

4. For the purposes of paragraphs 2 and 3 above the participating countries shall afford full opportunity for bilateral consultation and negotiation aimed at arriving at mutually acceptable solutions in accordance with Articles 3 and 4 of this Arrangement and permitting from the first year of the acceptance of this Arrangement the elimination as complete as possible of the existing restrictions. They shall report specifically to the Textiles Surveillance Body within one year of the entry into force of this Arrangement on the status of any such actions taken or negotiations undertaken pursuant to this Article.

5. The Textiles Surveillance Body shall complete its review of such reports within ninety days of their receipt. In its review it shall consider whether all the actions taken are in conformity with this Arrangement. It may make appropriate recommendations to the participating countries directly concerned so as to facilitate the implementation of this Article.

ARTICLE 3

1. Unless they are justified under the provisions of the GATT (including its Annexes and Protocols) no new restrictions on trade in textile products shall be introduced by participating countries nor shall existing restrictions be intensified, unless such action is justified under the provisions of this Article.

2. The participating countries agree that this Article should only be resorted to sparingly and its application shall be limited to the precise products and to countries whose exports of such products are causing market disruption as defined in Annex A taking full account of the agreed principles and objectives set out in this Arrangement and having full regard to the interests of both importing and exporting countries. Participating countries shall take into account imports from all countries and shall seek to preserve a proper measure of equity. They shall endeavour to avoid discriminatory measures where market disruption is caused by imports from more than one participating country and when resort to the application of this Article is unavoidable, bearing in mind the provisions of Article 6.

3. If, in the opinion of any participating importing country, its market in terms of the definition of market disruption in Annex A is being disrupted by imports of a certain textile product not already subject to restraint, it shall seek consultations with the participating exporting country or countries concerned with a view to removing such disruption. In its request the importing country may indicate the specific level at which it considers that exports of such products should be restrained, a level which shall not be lower than the general level indicated in Annex B. The exporting country or countries concerned shall respond promptly to such request for consultations. The importing country's request for consultations shall be accompanied by a detailed factual statement of the reasons and justification for the request, including the latest data concerning elements of market disruption, this information being communicated at the same time by the requesting country to the Chairman of the Textiles Surveillance Body.

4. If, in the consultation, there is mutual understanding that the situation calls for restrictions on trade in the textile product concerned, the level of restriction shall be fixed at a level not lower than the level indicated in Annex B. Details of the agreement reached shall be communicated to the Textiles Surveillance Body which shall determine whether the agreement is justified in accordance with the provisions of this Arrangement.