

**GENERAL AGREEMENT
ON TARIFFS AND TRADE**

CONFIDENTIAL
TEX.SB/W/596*
21 June 1994

Textiles Surveillance Body

DRAFT REPORT OF THE FOURTH MEETING (1994)¹

1. The Textiles Surveillance Body held its fourth meeting of 1994 on 31 May.
2. Present at the meeting were the following members and/or alternates: Messrs. Cheung/Lee, Daly, Fujioka, Munir, Saint-Jacques/Glantschnig, Shepherd/Tagliani, Sophastienphong/Pangaribuan, Vanerio/Prado and Wentzel.
3. The report of the third meeting has been circulated in COM.TEX/SB/1910.

Notification under Articles 3:6 and 11

Jamaica/Canada

4. Further to Jamaica's request for the TSB to defer its consideration of the measures taken by Canada on imports of underwear from Jamaica, the TSB received a communication from Jamaica that a bilateral agreement had been reached between the two countries and that, consequently, Jamaica was withdrawing its request for the TSB to review the matter.²

Notifications under Article 4

Canada/Bangladesh

5. The TSB received a notification from Canada of two amendments of its agreement with Bangladesh.

¹Two hundred and eighty-fifth meeting overall.

²See COM.TEX/SB/1893, 1900, 1910 and paragraphs 19 to 21 of this report.

*English only/Anglais seulement/Inglés solamente

6. Under the first amendment, a modification to better reflect the conversion of the restraint structure to the Harmonized System³ resulted in the restraint level of Agreement Item no. 7/8a (woven and knitted shirts and blouses, athletic wear) being increased by substantially more than 6 per cent.

7. Under the second amendment, the coverage of the agreement was expanded to include a new product category (Agreement Item no. 9 - Category 9.0, underwear), which was placed under restraint for the period 1 December 1993 to 30 June 1994, at a level substantially higher than the relevant reference level, with a growth rate of 6 per cent and flexibility provisions similar to those of all other restrained categories, i.e., 7 per cent swing, carryover/carry forward at 10/5 per cent and combined flexibility limited to 13 per cent.

8. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1911)

Canada/China

9. The TSB received two notifications from Canada of two extensions of its agreement with China.

10. Under the first extension, from 1 January to 31 December 1993:

- (a) the product categories were adapted to the HS-based categorization;
- (b) the 1993 base levels were adjusted to take account of product migration resulting from the new categorization;
- (c) the growth rates, between 3 and 6 per cent, were generally unchanged, except for three cases where it was lowered from 5 to 4 per cent and one case where it was increased from 3 to 4 per cent. Growth rates for the new categories that resulted from product migration were at least the same as previously applied to those products;
- (d) swing continued to be available between 5 and 10 per cent; carryover and carry forward were mostly available at 10 per cent (5 per cent), but in two cases were set at 8 per cent

³See COM.TEX/SB/1870 and 1872, paragraphs 32 to 34.

(5 per cent) and in several cases at 11 per cent (5 per cent). Combined flexibility continued to be limited between 10 per cent and 12 per cent.

11. Under the second extension, from 1 January to 31 December 1994, the restraint levels were increased by the applicable growth rates, except in one case where the increase was slightly above the growth rate.

12. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1912)

Canada/Hungary

13. The TSB received a notification from Canada of an extension of its agreement with Hungary for calendar year 1994. The 1994 restraint level of the clothing category covered by the agreement was increased over the 1993 level by the applicable growth rate. All other terms of the agreement remained unchanged.

14. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1913)

Canada/India

15. The TSB received a notification from Canada of two extensions of its agreement with India.

16. Under the first extension, from 1 January to 31 December 1993:

- (a) the product categories were adapted to the HS-based categorization;
- (b) a fabric category was added to the product coverage and placed under restraint at a level substantially higher than the relevant rollback level;
- (c) the group limit on clothing was expanded to include a further category;
- (d) the growth rates remained unchanged. The growth rate for the newly restrained category was set at 6 per cent;

- (e) swing for the group limit on clothing was increased from 5 per cent to 7 per cent, and for Category 31a from 5 to 6 per cent. In all other cases swing remained at 7 per cent. Carryover/carry forward were increased from 10 per cent (5 per cent) to 11 per cent (6 per cent). Combined flexibility continued to be set at 17 per cent.

