

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

TEX.SB/W/8/Rev.2
12 July 1974

Textiles Surveillance Body

THE CASE OF MEXICO NOT BEING A CONTRACTING PARTY TO THE GATT, BUT BEING A PARTY TO THE TEXTILES ARRANGEMENT

Revision

1. Article 2, paragraph 2, of the Arrangement lays down that:

"Unless they are justified under the provisions of the GATT (including its Annexes and Protocols), all unilateral quantitative restrictions and any other quantitative measures which have a restrictive effect and which are notified in accordance with paragraph 1 above shall be terminated within one year of the entry into force of this Arrangement, unless they are the subject of one of the following procedures to bring them into conformity with the provisions of this Arrangement....."

2. It is the view of the TSB that a balance of rights and obligations needs to be established as between parties to the Arrangement which are contracting parties to the GATT, and those which are not.

3. The Mexican Government, in acceding to the Arrangement under the provisions of Article 13(2), reaffirmed that Mexico, which is not a contracting party to the GATT, expects, by virtue of acceding to the Arrangement and in respect of all matters covered by the Arrangement, to obtain treatment equal to that afforded to other participating countries having similar economic systems and levels of development.

4. It was recognized by the TSB that it would be unreasonable and inappropriate to expect a non-contracting party to justify such restrictions before permanent GATT bodies.

5. The TSB noted that it would be important to have regard to the standards that would be applied to developing countries which are contracting parties to the GATT, bearing in mind the terms of paragraph 2 of Article 13 of the Textiles Arrangement.

6. Having regard to the foregoing, the TSB considered that in order to assess the justification for the maintenance of restrictions by Mexico, the Mexican authorities, like all non-contracting parties to the GATT having similar economic systems and levels of development, could submit a memorandum to the TSB broadly on the lines of the submissions which might be required from contracting parties in similar positions and circumstances, and containing relevant information relating to the economy of Mexico and to its textile industry, together with supporting statistical data and general economic indicators.

7. The TSB stipulated that the foregoing related only to trade in textiles and would not constitute any interpretation of the General Agreement, nor prejudice in any way the procedure to be followed were Mexico one day to become a contracting party to the GATT.

POINTS INDICATED AS BEING RELEVANT TO PARAGRAPH 6
OF THE NOTE ON THE CASE OF MEXICO

1. Data on production, importation and exportation of the main groups of textiles during the last three to four years.
2. Description and practical operation of the general import licensing system in force in Mexico, and specially its application to the textile sector.
3. Reasons for the application of the licensing system to the textile sector, with particular regard:
 - to the rôle of the system, both in the protection and the development of the Mexican textile industry;
 - to the relations between the licensing system in the textile sector and the aims of raising the general standard of living of the people;
 - to the difficulties or hardships that may be expected upon relaxation or elimination of the restrictions.
4. Non-discriminatory character of the system.
5. Practicability of using alternative measure which would be consistent with the spirit of the General Agreement.
6. Other general economic indicators of relevance.