

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL
TEX.SB/W/20
2 October 1974

Textiles Surveillance Body

DRAFT REPORT ON THE SEVENTH MEETING HELD ON 19-20 SEPTEMBER 1974

1. The Textiles Surveillance Body held its seventh meeting on 19-20 September at the Villa Le Bocage. The Chairman welcomed Mr. Dinzl (Austria), who succeeded Mr. Garrido (Mexico), as a member on the TSB.
2. The TSB approved the report on its sixth meeting which was subsequently circulated to the Textiles Committee in document COM.TEX/SB/30.
3. The TSB proceeded with the review of the notifications received since the last meeting from participating countries in accordance with paragraph 1 of Article 2. It had before it all the details received or clarifications sought from certain participating countries, as well as amendments communicated, with respect to previous notifications. The review by the TSB revealed that certain notifications still lacked further details and clarifications, and the secretariat was asked to seek the required information from the participating countries concerned.
4. The TSB had also before it notifications of agreements communicated to it in accordance with paragraph 4 of Article 3. Before reviewing these agreements the TSB addressed itself to the question of what procedure should be followed by it in determining the conformity of Article 3 agreements with the provisions of the Arrangement. Following its discussion the TSB agreed on the procedure set out in Annex A to this report.
5. The TSB then proceeded with the review of Article 3 agreements communicated to it. To assist in this review, the TSB asked for additional details or clarifications with respect to both the text of the agreements notified, and the factual statements

submitted in support of the requests for restraint. The secretariat was instructed to seek such information from the requesting participating country concerned. The examination of such agreements would be a principal task of the TSB at its next meeting in the light of the replies given.

6. The TSB completed its review of some of the agreements entered into in terms of Article 4 of the Arrangement and previously communicated to it. In carrying out this review the TSB had the benefit of the additional information requested from the participating countries concerned. As had already been decided by the TSB, these agreements will be circulated for the information of all participating countries, and will be subject to the annual review by the TSB in terms of paragraph 12 of Article 11.

7. Concurrent with the review of Article 4 notifications, the TSB resumed the discussion it had previously initiated on the type of action specifically required of it under Article 4 of the Arrangement. In the light of the views expressed, the TSB reached a decision as to the procedure to be followed by it in reviewing Article 4 agreements, and the type of documentation to be submitted by participating countries. This is contained in Annex B to this report.

8. It was agreed that the next meeting of the TSB would be held on Saturday, 12 October, and Monday 14 October 1974.

ANNEX A

Article 3 Notifications

1. The TSB is required to determine that Article 3 agreements are in conformity, not only with the terms of this Article, but also with other relevant provisions of the Arrangement. In order that it can do so, the TSB has to have before it the following documents:

- (i) the full text of the agreement reached;
- (ii) a detailed factual statement of the reasons and justifications for the request, including the latest data concerning elements of market disruption, referred to in paragraph 3 of Article 3.

2. Where such agreements are communicated to the TSB in accordance with paragraph 4 of Article 3, the TSB may decide to seek any additional details and clarification from the parties concerned as deemed necessary. If the review takes a course which calls into question the conformity of an agreement with the terms of Article 3 or other relevant provisions of the Arrangement, the TSB will consult directly with the parties concerned.

3. With respect to actions taken in accordance with the other paragraphs of Article 3, the relevant provisions of Article 11 and, in particular, paragraph 6 thereof shall apply, in addition to the provisions laid down in Article 3 itself.

ANNEX B

Article 4. Notifications

1. The TSB will review bilateral agreements entered into and notified to it under Article 4. It will consider their consistency with the provisions of Article 4.
2. In order to assist the TSB in conducting its review of such agreements, the notifying parties should submit the following:
 - (a) the full text of the bilateral agreement and all related documentation;
 - (b) a short, reasoned statement demonstrating that the agreement was entered into in order to eliminate real risk of market disruption and to ensure the orderly development of trade; and indicating that the provisions of paragraph 3 of Article 4 have been satisfied.
3. The TSB may subsequently decide to seek any necessary details and clarification from the parties concerned. If the review takes a course which calls into question the consonance of an agreement with the provisions of the Arrangement, the TSB will consult directly with the parties concerned 7, before considering whether or not to make any recommendations to them⁷.
4. As set forth in Article 4, paragraph 4, the TSB may make such recommendations as it deems appropriate to the parties concerned.⁷