

GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/55
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TARIFFS AND TRADE

Special Distribution

Textiles Committee

REPORT OF THE COMMITTEE MEETING
HELD ON 4 DECEMBER 1987

Chairman: Mr. A. Dunkel

1. The Textiles Committee held its second meeting under the 1986 Protocol of Extension on 4 December 1987. The agenda for the meeting which was set out in GATT/AIR/2515 of 12 November 1987 comprised the following items:

- A. Annual review of the operation of the Arrangement as required by Article 10:4 of the Arrangement.
- B. Membership of the Textiles Surveillance Body for the year 1988.
- C. Other business.

2. The Chairman informed the Committee that after circulation of the agenda, he had received a communication from the People's Republic of China which was before the Committee in document COM.TEX/W/199. He suggested that this matter be taken up as an additional agenda item, A.bis "Proposal by China concerning increase in TSB membership".

3. The agenda, as modified, was adopted.

A. Annual Review of the operation of Arrangement as required by Article 10:4 of the Arrangement

4. The Chairman said that for the annual review of the operation of the MFA, required by Article 10:4, the Committee had before it four documents: (a) report by the Textiles Surveillance Body on its activities during the period 1 August 1986 to 30 September 1987 (COM.TEX/SB/1316 and Addendum 1); (b) COM.TEX/54 containing the compilation of original submissions by participating members to the Sub-Committee on Adjustment; (c) a survey by the Secretariat on demand, production and trade in textiles and clothing (COM.TEX/W/198); and (d) textiles and clothing statistics (COM.TEX/W/197). He suggested that the Committee should take up the four documents together and invited Ambassador Raffaelli, Chairman of the TSB, to introduce the report of the Body, and Mr. Mathur, Chairman of the Sub-Committee on Adjustment, to make a progress report on the work of the Sub-Committee.

5. The Chairman of the Textiles Surveillance Body noted that the report for the period 1 August 1986 to 30 September 1987 was the first report by the Body under the MFA as extended by the 1986 Protocol. He stated that, during this period, the TSB had held sixteen meetings in which it had reviewed a number of notifications made under the 1981 Protocol, although most of its work concerned notifications made under the 1986 Protocol. He observed that there were currently thirty-six participants in MFA IV, a reduction from the level of forty-three participants at the end of MFA III. He reported that in the course of its work the TSB had developed procedures for the application of paragraph 8 of the Protocol, and a general observation relating to Article 6, paragraph 6 of the Arrangement and paragraph 15 of the Protocol to assist its own deliberation and to offer guidance to participating countries. Subsequent to the preparation of the report, the Body had also adopted a general observation relating to paragraph 24 of the Protocol. The Chairman pointed out that Chapter 6 of the report set out information on notifications made under Article 11 of the Arrangement and in this regard noted that several participants had not yet provided the requested information. He urged these participants to do so as this information could offer a clear picture of the status of restrictions in the participating countries, and thus be particularly timely in view of the work related to the Uruguay Round. The Chairman also referred to Chapter 7 of the report which contained an interim appreciation of the application of the Arrangement but he cautioned that the number of measures reviewed was still not sufficient to provide a definitive picture of how the 1986 Protocol was being applied. In fact, no notifications had been received regarding agreements concluded by some importing countries. In these circumstances, the TSB had decided that in the present report it would limit itself to a presentation of the facts. He concluded by recalling that participation in the work of the TSB was a time-consuming commitment and cautioned the countries that would be appointing a member for 1988 that such person must be able to participate fully in the work of the Body.

