

# GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/1679\*

19 September 1990

## TARIFFS AND TRADE

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Textiles Surveillance Body

### ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

#### Notification under Article 4:4

#### Bilateral Agreement Between Sweden and the Philippines

#### Note by the Chairman

Attached is a notification received from Sweden of a bilateral agreement concluded with the Philippines for the period 1 November 1987 to 31 October 1992.<sup>1</sup>

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<sup>1</sup>The previous bilateral agreement and an amendment are contained in COM.TEX/SB/1008 and 1247.

\* English only/Anglais seulement/Inglés solamente

Geneva, August 28, 1990

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Ambassador M. Raffaelli  
Chairman of the Textiles  
Surveillance Body  
GATT  
Geneva

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 the Philippines and Sweden.

The new agreement with the Philippines has been entered into for the period November 1, 1987 to October 31, 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, underwear excluding T-shirts, ex group 6, overcoats, group 11a, track suits 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. The restrictions on group 11b, bathing suits and trunks, are only applied for three years.

Growth rates have been improved for all categories under restraint and now vary from 1,5% up to 4%, with the higher figures applicable during the later part of the agreement period.

Additional export quantities on an ad hoc basis have been agreed for group 5, sweaters, 6 cd, jackets and group 8, trousers. These quantities are applied throughout the lifetime of the agreement and have the same growth rates as the actual restraint levels.

All three elements of flexibility, i.e. carryover, carry forward and swing, are each available at 3%, or for one item 5%. The use of the flexibility provisions taken together shall not exceed 6%, or 10% for one item, 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 paragraph 2 of the Arrangement and paragraph 12 of the 1986 Protocol.

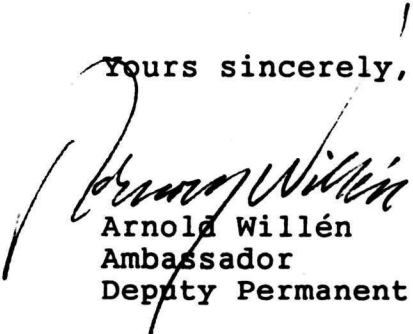
Due to the introduction of the Harmonized System, the composition of some groups has been modified. For group 5, sweaters etc., the scope has been extended to cover knitted shirts, T-shirts and knitted waistcoats. To compensate for the increased coverage in group 5, 130 972 pieces have been added to the restraint level for the first period of the new agreement. Group 6 c,d, jackets, includes also ladies suit jackets, previously under restraint in the Rest Group.

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 1980-1988, from 34 000 to 24 000 in 1988. 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 17% in volume between 1986 and 1988. Imports from developing countries during the same period increased by 25%. 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.

Yours sincerely,



Arnold Willén  
Ambassador

Deputy Permanent Representative of Sweden

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

ARTICLE 1

The following Agreement has been reached having regard to the Arrangement Regarding International Trade in Textiles bearing in mind particularly 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 the Philippines will limit exports from the Philippines to Sweden of the textile products, listed in Annex I to this Agreement, to the levels set out in that Annex. The date of shipment indicated on the shipping documents shall be considered to be the date of exportation.

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ARTICLE 4

(a) This Agreement shall apply to exports from the Philippines 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 covered by this Agreement is based on the Nomenclature of the Customs Cooperation Council and the Swedish customs tariff. (Annex II)

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 Philippine origin, listed in Annex I, provided that such imports are covered by an Special Export Licence, as per specimen in Annex IV. Such a document shall be issued by the Garments and Textile Export Board, 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 November 1, 1986 to October 31, 1987, the group limits specified in column (i) of Annex I to the Agreement of April 26, 1984, as amended, are not fully utilized, the Government of the Philippines may after consultations with the Government of Sweden, during the period November 1, 1987 to October 31, 1988 approve the export of additional amounts (carryover), wherever appropriate, 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 limit for group 11 b as specified in column (i) of Annex I to the Agreement of April 26, 1984;
  - iii) do not exceed 3 per cent of the limits for groups 5, 6 c,d, 8 and 10 as specified in column (i) of Annex I to the Agreement of April 26, 1984.
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(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 the Philippines 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 limit for group 11 b for the period during which the shortfall occurred;
- iii) do not exceed 3 per cent of the limits for groups 5, 6 c,d, 8 and 10 for the period during which the shortfalls occurred.

