

**REPORT (2001) OF THE TEXTILES MONITORING BODY**

1. This report is presented by the Textiles Monitoring Body (TMB) pursuant to the decision adopted by the General Council on 15 November 1995 on the procedures for an annual overview of WTO activities and for reporting under the WTO (WT/L/105).

2. Since the adoption of its Report (2000) (G/L/398), i.e. 10 October 2000, and up to 14 September 2001, the TMB has held 12 meetings. The detailed reports of these meetings are contained in G/TMB/R/70 to 81.<sup>1</sup> The TMB also adopted on 20 July 2001, pursuant to Article 8.11 of the Agreement on Textiles and Clothing (ATC), a comprehensive report on the implementation of the ATC during the second stage of the integration process (G/L/459). This comprehensive report, which was submitted to the Council for Trade in Goods in order to assist in its major review of the implementation of the ATC, covers in detail, *inter alia*, all the notifications which were reviewed or the issues that were addressed by the TMB during the reporting period, with the exception of those reported in G/TMB/R/81.

3. The present report does not go into the details of the activities of the TMB during the period covered but rather consists of an inventory of the work carried out by the TMB.

**Notification under Article 2.1 of the Agreement on Textiles and Clothing (ATC): Quantitative Restrictions Notified Following the Accession of a New Member**

4. The TMB took note of an addition made by the United States to its notification under Article 2.1, following Oman's accession to the WTO. This notification was made pursuant to the provisions of Oman's Protocol of Accession to the WTO, in which it is stated, *inter alia*, that "the quantitative restrictions on imports of textiles and clothing products originating in Oman between Oman and WTO members that were in force on the day prior to the date of accession of Oman to the WTO should be notified to the Textiles Monitoring Body (TMB) by the Member maintaining such restrictions and would be applied for the purpose of Article 2 of the Agreement on Textiles and Clothing" (G/TMB/R/74).

**Notification under Articles 2.6 and 2.7(b) of the ATC: 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**

5. The TMB reviewed under Article 2.21 the notification made, pursuant to Articles 2.6 and 2.7(b), by Estonia (G/TMB/R/76).

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<sup>1</sup> G/TMB/R/81 will be issued later, upon its adoption by the TMB.

**Notification under Articles 2.8(a) and 2.11 of the ATC: Second Stage of Integration into GATT 1994 of Products Covered by the ATC**

6. The TMB reviewed under Article 2.21 the notification made, pursuant to Articles 2.8(a) and 2.11, by Estonia (G/TMB/R/76).

**Notifications under Articles 2.8(b) and 2.11 of the ATC: Third Stage of Integration into GATT 1994 of Products Covered by the ATC**

7. The TMB reviewed under Article 2.21 the notifications made, pursuant to Articles 2.8(b) and 2.11, by Hungary, India and Japan (G/TMB/R/72), Brazil, Colombia, Pakistan, Panama, Romania, Slovenia and Switzerland (G/TMB/R/73), Argentina, Costa Rica, the European Community, Korea, Latvia, Liechtenstein, Norway, the Philippines, Sri Lanka and Uruguay (G/TMB/R/74), the Czech Republic, Mauritius and Turkey (G/TMB/R/75), the Dominican Republic, Estonia, Indonesia, Malta and the United States (G/TMB/R/76), Canada and Peru (G/TMB/R/77), Poland (G/TMB/R/79), Cyprus, El Salvador and Tunisia (G/TMB/R/81).

8. The TMB started its review under Article 2.21 of the programmes of integration notified pursuant to Articles 2.8(b) and 2.11 by Bolivia, Guatemala, Mexico, Morocco, Nicaragua, Paraguay, the Slovak Republic and Thailand and decided to revert to its review of these programmes at a subsequent meeting, once further information or clarification is received from the respective WTO Members. In the meantime, in pursuance of Article 2.11, the TMB has circulated these notifications to WTO Members.

**Notification under Article 2.15 of the ATC: Elimination of Restrictions Maintained Pursuant to Article 2**

9. The TMB took note of a notification made, pursuant to Article 2.15, by Canada, which stated that Canada would remove the restraints on baby garments of category 17, effective 1 January 2002. The Member affected by the removal from restraint of baby garments of category 17 was Korea. Canada further stated that it would not be reducing the category 17 restraint level of this Member to account for the removal of baby garments from restraint, thereby providing a further *de facto* increase in access for it to the Canadian market, and that as a result of the action under Article 2.15, all remaining restraints on baby apparel would be eliminated by 1 January 2002 (G/TMB/R/79).