6. The Chairman of the Sub-Committee on Adjustment recalled that he had last reported to the Textiles Committee a year ago, at which time he had indicated that the Technical Sub-Group of the Sub-Committee on Adjustment could be expected to begin its work early this year with the objective of achieving fuller and more analytical coverage of adjustment processes and policies, as well as of developments in production and trade in textiles as envisaged in the 1986 Protocol. He stated that the Technical Sub-Group had met in March 1987 and had developed two revised questionnaires, one seeking information on autonomous adjustment processes and government policies and measures relevant to Article 1:4 and the other seeking information on recent developments in production and trade in textiles and clothing as well as measures to facilitate adjustment in these industries, relevant to Article 10:2. These questionnaires, together with a set of general guidelines and forms for reporting statistical data, had been circulated to all participating members of the MFA, in document COM.TEX/W/193, dated 16 March 1987. He noted that, up to the present, submissions had been received by the Secretariat from twenty-five participating countries and

these submissions had been compiled in document COM.TEX/54. He suggested that this document should also be made available to the Negotiating Group on Textiles and Clothing as a contribution to its preparatory work. He expressed the hope that information would also be provided in the very near future by the remaining eleven members, i.e., Argentina, Bangladesh, Egypt, India, Jamaica, Mexico, Pakistan, Poland, Romania, Sri Lanka and Uruguay.

7. The Chairman stated that his impression, from an initial review of the submissions, was that some participants had made an effort to provide more extensive data on developments in the textile and clothing industries and to address more fully the subject of autonomous adjustment processes than in previous submissions; however, the data in some submissions remained incomplete, with gaps in some important areas, while full coverage was affected by the absence of submissions from a number of participants. He advised that, as a further step in the review process, a document would be prepared by the Secretariat setting out summaries of all available information, on a country-by-country basis, adding to the information in the submissions relevant material obtained by the Secretariat from other sources. He expressed the hope that the country-by-country summaries and the report of the Sub-Committee would be available by mid-1988, or at least several weeks in advance of the annual meeting of the Textiles Committee. He felt that, in addition to serving the purposes of the review of the MFA carried out by the Textiles Committee, this material could also provide a useful input to the negotiation process in the Uruguay Round.

8. The representative of Indonesia, speaking on behalf of a group of developing countries, members of the ITCB, stated that the group had met at Macao and had discussed the bilateral agreements concluded under MFA IV. He referred to the report containing the Chairman's summing-up of that meeting, which noted that MFA IV, negotiated against the background of extremely protectionist pressures in the United States, provided a number of possibilities for more restrictive measures, whereas the positive intentions were only vaguely phrased. The report went on to state that in a number of bilateral agreements the provisions for further restriction had been extensively invoked, while substantive improvements remained to be seen. With regard to the bilateral agreements concluded by the EEC, whilst they provided for some improvements, the invocations of the basket exit mechanism had become a cause for grave concern. In the case of the United States, not only had the number of categories under restraint been increased, but also aggregate and group limits had been applied, with market access tightened and fibre coverage extended. There was also the danger that the implementation by the United States of the Harmonized System, which was supposed to be trade neutral, might lead not only to substantial tariff increases, but also to adverse changes in product classification and coverage.

9. Speaking as the representative of Indonesia, he also noted that the TSB report (COM.TEX/SB/1316) was factual and did not provide evidence of the restrictive application of MFA or of the extent of liberalization. It was his observation, however, that Austria had reduced the number of quotas

in almost all the agreements, had not introduced new restrictions and, in most cases, improved growth rates, though they continued to be less than 6 per cent. The EEC had retained the previous pattern of its agreements, with comprehensive product coverage but without aggregate or group ceilings and had not included the additional fibres. The EEC had reduced the number of quotas, and in the case of Bangladesh and Uruguay the previous quotas had been removed. Quotas had been introduced in very few cases, while OPT levels had been added in the agreements with ASEAN countries. The Community continued to provide growth of less than 6 per cent in the most sensitive product group, but in almost all cases, the growth and flexibility rates had been improved upon. The provisions pertaining to basket exit and circumvention continued to exist with the Community being empowered to take unilateral action, trigger points had been improved upon and the anti-surge clause had been modified in accordance with the Protocol. A new provision had been made for automatic transfer of certain portions of the regional quotas from one member state to another. In respect of Finland, he stated that the new agreements maintained the selective pattern of restrictions on apparel items with a few quotas being eliminated in some of the agreements. The growth rates had been improved for all quotas, though they continued to be less than 6 per cent, and the flexibility provisions were in accordance with Annex B.

