

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/17
26 July 1974

Textiles Surveillance Body

ASSESSMENT BY THE TSB OF THE JUSTIFICATION FOR THE MAINTENANCE OF RESTRICTIONS BY MEXICO

Draft

1. The TSB proceeded to assess the justification for the maintenance of restrictions on textiles by Mexico on the basis of the following documents included in the Annexes to this report.
 - (a) A memorandum submitted by Mexico (Annex I), as well as statistical information attached thereto, in accordance with the procedure agreed to by the TSB (Annex II);
 - (b) A statement by the head of the delegation of Mexico on 25 April before the TSB (Annex III);
 - (c) The ensuing discussion which took place on 25 April between the delegation of Mexico and the TSB, in the course of which certain questions were raised, and in response complementary information and clarifications were given by the Mexican delegation. These are summarized in Annex IV.
2. The memorandum under (a) describes the situation in the textile sector, the operation of the import licensing system, the justification for the application of the system to the textile sector, and its non-discriminatory and selective character. The memorandum also refers to the practicability of using alternative measures which would be consistent with the spirit of the General Agreement. Data on production of, and trade in, the main groups of textiles during the last three or four years, as well as other general economic indicators, have also been supplied.
3. The TSB studied the documentary evidence submitted by the Mexican authorities, and took notes of the declaration and of the further information given orally by the Mexican delegation. The case was considered with due regard to the standards that would be applied to developing countries which are contracting parties to the GATT.

4. In conducting the examination, the TSB took into account the stage of development of the Mexican economy and the contribution of the textile sector to the GNP, and the general level of production and employment in Mexico. It recognized that Mexico's trade and development needs would have to be borne in mind in any assessment of the justification for the restrictions maintained by it on imports of textiles.

5. The TSB appreciated the co-operation of the Mexican authorities in submitting the necessary information, and the way in which they have presented the case before it.

CONCLUSIONS

- A. - The TSB noted that the Mexican control system of imports was kept under constant review with the objective that the controls would not remain indefinitely in force. The TSB noted, however, that a significant number of textile items were restricted in various ways, and expressed the hope that Mexico would soon find it possible to fully implement its objective of trade liberalization, having regard to the fact that the basic objectives stated in the Textiles Arrangement shall be to achieve the expansion of trade, the reduction of barriers to such trade and the progressive liberalization of world trade in textile products.
- B. - The TSB came to the conclusion that Mexico was not required to terminate, at the present time, existing restrictions on textiles notified by it in accordance with Article 2, paragraph 1.
- C. - The TSB recommended that the Government of Mexico report before the end of 1975 on the evolution of the textiles industry, and on any such relaxation of restrictions as may be warranted by developments in this industry.