

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/222

24 March 1977

Special Distribution

Textiles Surveillance Body

Original: English

ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Notification under Article 11:8

Note by the Chairman

The TSB has received a report from Hong Kong in accordance with its recommendations of 26 January.¹ No report was received from Canada, but the TSB has received a letter from the Canadian Mission regarding the reason why Canada has not responded to the TSB's recommendations. The report from Hong Kong and the letter from Canada are forwarded to the Textiles Committee for its consideration.

For observations by the TSB on its consideration of these communications see its report of the fourth meeting (COM.TEX/SB/225).

¹See COM.TEX/SB/210.

Letter No. 1

24 February 1977

Sir,

1. I have the honour to refer to the exchange of correspondence between us resting with my acknowledgement of your letter of 31 January 1977, and to the recommendation made by the Textiles Surveillance Body following their consideration of a reference made by Hong Kong concerning the supersession by Canada of two bilateral agreements concluded between Canada and Hong Kong.
2. In accordance with the recommendation of the TSB, I am to report, on behalf of the Hong Kong Government, that consultations were held between representatives of Canada and Hong Kong on 11 February 1977. During the consultations:
 - (a) Canada reiterated its position that it did not recognize the jurisdiction of the TSB in this matter, but that it had agreed to meet Hong Kong to explain the reason for Canada's Article XIX action, to see if there was any possibility of a practical solution, and to discuss future possibilities;
 - (b) Hong Kong made several proposals with a view to resolving the practical problems which had arisen as a result of the action by Canada;
 - (c) Canada indicated that it was unable to accept any of these proposals, or to offer any alternative solution, on the grounds that, at this interim stage, pending a final report of the Canadian Textile and Clothing Board, Canada could not enter into bilateral agreements, and that, in any case, the Canadian action had been taken under Article XIX of the GATT, residual rights in which were preserved in the Arrangement Regarding International Trade in Textiles;
 - (d) Hong Kong pointed out that agreements had been concluded with Canada under the Arrangement Regarding International Trade in Textiles which conferred on Hong Kong and Canada certain rights and obligations;
 - (e) Canada informed Hong Kong that there was no possibility of any solution in advance of the final report of the Canadian TCB which was expected in early summer of 1977, but that, thereafter, bilateral negotiations would not be ruled out, although Canada could not, at this stage, commit itself to such negotiations.
3. I am sending a copy of this letter to the Permanent Mission of Canada in Geneva.

Please accept, Sir, the assurance of my highest consideration.

(signed) G.L. Pearson

Counsellor (Hong Kong Affairs)

Letter No. 2

4 March 1977

Dear Mr. Wurth,

Our letter to you of 24 January expressed the Canadian view that it would not be appropriate for the Textiles Surveillance Body to examine the matter raised by Hong Kong in connexion with Canadian measures affecting imports of clothing taken under Article XIX of the GATT.

We have noted that the TSB nevertheless examined this matter and on 27 January adopted a recommendation that Canada and Hong Kong should hold consultations and report on those consultations to the TSB within thirty days.

In a letter to you dated 24 February, the United Kingdom Mission (Hong Kong office) has reported to the TSB pursuant to the TSB recommendation of 27 January, concerning discussions held between Canadian and Hong Kong officials on 11 February. In the Canadian view these discussions were informal in nature and outside the framework of the Arrangement Regarding International Trade in Textiles.

With reference to Article 11(8) of the Arrangement I wish to advise you, for the information of the TSB, that Canada will not be submitting a report to the TSB on this matter, inasmuch as Canada considers the recommendation of 27 January to be outside the competence of the Textiles Surveillance Body.

Yours sincerely,

(signed) R. Harry Jay

Ambassador and
Permanent Representative