(c) During each twelve months period of this Agreement, the Government of the Philippines 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 this limit for group 11 b and 3 per cent for groups 5, 6 c,d, 8 and 10 for the relevant period. Where specific group limits have been increased by carry forward the Government of the Philippines 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.



(d) During each twelve months period of this Agreement, the Government of the Philippines may, after consultations with the Government of Sweden, approve the export of amounts in excess of the group levels specified in Annex I to this Agreement up to 5 per cent of this limit for group 11 b and 3 per cent for groups 5, 6 c,d, 8 and 10 (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 group 11 b not exceed 10 per cent of the agreed limit; For groups 5, 6 c,d, 8 and 10 they shall not exceed 6 per cent.

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ARTICLE 7

The Government of the Philippines will forward to the Government of Sweden, via the Embassy of Sweden in Manila, monthly statistics on a cumulative basis of the quantities of the items as listed in Annex I for which duly endorsed Special Export Licences 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 the Philippines, via the Embassy of Sweden in Manila, monthly statistics on a cumulative basis of licences issued for imports from the Philippines. The statistics shall reach the Government of the Philippines within a period of two months from the month under reference.

ARTICLE 8

If the information available to the Swedish authorities shows that the quantitative limit for the category of products specified in an Special Export Licence has already been reached, or the unused portion of that limit is insufficient to cover the goods specified in the Special Export Licence, 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 the Philippines as soon as possible. Should any excess quantity be permitted to enter Sweden, the authorities of the Philippines 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 9

Both parties regard it as essential that exports from the Philippines to Sweden of goods 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 the Philippines undertakes to provide a procedure to achieve this.

ARTICLE 10

The Government of the Philippines and the Government of Sweden agree to consult each other, at the request of either party, when any problem arises from the implementation of this Agreement. The Government of the Philippines and the Government of Sweden 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 the Philippines 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 Philippine 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.

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ARTICLE 11

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

Where information available to the Government of Sweden constitutes clear evidence that products of Philippine 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 the Philippines 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

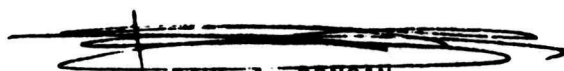
The Annexes to this Agreement shall be considered as an integral part of it.

ARTICLE 14

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

Done in Manila on November 12, 1987.....

For the Government  
of the Philippines

  
RAUL A. BONCAN  
Undersecretary  
Department of Trade & Industry

For the Government  
of Sweden

  
HANS F. GRONWALL  
Ambassador

## ANNEX I A

## EXPORTS OF CERTAIN TEXTILES FROM PHILIPPINES TO SWEDEN

(a) Group No	(b) Description	(c) Unit	(d) Level for period 87.11.01- 88.10.31	(e) Level for period 88.11.01- 89.10.31	(f) Level for period 89.11.01- 90.10.31	(g) Level for period 90.11.01- 91.10.31	(h) Level for period 91.11.01- 92.10.31	(i) Conver- sion factor (pcs/kg)
5	Sweaters, pullovers, slipovers, waistcoats and cardigans etc, T-shirts and shirts, knitted or crocheted	pcs	368,826	377,186	386,616	397,248	409,165	8,0
6 c, d	Jackets	pcs	70,116	71,693	73,486	75,507	77,772	1,5
8	Trousers other than shorts (including work trousers e g trousers with bib and braces)	pcs	80,887	82,707	84,775	87,106	89,719	2,0
10	Blouses	pcs	426,950	434,421	443,110	453,080	464,407	7,0
11 b	Bathing suits and trunks	pcs	117,639	121,169	126,015	-	-	20,0

- 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 every 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 centimetres (children between 0 - 6 years old).
- d) Babies' garments, not knitted or crocheted, are not restrained.
- e) Group 6 c/d, jackets, includes ladies suit jackets the outer shell of which (exclusive of sleeves and facings or collar if there is any) consists of at least four panels (two in front and two at the back) sewn together lengthwise, with full front opening without a closure or with a closure other than a slide fastener (zipper).

