TEXTILES COMMITTEE

Report on the Meeting of the Committee
Held from 26-28 March 1974

1. The Textiles Committee, established in terms of Article 10 of the Arrangement Regarding International Trade in Textiles which entered into force on 1 January 1974, held its first meeting from 26-28 March 1974. The Committee elected Mr. O. Long, Director-General of GATT as its Chairman. The Committee considered the following subjects:

(a) statistical and other information required in accordance with Article 10, paragraph 2;
(b) accession by non-contracting parties;
(c) questions of interpretation;
(d) establishment of the Textiles Surveillance Body.

2. The Committee noted that, as at 26 March, twelve contracting parties had accepted definitively the Arrangement, and fourteen others had accepted it provisionally. In addition, five non-contracting parties had notified their provisional accession.

3. While, in terms of the Arrangement, the membership of the Committee was limited only to those countries which had formally accepted or acceded to the Arrangement, both those countries which had already accepted, or acceded to, the Arrangement definitively and those countries which had notified acceptance or accession subject to ratification or other internal procedures, participated in this first meeting of the Committee.

1 Canada, Hungary, Israel, Japan, Korea, Norway, Pakistan, Sri Lanka, Sweden, United Kingdom on behalf of Hong Kong, United States and the EEC.
2 Argentina, Australia, Austria, Brazil, Egypt, Finland, India, Jamaica, Poland, Romania, Spain, Switzerland, Turkey and Yugoslavia.
3 Bulgaria, Colombia, El Salvador, Guatemala and Mexico.
A. Statistical and other information

4. The Committee discussed the question of the statistical and other information required under paragraph 2 of Article 10 of the Arrangement.

5. The Chairman pointed out that, with a view to enabling both the Committee and the Textiles Surveillance Body to carry out the functions required of them under the Arrangement, a systematic collection and processing of an important mass of statistical and other data would be needed. It was important that these activities should be well organized from the outset. In this connexion, many complex technical questions had to be solved before the Committee could determine what data would have to be provided. The Chairman, therefore, suggested that a Technical Sub-Group be set up to examine these requirements.

6. This Sub-Group should be composed of statisticians, as well as trade policy experts, so that both the scope and the quality of the statistical data to be decided upon would meet the requirements of all those concerned. The Sub-Group would be open to all participating countries wishing to join in this exercise.

7. The Committee approved the suggestion by the Chairman to set up this Group, and decided that its first meeting would be held on 30 April at 10 a.m.

8. As requested by the Committee, and to facilitate the work at the first meeting of the Group, the secretariat circulated during the meeting a synopsis on textile documentation problems (COM.TEX/W/8).

9. In response to a question as to the possibility of identifying those products covered under Article 12 of the Arrangement in terms of the BTN, the Chairman suggested that the Technical Sub-Group might usefully examine this matter, it being understood that the Sub-Group would not deal with the more complex question of the interpretation of the Arrangement mentioned in paragraph 4 of Article 12.

10. The Committee also addressed itself to the question of what kind of documentation should be communicated in connexion with the notification of existing restrictions under paragraph 1 of Article 2 of the Arrangement.

11. The Chairman drew attention to the fact that this question would, in due course, be examined by the Textiles Surveillance Body itself as a matter of urgency but that, in the meantime, the Committee might consider the minimum notification requirements, thus facilitating the work of those concerned. It was suggested that these should include the following:

(a) A description of the textile products involved, and their identification in terms of BTN positions at the four-digit level at the minimum, to the extent possible.
(b) a description of the measures applied, e.g. import restrictions, export restraints, bilateral agreements, etc. and a designation of the country(ies) to which it (they) applied;

(c) if applicable, the effective date and expiry date of the measure;

(d) the limits of the imports affected by the measure, in quantity or value terms, whichever applicable;

(e) the text of the bilateral agreements or the relevant documentation relating to any of the measures notified.