17. Under the second extension, from 1 January to 31 December 1994 with the possibility of a further extension to 31 December 1995:

- (a) a new category was brought under specific limit and the group limit on clothing was expanded to include a further category;
- (b) all restraint levels but one were increased over 1993 levels by more than 6 per cent; one restraint level was increased by 6 per cent, i.e., by the applicable growth rate; the level for the newly restrained category was substantially higher than 6 per cent over the relevant rollback level;
- (c) the growth rate for one category was increased from 4.5 per cent to 6 per cent and the newly restrained category had its growth rate set at 6 per cent; all categories now enjoy a growth rate of 6 per cent;
- (d) combined flexibility, previously 17 per cent, was increased to 18 per cent. The newly restrained category received the flexibility rates granted to other categories.

18. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1914)

Canada/Jamaica

19. The TSB received a notification from Canada of its first bilateral agreement concluded with Jamaica, for the period 1 January 1994 to 31 December 1995.

20. In this agreement:

- (a) the product coverage extended to fourteen clothing categories, three textile categories and two textile sub-categories;

- (b) one category was put under restraint, with a sub-limit on part of the category;
- (c) the base level for the restraint was substantially over the rollback level;
- (d) the growth rate was set at 6 per cent;
- (e) carryover and carry forward were set at 10/5 per cent.

21. After its review, the TSB agreed to transmit the notification to the Textiles Committee.
(COM.TEX/SB/1915)

Canada/Sri Lanka

22. The TSB received a notification from Canada of an extension with amendments of its agreement with Sri Lanka for the period 1 January 1993 to 31 December 1994.

23. Under this extension:

- (a) the coverage was expanded to include two clothing categories, both placed under restraint on 1 January 1993;
- (b) the product categories were adapted to the HS-based categorization;
- (c) the 1993 levels for the previously restrained products were given increases of less than 6 per cent (and less than the applicable growth rate) in one case, of 6 per cent (the applicable growth rate) in one, of more than 6 per cent in four cases, and of substantially more than 6 per cent in the case of the two categories; for other categories the levels could not be compared, due to product migration. For the newly restrained categories, the increases over the relevant rollback levels were substantially more than 6 per cent;
- (d) all growth rates below 6 per cent have all been increased to this level; the newly restrained categories had growth set at 6 per cent;

- (e) swing remained unchanged at 7 per cent, carryover/carry forward were increased from 10(5) per cent to 11(6) per cent, and combined flexibility was increased from 15 to 17 per cent.

24. After its review, the TSB agreed to transmit the notification to the Textiles Committee.
(COM.TEX/SB/1916)

Norway/China

25. The TSB received a notification from Norway of an extension with amendments of the agreement with China for the period 1 January 1994 to 31 December 1995.

26. Under this extension:

- (a) the product coverage continued to be limited to four categories, which all continued under restraint;
- (b) the base levels over previous restraint levels were higher than the applicable growth rates, having been increased by more than 6 per cent;
- (c) the growth rates were increased from 3 to 4 per cent;
- (d) swing was increased from 3 to 5 per cent, and carryover and carry forward remained unchanged at 10 plus 5 per cent.

27. After its review, the TSB agreed to transmit the notification to the Textiles Committee.
(COM.TEX/SB/1917)

Norway/Hong Kong

28. The TSB received a notification from Norway of an extension with amendments of its agreement with Hong Kong for the period 1 January 1994 to 31 December 1995.

29. Under this extension:

- (a) the coverage continued to be limited to four categories, of which three are under restraint;
- (b) the base levels over previous restraint levels were higher than the applicable growth rates, having been increased by less than 6 per cent in two cases and substantially more than 6 per cent in the remaining one;
- (c) the growth rates were increased from 1 to 1.2 per cent for two categories and remained unchanged at 3 per cent for the remaining category;
- (d) swing, previously 1 per cent for two categories and 3 per cent for the third, was increased to 5 per cent; carryover and carry forward remained unchanged at 10 plus 5 per cent.

30. After its review, the TSB agreed to transmit the notification to the Textiles Committee.
(COM.TEX/SB/1918)

Norway/India

31. The TSB received a notification from Norway of an extension with amendments of its agreement with India for the period 1 January 1994 to 31 December 1995.

