFICATE (TEXTILE PRODUCTS)	
3 Consignee (name, full address, country)			
		4 Quota period	5 Group number
6 Place and date of shipment - Means of transport		7 Country of origin	8 Country of destination
		9 Approved and debited quantity against restraint level	
10 Marks and numbers - Number and kind of packages - DESCRIPTION OF GOODS		11 Quantity or weight	12 FOB Value
13 CERTIFICATION BY THE COMPETENT AUTHORITY			
<p>I, the undersigned, certify that the goods described above are originating in in accordance with provisions in force in Sweden and these goods have been charged against the quantitative limit established for the quota year shown in box no 4 in respect of the group shown in box no 5 by the provisions regulating trade in textile products with Sweden.</p>			
14 Competent authority (name, full address, country)		At on	
		(Signature)	(Stamp)

I would appreciate your confirmation that the above is also the understanding of the Government of Malaysia. This letter together with your reply will then constitute an agreement between the Government of Sweden and the Government of Malaysia. The date of your letter in reply to this letter shall be considered by both parties as the date of the agreement.

Please accept, Sir, the assurances of my highest consideration.

Curt Wiik
Ambassador of Sweden

4
11/11/87
11/11/87
BPA(TK)Y:5:2:3

22nd. September, 1987

H.E. Ambassador Curt Wiik,
Ambassador of Sweden,
Swedish Embassy,
6th Floor, Wisma Angkasa Raya,
Jalan Ampang,
50708 KUALA LUMPUR.

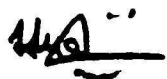
Excellency,

With reference to the consultations held in Kuala Lumpur from 25th to 27th May, 1987 between representatives of our two Government, I have the honour to acknowledge the receipt of your letter dated 22nd September, 1987 proposing an agreement in conformity with the Arrangement Regarding International Trade in Textiles, concerning the export of certain textile products from Malaysia to Sweden for the period 1st July 1987 to 30th June 1992. The said agreement was initialled on the 28th May, 1987 in Kuala Lumpur.

I have further the honour to confirm that your letter dated 22nd September, 1987 and this reply on behalf of my Government shall constitute an agreement between our two Governments.

Accept, Excellency, the renewed assurances of my highest consideration.

Yours sincerely,



(DATO' AHMAD SARJI BIN ABDUL HAMID)
Secretary General,
Ministry of Trade and Industry,
Malaysia