12. It was pointed out by two delegations that it was not always possible to follow the BTN in submitting notifications of existing restrictions. The Chairman said that the above list was meant to be indicative, and that each participating country would follow it as closely as possible; the Textiles Surveillance Body would then see if additional details were necessary.

B. Accession by non-contracting parties

13. The Chairman informed the Committee that five non-contracting parties, namely, Bulgaria, Colombia, El Salvador, Guatemala and Mexico had notified their Governments' decision to accede to the Arrangement provisionally, subject to ratification or other internal procedures. He pointed out that the accession by non-contracting parties was governed by the provisions of Article 13, paragraph 2. Thus, the Committee had to consider, firstly, the question of the terms to be agreed upon between a non-contracting party and the participating countries, and, secondly, the undertaking to be given by the non-contracting party in order to fulfil the particular condition laid down in this Article.

14. The Committee agreed to a proposal originally made by the representative of Japan concerning the standard procedure to be followed in the case of non-contracting parties wishing to accede to the Arrangement. This procedure would be as follows:

(i) the non-contracting party concerned would notify in writing to the Director-General of GATT as depository of the Arrangement,

(a) its acceptance of the Arrangement without reservation;

(b) its undertaking in terms of Article 13, paragraph 2, and

(c) in case of provisional accession the de facto application of the Arrangement as of the date of its provisional accession;

(ii) the Director-General would circulate to the participating countries in due course the notifications received from it in accordance with Article 2, paragraph 1;

(iii) as soon as possible thereafter the Textiles Committee would take up the matter for consideration.
15. The representatives of Mexico, Colombia and El Salvador made statements to the effect that their respective Governments were in a position to reaffirm their intention to accept the Arrangement, including the undertaking under Article 13, paragraph 2, that steps were currently being taken towards final accession and that Article 2, paragraph 1, notifications would be submitted within the sixty-days period. A large number of delegations expressed their support for the accession of these three countries. For the sake of uniformity of procedure, however, it was agreed that communications on the subject of future accessions addressed to the Director-General, including the required undertakings, should be made available in advance to members of the Committee.

16. The spokesman for the EEC, stressing the importance of following standard procedures for accession, referred to possible situations where inequity could arise between parties to the Arrangement in the case of countries which were non-contracting parties to the GATT, and in general to the possibility of establishing appropriate supplementary terms for the accession of non-contracting parties in accordance with the provisions of Article 13. In the case of the three countries at present under consideration it would be sufficient to obtain an additional declaration to the effect that they would expect upon their accession to the Arrangement, and for matters covered thereby, to be entitled to a treatment equivalent to that accorded to other participating countries with similar economic systems and level of development.

17. In conformity with the agreed procedures, the communications received from El Salvador, Colombia and Mexico were circulated to the Committee as documents COM.TEX/W/4 and Add.1, COM.TEX/W/6 and COM.TEX/W/7 respectively, and further statements were heard with regard to this additional commitment. Taking note of the fact that these three countries had fulfilled the required conditions, the Committee welcomed them as members of the Arrangement.

18. Upon receiving similar formal undertakings from the delegation of Guatemala (COM.TEX/W/5 and Add.1), the Committee decided also to welcome its accession without further delay. A question was, however, raised as to when Guatemala would submit Article 2, paragraph 1, notifications giving the date of its first communication, 21 January 1974, and bearing in mind the sixty-days requirement. The representative of Guatemala assured the Committee that such notifications would be made as soon as circumstances permitted; the request was made that this should be done with the shortest possible time lapse.

19. The representative of the United States said that it would be useful and equitable if the texts of all other acceptances could likewise be circulated, at the earliest opportunity, to the members of the Committee for their information. He reserved the right to raise at a further meeting of the Committee any problems which the texts of the acceptances might suggest. This was supported by Japan and the EEC.

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1 As requested, notifications of acceptance have been circulated in documents COM.TEX/1 and Add.1/Rev.1
C. Questions of interpretation

20. The Chairman referred to the communication received from Spain (COM.TEX/W/1) regarding the interpretation of the starting date of the sixty-days period for making the notifications referred to in paragraph 1 of Article 2 of the Arrangement.