32. Under this extension:

- (a) the product coverage continued to be limited to four categories, of which three are under restraint;
- (b) the base levels over previous restraint levels were higher than the applicable growth rates, having been increased by less than 6 per cent in one case, more than 6 per cent in another and substantially more than 6 per cent in the remaining case;
- (c) the growth rates were increased from 3 to 5 per cent for two categories and from 0.5 to 1.5 per cent for the remaining one;

- (d) swing, previously 3 per cent for two categories and 0.5 for the third, was increased to 5 per cent; carryover and carry forward remained unchanged at 10 plus 5 per cent.

33. After its review, the TSB agreed to transmit the notification to the Textiles Committee.
(COM.TEX/SB/1919)

Norway/Indonesia

34. The TSB received a notification from Norway of an extension with amendments of its agreement with Indonesia for the period 1 January 1993 to 31 December 1995.

35. In this extension:

- (a) the product coverage was reduced to four categories through the elimination and consequent liberalization of Category 5 (woven shirts, MB);
- (b) the number of categories under restraint remained unchanged, as Category 70 (knitted netting and nets) was placed under restraint from 1 January 1993;
- (c) the base levels were increased over previous restraint levels by more than 6 per cent in two cases and by substantially more than 6 per cent in one case; the base level for the new restraint was set substantially above the 1992 level of trade;
- (d) the growth rates were set at 4 per cent; for the categories previously under restraint, the growth rate had been 3 per cent;
- (e) swing was set at 5 per cent; for the previously restrained categories, this was above the previous rate of 3 per cent; carryover and carry forward remained unchanged at 10 plus 5 per cent.

36. With respect to the growth and flexibility provisions for the new restraint, Norway made reference to Article 1, paragraph 2, and Annex B, paragraph 2, of the Arrangement.

37. After its review, the TSB agreed to transmit the notification to the Textiles Committee.
(COM.TEX/SB/1920)

Norway/Korea

38. The TSB received a notification from Norway of an extension with amendments of its agreement with Korea for the period 1 January 1994 to 31 December 1995.

39. In this extension:

- (a) the product coverage continued to be limited to four categories, all under restraint;
- (b) the base levels over previous restraint levels were increased by less than 6 per cent in one case and by more than 6 per cent in the others:
- (c) the growth rates were increased from 3 per cent to 4 per cent;
- (d) swing was increased from 3 to 5 per cent; carryover and carry forward, at 10 plus 5 per cent, remained unchanged.

40. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1921)

Norway/Macau

41. The TSB received a notification from Norway of an extension with amendments of its agreement with Macau for the period 1 January 1994 to 31 December 1995.

42. In this extension:

- (a) the product coverage continued to be limited to four categories, three of which under restraint;
- (b) the base levels were in all cases increased over previous restraint levels by substantially more than 6 per cent;
- (c) the growth rates remained unchanged at 3 per cent;

- (d) swing was increased from 3 to 5 per cent; carryover and carry forward remained unchanged at 10 plus 5 per cent.

43. After its review, the TSB agreed to transmit the notification to the Textiles Committee.
(COM.TEX/SB/1922)

Norway/Pakistan

44. The TSB received a notification from Norway of an extension with amendments of its agreement with Pakistan for the period 1 January 1994 to 31 December 1995.

45. In this extension:

- (a) the product coverage continued to be limited to four categories, three of which are under restraint;
- (b) the base levels were increased over previous restraint levels by less than 6 per cent in two cases and by more than 6 per cent in one case;
- (c) the growth rates were increased from 1 to 2 per cent in one case and from 3 to 5 per cent for the two other categories;
- (d) swing was increased to 5 per cent (previously 3 per cent for two categories and 1 per cent for the remaining category); carryover and carry forward remained unchanged at 10 plus 5 per cent.

46. After its review, the TSB agreed to transmit the notification to the Textiles Committee.
(COM.TEX/SB/1923)

Norway/Philippines

47. The TSB received a notification from Norway of an extension with amendments of its agreement with the Philippines for the period 1 January 1994 to 31 December 1995.

48. In this extension:

- (a) the product coverage continued to be limited to four categories;
- (b) three categories continued under restraint and one was liberalized;
- (c) the base levels of the remaining restraints were increased over previous restraint levels by less than 6 per cent in one case, more than 6 per cent in another and substantially more than 6 per cent for the remaining category;
- (d) growth rates were increased from 3 to 4 per cent;
- (e) swing was increased from 3 to 5 per cent; carryover and carry forward remained unchanged at 10 plus 5 per cent.

49. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1924)

Norway/Singapore

50. The TSB received a notification from Norway of an extension of its agreement with Singapore for the period 1 January 1994 to 31 December 1995.

