

# GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/27

11 December 1974

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## Textiles Surveillance Body

### DRAFT REPORT ON THE TWELFTH MEETING HELD ON

4-6 DECEMBER 1974

1. The Textiles Surveillance Body held its twelfth meeting on 4-6 December at the Villa Le Bocage.
2. The TSB approved the report on its eleventh meeting which was subsequently circulated to the Textiles Committee in COM.TEX/SB/51.
3. The TSB was informed that an agreement has been reached between the Governments of Australia and the Republic of Korea, the details of which will be notified shortly to the TSB.<sup>1/</sup>
4. The TSB had before it a notification received from the Government of Ghana under Article 2, paragraph 1. In the course of its review of this notification, the TSB asked for certain clarifications, and the secretariat was requested to seek these. Meanwhile, it was decided to circulate this notification to the Textiles Committee<sup>2/</sup> before its meeting on 18 December and, if deemed necessary, such clarifications as may be received could be issued as an addendum. The TSB noted that new notifications under the above-mentioned Article, would be forthcoming, while others are still awaited from some countries.
5. The TSB then addressed itself to the notifications submitted to it in accordance with Article 3, paragraph 4. The TSB also had before it the factual statements submitted in support of the need for the restraints negotiated. Additional information or clarifications were sought by the TSB, and these would be requested by the secretariat from the notifying country. The TSB would continue its review of these notifications at its next meeting, in the light of the replies given.

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<sup>1/</sup> See COM.TEX/SB/39, paragraph 8.

<sup>2/</sup> See COM.TEX/SB/45.

6. The TSB had also before it a notification of unilateral quantitative restrictions applied by Sweden to textile imports from Taiwan. This notification was submitted to the TSB in accordance with its request that new bilateral agreements and new restrictions imposed on non-participants should be provided by parties to the Arrangement [simply as information voluntarily supplied and without other consequences, i.e. non-participants could not claim rights under the Arrangement]. With a view to ensuring the effective operation of the Arrangement, and that the participating countries' exports shall not be restrained more severely than the exports of similar goods of non-participants, it was felt that the Textiles Committee should be provided with as full a picture as possible of all new restrictions on trade in textile products, including those affecting non-participants. The TSB, therefore, decided to circulate this notification for the information of all parties to the Arrangement under Articles 7 and 8 thereof.<sup>1/</sup>

7. The TSB received two notifications of actions taken under the Arrangement. It initiated a very preliminary discussion, following which it was decided that these would be reviewed in detail at its next meeting.

8. The TSB proceeded to review the bilateral agreements previously notified to it in accordance with the provisions of Article 4 of the Arrangement, and for which additional information has been provided by the notifying countries as requested by the TSB. These relate to the agreements negotiated between the Government of the United States and each of the following Governments: Hong Kong, India and Japan. The TSB in the course of its consideration of these agreements considered the requirements of paragraphs 2 and 3 of Article 4.

9. As regards paragraph 2 of Article 4, the TSB considered a variety of views as to the extent of selectivity required with respect to products. It found that there existed differences of approach and that these were difficult to reconcile. As regards paragraph 3 of Article 4, the TSB noted that the requirements of that paragraph were met in overall terms. The TSB also noted the marked increases in trade opportunities that the agreements conferred, as compared with those previously in effect.

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<sup>1/</sup> See COM.TEX/SB/49.

10. The TSB further noted the United States statement that it had rarely invoked the "undue concentration" clauses in its bilateral agreements negotiated under the LTA. Also noted was the statement that the United States policy was to avoid invocation of such clauses having similar effect in agreements negotiated under the Arrangement Regarding International Trade in Textiles, except in cases where a real risk of market disruption, as defined in Annex A, existed; said policy being concretely stated as an obligation in paragraph 7 of the United States/Japan agreement.

11. In conclusion, the TSB agreed to transmit the three bilateral agreements to the Textiles Committee.<sup>1/</sup>

12. The TSB had still before it two other bilateral agreements for which additional information was requested.

13. The TSB noted that the texts of the agreements hitherto transmitted to it with the notifications made in accordance with the provisions of Articles 3 and 4, lacked, in certain cases, a specific reference therein to the relevant Article of the Arrangement. The TSB therefore, agreed as a matter of procedure, that in any agreement concluded a specific reference to the Article under which it was negotiated should be embodied in the text of such an agreement, or the preambular provisions thereof.

14. It was agreed that the TSB would meet for a short time on 13 December, commencing at 3.0 p.m. to discuss the updating of its report to the Textiles Committee, and again on 20 December at 10.0 a.m. to deal mainly with the pending notifications before it.

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<sup>1/</sup> See COM.TEX/SB/46, 47 and 48.