

## Textiles Monitoring Body

### REPORT OF THE ONE HUNDRED AND FIRST MEETING

1. The Textiles Monitoring Body held its one hundred and first meeting on 23 June 2003.
2. Present at this meeting were the following members and/or alternates: Messrs. Dalela; I. Lee; Ms. Miranda; Messrs. Seppey; Sorensen; Tagliani; Ms. Ünal; Mr. Yoshikawa; Ms. Zhang.
3. The TMB adopted the report of its one hundredth meeting (G/TMB/R/99).

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

4. The TMB began its examination of a notification received pursuant to Article 2.1 from the United States following the accession of the Former Yugoslav Republic of Macedonia (FYROM) to the WTO (G/TMB/N/63/Add.14). The TMB decided to seek clarifications from the United States, *inter alia*, on the extent to which the restrictions maintained had been affected by the ATC integration process and on the manner in which the growth-on-growth provisions foreseen in Article 2.14 and also referred to in the accession instruments of the FYROM, had been implemented with a view to providing the increase in the respective growth rates of the restrictions maintained. The TMB also decided to seek clarification as to how the special shift available for some of the quantitative restrictions notified was being implemented in practice.

### Communication received by the TMB

5. The TMB received a communication from the United States (G/TMB/N/461), with reference to a recommendation made by the TMB at its 99<sup>th</sup> meeting<sup>1</sup> that the United States reconsider its position and implement forthwith the necessary adjustments in its respective methodology applied by providing the increase for Stage 2 of the integration process in the respective growth rates of the restrictions maintained on imports from China. In this communication, the United States stated that it had given full consideration to the TMB's recommendation contained in paragraph 27 of G/TMB/R/98, and that "the U.S. position continues to be that the methodology used by the United States is consistent with our WTO obligations, including paragraph 241 of the Working Party report [on the Accession of China to the WTO]. Consequently, the United States does not intend to amend its methodology to conform to the TMB's recommendation".

6. The TMB recalled that it had adopted this recommendation at its 99<sup>th</sup> meeting after thorough consideration of the reasons presented by the United States, pursuant to Article 8.10, for its inability to conform with the respective recommendation made by the TMB at its 96<sup>th</sup> meeting in January 2003.<sup>2</sup> The TMB further recalled that this first recommendation had been made following its in-depth examination in July 2002 of the implementation of the growth-on-growth provisions by the Members concerned (Canada, the European Communities, Turkey and the United States). As a result of this examination, the Body had already "decided to invite [the United States] to reconsider its respective position in light of the TMB's comments, observations and conclusion and to implement

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<sup>1</sup> See G/TMB/R/98, paragraph 27.

<sup>2</sup> See G/TMB/R/95, paragraph 10.

the necessary adjustments in its respective methodology applied".<sup>3</sup> The position taken by the TMB and its respective recommendation had been based on the Body's view that for the reasons given in particular in paragraph 27 of G/TMB/R/90 and paragraph 23 of G/TMB/R/98, it had not been justified under the relevant provisions of the accession instruments and the ATC to prorate the 25 per cent increase for the short period of China's actual membership during Stage 2.

7. In view of the fact that this matter had been examined by the TMB on several occasions and over a particularly long period of time, the TMB expressed regret that the matter remained unresolved. In taking note of the United States' communication, the TMB observed that, following the recommendation it had made under Article 8.10, it was neither required nor mandated to address the substance of the communication received from the United States, and recalled that, under that Article, "[i]f, after such further recommendations, the matter remains unresolved, either Member may bring the matter before the Dispute Settlement Body and invoke paragraph 2 of Article XXIII of GATT 1994 and the relevant provisions of the Dispute Settlement Understanding."

#### **Updating of the TMB's 2002 Report**

8. The TMB considered and adopted the update of its 2002 Report<sup>4</sup> prepared in pursuance of the decision taken by the General Council on 10 February 2003 (WT/GC/M/78).

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<sup>3</sup> See G/TMB/R/90, paragraph 33.

<sup>4</sup> Issued as G/L/632.