

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG4/W/12
24 May 1988

Special Distribution

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

Original: English/
French

COMMUNICATION FROM THE EUROPEAN COMMUNITIES

The following communication has been submitted by the delegation of the European Communities for circulation to the members of the Negotiating Group on Textiles and Clothing.

Communication of the European Community to the
Negotiating Group on Textiles and Clothing

1. Since July 1985, in the Textiles Committee of the GATT, the Community has repeatedly affirmed its attachment to the objective of liberalisation of textiles trade on the basis of an improved balance of rights and obligations between contracting parties. The Council of the European Communities confirmed in February 1986 that its final objective was the application of GATT rules to trade in textile products.
In implementing its adopted policy, notably in introducing a greater flexibility into all its bilateral agreements concluded in 1986, the Community began a gradual process which is in accordance with the line subsequently defined at Punta del Este. It should also be noted that during the last two decades, textiles exports to EC by MFA countries, including new entrants, have been able to expand rapidly and to diversify. In particular, during the last 24 months, such imports into the EC recorded a 54% increase in volume. In spite of the inevitable tensions created by such trends, the Community remains fully committed to participate constructively to the achievement of the objectives defined at Punta del Este.
2. Real difficulties persist however in the textiles and clothing industries despite the restructuring efforts already carried out and progress to date in a number of sectors. Moreover, the conditions under which trade is currently carried on cannot be considered as satisfactory on several counts. Sustained progress along the road towards a return to GATT rules can, therefore, only be envisaged through progressive and realistic measures to help remedy in an effective manner the problems with which the sector is still confronted.
3. In order to achieve real progress towards defining the techniques and modalities which will permit the realisation of the task assigned to the Negotiating Group, a common diagnosis of the problems which continue to afflict the sector should be established. To this end, the Group should have at its disposal data, based on contributions by all participants, which is as complete as possible.

Particular attention should be paid to the question of the relation between the development of production capacity and of consumption. This will enable the Group to assess whether these trends are compatible, and thus build up a better appreciation of the prospects for the development of trade in future years.

In parallel, a factual analysis should be undertaken of the conditions in which trade is carried out, to identify in particular those factors which, together with the MFA, can affect the development of trade in the textile sector.

4. This work should permit a realistic appreciation of the questions involved in defining techniques and modalities that could lead to durable and global progress.

The EC wishes to emphasize from the start that the modalities which will permit the final integration of the sector into GATT are to be found in the strengthening of GATT rules and disciplines, that is in the creation of permanent equitable conditions of trade for all parties. This implies that genuine liberalisations of trade requires coordinated solutions incorporating a common effort by all parties.

5. In this respect the progress that will be achieved in other Negotiating Groups will be of great importance and could give a positive orientation to the work that the Textiles Negotiating Group will pursue towards the realization of its objective.

The areas mainly concerned are the following :

- tariffs (differences of level and binding)
- non-tariff measures (especially licences, quantitative restrictions, prohibitions, import taxes)
- subsidies
- dumping
- balance of payments and "infant industry" exceptions
- safeguards
- protection of intellectual property, especially designs and models.

It should thereby be possible, taking into account the work in other groups, to assure the feasibility of the objective of the eventual integration of the textiles sector into GATT on the basis of strengthened GATT rules and disciplines.

6. In order to obtain a better appreciation of the techniques and modalities for achieving the assigned objective, it is also important that the Negotiating Group examines :

- the liberalisation efforts already made, or to be made, by all the participants in textiles trade, including exporting countries according to their level of development and economic situation,
- the solutions already implemented, or which could be implemented, in favour of countries in particular situations, notably the least developed countries.

7. Based on the elements outlined in the above paragraphs, the work of the Negotiating Group on Textiles and Clothing should eventually lead to concrete proposals to enable the main features of the future trade treatment of this sector to be outlined. At the present stage of our thinking, it seems that the integration into GATT will have to take place progressively on the basis of a process common to all participants for the implementation of strengthened disciplines and for the actual opening of markets in a framework which encompasses all the products of the sector.