# ANNEX I B

In addition to the levels in Annex I A, the following quantities of the items stated below may, on an ad hoc basis, be exported to Sweden during the periods given in Annex I A. All relevant provisions of this Agreement shall apply to exports of these ad hoc quantities.

Group No.	Description	Unit	(d)	(e)	(f)	(g)	(h)
5	Sweaters, pullovers, slipovers, waistcoats and cardigans etc, T-shirts and shirts, knitted or crocheted	pcs.	120,714	123,430	126,516	129,995	133,895
6 c, d	Jackets	pcs.	31,884	32,602	33,417	34,336	35,366
8	Trousers other than shorts (including work trousers e g trousers with bib and braces)	pcs.	72,113	73,736	75,579	77,657	79,987

# ANNEX II

## EXPORTS OF CERTAIN TEXTILES FROM PHILIPPINES TO SWEDEN

Group No	Ex Swedish Statistical Classification No (CCCN)	Ex Swedish Statistical Classification No (HS)
5	60.05.30- 60.05.80-, 87-, 89- 60.04.10-	61.09.10-, 90- 61.10.10-, 20-, 30-, 90-, 61.11.10-, 20-, 30-, 90- 61.05.10-, 20-, 90-
6 c, d	60.05.80-, 812, 815, 89- 61.01.45-, 003 61.02.15-, 99-  61.02.902-906, 909	61.01.10-, 20-, 30-, 90-, 61.02.10-, 20-, 30-, 90- 61.03.31-, 32-, 33-, 39- 61.04.31-, 32-, 33-, 39-, 61.11.10-, 20-, 30-, 90- 62.01.91-, 91-, 93-, 99-, 62.02.91-, 92-, 93-, 99- 62.03.31-, 32-, 33-, 39-, 62.04.31-, 32-, 33-, 39-
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-
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-
11 b	60.05.20-, 80-, 896 61.01.003, 922, 904-909 61.02.902-906, 909, 99-	61.11.10-, 20-, 30-, 90-, 61.12.31-, 39-, 41-, 49-  62.11.11-, 12-



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<sup>0</sup> C and 30<sup>0</sup> C.
  - (b) Fabrics either completely embedded in artificial plastic material or coated or covered on both sides with such material.

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Republic of the Philippines  
Office of the President  
GARMENTS & TEXTILE EXPORT BOARD  
Makati, Metro Manila

**SPECIAL EXPORT LICENSE**

SERIAL NO. SW 001756

**I. THIS SECTION TO BE FILLED IN FOR EVERY SHIPMENT:**

1. Name and Address of Importer: \_\_\_\_\_
2. Name and Address of Exporter: \_\_\_\_\_
3. Name of Carrier: \_\_\_\_\_
4. Date of Shipment: \_\_\_\_\_
5. Destination: \_\_\_\_\_

**II. THIS SECTION TO BE FILLED IN FOR EVERY SHIPMENT:**

(1) Marks and Numbers on Shipping Packages	(2) Quantity (Number of Pieces)	(3) Group Number	(4) Full Description of Goods	(5) Unit Price (US Dollar)	(6) Total Invoice Dollar Value (FOB)

**III. DECLARATION**

I declare that the merchandise described in this license is shipped, sold or agreed to be sold, and that all the information contained herein is true and correct.

\_\_\_\_\_  
Print and Sign Name of Seller

\_\_\_\_\_  
Date Signed

**IV. CERTIFICATION**

This is to certify that the merchandise described in this license has been authorized for export to Sweden and that the quantity/value has been debited against the applicable level(s) of restraint set out in Annex I of the Agreement between the Philippines and Sweden for the period: \_\_\_\_\_

  
\_\_\_\_\_  
Print Name and Designation

\_\_\_\_\_  
Date Certified

Note: This license shall be valid only upon certification by the appropriate Officer of the Garments and Textile Export Board. It must be accomplished in four (4) copies.