

**GENERAL AGREEMENT  
ON TARIFFS AND TRADE**

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**Textiles Committee**

**REPORT OF THE COMMITTEE MEETING**  
**HELD ON 2 DECEMBER 1994**

**Chairman: Mr. Peter D. Sutherland**

1. The Textiles Committee met on 2 December 1994. The Agenda for the meeting, set out in GATT/AIR/3655 of 17 November 1994, was adopted as follows:

- (a) Annual review of the operation of the Arrangement Regarding International Trade in Textiles (MFA) as extended by the 1986 Protocol and as maintained in force by the 1993 Protocol.
- (b) Other business.

**Participation in the Arrangement**

2. The Chairman informed the Committee that there were currently forty-two members, counting the EEC as one. The list of signatories was contained in document COM.TEX/77/Rev.2.

**Agenda Item A: Review of the Operation of the Arrangement**

3. The Chairman pointed out that, under Article 10:4 of the MFA, the Committee was required to carry out, once a year, a review of the Arrangement and to report thereon to the GATT Council. The last annual review had been held on 9 December 1993 (ref. COM.TEX/76). The Committee had before it the following documents to assist in this review:

- (a) a report by the Textiles Surveillance Body on its activities during the period 1 August 1993 to 14 October 1994 (COM.TEX/SB/1975 and Add.1) plus a report on a subsequent meeting of the TSB held on 8 November 1994 (COM.TEX/SB/1982); and
- (b) a statistical report by the GATT Secretariat on recent developments in trade in textiles and clothing (COM.TEX/W/268 and Add.1).

4. As regards proceedings, the Chairman suggested that the Committee consider the two reports together. He then invited Ambassador Raffaelli, Chairman of the Textiles Surveillance Body, to introduce the report of the Body.

5. Amb. Raffaelli said that the annual report of the Textiles Surveillance Body covered the period 1 August 1993 to 14 October 1994, during which the TSB had held eight meetings; the notifications reviewed were referred to in the report. Since then, two more meetings had been held; the report of the meeting of 8 November was contained in COM.TEX/SB/1982; the other meeting had been held on 1 December. He reported that, at that meeting, the TSB had: (a) reviewed an extension of the US/Costa Rica agreement; (b) reviewed a new agreement between Costa Rica and Canada, under which one single product was placed under restraint; (c) reviewed an extension of the Canada/Philippines

agreement; (d) transmitted to this Committee an agreement between the United States and Laos, a non-participant; (e) been informed by El Salvador that, in accordance with a recommendation by the TSB, the United States had rescinded a unilateral restraint imposed on El Salvador; and (f) begun the review of a notification by Slovenia, under Article 2:1 of the Arrangement, of its trade regime for MFA products. The TSB also had decided to hold a further meeting on 19 December. The reports of the 1 and 19 December meetings will be circulated to MFA participants.

6. He noted that since the closing date of the report, the 1993 Protocol of Extension had been accepted by Argentina, the Dominican Republic, Oman and Slovenia, bringing the number of participants to forty-two.

7. He observed that as participants arrived at the end of the long existence of the Multifibre Arrangement, he wished to make, on his own responsibility, not at the Body's mandate, two comments on matters which might have a bearing on the way WTO Members regard the Agreement on Textiles and Clothing and the Textiles Monitoring Body.

8. He commented that the TSB's request for the information contained in the Addendum to the report, on restrictions maintained by participants, had been heeded by only 24 participants, barely over half of MFA members. If so many participants did not provide information which they should have at their fingertips and which the TSB had asked for practically every year, he wondered if one could feel optimistic about WTO Members giving the TMB, in time, all the information which the Agreement on Textiles and Clothing required. As shown in the Addendum to the TSB report, some participants had never given any information, while others had not given any reply over the last six or seven years.

9. With regard to the section on the EU, he noted that the data were incomplete, as only MFA agreements were mentioned. The rest of the information on the EU was currently being provided, and would be the object of a further addendum to the Annual Report.

10. Amb. Raffaelli's second comment referred to the continuing liberalization in the trade regimes of countries placed under MFA restrictions. In the Addendum, a picture was presented, as updated as possible, of the import regimes of all MFA participants in 1993 and/or 1994. Starting from the premise that a participant which did not reply in 1994 had not moved backward toward a more restrictive policy, what one could see was very encouraging.

11. He said that at the time of the 1984 major review, eight MFA participants had notified that they maintained no quantitative restrictions or other measures having a restrictive effect on imports of MFA products, namely: El Salvador, Guatemala, Hong Kong, Japan, Macau, Peru, Singapore and Switzerland. Czechoslovakia had also notified it maintained no restrictions, but it seemed this information might not have been totally accurate.

12. At the time of the 1989 major review, added to the eight participants mentioned above, were Korea, Mexico, Thailand, Turkey and Uruguay. Some of these had applied no restrictions at all, others had applied minimal restrictions, such as a ban on used clothing in the case of Mexico, or non-automatic licensing for one product only (Thailand and Guatemala).

13. At the time of the 1992 major review, the number of participants applying no or only minimal restrictions had increased by the addition of Argentina, Brazil, Colombia, Costa Rica, the Czech and Slovak Federal Republic, the Philippines and Sri Lanka. Later on, Fiji, Poland and Romania had informed that they maintained no import restrictions on MFA products.

14. The Czech and the Slovak Republics had continued the policy of no restrictions followed by their predecessor State, and in 1994 the list of participants with a liberal trade regime had increased by the addition of Indonesia and Panama.

15. He noted that there was now a total of twenty-seven signatories to the 1992 and/or 1993 Protocols of Extension which did not apply quantitative restrictions, non-automatic import licensing or other measures having a similar restrictive effect on their imports of MFA products. Nevertheless, twenty-five of them still were subject to MFA restraints.

16. He said that, on many occasions the TSB had heard from some developed importing participants, the explanation that they applied restraints on developing or Eastern European countries, but had left unrestrained other developed countries, even when imports from the latter exceeded those from many a restrained country, because developed countries had kept open markets. In this way, the argument followed, there was a reciprocity of access possibilities. He wondered whether it would be possible to hope that the wave of trade liberalization in the European economies in transition and in developing exporting countries would engender a wave of liberalization of MFA restrictions, thus offering reciprocal access possibilities to countries which had, sometimes at a high internal political cost, liberalized their import regimes.

17. The Committee took note of the reports.

18. In closing the meeting, the Chairman noted that the present report would be submitted directly to the 50th Session of the CONTRACTING PARTIES.