

Textiles Monitoring Body

REPORT OF THE THIRTY-FIRST MEETING

1. The Textiles Monitoring Body held its thirty-first meeting on 21 to 23 May 1997.
2. Present at this meeting were the following members and/or alternates: Mrs. Berrig/Messrs. Tadpitakkul; Kim; Malik; Mukerji/Ms. Shahin; Miss Orozco Jaramillo; Messrs. Richards; Saeki; Saint-Jacques/Wentzel; Tagliani.
3. The TMB adopted the report of its thirtieth meeting (G/TMB/R/29).

Notification under Article 2.1 of the Agreement on Textiles and Clothing (ATC)

4. The TMB took note of an addition made by the United States to its notification under paragraph 1 of Article 2, following the consent by the United States to the application between the United States and Romania of the WTO Agreement and the Multilateral Trade Agreements in Annexes 1 and 2. The notification listed all quantitative restrictions maintained by the United States on imports from Romania in force on the day before the implementation of the decision by the United States to apply the WTO Agreement and the Multilateral Trade Agreements in Annexes 1 and 2 to Romania. The TMB understood that the growth rates in this notification would be increased annually, in accordance with paragraphs 13 and 14 of Article 2 of the ATC, as from the date of entry into force of the WTO Agreement between the United States and Romania (G/TMB/N/63/Add.10).

Notifications under Articles 2.8(a) and 2.11 of the ATC

5. The TMB reviewed under paragraph 21 of Article 2 the notification made, pursuant to paragraphs 8(a) and 11 of Article 2, by the European Community (G/TMB/N/207 and Add.1). It noted that, in accordance with paragraph 8(a) of Article 2 the volume of imports of the products to be integrated amounted to 17.99 per cent¹ of the total volume of imports into the European Community in 1990 of the products falling under the coverage of the Agreement. Products from each of the four groups referred to in paragraph 8(a) of Article 2 would be integrated, which would represent the following percentages of the volume of imports in 1990 in the European Community: tops and yarns (11.63 per cent), fabrics (2.22 per cent), made-up textile products (2.06 per cent) and clothing (2.09 per cent). The TMB noted that the European Community would integrate 23 EC product categories, of which four of tops and yarns, four of fabrics, six of made-up textile products and of nine of clothing. The TMB further noted that 12 EC categories with respect to which the European Community maintained restrictions under the ATC had been included in the integration programme and that, therefore, such

¹As a consequence of the review of the issues raised by Colombia with respect to particular elements of the integration programme notified by the European Community pursuant to paragraphs 6 and 7(a) of Article 2 (see G/TMB/R/29, paragraphs 5 to 42 and 45), the shares indicated may have to be revised upwards.

restrictions would be eliminated on 1 January 1998. Restraints on these 12 EC categories affected overall five WTO Members.

6. The TMB reviewed under paragraph 21 of Article 2 the notification made, pursuant to paragraphs 8(a) and 11 of Article 2, by the United States (G/TMB/N/213, Corr.1 and Add.1). It noted that, in accordance with paragraph 8(a) of Article 2 the volume of imports of the products to be integrated amounted to 17.03 per cent of the total volume of imports into the United States in 1990 of the products falling under the coverage of the Agreement. Products from each of the four groups referred to in paragraph 8(a) of Article 2 would be integrated, which would represent the following percentages of the volume of imports in 1990 in the United States: tops and yarns (8.0 per cent), fabrics (2.51 per cent), made-up textile products (4.54 per cent) and clothing (1.98 per cent). The TMB noted that the United States would integrate 38 US product categories in their entirety (one of fabric, three of made-ups and 34 of clothing), and 12 US product categories partially (one of yarns, six of made-ups and five of clothing). The TMB further noted that 24 US categories or parts of categories with respect to which the United States maintained restrictions under the ATC had been included in the integration programme and that, therefore, such restrictions would be eliminated on 1 January 1998. Restraints on these 24 US categories or part of categories affected overall 14 WTO Members. Some of the restraints which would be eliminated were in the form of specific limits (i.e. the categories themselves were under quantitative limit), while, in some other cases, the category integrated was, prior to its integration, subject to a quantitative restriction because, although the category itself was not under specific limit, it fell under an aggregate or group limit.

7. On the basis of additional information received in response to requests by the TMB, the Body reverted to its review under paragraph 21 of Article 2 of the notifications made, pursuant to paragraphs 8(a) and 11 of Article 2, by Canada and Norway and, seeking further information and clarification from them, decided to revert to its review at a subsequent meeting.

