

# GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL  
TEX.SB/W/392\*  
4 June 1985

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## Textiles Surveillance Body

### DRAFT REPORT OF THE SIXTH MEETING (1985)<sup>1</sup>

1. The Textiles Surveillance Body held its sixth meeting of 1985 on 29-31 May 1985.
2. Present at this meeting were the following members and/or alternates: Messrs. Boisson, Cartland/Sun, Hamza/Bajwa, Iversen, Kawaguchi, Rosselli/Paredes, Salim/Bondad and Shepherd.
3. The report of the fifth meeting has been circulated in COM.TEX/SB/1072.

#### Notification under Article 3:5

##### United States/Bangladesh

4. The TSB received a notification from the United States of unilateral measures taken with respect to imports of Category 334 (men's and boys' cotton coats) and Category 340 (non-knit shirts for men and boys) from Bangladesh. The TSB agreed to the parties' request to defer examination of these measures in view of the ongoing consultations between them.

#### Notifications under Article 4:4

##### Sweden/Sri Lanka

5. The TSB received a notification from Sweden of a new bilateral agreement concluded with Sri Lanka under Article 4, valid for the period 1 August 1984 to 31 July 1988.

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<sup>1</sup>Hundred and eighty-sixth meeting overall

\*English only/Anglais seulement/Inglés solamente

6. In this agreement:

- (a) all previous limits (three group limits and a limit on the "rest group") were maintained; within the "rest group" sub-limits were put on two additional product categories;
- (b) growth in base levels were 0.5 per cent for group limits, 1 per cent for the "rest group";
- (c) annual growth at 0.5 per cent for group limits and 1 per cent for the "rest group" was higher than in the previous agreement;
- (d) swing was available at 3 per cent;
- (e) carryover and carry forward were available at 3 per cent;
- (f) cumulative use of swing, carryover and carry forward was set at 3 per cent;
- (g) the duration was four years as compared to two years in the previous agreement.

7. The TSB noted that swing, carryover and carry forward, previously unavailable, had been introduced in the new agreement, in line with its earlier observations; it also noted that the consultation clause as well as the anti-surge clause contained in the previous agreement had been dropped.

8. The TSB noted that under the four year period of this agreement, the growth rates were still low and that the level of restraint with respect to the "rest group" continued to be low, thereby limiting the access of Sri Lanka to the Swedish market for the products included therein, some of which showed nil or negligible exports from Sri Lanka to Sweden.

9. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1073)

Bilateral agreements concluded by Norway

10. The TSB reviewed several agreements notified by Norway. These were the first agreements concluded by Norway, which the TSB reviewed since Norway's acceptance of the MFA on 1 July 1984.

11. In reviewing these agreements, the TSB bore in mind that Norway had been a participant in the MFA until 31 December 1977; thereafter, it adopted an import régime which was not based on the Arrangement.

Norway/Czechoslovakia

12. The TSB received a notification from Norway of a bilateral agreement concluded with Czechoslovakia under Article 4 of the MFA, valid for the period 1 July 1984 to 30 June 1987. The restraints in this agreement replaced restrictions previously notified to the GATT by Norway as measures taken under Article XIX.

13. In this agreement:

(a) seventeen categories were under restraint; Categories 1 to 8 had previously been covered by global quotas under Article XIX of GATT, while some of the other categories had been partly subject to bilateral quotas;

(b) the base level for Category 1 was below the level indicated in Annex B; for the other categories under restraint base levels were above, or substantially above, the level indicated in Annex B;

(c) growth rates varied between 0.2 and 2.5 per cent;

(d) swing was not available;

(e) carryover and carry forward taken together were available at 5 per cent, of which carry forward should not represent more than 2.5 per cent.

14. The TSB heard a statement from Norway in which it referred to paragraph 11 of the 1981 Protocol of Extension with respect to low flexibility and the lack of swing in the agreement.

15. The TSB, while noting that the compounded growth rates were, in most cases, higher than 6 per cent, questioned the absence of swing in the agreement. It further noted that Czechoslovakia's share in the Norwegian market with respect to certain categories did not appear to cause damage to Norway's minimum viable production.

16. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1074)

Norway/Hong Kong

17. The TSB received a notification from Norway of a bilateral agreement concluded with Hong Kong under Article 4, valid for the period 1 July 1984 to 30 June 1987.

