

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

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Group of Negotiations on Goods (GATT)
Negotiating Group on Textiles and Clothing

PREPARATORY WORK TO BE UNDERTAKEN
BY THE SECRETARIAT

Note by the Secretariat

1. At the Group's first meeting on 11 February 1987, the Secretariat was requested, to undertake an updating of the 1984 Study, "Textiles and Clothing in the World Economy", to the extent that resources were available, to take account of developments subsequent to its issue. It was also proposed that the Secretariat prepare a concise study of the state of the textiles and clothing industries in countries which maintain restrictive measures under the MFA. The proposals for preparatory work were summarized in the Note by the Secretariat (MTN.GNG/NG4/1).

2. The approaches developed by the Secretariat in order to update the 1984 study, "Textiles and Clothing in the World Economy", are set out hereunder:

(a) The main statistical tables in Chapter 2 and Appendix 1 of the Study, which relate to production, employment, trade, demand, etc., will be updated to the extent possible. In regard to the compilation of statistics on the extended product coverage of MFA IV, initial research has indicated that considerable difficulties would be encountered in the isolation of such data in view of (i) the very specific definitional requirements set out in paragraph 24 of the 1986 Protocol, i.e. that the products must be directly competitive with textiles made of fibres specified in Article 12; (ii) certain historically traded products made of such fibres are excluded from restraints; and (iii) only certain countries are involved in the production and trade in products made from these fibres. Further consultations may be required to determine whether the exercise would yield meaningful results.

(b) A description of MFA IV will be prepared, as a supplement to the existing material in Chapter 3 of the Study, including an historical narrative on the negotiation process and a comparison with the provisions of MFA III. Also, the tables on pages 84-91, on the evolution of restrictions under the MFA, will be expanded to include the developments in the period of MFA III not covered by the Study, plus any additional material available on MFA IV. In this respect, a more complete picture of the operation of the Arrangement during the first year of MFA IV is expected to become available towards the end of the year when the TSB's annual review is anticipated

(c) In respect of the material prepared for the Working Party on Textiles and Clothing, a note will be assembled dealing with the establishment of the Working Party, the work it carried out and its final report. Annexed to this note will be the most directly relevant documents, e.g., the Checklist of Points emerging from the discussions which took place, the report of the Working Party to the Council, etc. Also, a fully annotated list of all documents prepared for the Working Party will be attached.

3. Concerning the timeframe, it is anticipated that the Textiles Study, updated as described in (a) and (b) above, could be made available by the end of this year, while the note on the material prepared for the Working Party, as described in (c) above, could be made available before the summer recess.

4. Some aspects of the request for a study of the state of the industries in individual country markets will be covered in the updating of the Textiles Study, while others will be covered by the review currently being undertaken by the Sub-Committee on Adjustment. It is anticipated that the submissions to the Sub-Committee on Adjustment, from which the Group could draw information on developments in specific markets, will be assembled and distributed before the end of the year and a full analytical report will be available by July, 1988.