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GENERAL AGREEMENT ON TARIFFS AND TRADE

Textiles Committee

DRAFT REPORT OF THE COMMITTEE MEETING
HELD ON 15 DECEMBER 1983

Chairman: Mr. A. Dunkel

1. The Textiles Committee held its third meeting under the 1981 Protocol of Extension on 15 December 1983. The agenda for the meeting was:
 - A. Request by the People's Republic of China to become a party to the Arrangement Regarding International Trade in Textiles.
 - B. The second annual review of the operation of the Textiles Arrangement as extended by the 1981 Protocol.
 - C. Report by the Sub-Committee on Adjustment.
 - D. Membership of the Textiles Surveillance Body for the year 1984.
 - E. Other business.
2. After the adoption of the agenda, the Chairman invited the delegation of the People's Republic of China to attend as an observer.

A. Request by the People's Republic of China to become a party to the Arrangement Regarding International Trade in Textiles

3. The Chairman recalled that the request received from the People's Republic of China had been circulated to participating countries in document COM.TEX/W/142, dated 13 October 1983. In its request the People's Republic of China expressed the wish to become a party to the Arrangement and accepted both the provisions thereof and the 1981 Protocol of Extension without reservation. It also accepted all the obligations deriving from the Arrangement, including the undertaking not to introduce new import restrictions or intensify existing import restrictions on textile products insofar as such action would be inconsistent with the GATT provisions. He invited delegations to make any comments they might have with respect to the request before the Committee.

4. The representatives of Argentina, Bangladesh, Brazil, Colombia, Czechoslovakia, Egypt, United Kingdom for Hong Kong, Hungary, India, Portugal for Macao, Mexico, Pakistan, Peru, the Philippines, Poland, Romania, Singapore, Sri Lanka, Switzerland, Thailand, Turkey, and Yugoslavia supported the request by the People's Republic of China and welcomed its participation as a member of the Arrangement and the 1981 Protocol of Extension. The representative of Israel said that on the understanding that the People's Republic of China accepted the Arrangement and its 1981 Protocol without reservation, he agreed to its accession.

5. The representative of Japan welcomed China's accession to the MFA. As one of the biggest producing and exporting countries of textiles and clothing - and its part in textile trade was increasing - China was the second supplier of these products to Japan. He expected that China's world trade in textiles would develop in an orderly way based on the letter and spirit of the MFA, and expressed the hope that it would play an important rôle in the implementation of the Arrangement after its accession.

6. The representative of Canada welcomed the decision of the People's Republic of China to become a party to the MFA. China was not a newcomer to international trade in textiles; trade relations in textile products between Canada and China went back many years and China was now the fourth largest supplier of clothing products to the Canadian market. The current bilateral arrangement between Canada and China, covering the five-year period ending in December 1986, was notified to the TSB and circulated in document COM.TEX/SB/881. This Arrangement was consistent with the provisions of the MFA, and had been agreed to by the two governments and was fully in effect. It was the Canadian view that the participation of China in the MFA was without prejudice to the provisions of the current bilateral arrangement.

7. The representative of Austria, welcoming the fact that China as a country playing an increasingly important rôle in world trade in textiles had decided to apply the rules of the MFA, supported its request to become a party thereto. He looked forward to an appropriate cooperation under the terms of the MFA taking into account the problems existing in importing countries with small markets.

8. The representative of the United States welcomed the decision of China to participate in the MFA and assumed that it would be equally responsive to requests for data stemming from the ongoing work of the Sub-Committee on Adjustment and the TSB. He observed that China had stated that it was joining the MFA as a developing country and that it expected to be entitled to a treatment equivalent to that accorded to other developing countries with a similar level of economic development. In this respect, he pointed out that China also joined the MFA as an important textile trading nation which now accounted for over ten per cent of all textile and apparel imports into the United States, having moved from a relatively minor position in the early 1970's to the fourth largest supplier. The United States had a bilateral textile agreement with China. He believed that China as a major textile trading nation had an opportunity to make an important contribution to the international textile trading system through its participation in the MFA. The United States would certainly accord China treatment which was equivalent and equitable to that accorded other similarly positioned textile trading nations.

9. The representative of Finland welcomed the participation in the MFA by the People's Republic of China, which he said was one of the most important countries in world textiles and clothing trade. He stated that textile trade relations between Finland and China were governed by a bilateral agreement based upon the principles of the MFA which had been notified to the TSB.