10. Referring to the United States, he noted that agreements with most countries were comprehensive including quotas on the new fibre products. Group and aggregate limits had been introduced more extensively. A number of new items had been placed under restrictions while few quotas had been eliminated. Growth rates were generally less than 6 per cent in agreements with the major exporters and 6 per cent for the others. Flexibility provisions were generally in accordance with Annex B. Commenting on the Canadian agreements, he noted that these were much more restrictive than under MFA III with extension of coverage to include new fibres and the invocation of the anti-surge clause. Referring to the report of the TSB, he noted that the Body had applied paragraph 27 of the 1986 Protocol to address problems of interpretation of the relevant provisions of the Agreement. The Body had addressed the matter of outward processing trade, and the provisions of paragraph 26. In his view there was also a continuing problem with the interpretation of Article 4. He also commented on the use of aggregate limits which had been applied in an increasing number of agreements and felt that although such agreements might have been concluded on mutually acceptable terms, these terms should, in any case, be in accordance with the MFA.

11. The representative of Egypt noted that the TSB report was incomplete because many bilateral agreements had not been notified to the Body which made it difficult to properly review the operation of the 1986 Protocol. He noted that although the 1986 Protocol contained certain improvements, these could be measured only in the actual application of the Arrangement. In this regard, he had noticed certain improvements in bilateral agreements, nevertheless, some provisions of the Protocol had not been fully respected, particularly those relating to countries falling within

the provisions of Article 6. He expressed the view that the importing countries should refrain from imposing restrictions on this group of countries in view of the provisions of paragraph 13 of the 1986 Protocol. It was his hope that improvements would continue to be made in bilateral agreements and that such trend should not be reversed, as this would ensure a successful outcome of the Uruguay Round. He expressed concern over the bills submitted to the United States Congress and welcomed the assurances from the United States' Administration that such bills would be opposed.

12. The representative of Mexico referred to COM.TEX/54 and stated that Mexico would soon be in a position to submit information to the Sub-Committee on Adjustment. He was of the opinion that the Textiles Committee should be informed of developments in the Negotiating Group on Textiles and Clothing, and vice versa. Given the links between the two bodies, he felt that such two-way communication would provide a global vision of the state of affairs and better transparency. He suggested that an item dealing with this question should be included in the agenda for the next meeting of the Textiles Committee.

13. The representative of Korea stated that restraints on trade in textiles and clothing had intensified under MFA IV. He said that although one of the objectives of the Uruguay Round was the integration of textile trade into the GATT system, this trade had become more and more restricted since the Punta del Este Declaration, with group limits and an extremely large number of new fibre products being included in new agreements. In addition, provisions for exceptional cases as well as measures outside the MFA had been invoked frequently which, in his view, were not consistent with the objectives of the Uruguay Round. He stated that the growing protectionist trends lacked logic or rationale in view of the current market conditions in the developed countries. Referring to COM.TEX/W/198, he noted that demand, production, employment and trade in textiles and clothing in the major developed countries had improved in the recent period. The annual change in consumer expenditure on clothing in the United States and the EEC had increased from 4 to 7 per cent and from 1.5 to 3 per cent respectively between 1985 and 1986. The annual change in production of textiles and clothing in the EEC had increased from 2 to 2.5 per cent and from 1 to 2 per cent respectively during the same period, while the annual change in production of textiles and clothing in the United States increased from -1 to 9.5 per cent and from -2 to 2.5 per cent between 1985 and 1986. In addition, the downward trends in employment in the United States and in the EEC had been arrested. He also noted that the market share of developed countries in world textile and clothing trade had been increasing while that of developing countries had been declining. The market share of developed countries in textiles had increased from 53.7 to 56 per cent between 1984 and 1986, while that of developing countries had decreased from 35.4 to 33.5 per cent. In clothing, the market share of developed countries had increased from 21.9 to 23.6 per cent between 1984 and 1986 whereas that of developing countries had declined from 69.4 to 66 per cent. He pointed out that Korea's share of the world market for textiles and clothing had declined from 5.1 to 4.59 per cent and from 12.44 to 11.54 per cent, respectively, between 1984 and 1986. He was of the opinion that the progress of work in the Textiles Committee and in the Uruguay Round should be expedited.

