

WORLD TRADE ORGANIZATION

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Textiles Monitoring Body

REPORT (1995) OF THE TEXTILES MONITORING BODY

1. The Textiles Monitoring Body (TMB) was established in order to supervise the implementation of the WTO Agreement on Textiles and Clothing (ATC), to examine all measures taken under its provisions and their conformity therewith, and to take the actions specifically required of it by that Agreement.

2. The composition of the TMB for the first stage of implementation of the Agreement (1995-1997) was decided by the General Council on 31 January 1995 (WT/L/26); Ambassador András Szepesi was appointed Chairman of the TMB for the same period. The list of TMB members and alternates is contained in paragraph 2 of G/TMB/R/1. Subsequent changes are noted in paragraphs 2 of G/TMB/R/3 and of G/TMB/R/5.

3. From the entry into force of the Agreement establishing the WTO until 17 November 1995, the TMB held seven formal meetings. The first meeting consisted of seven sessions on 8-9 and 23-24 March, 10-11 April, 15-19 May, 7-9 June, 4-6 and 12-13 July. The second meeting was held on 13-15 and 17-21 July, the third on 28 August to 1 September, the fourth on 12-15 September, the fifth on 25-28 September, the sixth on 16-20 October and the seventh on 13-17 November. Reports of the meetings are contained in G/TMB/R/1 to 5. The report of the seventh meeting will be circulated when adopted by the TMB. The TMB's findings, observations or recommendations were circulated shortly after their adoption by the TMB in notes prepared by the Chairman (G/TMB/1 to 5).

4. At the conclusion of its first meeting on 13 July the TMB adopted its working procedures, in accordance with paragraph 2 of Article 8 of the ATC (G/TMB/R/1, Annex).

5. The TMB received notifications under various articles of the ATC. The TMB agreed at its first meeting that notifications received pursuant to Articles 2.1, 2.2, 2.7 (a) and (b), 2.8 (a) and (b), 2.10, 2.11, 2.15, 3.1, 3.4, 6.1 and 7.2 of the Agreement would be circulated to WTO Members without delay, it being understood that the TMB could examine or review these notifications at a later stage (G/TMB/R/1, Annex, paragraph 4.2(a)). Such notifications are contained in documents G/TMB/N/1 to 131. The notifications examined or reviewed by the TMB during the period considered are listed below.

Notifications under Article 2.1: quantitative restrictions within bilateral agreements maintained under Article 4 or notified under Article 7 or 8 of the MFA in force on the day before the entry into force of the ATC

6. The TMB completed its review of the notifications received under this provision from the European Communities (G/TMB/N/60 and Adds. 1 & 2), Norway (G/TMB/N/61), Canada (G/TMB/N/62 and Add 1), and the United States (G/TMB/N/63, Adds. 1 to 4, and Corr. 1).

Notifications under Article 2.2: observations with regard to notifications made under Article 2.1

7. The TMB completed its review of the notifications made by Colombia (G/TMB/N/105), Hong Kong (G/TMB/N/106) and Korea (G/TMB/N/120). It noted that the observations made in these notifications had been taken into account in the Corrigendum or Addenda to the notifications made under paragraph 1 of Article 2 by the WTO Members concerned. The TMB decided to revert to its review of the notification made by Macau (G/TMB/N/108) at a later stage.

Notifications under Articles 2.6 and 2.7(a): first stage of integration into GATT 1994 of products covered by the ATC by Members maintaining restrictions falling under paragraph 1 of Article 2

8. The TMB began its review of the notifications made by the European Communities, Canada, Norway and the United States (G/TMB/N/ 1 to 5, including Addenda and Corrigenda) at its sixth meeting and, having sought and received further information and clarification (G/TMB/R/5, paragraph 5) finalized it at its seventh meeting.

Notifications under Articles 2.6 and 2.7(b): first stage of integration into GATT 1994 of products covered by the ATC by Members which have, pursuant to Article 6.1, retained the right to use the provisions of Article 6

9. The TMB reviewed the notifications made by Thailand, Turkey, Mexico, Korea, Brazil, El Salvador, Venezuela, Colombia, the Czech Republic, Peru, Costa Rica, Indonesia, Slovenia and Bangladesh. It began its review of the notifications made by Japan, Guatemala, Nicaragua, the Dominican Republic, Uruguay, India, Switzerland, Argentina, Poland, the Philippines, Paraguay, Romania, Pakistan, Honduras, Hungary, the Slovak Republic, Malaysia, Bolivia and Tunisia.

Notifications under Article 2.15: elimination of restrictions maintained pursuant to Article 2

10. The TMB reviewed the notification made by Norway (G/TMB/N/130). The TMB commended Norway for the early elimination of some of its restrictions maintained under this Agreement.

