

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/4
31 May 1974

Textiles Surveillance Body

DRAFT REPORT ON THE MEETING HELD ON 21-22 MAY 1974

1. The Textiles Surveillance Body (TSB) held its second meeting on 21-22 May at the Villa Le Bocage.
2. The TSB approved the report on its first meeting which was subsequently circulated to the Textiles Committee in document COM.TEX/SB/1. It was noted that the declaration by Mr. Meynell (EEC), contained in the footnote to paragraph 5 of the report, had no binding effect upon other members of the TSB, and represented no commitment or understanding on their part.
3. The TSB reverted to some of the procedural points raised at the previous meeting. Inter alia, the TSB carried further the discussion on how equitable treatment between a non-member of the TSB and a member thereof when their countries were both involved in a dispute before the TSB could most satisfactorily be assured. It was agreed that members should reflect further on this important matter before reaching a decision.
4. Among the substantive points reverted to was that of the justification by participating countries under the provisions of GATT for their restrictions, in those cases where these were not to be terminated, nor to be subject to other procedures laid down in Article 2. The question of what kind of evidence the TSB would wish to be provided with in the case of a participating country not a party to the GATT was raised. It was recognized that it would be

unreasonable and inappropriate to expect a non-contracting party to justify such restrictions before permanent GATT bodies. The TSB should, therefore, evolve a procedure for those countries which would result in a treatment analagous, as far as practicable, to that received by contracting parties to the GATT. In the light of the preliminary views expressed on this subject, and with due regard to the desire of non-contracting parties to know their position as soon as possible, the Chairman would put forward a proposal for further discussion at a forthcoming meeting.

5. The TSB completed its review of a number of notifications and will complete the review of others at its next meeting on 7 and 8 June, with the aim of circulating the notifications to participating countries immediately thereafter. In carrying out this review, the TSB had the benefit of the additional information requested by the secretariat from a number of participating countries, whose original notifications did not fully meet the minimum requirements for such notifications laid down in the Textile Committee's decision.¹ In the course of their review members of the TSB found that certain notifications called for further information and clarification and the secretariat was requested to seek these from the participating countries concerned.

6. It was generally felt that the notifications should be circulated to other participating countries without delay. This would not rule out the possibility of the TSB reverting thereafter to any notification. It would also, of course, be open to other participating countries to seek any information or clarifications through the TSB or directly from the parties concerned.

¹See COM.TEX/2, paragraph 11.

7. Among other points discussed in connexion with the notifications were:

- (i) in view of the need for as full a picture as possible to be provided of import restrictions and export restraints affecting imports into a particular country, it was accepted that all of these restrictions and restraints should be notified by the importing country; or, where by agreement the exporting country notified its export restraints, some cross reference to these should, for reasons of completeness, be included in the notification of the importing country.
- (ii) the question of the scope and type of restrictions required to be notified under paragraph 1 of Article 2. Another related question was that of the date on which all existing restrictions described in paragraph 1 of Article 2 had to be notified. These matters will be discussed further.

8. The point was also made that the notification under paragraph 1 of Article 2 of all measures irrespective of the countries against which they were applied would not necessarily imply that the follow-up actions laid down in paragraphs 2 and 3 of the Article would apply to all such countries. Non-participants could not claim rights under the Arrangement.

9. In this connexion a suggestion was made that bilateral agreements and new restrictions imposed on non-participants should be reported so that the TSB could have a global picture; Article 8, paragraph 3, was cited in this context. All members of the TSB saw the advantage and were willing to supply this, but simply as information without other consequences.

10. The attention of the TSB was drawn to the effect on trade in textiles of the import deposit scheme recently introduced by Italy. Following the discussion it was generally considered that it would not be useful to pursue this matter in the TSB pending the outcome of the examination by the relevant GATT Working Party and until such time as paragraph 3 of Article 9 was actually invoked by any affected participating country.

11. It was agreed that the next meeting of the TSB would be held on Friday and Saturday, 7 and 8 June 1974.