

# GENERAL AGREEMENT ON

CONFIDENTIAL

TEX.SB/W/518\*

1 December 1989

## TARIFFS AND TRADE

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### Textiles Surveillance Body

#### DRAFT REPORT OF THE ELEVENTH MEETING (1989)<sup>1</sup>

1. The Textiles Surveillance Body held its eleventh meeting of 1989 on 17 November.
2. Ambassador Hassan Kartadjoemena was appointed by Indonesia as member of the TSB with effect from 1 November. Ambassador Kartadjoemena appointed Mr. Ahmad Phamy (Malaysia) as his alternate.
3. Present at this meeting were the following members and/or alternates: Messrs. Castro, Gero/Patek, Koda, Lau, Phamy, Shepherd and Ms. Smadja.
4. The report of the tenth meeting has been circulated in COM.TEX/SB/1523.

#### Notification under Article 4

##### Sweden/Macao

5. The TSB received a notification from Sweden of a bilateral agreement concluded with Macao for the period 1 January 1988 to 31 March 1993.
6. In this agreement:
  - (a) product coverage was reduced from seventeen to ten product categories, all under restraint;
  - (b) the Rest Group and some restrained products were liberalized;

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<sup>1</sup>Two hundred and forty-sixth meeting overall

\* English only/Anglais seulement/Inglés solamente

- (c) increases in base levels were at 1.5 per cent for one case, 2 per cent for eight cases and 3 per cent for the remaining case;
- (d) growth rates for the second year at 1.75, 2.25, 2.5 and 3.0 per cent were higher than in the previous agreement; for subsequent years the growth rate would increase annually by 0.25 per cent (five categories); by 0.5 per cent (four categories); for the remaining category the growth rate would increase by 1 per cent for the third agreement year, after which the category would no longer be under restraint;
- (e) swing, carryover and carry forward were unchanged for five categories at 3 per cent, and for other categories were higher at 5 per cent;
- (f) cumulative use of flexibility at 6 per cent (five categories) and 10 per cent (other categories) was more advantageous to Macao than in the previous agreement.

7. With respect to the growth and flexibility provisions, Sweden made reference to paragraph 2 of Annex B and to paragraph 12 of the 1986 Protocol of Extension.

8. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1524)

#### Notification under Article 11

##### Egypt

9. In reply to the Chairman's letter requesting information pursuant to Article 11 of the Arrangement, on restrictions maintained by participating countries on imports of textile products,<sup>1</sup> the TSB received a report from Egypt.

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<sup>1</sup>COM.TEX/SB/1467

10. In its notification Egypt stated that it maintained restrictions for balance-of-payments reasons under GATT Article XVIII. The TSB noted that these restrictions remained unchanged since MFA III.

11. The TSB agreed to forward the notification to participating countries.  
(COM.TEX/SB/1489/Add.26)

Thailand

12. The TSB reverted to the review of the notification made by Thailand under Article 11.

13. At the request of the TSB<sup>1</sup> Thailand had, at the previous meeting,<sup>2</sup> presented its explanation of the ban introduced on certain imports, stating that the measure had been taken pursuant to paragraph 2 of Article 8 of the MFA. The TSB noted that Thailand had not reported holding any bilateral consultations with any of the participants involved in the alleged circumvention.

14. The Body was of the opinion that this ban could not be justified under Article 8:2 or other provisions of the MFA. The TSB therefore recommended that Thailand review the situation and, unless the measure can be modified to be brought into conformity with the MFA, or justified under the GATT, terminate it. The TSB asked Thailand to report back to it no later than 28 February 1990.

15. The Body agreed to forward this notification, together with the above comments and recommendation, to the Textiles Committee.  
(COM.TEX/SB/1489/Add.27)

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<sup>1</sup> See COM.TEX/SB/1490, paragraph 5.188(h)

<sup>2</sup> See COM.TEX/SB/1523, paragraph 34