51. In this extension:

- (a) the product coverage continued to be limited to four categories, of which three are under restraint;
- (b) the base levels were increased over previous restraint levels by 3 per cent;
- (c) the growth rates remained unchanged at 3 per cent;
- (d) swing remained unchanged at 3 per cent, carryover and carry forward remained unchanged at 10 plus 5 per cent.

52. After its review, the TSB agreed to transmit the notification to the Textiles Committee.
(COM.TEX/SB/1925)

Norway/Sri Lanka

53. The TSB received a notification from Norway of an extension with amendments of its agreement with Sri Lanka for the period 1 January 1994 to 31 December 1995.

54. In this extension:

- (a) the product coverage continued to be limited to four categories, of which three under restraint and the other under a consultation level;
- (b) the base levels were in all cases increased over previous restraint or consultation levels by more than 6 per cent;
- (c) growth rates remained unchanged at 3 per cent for all categories;
- (d) swing was increased from 3 to 7 per cent; carryover and carry forward remained unchanged at 10 plus 5 per cent.

55. After its review, the TSB agreed to transmit the notification to the Textiles Committee.
(COM.TEX/SB/1926)

Norway/Thailand

56. The TSB received a notification from Norway of an extension with amendments of its agreement with Thailand for the period 1 January 1994 to 31 December 1995.

57. In this extension:

- (a) the product coverage continued to be limited to four categories, all under restraint;

- (b) the base levels were increased over previous restraint levels by less than 6 per cent in one case, more than 6 per cent in one case and substantially more than 6 per cent in the case of two categories;
- (c) growth rates were increased from 1 to 2 per cent in one case and from 3 to 4.5 per cent in the others;
- (d) swing, previously 3 per cent for three categories and 1 per cent for one category, was increased to 5 per cent; carryover and carry forward remained unchanged at 10 plus 5 per cent.

58. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1927)

United States/Korea

59. The TSB received a notification by the United States of the extension of its agreement with Korea for the period 1 January 1994 to 31 December 1995.

60. In this extension:

- (a) the coverage remained unchanged;
- (b) two sub-group limits were liberalized;
- (c) all 1994 restraint levels were increased over 1993 levels by the applicable growth rates, except in the case of one category for which there was no increase from 1993 to 1994;
- (d) all growth rates remained unchanged;
- (e) swing provisions were modified in the case of swing into Group I, previously limited to 0.5 per cent out of Group II and to 2 per cent out of Groups II and IV. The new provision allows for swing of 3.8 per cent into Group I out of Group II and/or Group IV;

- (f) carryover and carry forward remained unchanged;
- (g) new provisions with respect to circumvention were agreed.⁴

61. With respect to paragraphs (c), (d), and (e) above, the TSB recalled that the provisions of paragraph 10 of the 1986 Protocol of Extension continued to apply to this extension.

62. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1928)

United States/Philippines

63. The TSB received a notification from the United States of a further extension with modifications of its agreement with the Philippines for the period 1 January 1994 to 31 December 1995.

64. In this extension:

- (a) the product coverage remained unchanged and existing specific limits were maintained, except that one sub-limit was removed;
- (b) the base levels for 1994 were increased in most cases by the applicable growth rates over the previous levels; in one case the increase was less than the growth rate, in nine cases the increases were higher than the applicable growth rate and in one case there was a reduction; the Group II limit, at 6 per cent above the previous level, was increased by less than the applicable growth rate;
- (c) the growth rates remained unchanged, except in two cases where they were reduced; these cases coincided with increases in base levels higher than 6 per cent;

⁴See COM.TEX/SB/1910.

- (d) swing and carryover/carry forward remained unchanged, but the number of categories provided with additional swing were increased;
- (e) new provisions concerning circumvention of the agreement were included.⁵

65. The TSB heard a statement by the United States that the reductions in base level for one category and in growth rates for two categories had been agreed in exchange for more access for categories of greater export interest to the Philippines.

66. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1929)

United States/Slovak Republic

67. The TSB received a notification from the United States of an agreement concluded with the Slovak Republic for the period 1 June 1993 to 31 May 1995, superseding the agreement previously in force between the United States and the Czech and Slovak Federal Republic.