14. The representative of Hong Kong noted that a new generation of bilateral agreements, concluded in the wake of the renegotiation of the MFA, had been reviewed by the TSB. As regards trade, he observed that it had been a year of sustained performance and growth in some areas; however, because of the nature of the restraints and their selective application, not all participants had benefited to the same degree from the expansion of the market. He recalled the influence of the Jenkins Bill on the negotiation of MFA IV last year and that the vote to override the presidential veto of this bill was only narrowly defeated. He also noted that during the year a long shadow had been cast by protectionist legislative proposals before the United States Congress. Despite the conclusion of a more restrictive MFA, the increased restraints in the new bilaterals, and the apparent boom in the United States' textile and clothing market, in which the domestic industry had a healthy share, the Textiles and Apparel Trade Act was introduced into the Congress in February 1987. He expressed the view that there was hardly anything in that bill which could be regarded as consistent with the MFA or the GATT; nevertheless, this bill had passed the House of Representatives and was awaiting action in the Senate. He stated that many had expressed concern about these developments in different fora and had urged the United States Administration to continue its efforts to resist this sort of protectionist legislation which could have a very damaging effect not only on the textiles sector but also on the Uruguay Round and the world economy as a whole. He also noted that next year's presidential election in the United States was a further source of concern since, at such times, the industry lobbies sought assurances from presidential candidates which had, in the past, tended to condition the actions of administrations for several years to come. He stated that in the coming year, it would be particularly unfortunate if that sort of development clouded activities in Geneva as it would affect not just the MFA, but the GATT itself and the viability of the Uruguay Round.

15. He was of the view that the United States domestic industry was in a very healthy state: textile production increased by 9.5 per cent in 1986 and a further 9.5 per cent in the first half of 1987; profits rose by nearly 70 per cent in 1986; and capacity utilization was over 94 per cent in 1986 compared to about 80 per cent for the total manufacturing sector. He noted that the adverse balance of trade and the apparently increasing deficit in trade in textiles and clothing shown in COM,TEX/W/197 might give one impression, however, a fuller and more accurate picture of the whole situation was given in COM,TEX/54 where the domestic industry's output could be compared with imports, exports and the whole market. He observed that the United States market was expanding and the domestic industry was sustaining and even slightly increasing a very substantial share of the world's largest market: in the textiles industry the United States has 95 per cent of the market and in the apparel industry about 81 per cent. He concluded that this was a very healthy industry with a very large share of the largest market yet it was still claiming that there existed a case for increased restriction of a radical nature to be legislated at a time when the United States was committed to negotiate in the Uruguay Round for liberalization and the regularization of the textiles régime within the GATT. He expressed the earnest hope that the United States Administration would continue to resist protectionist pressures.

16. Referring to the report of the TSB, he noted that the use of group and aggregate limits had increased in the new generation of agreements and they were biting into the sum of the specific limits in some cases. This, he felt, was inconsistent with the MFA which was based on market disruption concerning particular products from particular sources. He considered that this was a serious development which ought to be looked at more closely. He proposed that the TSB be asked to examine this situation and the consistency of aggregate and group limits as they are used under the present generation of bilateral agreements with the letter and spirit of the MFA and report their findings to this Committee in due course. This proposal was supported by some other delegations.

17. The representative of China referring to the report of the Textiles Surveillance Body, drew attention to two elements which, he felt, characterized the implementation of MFA IV, namely, the expansion of product coverage to include other vegetable fibres and silk blends and the mass introduction of aggregate or group limits. He felt that the large-scale application of aggregate or group limits, which was not in conformity with the MFA, required further examination as such limits sought to restrict all textile and clothing items from a particular source to designated levels, without necessarily justifying that a case of market disruption existed for each of the categories. He noted some positive aspects reflected in the TSB report, particularly in the area of special treatment for some least developed countries and provisions relating to growth rates and flexibility in some of the bilateral agreements. He observed that protectionism had not subsided during MFA IV, the textile trade bill in the United States was still pending, and the Negotiating Group on Textiles and Clothing had yet to gain momentum. He believed that negotiation for eventual integration of textile trade into the GATT system would only become meaningful if the protectionist pressures were effectively resisted.