10. The representative of Sweden welcoming the decision of the People's Republic of China to join the MFA, said that this was only natural since China was an important world exporter of textiles and clothing. Sweden had long enjoyed good relations with China in many areas and would expect the constructive cooperation in trade between the two countries to continue within the framework of the MFA.

11. The spokesman for the EEC welcomed the accession by the People's Republic of China to the MFA, in particular since this accession would bring into the Arrangement a country which had become in recent years an increasingly important partner in world textile trade, so much so that China now ranked amongst the world's leading suppliers of textiles and clothing. The EEC was confident that China would play a stabilizing and constructive rôle within the framework of the MFA, a rôle commensurate with its status in world textile trade. It was in this spirit that the EEC looked forward to working together with China and welcomed China's accession to the MFA. Since 1979, imports of textiles and clothing from China into the EEC had taken place under a bilateral agreement which ran until the end of 1988 having been extended under one of its original provisions. This agreement, which had already been notified and circulated to the Textiles Committee, marked a significant improvement on the previous framework of textile trade between the EEC and China being to the mutual advantage of both parties. He considered that the original provisions of this agreement should not be prejudiced by the accession of China to the MFA as extended by the 1981 Protocol.

12. The representative of the People's Republic of China thanked all the delegations for their support and said that China's participation in the MFA represented one aspect of the open policy pursued by the Government to strengthen and expand international economic and trade exchange and cooperation. He reaffirmed that China accepted without reservation the provisions of the MFA and its 1981 Protocol and subscribed to the obligations thereunder. China would notify in due course its existing restrictions on textile trade to the TSB. He reiterated that China's participation in the MFA was without prejudice to the position of the Chinese Government with regard to its legal status vis-à-vis the GATT. He had taken note of the statements made by certain delegations regarding China's status as a textile trading nation, but in this respect China's position was clearly laid down in its communication to the Committee dated 13 October 1983 and this remained unchanged. Thus, China could not accept the statement that it was a major textile trading nation, neither could it agree that it was among the ranks of the world's leading suppliers. China, therefore, reserved its position in this respect. Upon the approval of the Government of China, a letter of confirmation would be sent to the Director-General of GATT.

13. The Chairman in concluding the discussion said that the Committee had accepted the request by the People's Republic of China for participation in the MFA, and noted the statements made by various delegations in this respect. He expressed on behalf of all members of the Committee a warm welcome to the Chinese delegation. As a matter of procedure, China would be invited to send to the Director-General, as the depository of the Arrangement, a letter confirming its notification as set out in document COM.TEX/W/142 with reference to the decision taken by the Committee.¹ The effective date of China's accession to the MFA would be the date on which this letter was received by the Director-General. He suggested, and the Committee agreed, that the Chinese delegation be invited to attend the rest of the meeting on the assumption that the formal letter of confirmation would be received in due course.

¹This was received on 18 January 1984; consequently the accession of the People's Republic of China became effective as of that date (see COM.TEX/W/142/Add.1).

B. The second annual review of the operation of the Textiles Arrangement as extended by the 1981 Protocol

14. The Chairman referred the Committee to Article 10:4 of the Arrangement which required it to review the operation of the Arrangement once a year and to report thereon to the GATT Council. To assist in the review, the Committee had before it a report by the TSB on its activities during the period 27 November 1982 to 9 November 1983 (COM.TEX/SB/900 and Add.1). The TSB report also fulfilled the obligation under Article 11 paragraphs 11 and 12 which required the Body to review all restrictions and bilateral agreements and to report annually its findings to the Textile Committee. In referring the Committee to document COM.TEX/W/143 which contained basic statistics on trade, production and employment in textiles and clothing, the Chairman said that it was not possible for the secretariat, as had been previously explained to delegations, to prepare the normal survey on recent trends in production and trade in textiles and clothing, because of the work involved in the GATT Textiles Study.