18. In this agreement:

(a) fourteen categories were under restraint; Categories 1 to 8 had previously been covered by quotas notified to the GATT by Norway as measures taken under Article XIX;

(b) the base level for Category 9 was below the reference level utilized by the parties, while base levels for the other categories under restraint were above these reference levels;

(c) growth rates varied between 0.1 per cent and 2 per cent;

(d) swing was not available for Categories 1, 2 and 3; it was available at 1.5 per cent for Categories 4, 5 and 6, and at 2.5 per cent for Categories 8 to 11, 12a, 13, 15 and 18;

(e) for Categories 1, 2 and 3, carryover and carry forward were available at 1 per cent, of which carry forward should not represent more than 0.5 per cent; for the other categories the respective percentages were 2 per cent and 1 per cent.

19. The TSB heard a statement from Norway in which it referred to Annex B of the MFA and paragraph 11 of the 1981 Protocol of Extension with respect to flexibility provisions and growth rates.

20. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1075)

Norway/Hungary

21. The TSB received a notification from Norway of a bilateral agreement concluded with Hungary under Article 4 of the MFA, valid for the period 1 July 1984 to 31 December 1986. The restraints in this agreement replaced restrictions previously maintained by Norway under the Protocol of Accession of Hungary to GATT, or notified as measures taken under Article XIX.

22. In this agreement:

(a) fourteen categories (four of which being merged into two separate categories) were under restraint; Categories 1 to 8 had previously been covered by global quotas under Article XIX, while some of the other categories had been partly subject to bilateral quotas under the Protocol for the Accession of Hungary to GATT;

(b) base levels were, in all cases, substantially above the level indicated in Annex B;

(c) growth rates were 0.2 per cent in six cases, 2 per cent in the remaining six cases;

(d) swing was not available;

(e) carryover was available up to 8 per cent, carry forward up to 3.5 per cent; cumulative use of carryover and carry forward was limited to 8 per cent.

23. The TSB heard a statement from Norway in which it referred to paragraph 11 of the 1981 Protocol of Extension with respect to low flexibility and the lack of swing in the agreement.

24. The TSB, while noting that the compounded growth rates were, in most cases, higher than 6 per cent, was of the opinion that the maintenance of Norway's minimum viable production seemed not to require the absence of swing in the agreement or restraints with respect to a large number of products where Hungary's share in the Norwegian market was nil or very small.

25. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1076)

#### Norway/Romania

26. The TSB received a notification from Norway of a bilateral agreement concluded with Romania under Article 4 of the MFA, valid for the period 1 July 1984 to 31 December 1987. The restraints in this agreement replaced restrictions notified to the GATT by Norway as measures taken under Article XIX, or maintained under the Protocol of Accession of Romania to the GATT.

27. In this agreement:

- (a) seven categories were under restraint, three of them being merged into a single category, two others into another single category; Categories 3 to 8 had previously been covered by global quotas under Article XIX of GATT, while some of the other categories had been partly subject to bilateral quotas under the Protocol of Accession of Romania to GATT;
- (b) base levels were, in all cases, above the level indicated in Annex B;
- (c) growth rates varied between 0.4 and 1.5 per cent;
- (d) swing was not available;
- (e) carryover was available up to 6.5 per cent, carry forward up to 3.5 per cent; cumulative use of carryover and carry forward was limited to 6.5 per cent.

28. The TSB heard a statement from Norway in which it referred to Annex B of the MFA and paragraph 11 of the 1981 Protocol of Extension with respect to low growth, low flexibility and the lack of swing in the agreement.

29. While questioning the absence of transfer possibilities between product groupings, the TSB noted that the merging of certain categories did provide shift within those merged categories.

30. The TSB noted that the agreement had been negotiated having regard to both the need to maintain Norway's minimum viable production and the status of Romania as a developing country; after its review, the TSB concluded that while it was evident that the agreement had fully taken account of Norway's need to maintain its minimum viable production, it was not possible to identify how the provisions of the MFA of interest to the exporting country, particularly Article 6, had been taken into account.

31. After its review, the TSB agreed to transmit this notification to the Textiles Committee. (COM.TEX/SB/1077)

Sweden/Hong Kong

32. The TSB received a notification from Sweden of an extension of its agreement with Hong Kong, pending consultations for a new agreement. The TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1078)

33. The TSB began its review of a notification received from Sweden of a new bilateral agreement concluded with Hong Kong, valid for the period 1 September 1983 to 31 August 1987.

Notification under Article 11

34. The TSB took note of a notification received from Poland, in reply to the Chairman's letter of 1984, requesting information pursuant to Article 11 of the Arrangement, on restrictions maintained by participating countries. (COM.TEX/SB/965/Add.29)

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<sup>1</sup>COM.TEX/SB/921, paragraph 23