18. The representative of Uruguay stated that his country had concluded bilateral agreements with the EEC, Canada and the United States. He pointed out that the agreement with the EEC removed prior limitations, while the agreement with Canada provided higher increases in base levels and growth rates than the earlier agreement, all of which was consistent with paragraph 14 of the 1986 Protocol. He also noted that paragraph 14 had been reflected in the agreement with the United States, in that levels were substantially better than in the earlier agreements. He expressed concern at the generally increasing restrictiveness of agreements under MFA IV as well as the draft textiles legislation currently before the United States' Congress. He referred to the statistical reports, COM.TEX/W/197 and /198 and suggested that these documents could be improved by the addition of a section providing information and data on international trade in woollen textile and clothing products. He stated that countries which produce and export woollen products were subject to special terms of competition and market access and it would be very helpful if in the future a section on woollen textiles trade could be provided in the statistical data.

19. The representative of India stated that, although the report of the TSB was incomplete in some respects it gave the impression that with each extension of the MFA, rather than providing for progressive liberalization of trade in textiles and clothing, it had become almost axiomatic that any exports of textiles and clothing were a threat to the importing country and a source of market disruption. He felt that the latest generation of bilateral agreements confirmed this impression, with the vast array of specific, group and aggregate limits which bound down trade in textiles and clothing in contravention of the fundamental principals of the MFA. In assessing the situation of production, employment and trade in textiles and clothing, he stated that it was clear that these sectors of the world economy were booming and, consequently, there was no justification in the major importing countries for the continued protectionist pressures, particularly in the current United States legislative proposals. He said that the efforts of the United States Administration to contain and resist these pressures and the clear recognition on their part that these were unwarranted, were encouraging. He stated that the very fact that the textile and clothing sectors were booming, rendered even more meaningless the continuation of the MFA. In this regard he felt that the Negotiating Group on Textiles and Clothing was the appropriate forum for deliberations on developing modalities for the return of trade in this sector to the fold of the GATT under strengthened rules and disciplines and he looked forward to meaningful and concrete progress in this regard in 1988.

20. The representative of Turkey noted that since the 1986 Protocol had come into force more than a year ago, many new bilateral agreements had been concluded and new limits had been introduced into existing agreements. He felt that in these new measures, however, the positive elements embodied in the MFA and the commitments undertaken in the Protocol of Extension to improve bilateral agreements had not been fully observed. Some of the major importing countries had adopted more restrictive policies and had disregarded certain important elements of the new Protocol, which envisaged stricter adherence to the discipline of Articles 3 and 4, and Annex A of the Arrangement, as well as the renewed commitment under paragraph 13 of the Protocol. He stated that consultation calls had been made under Article 3, particularly by a major importing country, when the performance of its textile and clothing industries was known to be very satisfactory, and without convincing evidence of market disruption in terms of Annex A. In his view, these calls were made to prepare the ground for unilateral action. Nevertheless, developing countries, with a sense of co-operation, had agreed to limit their exports to assist the importing countries in their fight against protectionist pressures. He stated, however, that a display of goodwill only on the part of the exporting countries was not always sufficient to reach agreed solutions and one major country had frequently resorted to unilateral action to keep exporting countries under pressure to settle for an unsatisfactory access level or to force them to accept conditions which were not provided for in the Arrangement. He expressed the hope that importing countries would co-operate fully in finding a long-term solution within the Uruguay Round to permit the integration of textiles and clothing into the framework of GATT rules and

disciplines, and at the same time would adhere to the objectives and disciplines of the MFA and implement faithfully the positive commitments undertaken in the 1986 Protocol. He urged the Textiles Surveillance Body to see to it that the provisions of the Arrangement were fully complied with.