68. In this agreement:

- (a) the coverage is comprehensive and includes fibres added to the MFA by paragraph 24 of the 1986 Protocol of Extension;
- (b) four wool categories are placed under restraint; they are the same as those restrained under the expired agreement between the United States and the Czech and Slovak Federal Republic (COM.TEX/SB/1780);
- (c) the base levels were set taking the Slovak shares of the quotas in the US/Czech and Slovak Federal Republic agreement and increasing them by more than 6 per cent in one case and by 1 per cent in the remaining cases;
- (d) the annual growth rates were set at 1 per cent, as in the expired agreement between the United States and the Czech and Slovak Federal Republic;

⁵See COM.TEX/SB/1910.

- (e) swing was set at 7 per cent; carryover and carry forward were set at 11/7 per cent;
- (f) new provisions were included to deal with problems of circumvention.⁶

69. After its review, the TSB agreed to transmit the notification to the Textiles Committee.
(COM.TEX/SB/1930)

United States/Turkey

70. The TSB received a notification from the United States of an extension of its agreement with Turkey for the period 1 January 1994 to 31 December 1995.

2. Under this extension:

- (a) the selective product coverage remained unchanged and all categories covered continued to be under specific limits;
- (b) the group limit for the fabric categories and all other specific limits for 1994 were set in accordance with the application of the relevant growth rates in the agreement (6 per cent in all cases, except four, where they continued to be less than 6 per cent);
- (c) the growth rates would apply for the 1995 agreement year;
- (d) the flexibility provisions remained unchanged with swing at 7 per cent and carryover/carry forward at 11/6 per cent;
- (e) new provisions were included to deal with problems of circumvention.⁷

71. With regard to the language contained in paragraph 14 (D) of the agreement ("The United States may deduct from the quantitative limits for that agreement period amounts at least equivalent"), the TSB heard a statement by the United States that the intention was not for the United States to deduct from the quota quantities in excess of the actual amount of transshipped products.

⁶See COM.TEX/SB/1910.

⁷See COM.TEX/SB/1910.

72. After its review, the TSB agreed to transmit the notification to the Textiles Committee. (COM.TEX/SB/1931)

Measures notified under Article 4 and transmitted under Articles 7 and 8

73. The TSB received two notifications under Article 4 with respect to countries that had participated in the MFA until 31 December 1993, but had not as yet accepted the 1993 Protocol maintaining in force the Arrangement. The TSB decided to transmit these notifications to the Textiles Committee for the information of participating countries under Articles 7 and 8. The TSB understood that it would review any of these notifications under Article 4, after the acceptance of the 1993 Protocol by any of the countries concerned, at the request of either party involved in the notification. The notifications are outlined below:

Norway/Malaysia

74. The agreement between Norway and Malaysia was extended and amended for the period 1 January 1994 to 31 December 1995. (COM.TEX/SB/1932)

United States/Czech Republic

75. The United States and the Czech Republic concluded an agreement for the period 1 June 1993 to 31 May 1995. This agreement has the effect of extending, on a pro rata basis, the previous agreement with the former Czech and Slovak Federal Republic. (COM.TEX/SB/1933)

Notification under Articles 7 and 8

(a) **Notification concerning a participating country**

Norway/China

76. The TSB received a notification from Norway of a licensing agreement between Norway and China valid as of 3 December 1993. This agreement contains no restraint. The TSB agreed to transmit this notification to the Textiles Committee for the information of participating countries. (COM.TEX/SB/1934)

(b) Notifications concerning non-participants

77. In accordance with the request by the Textiles Committee, the TSB received two notifications concerning agreements with non-participants and agreed to forward them to participating countries for their information. These notifications were:

- (a) an extension of the agreement between Canada and Bulgaria for the period 1 January 1994 to 31 December 1995; (COM.TEX/SB/1935) and
- (b) an agreement concluded between Norway and Vietnam for the period 1 January 1994 to 31 December 1995. (COM.TEX/SB/1936)

Annual Report to the Textiles Committee

78. The TSB approved the outline of its annual report to the Textiles Committee.

79. On the occasion of the departure of Mr. Shepherd, who had been a member of the TSB since 1979, the Chairman expressed his high appreciation for Mr. Shepherd's contribution to the Body. The members endorsed these words with a round of applause.

80. Since this meeting would be the last before the retirement of Mrs. T. Jenkins, who had been the Assistant to the Chairman since 1983, her services and indefatigable cooperation with participating countries were the object of a unanimous expression of gratitude on the part of all those participating in the work of the TSB.