15. The Chairman of the Textiles Surveillance Body, in presenting the annual report of the TSB, said that 1983 had been a busy year for the TSB, in the course of which twenty meetings were held. The report was divided into two chapters; Chapter I covered exhaustively all notifications received under Articles 2, 3, 4, 7, 8 and 11 of the Arrangement. Referring to Chapter II, he recalled that the TSB had stated in the 1982 report (paragraph 3 of COM.TEX/SB/811) that it had not attempted to make any overall evaluation of trends in the operation of the Arrangement given the small number and range of new agreements and measures then received. He also recalled that in presenting that report he had said that during the course of 1983, it would be possible for the TSB to undertake such an evaluation. Chapter II of the present report fulfilled this commitment. He went on to say that while this Chapter was an important accomplishment by the TSB, it had to be read with caution because the picture was still incomplete. Several agreements notified had not been reviewed in time for inclusion in this report, certain agreements had not yet been notified and others were currently under negotiation or to be re-negotiated in the near future. He reiterated what the TSB had stated (see paragraphs 157 and 162 of COM.TEX/SB/900) that it was a first overview and that its observations were preliminary in nature at this stage. Finally, he said that the TSB intended to offer a more definite appraisal in its report for the Major Review.

16. The delegations who subsequently spoke expressed appreciation of the work of the TSB and its Chairman, and in particular for the useful report before the Committee.

17. The representative of Mexico, speaking on behalf of a group of developing exporting countries, expressed the group's concern at the manner in which bilateral agreements were being implemented. Referring to the GATT Ministerial Declaration of November 1982 and in particular to the understanding therein that the parties to the Arrangement should adhere strictly to its rules, he said that this understanding had not been honoured.

The disciplines and procedures of Articles 3 and 4 of the Arrangement had not been followed as called for in paragraph 8 of the 1981 Protocol. This paragraph also provided that restrictions should be reviewed when the circumstances under which they were negotiated had undergone a change. At least in the case of one major importing market, there had been a material change in the situation; demand had picked up and imports from developing countries were sharing a degree of buoyancy not witnessed in recent years. Far from the restrictions being relaxed, more and more items were being placed under restraint resulting from an increasing incidence of consultation calls. In a large number of cases, these calls were not justified on the basis of market disruption or real risk thereof. The importing countries had not hitherto reported consultation calls under Article 4 agreements to the TSB. Thus with a view to safeguarding against abuse of the Arrangement, the group proposed that the Textiles Committee should direct the importing countries to report all such calls to the TSB as soon as they were made, along with the relevant specific factual information.

18. The representative of Mexico further stated that the group was also concerned about the contents of the annual reports of the TSB. The Textiles Committee had not so far been able effectively to review the operation of the Arrangement largely because the TSB reports had been devoid of any analytical content. However, the 1983 report was a slight improvement in this respect, but that was insufficient. The group therefore proposed that from 1984 onwards, the report should contain a factual analysis which would enable the Textiles Committee to come to a judgement on the following aspects relating to the implementation of the Arrangement:

(a) Whether trade policies of importing countries reflected in the bilateral agreements were in conformity with the letter and spirit of the MFA and its 1981 Protocol of Extension; (b) Whether Article 4 bilateral agreements examined by the TSB would result in progressive liberalization of trade in this sector during the lifetime of these agreements (Article 1.2 and 1.3 of the MFA); (c) The nature and extent of special and more favourable treatment accorded to small suppliers, new entrants and cotton producing exporting countries (Article 6 of MFA and paragraph 12 of 1981 Protocol); (d) Whether and to what extent non-participants had received better treatment than participants (Article 8.3 of the MFA); (e) To what extent the procedures of Articles 3 and 4 had been respected particularly in cases where limits had been imposed on new items under various consultation clauses in the bilateral agreements (Paragraph 8 of the 1981 Protocol); (f) What was the nature of the "relevant, specific factual information" provided by the importing countries in making out a case for market disruption or real risk thereof, in particular, whether the difficulties encountered in the past in the matter of practical application of the definition of "market disruption" had been overcome (Paragraph 8 of the 1981 Protocol) and (g) Whether the participants had reviewed actions taken when there had been a change in the situation prevailing when the action was originally taken (Paragraphs 7 and 8 of the 1981 Protocol).

19. In conclusion, he said that the group also proposed that the TSB should be asked to review, early in 1984, the operation by the importing countries of the consultation mechanisms for establishing new limits in bilateral agreements under MFA III.

20. The statement made by the representative of Mexico was endorsed by the delegates from developing exporting countries whose statements are summarized below. In addition, the representatives of Korea, Yugoslavia, Hong Kong and Romania spoke mainly to support the views expressed and the proposals put forward in this statement.