21. The representative of Spain reiterated what was stated in the above document, namely that this starting date was to be understood as the date of acceptance of, or accession to, that instrument. This understanding was supported by all delegations who spoke on this point.

22. The question was then raised as to what would be the starting date with respect to those countries which had accepted the Arrangement provisionally, subject to ratification or other internal procedures. There was a consensus in the Committee that such countries should apply de facto the Arrangement as of the date of their provisional acceptance, and that the starting date of the sixty-days period for making the notifications referred to in paragraph 1 of Article 2 would, therefore, be the date of provisional acceptance.

D. Establishment of the Textiles Surveillance Body

23. The Committee then proceeded to establish the Textiles Surveillance Body (hereinafter referred to as the TSB), consisting of eight members and a chairman, in accordance with paragraph 1 of Article 11.

24. The Chairman, referring to the important functions required of the TSB under the Arrangement, stressed the importance he attached to its members being designated ad personam so as to ensure the competence, homogeneity and efficient operation of this Body. These members, highly qualified with experience in the domain of textiles, would be expected to be available at short notice to deal with the business of the TSB, particularly during the running-in period.

25. An element of equal importance was the harmonious composition of the TSB to reflect the various interests of participating countries. The required balance could probably be reached if such interests were to be considered in terms of textile affinities. In this respect, account had to be taken of the possibility of additional countries joining the Arrangement later, and of the opportunities for rotation. It was for these reasons that the Chairman proposed that, for the running-in period, the term of the nominated members should be for the nine-months period ending 31 December 1974.

26. As regards the membership of the TSB the Chairman, referring to the extensive consultations held in this connexion, said that these had been conducted in a constructive spirit with the sincere desire of all parties to reach a solution. As a result, he proposed that the TSB, during this initial period, should be composed of members designated by the following parties to the Arrangement: EEC, Japan, Korea, Pakistan, Sweden, United States and Yugoslavia. The eighth
seat would be shared by members designated by Austria, Mexico and Spain; the periodicity and the order in which each member would take office was to be determined by consultations among the three countries concerned. He thanked the three delegations for their good-will in accepting to share this seat, thus permitting a solution to be found.

27. The Chairman then informed the Committee that, in the course of consultations that he had had with a number of delegations, the view was held that the TSB should be chaired by a well-qualified and competent person who should act in an independent way, being a member of the GATT secretariat. He, therefore, proposed for this post the distinguished Swiss diplomat, Ambassador Wurth. Ambassador Wurth would assume his duties of Chairman of the TSB as a member of the secretariat from April 1974, until the end of 1975.

28. In the course of the Committee's discussion a large number of representatives accepted the proposals put forward by the Chairman, and expressed gratitude for the strenuous efforts made by him in carrying through this difficult task effectively, and in finding the right person to chair the TSB.

29. The representative of Hungary declared that he could not agree with the proposed composition of the TSB on the grounds that the interests of the group of the Eastern trading countries were not represented and that his delegation, also acting on behalf of this group, had not been consulted. In his view, such a composition did not conform to the letter, nor to the spirit of the Arrangement and, in particular, to the provisions of paragraph 1 of Article 11. For that reason his delegation was not in agreement with the proposals and considered, therefore, that no consensus had been reached.

30. The representative of Poland pointed out that the representation on the TSB by one of this group of countries would reinforce the international co-operation which had been recognized in the Arrangement. The exclusion of this group was thus a serious breach of paragraph 1 of Article 11. However, while maintaining these views, Poland accepted, in a spirit of compromise, the composition proposed by the Chairman for 1974, expressing the hope that for the next period, and in conformity with the principle of rotation, representation of this group of countries on the TSB would be assured.