21. The representative of Pakistan drew attention to three areas of concern in bilateral agreements concluded under MFA IV, namely, the introduction of group and aggregate limits in the agreements concluded by one country which previously did not invoke these mechanisms; the generally comprehensive nature of the agreements concluded by that country; and the extension of coverage to additional categories without due regard to the existence of market disruption or risk thereof. He also drew attention to the practice of intensifying restrictions subsequent to the conclusion of restrictive bilateral agreements and, in this regard, noted that in the case of the United States, thirty-eight requests for consultations under Article 3 had been made, and embargoes imposed on many occasions. In the case of the EEC, the basket exit mechanism had been invoked sixteen times, including four occasions in the case of his country. It was his understanding that Sweden had invoked Article 3 on three occasions. Referring to COM.TEX/54, he stated that data would indicate that the United States textiles industry was booming and against that background he wondered whether restrictions could be justified, particularly if such restrictions would bring the growth of imports in volume terms to a negative figure. In regard to the United States industry situation, he noted that capital expenditure had increased by 9 per cent, capacity utilization by 7 per cent, profits by some 1.5 per cent, employment by 1.5 per cent and man-hours by 0.7 per cent. He also expressed the hope that during the conversion to the Harmonized System, the present access levels would not be compressed and this process would not result in an intensification of restrictions. He agreed with the suggestion put forward by another delegation that the ITB should examine the question of the need to restrict the group and aggregate limit in bilateral agreements with the provision of the MFA.

22. The representative of the EEC expressed the view that the Community had contributed to an increased opening of its market through improved flexibility in the implementation of the MFA, thereby increasing trade in products of vital importance to exporting countries. He stressed, however, that since the time at which the bilateral agreements had been negotiated, a number of circumstances had changed. First, there had been violent fluctuations in exchange rates which had changed fundamentally the competitiveness of the partners, secondly, the level of unemployment in the Community had not declined in spite of some economic recovery, and thirdly, the unsettled state of the financial markets and of the economies had increased market uncertainty. He noted that, in 1986, imports into the Community of textiles and clothing had increased by 18 per cent and in the first nine months of 1987, by 70 per cent; in the clothing sector the corresponding increases were 40 and 52 per cent respectively. He stated that the Community's attitude was being maintained in spite of this climate of uncertainty and such considerable increase of imports. Addressing

document COM.TEX/54 he noted the provisional and incomplete status of the data contained therein and stressed the need for further information because some countries, important in the production and trade of textiles, had provided either no submissions or very incomplete ones. He also noted that this document brought out the growing importance of China in the trade and production of textiles and clothing and in this regard he expressed understanding and support for the intention of China to participate in the work of the organs of the Arrangement. Referring to the comments made by some delegates with respect to the protectionist pressures in the United States, he noted and appreciated that the United States' Administration had firmly resisted these pressures. He also referred to the statistical reports and pointed out that the fluctuations of the dollar led to a bias in trade data if the figures were given only in value terms. He therefore, suggested that data should not be provided only in US dollars but also in volume terms with a view to enabling an accurate assessment.

23. The representative of Brazil expressed concern that the commitments embodied in the 1986 Protocol had not been fully complied with and that the bilateral agreements under MFA IV were not, in general, less restrictive than in the past. This he considered unjustifiable in view of the significant improvements over the last twelve months in the economic conditions in the major importing countries. He stated that unabated protectionist measures would endanger the success of the Uruguay Round, not only in the field of textiles but in other areas of negotiation. He urged members that apply restrictions under the MFA to respect the terms of the 1986 Protocol and take the necessary steps to allow for an early integration of the textile and clothing sectors into the GATT.

24. The representative of the United States said that the Administration in his country would continue to oppose vigorously the textile legislation which had been introduced in the Congress. He noted, however, that a large number of members of the United States Congress currently felt that the domestic situation called for some kind of legislation of that nature. Concerning the implementation of MFA IV, he said that he did not share the view expressed by some delegations that the Arrangement had been systematically disregarded, or that the importing countries had not met the provisions of the Protocol of Extension. He noted that textile trade was a major economic and political element in most MFA member countries. Referring to the trade data in COM.TEX/W/198, he said that over 50 per cent of textile, and 89 per cent of clothing imported into the United States came from developing countries, and that these imports were rising sharply. He did not feel that actions by any importing country had choked off trade in textiles, in fact, it was continuing to increase and to flourish. He stated that in the future, there would probably continue to be shifts in trade patterns caused by macro-economic and exchange rate considerations as much as by actions taken under the Protocol. In respect of the data before the Group, he noted that differences existed in some areas due to the differing sources and bases of measurement used and he felt that, at some point, an effort at data reconciliation might be helpful.