21. The representative of Brazil noted that the TSB report was less than an overall evaluation, although the Chairman of the TSB had announced in the previous year that it would be possible for the Body to undertake such an evaluation in 1983. Nevertheless, he was not discouraged, because Chapter II of the report was a first step in the right direction. He said that a thorough review under Article 10:4 of the MFA would not be possible next year if all parties did not commit themselves to reaching the conclusions called for by the facts under examination.

22. He expressed concern over the increase in consultation calls by importing countries during the past year, and preoccupation about the utter disregard of the provisions relating to new entrants, small suppliers and cotton producers. The invocation of exceptional circumstances by importing countries had been so frequent that it had become the rule rather than the exception.

23. With respect to adjustment, he said that it came as a startling realization to members of the Brazilian industry who participated in the ITMA textile equipment fair in Milan that only participants from developed countries were in a position to acquire modern equipment being sold at that fair. Developments like these might very soon lead to the conclusion that the protection offered to the industries of the developed countries through the MFA had in fact deprived developing countries of comparative advantage in one of the few sectors where they had been showing greater efficiency. If developed economies were "phasing into" rather than "phasing out" of textiles, then exports of the so-called "low cost" producers had not been injurious contrary to what was believed in the past.

24. The representative of Bangladesh said that his country was deeply concerned at the proliferation of restrictive measures and the denial of the special treatment to the products of the new entrants and small suppliers in spite of clear commitments in Article 6 of the MFA. He drew the Committee's attention to the decisions taken at the GATT Ministerial Meeting in 1982 and at the Textiles Committee on 22 December 1981 in favour of removing all restraints on exports from the developing countries, particularly from small suppliers and new entrants. He expressed hope that the developed countries would give more serious consideration to the implementation of these decisions and thus help the least-developed countries like his own in elevating their grave economic situation. In so doing, it would be

consistent with the objectives of the subsidiary programme of action for the least-developed countries for 1980 and the Ministerial Declaration of 1982 as related to the least-developed countries.

25. The representative of India stressed the need for the annual review of the TSB to contain a critical assessment of the manner in which the Arrangement had operated, the extent to which its basic objectives had been achieved and whether the trade policies of importing countries, as reflected in the bilateral agreements, were in conformity with the letter and spirit of the MFA and its Protocol. In contrast with previous reviews, the TSB in its 1983 report had made a modest though positive beginning at making a critical appraisal; this, he said, was a very welcome development.

26. He noted with deep concern that, on the basis of notifications reviewed in 1982 and 1983, the overall picture was one of a more restrictive implementation of the Arrangement since the coming into force of the 1981 Protocol. He also noted that there had been an increasing resort to Article 3 unilateral measures, that a larger number of bilateral agreements with previously unrestrained countries had been concluded, that the coverage in terms of products under restraint had increased, and that there were more cases of growth and flexibility at levels lower than the minima prescribed. Indeed, there were also a few cases of no growth and no flexibility granted. All these developments ran contrary to the expectations of the exporting countries at the time of negotiating the 1981 Protocol of Extension.

27. The representative of Turkey said that his country's efforts to increase its exports were often frustrated by importing countries which put sometimes unjustifiable limits on their imports of textiles and clothing. He particularly supported the proposal put forward by the representative of Mexico to include in the next report of the TSB a study of the definition of market disruption, and of the nature of the information to be provided by importing countries when making their cases for restraining imports.

28. The representative of Poland said that his Government continued to view the MFA as a temporary departure from the general thrust of the General Agreement. Poland's exports were being treated in a restrictive manner in some markets, especially in the so-called sensitive categories, despite the fact that imports from Poland into those markets were small and insignificant. He added that the suspension of MFN treatment for Poland by the United States had resulted in some disruption in Poland's structure of production of textiles, thus entailing considerable losses for exporters.

29. The representative of Hungary, referring to paragraph 122 of the TSB's report, pointed out that his delegation's assessment of the price clause in some bilateral agreements fully coincided with that of the TSB. Such a clause did not serve any practical and useful purpose, and its conformity with the MFA was highly questionable. Hungary would therefore be quite prepared to drop this clause.