**Notification under Article 2.17 of the ATC: Administrative Arrangements**

10. The TMB reviewed, pursuant to Article 2.21, the notification made by the United States of the administrative arrangements concluded between the United States and Oman (G/TMB/R/78).

**Notification under Article 3.2(b) of the ATC: Progressive Phase out of Restrictions Not Justified Under a GATT 1994 Provision**

11. The TMB considered and took note of a notification received from Japan pursuant to Article 3.2(b), regarding the progressive phase-out of the measures notified by Japan under Article 3.1, affecting the importation of silk yarn and silk fabric from Korea (G/TMB/R/76).

**Notifications under Article 6.1 of the ATC**

12. The TMB took note of the notifications made pursuant to Article 6.1 by Estonia and Lithuania that they wished to retain the right to use the transitional safeguard provided for in Article 6.1 (G/TMB/R/76 and G/TMB/R/81).

### **Observation with Respect to Late Notifications**

13. With respect to notifications addressed to the TMB after the relevant deadlines, the TMB reiterated that its taking note of late notifications was without prejudice to the legal status of such notifications.

### **Notification under Article 6.10: Transitional Safeguard Measure Referred to the TMB**

14. The TMB conducted the examination of a safeguard measure introduced by Poland, pursuant to Article 6.10, on imports of certain yarns of acrylic or modacrylic staple fibres from Romania. The TMB concluded that Poland had not demonstrated that the yarns subject to its safeguard measure were being imported into its territory in the reference period in such increased quantities as to cause serious damage to its domestic industry producing like and/or directly competitive products. The TMB recommended, therefore, that Poland rescind the transitional safeguard measure introduced on imports of acrylic/modacrylic staple yarn, pure or mixed with wool or fine hair (HS numbers 5509 31, 5509 32 and 5509 61) from Romania (G/TMB/25 and G/TMB/R/81).

### **Joint Communication by Pakistan and the United States**

15. The TMB reverted to the joint communication received from Pakistan and the United States in September 2000, in which the two Members "refer to the request made by the TMB to our two governments contained in G/TMB/R/45 that we re-examine issues related to the Memorandum of Understanding signed by representatives of our two governments on March 22, 1996". According to the communication, a new Memorandum of Understanding (MOU) signed on 25 May 2000, attached to the communication, "reflects the results of this re-examination and constitutes a mutually satisfactory solution of the issues related to Articles 4 and 5 of the ATC contained in the Memorandum of Understanding dated March 22, 1996". The TMB decided to put specific questions to both parties with respect to their joint communication and the new MOU, so as to be in a position to determine, as required, the conformity, or lack thereof, of the notified measures with the ATC. These questions are detailed in the report of the respective meeting (G/TMB/R/71).

### **Comprehensive Report under Article 8.11 of the ATC**

16. The TMB devoted part of several meetings to the preparation and adoption of its comprehensive report to the Council for Trade in Goods on the implementation of the ATC during its second stage, envisaged in Article 8.11 of the ATC (G/TMB/R/71, 73, 74, 75, 76, 77, 78, 79 and G/TMB/R/80). In this context, the TMB decided in February 2001 to remind WTO Members of some of the notification requirements contained in the ATC, regarding which only a few or no notifications had been received, and also to seek additional information and comments from the Members which they consider relevant in the context of the TMB's preparation of its comprehensive report (G/TMB/R/73). The TMB also decided to send to WTO Members, in the early part of April 2001, a reminder of this request for information (G/TMB/R/79). The replies received from Members to this request, and also to subsequent specific requests for further information and comments, had been taken into consideration in the relevant sections of the comprehensive report. The TMB further decided to request the WTO Secretariat to provide Members with background statistical information with respect to trade in textiles and clothing, in time for the major review to be conducted by the Council for Trade in Goods, pursuant to Article 8.11, before the end of 2001 (G/TMB/R/76). This document was issued and circulated to Members on 12 September 2001 (G/L/474).

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