

GENERAL AGREEMENT ON

RESTRICTED

COM.TEX/66

9 August 1990

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TARIFFS AND TRADE

Textiles Committee

REPORT OF THE COMMITTEE MEETING

HELD ON 31 JULY 1990

Chairman: Mr. A. Dunkel

1. The Textiles Committee held its eighth meeting under the 1986 Protocol of Extension on 31 July 1990. The agenda for the meeting, set out in GATT/AIR/3015 of 6 June 1990, was adopted.

Agenda Item A: Initiation of discussion on the future of the MFA, as required by Article 10, paragraph 5 of the Arrangement

2. The Chairman said that the task of the Committee at this meeting was to initiate discussion on the future of the Arrangement Regarding International Trade in Textiles, as required by Article 10, paragraph 5. This Article states that "the Committee shall meet not later than one year before the expiry of the Arrangement in order to consider whether the Arrangement should be extended, modified or discontinued". In this regard he noted that the present Protocol of Extension, effective from 1 August 1986, would expire at the end of July 1991.

3. The Chairman observed that, while Article 10:5 made it mandatory for the Committee to start its deliberation by 31 July 1990, it did not necessarily have to reach a decision at the present meeting. He said that, in view of the mandate being pursued in the Negotiating Group on Textiles and Clothing, the discussions of the future of the MFA at the current meeting might be more in the nature of fulfilling the statutory requirements of Article 10:5 than of an attempt to reach conclusions. He anticipated that there would be a further meeting of the Textiles Committee towards the end of the year to conduct the annual review of the operation of the Arrangement as required by Article 10:4, which would provide further opportunity to consider this matter in the light of the results of the Round.

4. The Committee took note of the Chairman's statement.

Agenda Item B: Consideration of the Report of the Sub-Committee on Adjustment

5. The Chairman noted that the Committee had before it the report of the Sub-Committee on Adjustment in document COM.TEX/65, along with the original submissions provided by participants and additional information obtained by the Secretariat from other sources, in COM.TEX/64 and Add.1. He called

upon Mr. Mathur, Chairman of the Sub-Committee on Adjustment, to introduce the report.

6. The Chairman of the Sub-Committee on Adjustment recalled that the Sub-Committee had last reported to the Textiles Committee in September 1988 (COM.TEX/58). That report had been prepared, pursuant to paragraph 19 of the 1986 Protocol of Extension, on the basis of submissions provided by participants in response to a questionnaire (COM.TEX/W/193), and of additional information obtained by the Secretariat from other sources. He said that the present, updated report drew on submissions from 27 of the 40 MFA participants and that the material supplied by them had been supplemented with information and data from other sources, as well as with updated charts on imports, exports and direction of trade. He pointed out that, in the case of those participants which had not provided submissions, the Secretariat had compiled relevant information and data from other sources. Thus, the material on which this report was based encompassed all MFA participants and sought to provide as complete a picture as possible of the textiles and clothing situation in the participating MFA countries.

7. Referring to the updated report in COM.TEX/65, the Chairman remarked that the conclusions therein confirmed the findings of the 1988 report that most members' policies and measures had only a small impact on autonomous adjustment in the textiles and clothing industries, neither slowing down nor accelerating adjustment significantly. Far more important in most members were the border restrictions maintained under the MFA, described by several members as forming now the key element of their policies towards their textiles and clothing industries. He noted that the Sub-Committee did not find it possible, on the basis of available information, to draw a firm conclusion on whether the policies and measures pursued by members, including the border restrictions maintained under the MFA, were facilitating the adjustment of their textiles and clothing industries. However, the Sub-Committee noted that many members had reported a reduction in direct government financial support to the textiles and clothing industries from 1978 to 1988.

8. He was of the view that, while the report gave few new useful insights into the link between government policies and structural adjustment in the sectors of textiles and clothing, it remained a valuable source of information. It described, among others, the level of restrictions in these sectors, government measures of assistance to support the textiles and clothing industries or to promote industrial restructuring more generally and in its paragraph 70 it also contained some figures relating to the growth of trade over the ten year period between 1978 to 1988 within existing market access opportunities. It thus contained some relevant material for the further work in textiles and clothing.

9. The Committee took note of the report of the Sub-Committee on Adjustment and the statement by the Chairman.

Agenda Item C: Other Business, Including the Paper Prepared by the Secretariat on "The Economic Consequence of Liberalising World Trade in Textiles and Clothing"

10. The Chairman noted that the Committee had before it the paper entitled "The Economic Consequences of Liberalization World Trade in Textiles and Clothing", in document COM.TEX/W/223. This paper had been prepared by the Secretariat pursuant to a request made by the Nordic delegations in November 1988 (COM.TEX/W/212) which had subsequently been endorsed by the Textiles Committee at its meeting on 14 December 1988 (COM.TEX/59). He observed that the Secretariat had not only reviewed the empirical literature in this area in the survey, but also had attempted to assess what the future developments would be under the changing circumstances in textiles trade.

11. The representative of Sweden, speaking on behalf of the Nordic countries, Finland, Norway and Sweden, thanked the Secretariat for the very interesting study contained in document COM.TEX/W/223. He commented that it contained a large amount of useful information and provided a good supplement to the Secretariat's 1984 study "Textiles and Clothing in the World Economy". He considered that the information contained in the study, including the statistical data, should give participants ample reference material concerning world trade in textiles and clothing.

12. The Committee took note of the statement by the Chairman and the comments by the representative of Sweden.

Future Meetings

13. The Chairman said that the Textiles Committee would meet again towards the end of the year, and that the date of this meeting would be fixed after consultations with delegations.