

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TEX/SB/225

12 April 1977

Special Distribution

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## Textiles Surveillance Body

### REPORT OF THE FOURTH MEETING<sup>1</sup> (1977)

1. The TSB held its fourth meeting on 10 and 11 March 1977. The combined report of the second and third meeting was approved and has been circulated in document COM.TEX/SB/214.
2. The TSB discussed the appropriateness of having an attendance list of members recorded in each of its reports. There were divergent views on the need for such a list and the matter was not pursued any further.
3. The TSB had received from Sweden a notification of an agreement between Sweden and the Republic of Korea concerning trade in textiles. This agreement was notified by Sweden as an interim arrangement extending the earlier Article 4 agreement between the two countries, with the addition of bed linen.
4. Having regard to the interim nature of this arrangement and, in order not to prejudice the ensuing negotiations between the two parties scheduled to take place before 30 June 1977, the TSB deferred consideration of the conformity of this arrangement with the MFA. In the meantime, the TSB agreed to circulate this interim arrangement to participating countries for their information. This has been done in document COM.TEX/SB/221.
5. In accordance with its recommendations of 20 December 1976<sup>2</sup>, the TSB had also received a report from Sweden and from India informing it that further consultations between the two parties are scheduled to take place in March. The TSB therefore concurred in an extension of the time-limit fixed in its recommendation, for a report to be submitted on the results of these negotiations i.e. from 10 March until 7 April 1977.

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<sup>1</sup> Fifty-second meeting

<sup>2</sup> See document COM.TEX/SB/207.

6. The TSB had received a report<sup>1</sup> from Hong Kong in accordance with its recommendations of 26 January 1977, informing it of the results of the consultations it had held with Canada. The TSB had also received a letter from Canada advising that it will not be submitting a report to the TSB on this matter. The TSB noted that Canada did not recognize the jurisdiction of the TSB in this issue. (See attached letter from the Government of Canada dated 24 January 1977.)
7. The TSB recalled that it had taken the view that the reference made by Hong Kong properly fell within its competence and accordingly agreed to consider it.
8. In the circumstances, the TSB decided to circulate the report received from Hong Kong and the letter from Canada for the information of participating countries. This has been done in document COM.TEX/SB/222.
9. In this connexion it is to be noted that the TSB has, on several occasions, had before it the question of the relationship of Article XIX actions and other actions outside the MFA, and the obligation of participants arising in paragraph 1 of Article 9 of the Arrangement. TSB consideration of this question and conclusions thereon have, in every case, been frustrated by the question of whether the provisions affecting GATT rights found in Article 1, paragraph 6, of the Arrangement override the obligation in paragraph 1 of Article 9, or vice versa.
10. The TSB reviewed a bilateral agreement under Article 3:4 between Austria and Hong Kong and found it to be in conformity with the provisions of the Arrangement. It has been circulated as COM.TEX/SB/223.
11. In accordance with its request of 24 September 1976<sup>2</sup>, the TSB had received a report from the EEC on the results of its consultations with Spain. The TSB noted that the consultations had not yet taken place since it had not been possible for the two parties to agree on a mutually convenient time and place for such consultations. The TSB further noted that in the meantime the interim measures taken by the EEC in December 1975 with regard to imports into the United Kingdom of cotton yarn from Spain had been extended for a further three-month period ending 31 March 1977.
12. The TSB also took cognizance of a notification by the United States of an amendment of a bilateral agreement between the United States and a non-participating country. This notification has been made in accordance with the decision of the Textiles Committee that actions taken vis-à-vis non-participants in the Arrangement should be notified. The TSB circulated this notification under Articles 7 and 8 to participating countries for information in document COM.TEX/SB/224.

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<sup>1</sup>See COM.TEX/SB/210.

<sup>2</sup>See COM.TEX/SB/197.

Permanent Mission of Canada  
10a, avenue de Budé  
1202 Geneva.

24 January 1977

Dear Mr. Wurth,

In a letter dated 17 January, Mr. Hartridge of your office informed us that the Hong Kong office in Geneva had requested an examination by the Textiles Surveillance Body of certain matters related to restrictions on imports of clothing recently introduced by Canada under the provisions of Article XIX of the General Agreement on Tariffs and Trade. Mr. Hartridge indicated that this matter will be on the agenda of the TSB meetings beginning today, and invited Canada to be represented at the meetings.

It is the view of the Canadian authorities that the "additional trade measures" referred to in Article 9(1) of the Arrangement do not include measures taken under the GATT. Article 1(6) of the Arrangement Regarding International Trade in Textiles preserves the right of GATT Contracting Parties to have recourse to provisions of the GATT to deal with problems of trade in textiles products; these rights, moreover, were recognized by the GATT Textiles Committee at its last meeting, as noted by the Chairman in his summing up of the discussions on this matter.

Accordingly, it is the Canadian view that the measures recently taken by Canada under GATT Article XIX are not subject to the provisions of Article 9(3) of the Arrangement; that it is not appropriate for matters relating to these measures to be referred to the Textiles Surveillance Body for examination; and that it would not be appropriate for the Textiles Surveillance Body to examine these matters, as requested Hong Kong.

Yours sincerely,

(signed)  
W.F. Stone  
Deputy Permanent Representative  
and Minister