30. The representative of Austria said that his Government had concluded four Article 4 bilateral agreements in November 1983, two of which were extensions of agreements due to expire, with improvement in market access for categories of principal interest to Austria's trading partners. In the case of the third agreement, Austria had liberalized one of the two existing quotas, whereas the fourth agreement covered only one item with a restraint level higher by 25 per cent than the roll-back period level. He said that Austria had requested one exporting country for consultation a year ago but the matter was still pending; he urged that it be solved in the near future. He concluded by saying that Austria would continue to apply a selective and flexible approach in restraining only products causing market disruption or real risks thereof, and as long as such situations prevailed.

31. The spokesman for the EEC said that, as 1983 had been the first year of operation of the Community's bilateral agreements negotiated in 1982, it was early to draw conclusions. The Community, however, felt that these agreements were providing a satisfactory framework for textiles and clothing trade and were, in general, being implemented in a constructive spirit despite the disastrous economic climate. The Community now had 11.5 per cent unemployment, and had lost more than 100,000 jobs in the textiles and clothing sectors in 1982. This trend was continuing in 1983, and production still appeared to be falling. While demand within the Community seemed to remain stagnant during the first half of 1983, it might have slightly improved in the second half. Despite signs of economic pick-up recently in some member States, there was as yet no generalized recovery and the textiles and clothing sectors remained very depressed. Notwithstanding this, there had been a reduction in the number of calls under consultation procedures made by the Community.

32. As regards the operation of the MFA in 1983, the Community considered the observations of the TSB to be fair and balanced and would follow its work in 1984 with care, confident that the Body would maintain independence and objectivity. In 1983, a number of actions of potential significance for the future had been put in hand, including the decision of the People's Republic of China to join the MFA and the work on the GATT study and other studies, most of which would come to fruition in 1984. This would be of decisive importance for the process of policy formulation concerning textile trade after the expiry of the present Protocol of Extension, a process in which the Community would play its full rôle.

33. Commenting on the statement by the representative of Mexico, he said that some of the proposals made were fully within TSB's terms of reference and reflected existing practice. Others were not and might cause some difficulties. The rôle of the TSB was exhaustively defined in the MFA, and confirmed in the Protocol of Extension. It would be inappropriate for the Textiles Committee at an annual meeting to attempt to redefine such a rôle, although the Community recognized that the Committee could indicate to the TSB the tasks to which it attached importance. As for the proposal to study the textile policies of importing countries, he said that these policies were reflected in bilateral agreements reviewed by the TSB and

subsequently by the Textiles Committee. He noted the suggestion to foresee that if economic circumstances changed during the period of validity of the bilateral agreements, then the agreements should be changed, but he wanted to sound a note of caution, as changes could be invoked in two directions and might not necessarily lead to more liberal results. Bilateral agreements had at least the benefit of creating a stable framework for trade. Finally, he said that the workload of the TSB was already very heavy and any new proposal should not prevent it from effectively discharging its functions. This was his preliminary reaction to the proposals, which would need further study.

34. The representative of Egypt said that the TSB's current report shed more light than the 1982 report with regard to the trend of actions. Thus the Committee should be able to draw certain conclusions from the available information. While the 1981 Protocol of Extension was supposed to be more liberal than the 1977 Protocol, the implementation of the existing Protocol ran in the opposite direction as it showed that more restrictive measures were being introduced or applied. More countries were subjected to restrictions and more items were being added to the list of products under restraint. Growth rates were diminishing and flexibility provisions tended to disappear. One conclusion that the Committee might draw was that it should work to stop the protectionist trend which, if allowed to continue, would have negative effects on the economies of both developing and developed countries. The GATT Annual Report indicated that the effect of restrictions would be negative for the economies of the countries imposing restrictions.

35. He said that there was a positive correlation between the capacity of developing countries to export textile products and their capacity to import textile machinery and other related material such as dyestuff. It was estimated that while imports of textiles decreased from 4.2 billion dollars in 1980 to 3.6 billion dollars in 1982, exports of textile machinery from MFA developed to MFA developing countries had also decreased from 1.7 billion dollars to 1.2 billion dollars in the same period. Given the signs of recovery in certain industrialized countries, it would be appropriate for developed countries to adopt a more liberal course of action regarding their textile trade policy; a political move was thus required. As provided for in Article 6 of the MFA and paragraph 12 of the 1981 Protocol, small suppliers, new entrants and cotton producers were to be accorded special and more favourable treatment. He hoped that this commitment would be fulfilled, particularly in view of the fact that 1983 marked the tenth anniversary of the MFA and more than the twentieth year since the cotton producing countries had been subjected to restrictions.

