

Harmonized System) in the implementation or interpretation of bilateral textile agreements or of the Arrangement, which have the effect of upsetting the balance or rights and obligations between the parties concerned, or which affect the economic content of a bilateral agreement, or which affect the ability of a participant to use or benefit fully from a bilateral agreement, or which disrupt trade, shall be avoided as far as possible. Where such changes are necessary, participants agreed that the participant initiating any such changes shall, wherever possible, inform and initiate consultations with the affected participant prior to the time that such changes may affect the trade in question, with a view to reaching a mutually acceptable solution regarding appropriate and equitable adjustments. Participants further agreed that where consultation prior to implementation of any such changes is not feasible, the participant initiating such changes will consult, as early as possible, with the affected participant with a view to reaching a mutually satisfactory solution regarding appropriate and equitable adjustments. Any dispute under this provision may be referred to the TSB for recommendation.

19. In pursuance of the objective of trade liberalization embodied in the Arrangement, the Committee re-affirmed the need to monitor adjustment policies and measures and the process of autonomous adjustment in terms of the provisions of Article 1, paragraph 4. To this end, the Committee decided that the Sub-Committee on Adjustment should continue to make a periodic review of developments in autonomous adjustment processes and in policies and measures to facilitate adjustment, as well as in production and trade in textiles, on the basis of material and information to be provided by participating countries as well as additional material and information obtained by the Secretariat from other sources, and with the help of any supporting analysis by the Secretariat. Attention was drawn to the impact of technological developments on comparative advantage and competitiveness in textile trade. Participating countries were urged to provide the Sub-Committee on Adjustment with all relevant and up-to-date information relating, *inter alia*, to production and trade, necessary for the Sub-Committee to discharge its function and to report periodically to the Textiles Committee to enable that Committee to fulfil its obligations under Article 10, paragraph 2.

20. The participants re-affirmed the importance of the effective functioning of the Textiles Committee, the Sub-Committee on Adjustment and the Textiles Surveillance Body, in their respective areas of competence. In this context, the participants emphasized the importance of the responsibilities of the TSB as set forth in Article 11 of the MFA.

21. The participants also re-affirmed that the rôle of the TSB is to exercise its functions as set out in Article 11 so as to help ensure the effective and equitable operation of the Arrangement and to further its objectives. In this respect, the Committee recognized the need for close co-operation among participants for the effective discharge of the TSB's responsibilities.

22. Participants agreed that in considering problems arising from the application of bilateral agreements or measures taken under the Arrangement and with a view to discharging its function with respect to the review of such action, the