

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/23
1 November 1974

Textiles Surveillance Body

DRAFT REPORT ON THE EIGHTH, NINTH AND TENTH MEETINGS HELD ON 3, 10 AND 12-16 OCTOBER 1974, RESPECTIVELY

1. The regular meeting of the TSB (tenth meeting) was held on 12-16 October. This meeting was preceded by two special meetings held on 3 and 10 October (eighth and ninth meetings) with a view to examining the unilateral restraint action taken by Australia under Article 3 of the Arrangement with respect to imports from the Republic of Korea. These meetings were held at the Villa Le Bocage.

2. The Chairman welcomed Mr. Villar (Spain), who succeeded Mr. Dinzl (Austria), as a member on the TSB for the period running from 1 October to 31 December 1974.

EIGHTH AND NINTH SPECIAL MEETINGS

A. Examination of the Australia/Korea case

3. The TSB received a communication from Australia dated 30 September 1974, notifying it of the restraint action taken under Article 3 of the Arrangement with respect to imports from the Republic of Korea of certain textile items. This action was taken at the expiry of the sixty-days consultation period on 17 September 1974, failing a mutually acceptable agreement between the two Governments.

4. The TSB had before it the restraint request previously addressed to the Chairman by the Australian mission, together with the relevant documentation in support of this request. In addition, supplementary information had been transmitted by Australia with its communication of 30 September.

5. The TSB also received from the Republic of Korea a communication on 1 October 1974, requesting a thorough and prompt consideration of this matter. Further to its request, Korea had submitted relevant documentation on the case under consideration.

6. At its eighth and ninth meetings on 3 and 10 October respectively, the TSB examined the information received. In the course of this examination, the TSB sought certain clarifications and additional details. In accordance with paragraph 6 of Article 11, and having due regard to the procedure previously agreed by it on equity in treatment, the TSB invited both parties to present the case before it during its regular meeting from 12-16 October.

TENTH REGULAR MEETING

Continuation of the examination of the Australia/Korea case

7. As requested, the two parties sent spokesmen from their respective capitals who presented their cases before the TSB on 14, 15 and 16 October.

8. Having heard both sides, and the clarifications and details sought from them, the TSB recommended that both parties should resume the negotiations with a view to reaching a mutually acceptable agreement. Both parties accepted the recommendation, and agreed to conduct such negotiations, as soon as practicable, during the month of November with the objective of reaching a prompt conclusion.

9. The TSB expressed its appreciation of the co-operative spirit of the two parties, and made known its desire to receive a report of the results of these negotiations as soon as they are concluded.

B. Agenda items

10. The TSB approved the report on its seventh meeting which was subsequently circulated to the Textiles Committee in document COM.TEX/SB/35. Referring to the procedure to be followed with respect to Articles 3 and 4 notifications (Annex A and B of the aforementioned document), the Chairman stated that, in his view, recommendations by the TSB referred to in the Arrangement might also be designed to facilitate any remaining difficulties between the parties concerned, or the renewal of the negotiations with a view to reaching mutually acceptable solutions. This view was shared by all members.

11. No new notifications under Article 2, paragraph 1, were received by the TSB since its last meeting. The Chairman informed members that those countries which had not hitherto submitted notifications under this paragraph, had been requested to do so in order that the review of such notifications may be completed for all participating countries. The TSB had, however, received additional details or clarifications from certain countries with respect to earlier notifications. Additional information was still awaited from others.

12. The TSB proceeded to review a bilateral agreement notified to it under the provisions of Article 2, paragraph 2(ii) and paragraph 4 of the Arrangement. This was notified as an interim arrangement prior to the conclusion by the two parties concerned of a new bilateral agreement. The TSB, having regard to paragraph 5 of Article 2, and bearing in mind the provisions of Article 4, had reviewed this notification and had found that the agreement was in conformity with the Arrangement. The TSB decided, therefore, to circulate the text of this agreement for the information of the participating countries.

13. The TSB addressed itself to the review of the two agreements notified to it, under Article 3, paragraph 4, of the Arrangement, at its last meeting. In carrying out this review, the TSB had the benefit of the additional information sought from the notifying party as regards both the full text and the supporting evidence for the restraints negotiated, including the latest data concerning elements of market disruption. Having regard to the procedure established by it for Article 3 notifications, the TSB had examined the relevant documentation and had found that in the case of one agreement this was in conformity with the provisions of the Article under which it was notified, as well as with the other provisions of the Arrangement. The TSB decided then to circulate the text of this agreement for the information of participating countries. The view was, however, held that the present examination by the TSB of this agreement should prejudice in no way any such observations as might be subsequently made on the concept of market disruption.

14. With respect to the second agreement, it was concluded that the evidence provided did not permit the TSB to determine that this agreement was in conformity with the provisions of the Article under which it was notified, i.e. Article 3, paragraph 4. Since, however, such an agreement between the parties concerned already existed in 1973, the TSB considered the new agreement as being in conformity with the provisions of the Arrangement, particularly those of Article 4, bearing in mind the terms of Article 2. The TSB would revert to this matter at a next meeting.

15. The TSB then proceeded to review the two bilateral agreements notified to it in accordance with the provisions of Article 4 of the Arrangement. In the course of its review, the TSB discussed certain aspects of these agreements and sought clarifications with respect to specific provisions therein. It was also noted that the short reasoned statement transmitted with one agreement lacked certain details in terms of the procedure agreed to by the TSB in reviewing Article 4 notifications.¹ Notwithstanding the conclusion of the other bilateral agreement prior to the TSB's procedure, the need for such a statement was stressed. The secretariat was, therefore, requested to seek this information from the participating countries concerned. The matter would be reverted to when such information was received.

16. It was agreed that the next meeting of the TSB would be held on Wednesday, Thursday and Friday, 13, 14 and 15 November 1974, starting at 3.0 p.m. on Wednesday.

¹See Annex B, paragraph 2(b) of document COM.TEX/SB/35.