Notifications under Article 3.1: restrictions on textiles and clothing products (other than restrictions maintained under the MFA and covered by the provisions of Article 2), whether consistent with GATT 1994 or not

11. The TMB began consideration of the notifications made under this provision at its sixth meeting. It took note of some notifications and, having sought further information and clarification, decided to revert to the consideration of the other notifications at a later stage (G/TMB/R/5, paragraphs 6 to 9). The TMB noted that it had received no reverse notification under paragraph 4 of that Article.

Notifications under Article 6.1: Members not maintaining restrictions under Article 2 of the ATC and wishing or not to retain the right to use the provisions of Article 6

12. The TMB took note of the notifications made under Article 6.1 by the following WTO Members that they wished to retain the right to use the provisions of Article 6: Japan, El Salvador, Honduras, Colombia, Uruguay, Thailand, Guatemala, Nicaragua, Argentina, Brazil, Dominican Republic, Turkey, Mexico, Korea, India, Switzerland, Sri Lanka, Bangladesh, Poland, Egypt, Costa Rica, Philippines, Venezuela, Peru, Paraguay, Mauritius, Jamaica, Romania, Malaysia, Hungary, Pakistan, Czech Republic, Slovak Republic, Slovenia, Israel, Zambia, Indonesia, Kenya, Bolivia, South Africa, Malta, Trinidad and Tobago, Myanmar, Cyprus, Morocco, Senegal, Lesotho, Côte d'Ivoire and Tunisia. The TMB also took note of the notifications made by the following WTO Members that they did not wish to retain

the right to use the provisions of Article 6: Hong Kong, Macau, Singapore, Cuba, New Zealand and Chile.

Notifications under Article 6.10: transitional safeguard actions referred to the TMB

13. The TMB reviewed notifications made by the United States of its safeguard actions on imports of the following products:¹

- (a) cotton and man-made fibre pyjamas and other nightwear (US category 351/651) imported from Honduras (G/TMB/R/2, paragraphs 20 to 27);
- (b) cotton and man-made fibre underwear (US category 352/652) imported from Costa Rica, Honduras, Thailand and Turkey (G/TMB/R/2, paragraphs 5 to 19);
- (c) men's and boys' wool coats other than suit-type (US category 434) imported from India (G/TMB/R/3, paragraphs 6 to 12);
- (d) women's and girls' wool coats (US category 435) imported from India (G/TMB/R/3, paragraphs 13 to 19) and Honduras (G/TMB/R/3, paragraphs 27 to 32);
- (e) woven wool shirts and blouses (US category 440) imported from India (G/TMB/R/3, paragraphs 20 to 26) and Hong Kong (G/TMB/R/4, paragraphs 4 to 8).

In the course of its examination, the TMB heard presentations by the parties involved.

Notification under Articles 8.5 and 8.6

14. The TMB began the review of a notification made by Thailand on a question of principle raised in the context of the safeguard action introduced by the United States on imports of cotton and man-made fibre underwear (US category 352/652) (G/TMB/R/2, paragraphs 28 to 33, and paragraph 13(b) above).

Notification under Article 8.6

15. Following the TMB's conclusions made at its fourth meeting on the safeguard action taken by the United States on imports of women's and girls' wool coats (US category 435) from India (G/TMB/R/3, paragraph 19, and paragraph 13(d) above), India referred this matter to the TMB. The Body reviewed this matter at its seventh meeting; it could not make any recommendation in addition to the conclusions it had reached on 12-15 September 1995, nor could it reach a consensus on whether or not the restraint on category 435 could continue to be maintained in light of the absence of consensus on the existence of actual threat of serious damage. The TMB therefore considered its review of the matter under the relevant provisions of the ATC completed (G/TMB/5, paragraph 3).

Notifications under Article 8.10

16. Following the TMB recommendation made at its second meeting on the safeguard action taken by the United States on imports of cotton and man-made fibre pyjamas and other nightwear (US category 351/651) from Honduras (G/TMB/R/2 paragraph 27, and paragraph 13(a) above), the United States informed the TMB that this recommendation was still under active consideration. During

¹The outcome of the TMB reviews is contained in the Annex.

its fourth meeting, the TMB was informed and took note of the decision by the United States to rescind the measure (G/TMB/R/3, paragraph 33).

17. Following the finding made by the TMB at its fourth meeting on the safeguard action taken by the United States on imports of woven wool shirts and blouses (US category 440) from India (G/TMB/R/3, paragraph 26, and paragraph 13(e) above), India informed the TMB that it could not conform with this recommendation. The TMB reviewed this matter at its seventh meeting; it could not make any recommendation in addition to the conclusions it had reached at its meeting on 12-15 September 1995. The TMB therefore considered its review of the matter completed (G/TMB/5, paragraph 4).

Follow-up of TMB recommendations

18. The TMB was informed by both the United States and Honduras that, following the TMB recommendation made at its second meeting on the safeguard action the United States had taken on imports of cotton and man-made fibre underwear (US category 352/652) from Honduras (G/TMB/R/2, paragraphs 16 and 17, and paragraph 13(b) above), they had held consultations without reaching a common position. At its fourth meeting the Body was informed that both parties had arrived at a mutually agreeable resolution of this issue under paragraph 9 of Article 6 (G/TMB/R/3, paragraph 34).

