

# GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/60

1 May 1989

## TARIFFS AND TRADE

Special Distribution

### Textiles Committee

#### REPORT OF THE COMMITTEE MEETING

HELD ON 26 APRIL 1989

Chairman: Mr. A. Dunkel

1. The Textiles Committee held its fifth meeting under the 1986 Protocol of Extension on 26 April 1989, and adopted the agenda for the meeting, set out in GATT/AIR/2764 dated 19 April 1989, as follows:

- A. Proposal by China concerning membership of the Textiles Surveillance Body (See COM.TEX/59, section D);
- B. Other Business including dates for future meetings.

#### Agenda Item A: Proposal by China

2. The Chairman recalled that the Committee, at its last meeting in December, was not in a position to reach a decision in respect of the proposal made by China concerning membership of the Textiles Surveillance Body (TSB). He was thus entrusted with the task of carrying out consultations with a view to finding a mutually satisfactory solution not later than 15 May. As a result of these consultations the Chairman put to the Committee the following draft decision:

I. The Textiles Committee considered the proposal by China concerning the membership of the Textiles Surveillance Body.

II. The Committee noted that paragraph 23 of the 1986 Protocol Extending the Arrangement Regarding International Trade in Textiles provides for an examination of the possibility of an increase in the number of the members of the Textiles Surveillance Body.

III. The Committee, having carried out this examination, and subject to the procedures set out in paragraph 4 below, decides that paragraph 23 of the 1986 Protocol should be replaced by the following text:

"with effect from 1 August 1989 and for the remaining period of the 1986 Protocol, the Textiles Surveillance Body shall consist of a Chairman and ten members."

IV. This amendment shall enter into force with effect from 1 August 1989 through an additional Protocol to the 1986 Protocol, unless a party to the Arrangement communicates to the Director-General of the GATT as the depository of the Arrangement, not later than 30 June 1989,<sup>1</sup> its objection to this amendment.

V. If any such objection is communicated to the Director-General of GATT, the Textiles Committee will meet immediately to consider the matter.

VI. The Committee decides to extend the present membership of the Textiles Surveillance Body until 31 July 1989.

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<sup>1</sup>The date of 30 June was changed to 15 July. (See paragraph 5 and Annex 1.)

3. The spokesman for the EEC expressed satisfaction with the Chairman's proposal which, he stated, would both satisfy China's request and implement paragraph 23 of the 1986 Protocol. He noted that the Community had advocated such solution since the request was originally made in November 1987, and expressed the hope that the proposed procedures would make it possible for the change to come into force on 1 August 1989. He stated that the process for the approval of the instrument by the competent authorities of the Community would start without delay. However, he was concerned that it might not be possible, for technical reasons, to complete such a process by 30 June 1989, the date set out in paragraph IV of the draft decision. He, therefore, asked if more time could be provided.

4. The Chairman noted that the 30 June deadline had been set after consultations, the reason being to allow sufficient time if, contrary to all expectations, a further meeting of the Committee was warranted before the date of 1 August 1989. Nevertheless, to meet the Community's concern regarding its internal procedure, he suggested for the consideration of the Committee that the date of 30 June be changed to 15 July 1989.

5. The Committee adopted the draft decision put forward by the Chairman as amended, i.e., the date of 30 June 1989 set out in paragraph IV thereof was changed to 15 July 1989.

6. As regards the membership of the TSB for the period 1 August 1989 to 31 July 1990, the Chairman announced that the TSB would be composed of members nominated by Brazil, Canada, China, the EEC, Indonesia, Japan, Hong Kong, Pakistan, Sweden and the United States. The Chairman noted that he was raising the question of the enlarged composition of the TSB at the present meeting since no further meeting of the Committee was scheduled to take place before 31 July 1989. However, the Committee's decision on the enlargement would be taken bearing in mind paragraph V of the decision set out in paragraph 2 above. The Committee endorsed the composition of the TSB as announced by the Chairman.

7. The representative of China expressed the appreciation of his delegation for the efforts deployed by the Chairman and the support received from members of the Committee which made the decision possible. He expressed the hope that the enlargement of the TSB would enter into force on 1 August 1989 and assured the Committee that the member to be designated by China would contribute positively to the future work.

8. The representative of Hungary, speaking on behalf of the European exporting countries members of MFA, welcomed the decision to enlarge the TSB and to ensure a balanced and broadly representative membership. In this context he was pleased that China would be participating in the TSB for the year 1989/90. He also stressed the firm expectation and wish of the European exporting countries for which he spoke to be represented on the TSB in the future, and definitely in the year 1990/91. He stated that he did not consider the decision on the membership for the 1989/90 period in any way to prejudice the legitimate request of these countries. Furthermore, he expressed the hope that the nomination of members on the TSB from exporting countries in the future would bear the consent of all exporting countries.