25. In concluding the discussion, the Chairman referred to two points which had been raised by a number of delegations. First, the continued presence of strong protectionist pressures, particularly in the United States and in this regard he noted the commitment of the United States' Administration to oppose such restrictive trade legislation. Second, the relationship between the operation of the MFA and the work which was being carried out in the area of textiles and clothing within the Uruguay Round. Referring also to the specific suggestions made by delegations, he listed them as follows: (a) that the TSB be requested to examine the consistency of the aggregate and group limits with the provisions of the Multifibre Arrangement, and to report thereon to the Textiles Committee; (b) that wherever possible textile trade data should be given not only in dollar terms but also in volume; (c) that trade information and data on woollen textiles and clothing, similar to those set out for cotton textiles in COM.TEX/W/197 and /198 be included in future reports; and (d) that an item be added to the agenda of the next Textiles Committee meeting concerning the progress of the work in the Negotiating Group on Textiles and Clothing. The Chairman proposed to the Committee that these suggestions be noted and carried as far as possible. As regards the suggested feedback of information from the Textiles Committee to the Negotiating Group, the Chairman also proposed that the documentation prepared for the present meeting should be made available to the Negotiating Group on Textiles and Clothing. In this regard the spokesman for the Community stated that the documentation for the Sub-Committee on Adjustment, being incomplete and lacking contributions from some members, was not sufficient as a basis for fruitful discussion in other groups. The Chairman of the Sub-Committee on Adjustment stated that COM.TEX/54 was a compilation of submissions provided by participants, with no effort at this stage on the part of the Secretariat to carry out any synthesis or analysis and that this document would be made available to the Negotiating Group on the same basis as it had been made available to the Textiles Committee. He also noted that those who had submitted information and all those who were expected to submit information were members of both the Textiles Committee and the Negotiating Group. The Chairman, noting that the negotiating plan of the Negotiating Group on Textiles and Clothing provided that the reports in question could make a useful contribution to the work of that Group, concluded that the documents prepared for the Textiles Committee would be made available to the Negotiating Group on Textiles and Clothing and added that delegations would have the opportunity to raise their concerns in that forum if they so wished.

A bis: A Proposal by China Concerning TSB Membership

26. The Chairman drew the attention of the Committee to a communication received from the People's Republic of China set out in document COM.TEX/W/199. The government of China, referring to Paragraph 23 of the 1986 Protocol, proposed that as from January 1988 the membership of the TSB be increased and requested that this proposal be examined at the current meeting. The Chairman advised the Committee that, upon receipt of the communication, he had conducted informal consultations with a number of delegations. The discussions which took place in these consultations made

it clear that the importance of China as a textile and clothing trading nation was recognized and that, accordingly, its participation in the work of the TSB was to be considered with great sympathy. At the same time, it was apparent from these consultations that the short span of time available to participants was not sufficient to permit them to reach a conclusion in respect of the request made by China. He added that, in the course of the consultations, different ideas and approaches had been explored, but on a very tentative basis and for this reason he felt that there was a need to push further such consultations. He, therefore, proposed that the Committee take note of the consultations which had taken place so far and entrust him with the task of further pursuing these consultations, a task which he intended to commence early next year. He also pointed out that when the consultations had led to a response to the proposal put forward by China, the matter would have to be considered by the Textiles Committee at a future meeting. In this regard, he felt that no specific date for such a meeting should be fixed at present. The Chairman's proposal was accepted by the Committee.

Agenda Item B: Membership of the Textiles Surveillance Body for the Year 1988

27. Bearing in mind the discussions under Agenda Item A.bis, the Chairman proposed and the Committee accepted that the membership of the TSB for 1988 would be composed of members nominated by: Canada, EEC, Egypt, Indonesia, Japan, Korea, Mexico and the United States.

Agenda Item C: Other Business

Date of next meeting

28. It was agreed that the Chairman would set the date of the next meeting after consultations with delegations.