31. In this connexion, the point was made by a number of representatives that it was not possible for any composition of such a limited membership to be fully satisfactory to all parties to the Arrangement, even to those which had been nominated. Mention was made of the fact that a more balanced composition had been expected to take full account of the interests of the developing countries. Similarly, attention was drawn to the absence of representation by certain textile interests, e.g. small suppliers and new entrants as well as particular countries, despite their legitimate claim to a seat. Nevertheless, all those delegations had accepted the proposed composition, recognizing the difficulties involved.
32. Attention was also drawn to the fact that the interests of all parties had been discussed and taken into account in the course of the informal consultations that had taken place. Moreover, based on the knowledge of the broad needs of this Body, the availability of the persons to serve on it and other relevant considerations, the composition as proposed by the Chairman represented a compromise. It was difficult to imagine that a different composition could rapidly be devised. The solution found was considered a reasonable one, particularly in view of the fact that its duration was limited to the running-in period, which would mean that its composition would be reviewed towards the end of the year in the light of experience.

33. It was stressed by a number of representatives that the nominated members should be regarded as impartial arbiters or experts in supervising the implementation of the Arrangement, thus ensuring that the interests of all the parties thereto were fully safeguarded. It was, of course, open for any participating country to raise any question with the members of the TSB directly or through its Chairman. Reference was also made in this respect to paragraph 6 of Article 11 which laid down that the TSB should invite participation of such participating countries as might be directly affected by any particular matter referred to it.

34. In conclusion the Committee, with the exception of Hungary, agreed to the proposed composition of the members of the TSB and its Chairman. It further agreed that the TSB would formally come into being on 1 April 1974, and hold its first meeting on 23 April.

35. The statements made by the spokesman for the European Economic Community and the representative of Romania thereafter are reproduced in the Annex to this report.

Alternates

36. Following the agreement by the Committee on the composition of the TSB, the representative of Korea said that, while it was expected that all members of the TSB would be participating on a regular basis, there might be occasions where unforeseen circumstances would prevent the attendance of a member. In order to deal with such a situation, a member should be free to nominate his alternate to participate in his place for the particular occasion. This would help to ensure the continuity and efficiency of the work of the TSB.

37. The representative of the United Kingdom speaking on behalf of Hong Kong voiced his support of this suggestion on the clear understanding that such an alternate, while not himself a member of the TSB, would have the right to attend the meetings of the TSB and have access to its documentation; and that, in the event that the nominated member was unable to participate at any time in the TSB's activities, he would be eligible to serve as a full member.
38. This was supported by the representatives of Mexico and India.

Date of next meeting

39. It was suggested by some representatives that the Committee should agree on a meeting to be held in mid-November 1974, in order to have the necessary time for an appropriate review of the membership to be made before 1 January 1975. The Chairman stated that he would fix the date of the next meeting after consultation with delegations.
ANNEX

Statement by the Spokesman of the European Economic Community

The Community attaches great importance to the membership of the TSB being balanced and broadly representative so as to ensure its efficient operation. In the Community's view such balanced representation and the TSB's efficient operation can only be adequately secured by equal representation of the interests of countries principally concerned with problems of exports of textiles and of countries concerned with problems of imports. The proposed initial membership of the TSB does not reflect this basic requirement. It has been acquiesced in by the Community until the end of this year on account of the need for the Surveillance Body immediately to begin its important task.

This acquiescence rests upon the assumption that there will be a review of the membership arrangements before the end of this year. The principle we have indicated will determine the Community's approach to that review.
Statement by the Representative of Romania


2. The fact that some countries are to sit in the TSB for the full period and others for a few months only, we interpret as being the result of their desire and common agreement to participate more rapidly in the rotation by shortening the duration of their term, but that all parties to the Arrangement, being sovereign States and accordingly equal, have the right to sit in the TSB during the same period of rotation as the other members.

3. In view of the fact that the Arrangement recognizes the need to give special attention to the interests of developing countries and that the composition of the TSB for 1974 does not adequately reflect that postulate, it is our hope that the TSB will take full account thereof in the exercise of its functions.

In particular, we expect the interests of developing countries that are small exporters and newcomers to the textiles market, like Romania, to be fully taken into consideration.