9. The representative of Indonesia expressed satisfaction that the participation of China in the work of the TSB had finally been achieved. He stated that the enlargement route was taken since the four seats allocated at present to the exporting countries could not accommodate all those interested in participating in the TSB. He noted that exporting countries, members of the ITCB, had fully supported China's efforts to participate in the TSB with the tacit understanding that China would alternate with those other ITCB members which had never been able to participate. He also noted Hungary's statement voicing the interest of European exporting countries in participating in the TSB. In concluding, he drew the Committee's attention to Article 9 of the MFA and stated that in the final two years of the 1986 Protocol, the TSB should monitor and take necessary actions to ensure that participating countries refrained from taking additional trade measures which might have the effect of nullifying the objectives of the MFA.

10. The representative of Bangladesh heartily welcomed China's participation in the TSB in 1989/90. He further stated his country's interest in becoming a TSB member at some future date.

11. The Chairman, in response to a request made by the representative of Brazil earlier in the discussion, put before the Committee a draft text of the amendment Protocol. He noted that, in line with the change in the date made in paragraph IV of the Committee's decision, i.e., from 30 June to 15 July, a corresponding change should also be made in the draft Protocol. The Chairman noted that once this draft text was approved by the Committee, it would constitute the text of the amendment Protocol.

12. The Committee approved the draft of the amendment Protocol, the final text of which is set out in Annex 2 to this report. For easy reference, the decision adopted by the Committee is also reproduced in Annex 1.

13. The representative of Japan expressed satisfaction with the solution to the proposal by China and welcomed its participation in the work of the TSB. He stated that Japan joined the consensus on the substance of the amendment to the 1986 Protocol but on the legal procedure he felt that only the participating countries and not the Textiles Committee could authorize amendment of the MFA or the 1986 Protocol. He considered that the fact that all MFA participants had explicitly and in advance agreed to adopt the procedure set out constituted a legal basis for amending the 1986 Protocol. However, the procedure set out for the entry into force of the amendment Protocol lacked precision and clarity as to the means of expressing the participants' consent to be bound by an international agreement. He stated, therefore, that it was his understanding that the procedure followed this time would not constitute a precedent and not be used in the future.

14. The Chairman pointed out in this respect that the legal procedures followed on this occasion had been carefully considered.

Agenda Item B: Other Business including dates for future meetings

15. The Chairman noted that the annual review of the operation of the MFA this year would be the major review in the light of its operation in the preceding years, pursuant to Article 10(4) of the MFA. He recalled that on

previous occasions the major review had been held very late in the year and, consequently, had been considered by the CONTRACTING PARTIES only in the following year. He, therefore, suggested that the Textiles Committee's major review in 1989 be held in good time before the meeting of the CONTRACTING PARTIES in order for them to have the benefit of the Committee's report. Accordingly, he proposed and the Committee accepted, that the Textiles Committee's meeting be held in October, with the specific date to be set in consultation with delegations.

16. In conclusion, the Chairman said that, given the nature of the present meeting, the report thereon would be circulated as a final document.

ANNEX 1

TEXTILES COMMITTEE

Decision Adopted by the Textiles Committee at its Meeting  
Held on 26 April 1989

I. The Textiles Committee considered the proposal by China concerning the membership of the Textiles Surveillance Body.

II. The Committee noted that paragraph 23 of the 1986 Protocol Extending the Arrangement Regarding International Trade in Textiles provides for an examination of the possibility of an increase in the number of the members of the Textiles Surveillance Body.

III. The Committee, having carried out this examination, and subject to the procedures set out in paragraph 4 below, decides that paragraph 23 of the 1986 Protocol should be replaced by the following text:

"with effect from 1 August 1989 and for the remaining period of the 1986 Protocol, the Textiles Surveillance Body shall consist of a Chairman and ten members."

IV. This amendment shall enter into force with effect from 1 August 1989 through an additional Protocol to the 1986 Protocol, unless a party to the Arrangement communicates to the Director-General of the GATT as the depository of the Arrangement, not later than 15 July 1989, its objection to this amendment.

V. If any such objection is communicated to the Director-General of GATT, the Textiles Committee will meet immediately to consider the matter.

VI. The Committee decides to extend the present membership of the Textiles Surveillance Body until 31 July 1989.

ANNEX 2

26 April 1989

PROTOCOL AMENDING THE 1986 PROTOCOL  
EXTENDING THE ARRANGEMENT REGARDING  
INTERNATIONAL TRADE IN TEXTILES

The Parties to the Arrangement Regarding International Trade in Textiles,  
Recalling the Decision of the Textiles Committee adopted on 26 April 1989,  
Hereby Agree as follows:

1. Paragraph 23 of the 1986 Protocol shall be replaced by the following text:

"With effect from 1 August 1989 and for the remaining period of the 1986 Protocol, the Textiles Surveillance Body shall consist of a Chairman and ten members."

2. This Protocol shall enter into force with effect from 1 August 1989, unless a party to the Arrangement communicates to the Director-General of the GATT as the depository of the Arrangement, not later than 15 July 1989, its objection to this Protocol.