

GATT/1516
2 August 1991

MFA EXTENDED FOR 17 MONTHS

The Textiles Committee decided, on 31 July, to maintain in force the Multifibre Arrangement (MFA), as extended by the the 1986 Protocol, for a further period of 17 months from 1 August 1991 to 31 December 1992 in the expectation that the Uruguay Round results would come into force immediately thereafter.

This is the fourth extension of the MFA, which has been governing much of the world's trade in textiles and clothing since 1974. In taking the decision, the Textiles Committee took into consideration negotiations in the Uruguay Round, which are at an advanced stage, aimed at integrating this sector into the GATT. The participants reaffirmed their commitment to the standstill and rollback provisions of the Punta del Este Declaration and their undertaking at the Mid-Term Review of the Uruguay Round to endeavour to improve the situation paving the way for the integration of the textiles and clothing sector into GATT.

Exports of textiles and clothing from the 41 members of the MFA (the European Communities counting as one) amount to about US\$196 billion, of which two-thirds is governed by the MFA. Signatories to the MFA are: Argentina, Austria, Bangladesh, Brazil, Canada, China, Colombia, Costa Rica, Czechoslovakia, Dominican Republic, EC, Egypt, El Salvador, Fiji, Finland, Guatemala, Hong Kong, Hungary, India, Indonesia, Jamaica, Japan, Korea, Macau, Malaysia, Mexico, Norway, Pakistan, Peru, Philippines, Poland, Romania, Singapore, Sri Lanka, Sweden, Switzerland, Thailand, Turkey, United States, Uruguay and Yugoslavia.

The MFA, under which industrial countries have negotiated quotas on imports of textiles and clothing primarily from developing countries, went into effect on 1 January 1974. It supplanted the Long-Term Arrangement on world trade in cotton textiles drawn up in 1962. MFA's safeguard procedures permit the introduction of restraints on textile imports, when these imports are causing market disruption, subject to a number of strict conditions and to multilateral surveillance.

MORE

Overall management of the MFA is undertaken by the Textiles Committee, which is made up of representatives of countries participating in the Arrangement and is chaired by the Director-General of the GATT. Detailed implementation of the MFA is supervised by the Textiles Surveillance Body (TSB) established by the Committee. The Chairman and 10 members of the TSB are chosen to constitute a balanced representation of MFA members. The TSB reviews all restrictions, whether unilaterally imposed or bilaterally agreed, to determine whether they are fully consistent with the MFA. It is also a forum for the settlement of disputes.

Uruguay Round negotiations aimed at the integration of the textiles and clothing sector into the GATT are at a fairly advanced stage in the Negotiating Group on Textiles and Clothing. The Group's mandate states that "negotiations in the area of textiles and clothing shall aim to formulate modalities that would permit the eventual integration of this sector into GATT on the basis of strengthened GATT rules and disciplines, thereby also contributing to the objective of further liberalization of trade."

END