8. The TMB reviewed under paragraph 21 of Article 2 the notifications made, pursuant to paragraphs 8(a) and 11 of Article 2, by Bolivia (G/TMB/N/230), Costa Rica (G/TMB/N/220 and Corr.1), the Czech Republic (G/TMB/N/208 and Corr.1), Egypt (G/TMB/N/221), India (G/TMB/N/224), Japan (G/TMB/N/215), Malaysia (G/TMB/N/237), Malta (G/TMB/N/229), Mauritius (G/TMB/N/242), Peru (G/TMB/N/226 and Add.1), the Philippines (G/TMB/N/205), Romania (G/TMB/N/222 and Add.1), Sri Lanka (G/TMB/N/239) and Venezuela (G/TMB/N/233/Rev.1). During this review the TMB noted that, in accordance with paragraph 8(a) of Article 2, the volume of products integrated amounted to the following percentage² of 1990 imports of the products falling under the coverage of the Agreement (unless otherwise specified): Bolivia (17.63 per cent of imports of textiles and clothing), Costa Rica (17.00 per cent), Czech Republic (17.02 per cent of 1993 imports), Egypt (17.04 per cent), India (17.08 per cent of imports from April 1990 to March 1991), Japan (17.00 per cent), Malaysia (17.13 per cent of the value of imports), Malta (17.13 per cent), Mauritius (17.25 per cent of the value of imports), Peru (17.04 per cent), the Philippines (17.22 per cent), Sri Lanka (17.01 per cent of the value of imports), and Venezuela (17.11 per cent). With respect to Romania, while noting that Romania had notified for the second stage of integration products which accounted for 6.40 per cent of the value of 1990 imports of textiles and clothing, the TMB took note of the statement by Romania that "for the purpose of Article 6 application, Romania notified on 1 March 1995, under the paragraphs 6 and 7(b) of Article 2, the first stage of integration which covered more than 40 per cent of the value of textile imports in 1990; the value of the imports exceeding the minimum required for the first stage of integration was to be regarded as an advanced implementation of the next stages provided in the

²The shares indicated for some Members may have to be revised upwards (see G/TMB/R/29, paragraphs 43 to 45).

ATC. Romania's notification on the second stage of integration [...] should be considered in that context". The TMB also noted that in each notification, in accordance with paragraph 8(a) of Article 2, the products integrated included products from each of the four groups: tops and yarns, fabrics, made-up textile products and clothing. With regard to those notifications mentioned above for which the calculation of the share of the products integrated had been made on the basis of value, or of volume of imports of a different base year other than 1990, the TMB ensured that no better data were available and that the Members concerned had followed the same approach as for the notification they had made pursuant to paragraphs 6 and 7(b) of Article 2.

9. The TMB reverted to, or began, its review under paragraph 21 of Article 2, of the notifications made, pursuant to paragraphs 8(a) and 11 of Article 2, by Argentina, Brazil, Colombia, the Dominican Republic, El Salvador, Hungary, Indonesia, Korea, Liechtenstein, Mexico, Morocco, Nicaragua, Pakistan, Poland, Saint Kitts and Nevis, the Slovak Republic, Slovenia, Switzerland, Thailand, Tunisia, Turkey and Uruguay and, seeking further information and clarification from them, decided to revert to its review at a subsequent meeting.

Notification under Articles 2.8(b), 2.10 and 2.11 of the ATC

10. The TMB started its review under paragraph 21 of Article 2 of the programme of integration notified pursuant to paragraphs 8(b), 10 and 11 of Article 2 by Turkey and, seeking further information and clarification, decided to revert to its review at a subsequent meeting.

Notifications under Article 2.17 of the ATC

11. The TMB resumed and concluded the review, pursuant to paragraph 21 of Article 2, of the administrative arrangements concluded between the European Community and Argentina, Hong Kong, India, Indonesia, Korea, Macau, Malaysia, Pakistan, Peru, the Philippines, Singapore, Sri Lanka and Thailand, respectively (G/TMB/N/251 to 263). Recalling that according to paragraph 17 of Article 2 "administrative arrangements deemed necessary in relation to the implementation of any provision of [Article 2], shall be a matter for agreement between the Members concerned", the TMB noted that the administrative arrangements notified had been, as required, bilaterally agreed between the European Community and the other Members concerned.

12. The TMB observed that respectively India, Indonesia, Korea, Macau, Malaysia, Pakistan, Peru, the Philippines, Singapore, Sri Lanka, Thailand, and the European Community, had negotiated administrative arrangements under paragraph 17 of Article 2 which reproduced certain provisions of previous bilateral agreements covering trade in textile products between the European Community and those Members. In the case of Argentina, the European Community had notified the provisions of the previous agreement between the European Community and Argentina which, as agreed between those Members, would be notified as administrative arrangements under paragraph 17 of Article 2 of the ATC. The TMB also observed that the European Community and Hong Kong had, on the other hand, negotiated the text of a self-contained administrative arrangement.