19. The TMB received reports from both the United States and Costa Rica explaining that, following the TMB recommendation made at its second meeting on the safeguard action taken by the United States on imports of cotton and man-made fibre underwear (US category 352/652) from Costa Rica (G/TMB/R/2, paragraphs 16 and 17, and paragraph 13(b) above), it had not been possible to reach a mutually agreeable resolution of the issue. The TMB examined these reports at its sixth meeting. Its discussions confirmed the Body's previous findings in this matter (G/TMB/R/2, first two sentences of paragraph 16). There being no further requests by the parties involved, the TMB considered its review of the matter completed (G/TMB/R/5, paragraph 10).

ANNEX

**OUTCOME OF TMB REVIEW OF NOTIFICATIONS RECEIVED UNDER
PARAGRAPH 10 OF ARTICLE 6**

United States/Honduras: imports of cotton and man-made fibre pyjamas and other nightwear (US category 351/651)

The TMB found that a case of serious damage, or actual threat thereof, had not been demonstrated and recommended that the United States rescind the measure.

United States/Costa Rica, Honduras, Thailand and Turkey: imports of cotton and man-made fibre underwear (US category 352/652)

United States/Costa Rica and Honduras

During its review under paragraphs 2 and 3 of Article 6 of the safeguard action taken by the United States against imports of category 352/652 from Costa Rica and Honduras, the TMB found that serious damage, as envisaged in these provisions, had not been demonstrated. The TMB could not, however, reach consensus on the existence of actual threat of serious damage. The TMB recommended that further consultations be held between the United States and the parties concerned, with a view to arriving at a mutual understanding, bearing in mind the above, and with due consideration to the particular features of this case, as well as equity considerations.

These consultations shall be held consistent with the Agreement on Textiles and Clothing, in particular with its Articles 6 and 4, and be concluded within 30 days. Parties shall report to the TMB on the outcome of such consultations no later than at the end of that period.

The TMB noted that, with respect to the introduction of a safeguard measure, the Agreement on Textiles and Clothing does not provide any indication with respect to the effective date of implementation of that measure.

United States/Thailand

While starting the examination of the request submitted by Thailand in the context of the safeguard action introduced by the United States on imports of category 352/652 from Thailand the TMB was informed that the United States had decided to rescind this safeguard measure against Thailand.

United States/Turkey

During the review, the TMB was informed that the United States and Turkey had arrived at a mutually agreeable resolution of the issue under paragraph 9 of Article 6.

United States/India: imports of men's and boys' wool coats other than suit-type (US category 434)

During its review under paragraphs 2 and 3 of Article 6, of the safeguard action taken by the United States against imports of category 434 from India, the TMB, having examined all information provided by both parties, found that serious damage, or actual threat thereof, had not been demonstrated, and recommended that the United States rescind the measure.

United States/India: imports of women's and girls' wool coats (US category 435)

During its review under paragraphs 2 and 3 of Article 6, of the safeguard action taken by the United States against imports of category 435 from India, the TMB found that serious damage, as envisaged in these provisions, had not been demonstrated. The TMB could not, however, reach consensus on the existence of actual threat of serious damage. When reviewing the implications of the discussions in the TMB and the Body's finding in this matter, the parties should keep in mind the fact that the Agreement is silent as to whether the import restraint can continue to be maintained.

United States/Honduras: imports of women's and girls' wool coats (US category 435)

After the presentation of their arguments, the parties informed the TMB that they had decided to resume bilateral consultations, and asked for suspension of the consideration of this issue by the TMB. The Body was informed subsequently that the United States and Honduras had arrived at a mutually agreeable resolution of the issue under paragraph 9 of Article 6.

United States/India: imports of woven wool shirts and blouses (US category 440)

During its review under paragraphs 2 and 3 of Article 6, of the safeguard action taken by the United States against imports of category 440 from India, the TMB found that the actual threat of serious damage had been demonstrated, and that, pursuant to paragraph 4 of Article 6, this actual threat could be attributed to the sharp and substantial increase in imports from India.

United States/Hong Kong: imports of woven wool shirts and blouses (US category 440)

After having heard the presentation by both parties, the TMB, keeping in mind the relevant provisions of the ATC, reached the following conclusions:

1. In reviewing this notification, and having considered the arguments put forward by the parties, the TMB noted that Hong Kong exports of products of category 440 into the US were already under restraint under a group limit notified by the US in accordance with paragraph 1 of Article 2 of the Agreement.²
2. The TMB found that, according to paragraph 4 of Article 6, the application of a safeguard measure under this Article to Hong Kong exports of products of category 440 into the US was therefore not justified, and recommended that the US rescind the measure.

²G/TMB/N/63.