

GENERAL AGREEMENT ON
TARIFFS AND TRADE

Textiles Surveillance Body

REPORT OF THE THIRD MEETING (1978)¹

1. The Textiles Surveillance Body held its third meeting on 11 April 1978. The report of the second meeting was approved and it has been circulated to the Textiles Committee in document COM.TEX/SB/313.

2. The Chairman welcomed the following members and alternates for the rest of the year 1978:

<u>Members</u>	<u>Alternates</u>
Mr. E. Hagfors (Finland) ³	
Mr. P. Kumar (India)	Mr. M.A.B. Hamza (Egypt)
Mr. I. Klaric (EEC) ²	Mr. J. Beck (EEC)
Mr. V. Jayanama (Thailand) ³	
Mr. H. Phelan (United States)	
Mr. C.S. Shin (Korea)	Mr. P. Tsao (Hong Kong)
Mr. X. Suarez (Colombia)	Mrs. E. Arciniega (Peru)
Mr. K. Terada (Japan) ³	

3. The TSB had noted that its existing procedures, concerning equity in treatment between a member of the TSB and a non-member when their countries were both involved in a question which required the presence of the respective delegations of the two parties before the TSB, as contained in COM.TEX/SB/30, Annex 1, and especially in paragraphs 6(b) and (d), had not been completely followed in practice. This was mainly owing to the difficulty encountered by the TSB in coming to a conclusion and formulating its recommendation in the continued presence of the two parties.

¹Sixty-seventh meeting

²Until the summer recess

³Alternate to be nominated

4. Following its discussion of this issue the TSB decided to amend paragraphs 6(b) and (d) of COM.TEX/SB/30, Annex 1^{1/}, as follows:

- Paragraph 6(b): The spokesman for both the country having a member on the TSB and the country not having a member thereon, should be invited to present their cases fully.
- Paragraph 6(d): The party not having a member on the TSB would be invited to designate a person who, after the presentation of the case by the two delegations and the questioning phase, could then participate in the remaining phase of the discussion up to, and including, the drafting of the recommendations. It is understood, however, that consensus within the Body on the form and content of such recommendations, does not require the assent or concurrence, neither of the concerned member of the Body nor of the designated person from the non-represented party.

5. The TSB considered two notifications from the United States of its bilateral agreements concluded under Article 4 of the Arrangement with Poland and India and, after having reviewed them, agreed to circulate their texts to the Textiles Committee for the information of participating countries, see COM.TEX/SB/314 and 315.

6. The TSB also considered a notification by the EEC of its agreement with Romania which was formally concluded under Article 4 of the Arrangement on 2 December 1977. Under the provisions of Article 13, the Agreement could not enter into legal force until 1 January 1978, by which time the expiry date of 31 December 1977 had passed. The TSB noted that the Agreement had been previously applied on a de facto basis and, in the light of the foregoing considerations, agreed to transmit the text of the Agreement to the Textiles Committee for information (COM.TEX/SB/316).

7. Pursuant to the TSB's decision to defer its examination^{2/} of the notifications^{3/} concerning the EEC's unilateral actions with respect to imports of textile products into certain markets of the Community from Colombia, Egypt, India, Macao, Pakistan and the Philippines, the TSB received two communications from the EEC informing it that the Article 3:5 measures

^{1/} The document, as amended, is attached as an Annex to the present report.

^{2/} See COM.TEX/SB/283, paragraph 2.

^{3/} See COM.TEX/SB/284 to 290.

in question, taken with respect to the above countries, had been terminated as of 31 December 1977. The TSB took note of these communications and will await a separate communication regarding the measures taken against Spain. In the meantime, the TSB decided to transmit the EEC communications to the Textiles Committee for the information of participating countries, see document COM.TEX/SB/317.

8. The TSB also decided that, having due regard to the provisions of Article 11:11, all participating countries should be invited to inform the TSB, by 31 May 1978, of the present status of their restrictions, if any, whether or not they continue to be justified under the provisions of the GATT, including its Annexes and Protocols.

9. The TSB also agreed that, in future, the TSB's reports would mention the members present at each meeting. The TSB further agreed to transmit to the Textiles Committee, for the information of the participating countries,¹ an extract from a study by the United States International Trade Commission showing the new United States textile category system (1978) and its correlation with the old category numbers (1977 and prior). The correlation table has been transmitted in document COM.TEX/SB/318.

¹"The History and Current Status of the Multifiber Arrangement", United States International Trade Commission, January 1978, Washington D.C.

ANNEX I¹

EQUITY IN TREATMENT BETWEEN A MEMBER OF THE TSB
AND A NON-MEMBER WHEN THEIR COUNTRIES WERE
BOTH INVOLVED IN A DISPUTE BEFORE IT

1. It is the view of the TSB that in any dispute before it, its principal aim is to seek conciliation and to use its good offices for this purpose.
2. All members of the TSB reaffirmed the importance they attach to ensuring equality of treatment to all parties, and to impartiality in reaching conclusions on any dispute referred to the TSB. Attention was also drawn to the need for ensuring that the representative balance of the TSB was not distorted.
3. The TSB addressed itself to the question of participation in its deliberations by parties involved in a dispute before it, particularly when one of the parties concerned has a member on the TSB. The view was generally held that when a country has a member on the TSB its case should be presented by another national of that country.
4. Certain views were expressed in the TSB as to how equity in treatment could best be assured between a member of the TSB and a non-member when their countries were both involved in a dispute before it. Bearing in mind the provisions of Article 11(6), the question was discussed as to whether or not the participation by the TSB member concerned and the representative of the non-member, should continue throughout the discussion up to, and including, the formulation and drafting of the TSB recommendations.
5. Certain arguments were presented against the withdrawal, particularly of the member, when the TSB was drafting its recommendation. It was mentioned, inter alia, that members of the TSB have responsibilities vis-à-vis all participating countries in the Arrangement; they are in a strong position to influence their own authorities and they must be considered objective.
6. In the light of the above, and following informal consultations with a number of participating countries in the Textiles Arrangement, the TSB has adopted the following guidelines regarding its internal procedures:
 - (a) The member of the TSB whose country is party to a dispute before it shall not present the case, but another spokesman from that party should advocate it.

¹ Originally Annex I to document COM.TEX/SB/30/Add.1

- (b) The spokesman for both the country having a member on the TSB and the country not having a member thereon, should be invited to present their cases fully.
- (c) At some stage in the discussion, the Chairman will have to determine the point at which final deliberation and drafting of the recommendations begin.
- (d) The party not having a member on the TSB would be invited to designate a person who, after the presentation of the case by the two delegations and the questioning phase, could then participate in the remaining phase of the discussion up to, and including, the drafting of the recommendations. It is understood, however, that consensus within the Body on the form and content of such recommendations, does not require the assent or concurrence, neither of the concerned member of the Body nor of the designated person from the non-represented party.