13. Though the language of the administrative arrangements notified differed from each other, in substance they all addressed the same issues and included very similar provisions with respect to them. The arrangements encompassed issues such as: product classification, determination of origin, treatment of re-imports after processing and imports for re-export after the same, exchange of statistical information, co-operation in preventing circumvention, "regional concentration", consultation procedures, double-checking systems for products subject to restraints and administrative co-operation and, in the majority of cases, exemption of hand-made cottage industry products and traditional folklore handicraft products from quantitative restrictions provided that they met the criteria laid down in the respective arrangements.

14. The TMB recalled that, pursuant to paragraph 17 of Article 2, Members can agree on administrative arrangements as deemed necessary in relation to the implementation of the provisions of this Article. It recognized that a number of provisions in the administrative arrangements notified, designed to ensure the proper administration of the restrictions notified under paragraph 1 of Article 2, fell within the parameters defined in paragraph 17 of Article 2. It observed, however, that not all the provisions in these arrangements were fully related to the implementation of the provisions of Article 2 of the ATC, but could have been addressed in some of its other Articles. It noted that the European Community and the Members concerned had deemed it necessary to include in the administrative arrangements provisions of the previous bilateral agreements which could have a potential effect on the implementation and administration of quantitative restrictions notified by the European Community pursuant to paragraph 1 of Article 2. In addition, the attention of the TMB was drawn to the provisions of the European Community's implementing legislation on the common import regime for textile and clothing products, which clarified that the implementation of provisions such as the ones included in the administrative arrangements was not intended to constitute a derogation from the provisions of the ATC. In light of the above, the TMB expected that these administrative arrangements would be implemented by the respective Members in conformity with the relevant provisions of the ATC.

15. The TMB took note of the notifications of the administrative arrangements agreed between the European Community and Argentina, Hong Kong, India, Indonesia, Korea, Macau, Malaysia, Pakistan, Peru, the Philippines, Singapore, Sri Lanka and Thailand. This was without prejudice to the rights and obligations of WTO Members arising from the ATC.

16. The TMB decided to circulate these administrative arrangements to WTO Members for their information.

17. The TMB resumed its review of administrative arrangements notified by the United States pursuant to paragraph 17 of Article 2, including additional notifications received from the United States. The TMB decided to revert to its review at its next meeting.

Notifications under Article 3.1 of the ATC

18. The TMB reverted to its consideration of the notifications made pursuant to paragraph 1 of Article 3 by Mexico and Thailand, with respect to which the Body had decided in October 1995 to seek clarification. According to its notification, Mexico maintained a ban on imports of used clothing, which found its "basis and justification in the Protocol of Accession of Mexico to GATT 1947, which forms an integral part of GATT 1994 in accordance with Annex 1A, paragraph 1(b)(ii) of the Final Act of the Uruguay Round". The TMB sought additional information from Mexico with respect to the particular provision of the Protocol of Accession under which this import prohibition fell. In the absence of additional information from Mexico despite further reminders, the TMB decided to conclude the consideration of this notification, noting that Mexico had not provided the additional information which had been requested by the TMB (G/TMB/N/70).

19. According to the notification provided by Thailand, imports of silk yarn and jute bags into Thailand were subject to non-automatic import licensing "under to Article XVIII:C of the General Agreement on Tariffs and Trade". The TMB sought more detailed information from Thailand on this non-automatic import licensing system, including whether it had been notified to the GATT or to the WTO, for example pursuant to Section C of Article XVIII. In the absence of additional information from Thailand despite further reminders, the TMB decided to conclude the consideration of this notification, noting that Thailand had not provided the additional information which had been requested by the TMB (G/TMB/N/71).

Communication Received from Ecuador

20. The TMB took note of a communication by Ecuador that the measure affecting textile imports that had been established by a Ministerial Decision on 9 August 1996, and subject of a review by the TMB (G/TMB/R/23, paragraphs 9 to 18), had expired on 9 February 1997.

Preparation for the 1997 Comprehensive Report under Article 8.11 of the ATC

21. The TMB started its consideration of a possible structure for the comprehensive report on the implementation of the ATC during its first stage, to be transmitted to the Council for Trade in Goods in the context of the major review envisaged in paragraph 11 of Article 8 of the ATC.

Observations with Respect to Late Notifications

22. With respect to notifications addressed to the TMB after the respective deadlines foreseen in the ATC, the TMB reiterated that its taking note of late notifications was without prejudice to the legal status of such notifications.