36. Commenting on the remarks made by the spokesman for the EEC on the rôle of the TSB, he said that since the TSB was required to report to the Textiles Committee, the latter could give directives to the TSB on how its report should be made.

37. The representative of Canada said that the proposals made by the representative of Mexico were useful and intended to be constructive with respect to the operation of the MFA. However, he needed some time to reflect upon these proposals in order to be as helpful as possible in the sense of furthering the work of the TSB and the Textiles Committee. He said that all members had a responsibility to make the MFA work and this was a responsibility which Canada had accepted and retained. He believed that Canada had acted, and would continue to act, in a manner that was fully commensurate with its rights and obligations under the MFA.

38. The representative of the United States said that in the past few years, the United States industry had been suffering from one of the most severe recessions since the Second World War. During that period the United States had negotiated a number of bilateral agreements, all of which were concluded in the spirit of cooperation which characterized the MFA. He was pleased to note that the only case which had been referred to the TSB was also, in the end, resolved in a mutually acceptable and cooperative framework. Despite the fact that the United States domestic industry had suffered from a severe recession, textile imports had risen by 23 per cent, three times as high as domestic production. These figures demonstrated that the United States agreements had certainly provided for continued growth as specified in the MFA. In conclusion, he said that he was hesitant about proposals to increase substantially the workload of the TSB which had functioned particularly well in the past years. Like his colleague from Canada, he had just been exposed to the proposals made by the representative of Mexico. He shared the views expressed by the spokesman for the EEC about some of these proposals, which were indeed two-edged swords. These proposals should be studied carefully, he said.

39. The representative of Pakistan said that the current TSB report would herald a new generation of reports with greater emphasis on critical analysis. Although MFA III was negotiated in a period of recession, participants had fully endorsed the central objective which was trade liberalization, as enshrined in Article 1 and strengthened in paragraphs 16 and 17 of the Protocol of Extension. Thus the thrust towards liberalization should not be reversed either through more restrictive measures or the lack of structural adjustment. While the full report on structural adjustment was still awaited, he had the impression that there had been more evidence of phase-in and less evidence of phase-out by developed countries in the textiles industry.

40. He noted that what was provided by way of exceptional action had become the linchpin of the Arrangement which was not the original purpose as laid down in Article 1. Moreover, the radical change over the years in Article 4 agreements raised doubt as to whether there was much difference between Article 3 measures and Article 4 agreements. The TSB had not yet examined such elements as the anti-surge and the basket-exit mechanisms which were designed for the situation of recession and which should be gradually liberalized in times of recovery. While the MFA did not specify that restraints had to be applied only to developing countries, Article 11

notifications showed that this was the case. Pakistan, despite considerable balance-of-payments difficulties, had taken important steps to liberalize its import régime and to modify its import licensing procedures, a measure which had not been reciprocated by developed countries. Finally, he drew attention to a negative development concerning the resort by certain countries to measures outside the MFA such as countervailing and anti-dumping.

41. The representative of Japan said that he fully shared the TSB's observation in Chapter II of its report that, on the basis of notifications reviewed in 1982 and 1983, the overall picture was one of somewhat more severe implementation of the Arrangement since the coming into force of the 1981 Protocol. He pointed out that the economic activities, in the textiles industries of importing countries, were stagnant at the time when bilateral agreements were negotiated and concluded. It was the desire of his delegation that with the improvement in textile demand and production in importing countries, there would be more room for these countries to express their "goodwill" in addition to that expressed by the exporting countries.

42. He said that he had taken careful note of the proposals put forward by the representative of Mexico. His immediate and preliminary reaction was that some of these proposals related to the normal function of the TSB. As a member of the TSB, he had always been conscious of the need of small suppliers, new entrants and cotton producing countries when reviewing bilateral agreements. His understanding was that the TSB had been functioning well, thanks to the cooperative spirit of all members. He agreed with the point made that trade policies of importing countries were reflected in the bilateral agreements notified to the TSB whose duty when reviewing such agreements was to examine the need for certain bilateral agreements, and the reasons why they were negotiated and concluded.

