

GENERAL AGREEMENT ON

CONFIDENTIAL

TARIFFS AND TRADE

TEX.SB/W/472*
24 February 1988

Textiles Surveillance Body

DRAFT REPORT OF THE SECOND MEETING (1988)¹

1. The Textiles Surveillance Body held its second meeting of 1988 on 18-19 February.
2. Mr. Maamoun Abdel-Fattah was appointed by Egypt as member. Mr. Munir Ahmad (Pakistan) was appointed by Mr. Abdel-Fattah as his alternate.
3. Present at this meeting were the following members and/or alternates: Messrs. Abdel Fattah/Munir, Gero/Hildan, Koda, Lau, Mazzocchi, de la Pena, Salim and Shepherd.
4. The report of the first meeting has been circulated in COM.TEX/SB/1359.

Notification under Article 2:4

China

5. The TSB continued its review of the notification made by China under Article 2:4.

Notifications under Article 4

Canada/Malaysia

6. The TSB received a notification from Canada of a bilateral agreement concluded with Malaysia for the period 1 January 1987 to 31 December 1991.
7. In this agreement:

¹Two hundred and twenty-third meeting overall

²English only/Anglais seulement/Inglés solamente

- (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 product 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.

8. During its review, the TSB took note of a statement by Canada that the lower than 6 per cent growth for some categories was agreed due to exceptional cases in terms of paragraph 2 of Annex B.

9. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1360)

Canada/Romania

10. The TSB began its review of a notification received from Canada of a bilateral agreement concluded with Romania for the period 1 January 1987-31 December 1991.

EEC/Pakistan

11. The TSB received a notification from the EEC of a bilateral agreement concluded with Pakistan and in de facto application for the period 1 January 1987 to 31 December 1991.

12. In this agreement:

- (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.

13. 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.

14. After its review, the TSB agreed to transmit this notification to the Textiles Committee.¹ (COM.TEX/SB/1361)

15. The TSB received notifications from the EEC of subsequent modifications of this agreement with Pakistan:

¹For general observations applicable to this agreement, see COM.TEX/SB/1272, paragraphs 27-38, 1294, paragraph 33, and 1314, paragraphs 11-13.

- (a) a Community restraint was agreed on bed linen (Category 20), effective from 5 March 1987. This product was previously under restraint when imported into the regions of France and Italy. The restraint level was higher than both 1986 imports and the basket exit level. Annual growth was set at 6.5 per cent. The flexibility provisions of the agreement applied to the new limit;
- (b) regional restraints were agreed on woven fabrics of synthetic fibres (Category 3) when imported into France and Italy, effective from 23 June 1987. In both cases the restraint level was higher than both 1986 imports and the basket exit level. Annual growth was set at 3.5 per cent and the flexibility provisions of the agreement applied;
- (c) regional restraints were agreed on blouses (Category 7) when imported into France, Ireland and Spain, with effect from 9 October 1987. In all cases the restraint levels were higher than both 1986 imports and the basket exit level. Annual growth was set at 4 per cent, and the flexibility provisions of the agreement applied.

16. The TSB agreed to transmit the three notifications to the Textiles Committee. (COM.TEX/SB/1362, 1263 and 1264)

Sweden/Yugoslavia

17. The TSB received a notification from Sweden of a six-month extension of its agreement with Yugoslavia. The extension for the period 1 January to 30 June 1987 replaced the provisional extension of the agreement notified earlier, which the TSB had noted contained no growth.¹

18. In the extension under review:

- (a) the aggregate limit was liberalized;
- (b) the limits were increased by the growth rates in the agreement;
- (c) the other provisions, including the flexibility provisions, applied.

19. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1265)

¹ COM.TEX/SB/1265

20. The TSB received a notification from Sweden of a bilateral agreement concluded with Yugoslavia for the period 1 July 1987 to 31 December 1991.

21. Under this 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.

22. With respect to the growth and flexibility provisions, the TSB heard a statement by Sweden which referred to Annex B of the MFA and paragraph 12 of the 1986 Protocol.

23. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1366)

Notifications under Articles 7 and 8

Canada/Bulgaria, Canada/South Africa

24. The TSB received two notifications from Canada concerning non-participating countries. The first was of a bilateral agreement concluded with Bulgaria for the period 1 January 1987 to 31 December 1991. The second notification concerned measures introduced with respect to imports from South Africa. These notifications were made under Articles 7

and 8, in accordance with the request of the Textiles Committee that measures taken with respect to non-participants be notified, and the TSB is forwarding them to participating countries for information.
(COM.TEX/SB/1367 and 1368)

General presentation on agreements concluded by Sweden

25. On the initiative of the Swedish Government, the TSB heard a presentation on bilateral agreements concluded by Sweden under the MFA as extended by the 1986 Protocol.