43. The Chairman of the Textiles Surveillance Body, referring to the large number of notifications expected and the heavy workload ahead for the TSB in 1984, appealed to all members who would be appointed to serve on the Body for 1984 to devote their fulltime to the work of the TSB.

44. The Chairman, associating himself with this appeal, stressed the importance he personally attached to regular attendance by all TSB members given the important tasks conferred upon the Body, in particular for the coming year. He said that the Committee had heard a number of interesting suggestions as to the type of report expected from the TSB. The Committee had shown a special interest in the TSB's report before it and had encouraged the Chairman and members of the Body in their efforts to present for the next review as complete a picture and analysis as possible of the implementation of the MFA.

C. Report by the Sub-Committee on Adjustment

45. The Chairman recalled that the Textiles Committee in paragraph 15 of the 1981 Protocol reaffirmed the need to monitor adjustment policies and measures and the process of autonomous adjustment in terms of the provisions of Article 1, paragraph 4. To this end, a Sub-Committee was established under the Chairmanship of Mr. Mathur, Deputy Director-General of GATT, who was called upon to introduce the report of the Sub-Committee which is contained in document COM.TEX/34.

46. The Chairman of the Sub-Committee on Adjustment, said that in fulfilment of the Sub-Committee's mandate, its Technical Sub-Group sent out, in January 1983, to participating countries two sets of questionnaires seeking the relevant information by May 1983. Following that date, the Technical Sub-Group met on a number of occasions to take stock of the submissions received and proceed with its work. It was agreed that these submissions as well as a summary thereof incorporating additional information subsequently received from delegations, or available in the secretariat, should be circulated to the Textiles Committee as basic material for this ongoing task. This had been done in documents COM.TEX/32 and 33 and addenda and supplements. On the basis of this material the Technical Sub-Group at its October meeting felt that in view of certain gaps in the available information, the best course of action would be for the Sub-Committee to make a factual progress report to the Textiles Committee in 1983 (COM.TEX/34), leaving the full and comprehensive report to be prepared in 1984 in time for the Major Review.

47. The Chairman of the Sub-Committee drew attention to paragraph 5 of COM.TEX/34 which listed those participating countries that had still not provided the secretariat with any information. He also referred to paragraph 6 of the report which highlighted the areas where certain gaps in information existed. He said that in the course of the discussion in the Sub-Committee a number of delegations had stressed the importance they attached to the Sub-Committee receiving full and complete submissions so as to enable it to make a comprehensive report to the Textiles Committee. In their view, a priority task would be to identify the gaps of information and to discuss how best these gaps could be filled. He agreed with this view, and intended to take the opportunity provided by the Textiles Committee and the presence of representatives from capitals to arrange an informal discussion for this purpose.

48. The representative of Egypt said that, as reflected in paragraph 6 of the report, there existed gaps of information and more detailed information would be needed from a number of countries. He hoped that such information would be provided.

D. Membership of the Textiles Surveillance Body for the year 1984

49. The Chairman, referring to the consultations which had been held regarding the membership of the Textiles Surveillance Body, proposed that for the year 1984, the TSB should be composed of members designated by the following parties: Brazil, Canada, the EEC, India, Japan, Korea, the Philippines and the United States. This proposal was endorsed by the Committee.

E. Other Business

(a) Status of acceptances of the Protocol of Extension

50. The Chairman informed the Committee that at present thirty-nine parties to the MFA, counting the EEC as a single signatory, had accepted the Protocol of Extension. The Maldives was the only new signatory since the Committee met in 1982. Participants in the previous Protocol of Extension which had not as yet accepted the 1981 Protocol were: Bolivia, Dominican Republic, Ghana and Trinidad and Tobago (see COM.TEX/27 and addenda 1 to 9, and COM.TEX/30/Rev.2).

(b) Date of next meeting

51. In the light of the suggestion made at the 39th Session of the CONTRACTING PARTIES, that it would be appropriate for the annual meeting of the Textiles Committee to take place before the session of the CONTRACTING PARTIES, the Committee agreed that its next annual meeting should be held in October 1984. The Committee also agreed that at that meeting it would carry out the major review of the Arrangement provided for in Article 10:4 so that it could report on this review to the Council. This would not exclude the possibility of further work by the Committee with respect to the matter.