

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

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The following document has been submitted by the delegation of Indonesia on behalf of the group of developing countries, members of the International Textiles and Clothing Bureau, for circulation to the members of the Negotiating Group on Textiles and Clothing.

Phasing Out of Restrictions Under the
Multi-Fibre Arrangement

Proposal by the Members of the
International Textiles and Clothing Bureau

The delegation of Indonesia on behalf of the members of the International Textiles and Clothing Bureau had proposed (MTN.GNG/NG4/W/11) dated 27 April 1988) that the integration of the textile sector into GATT requires a multiple process consisting of:

- (a) reversal of restrictive measures under the Multi-fibre Arrangement (MFA);
- (b) elimination of concepts and practices under the MFA incompatible with the General Agreement;
- (c) effective application of the GATT principles relating to developing countries to trade in textiles;
- (d) termination of the Arrangement Regarding International Trade in Textiles and the bilateral agreements based thereon.

This proposal was further elaborated in a statement, made by the delegation of Indonesia at the Negotiating Group on Textiles and Clothing on 21 July 1988 (MTN.GNG/NG4/W/18).

The Trade Negotiations Committee has since decided (MTN.TNC/9, paragraph 3(b)) that "modalities for the process of integration into GATT on the basis of strengthened GATT rules and disciplines should, inter alia, cover the phasing out of restrictions under the Multi-fibre Arrangement and other restrictions on textiles and clothing not consistent with GATT rules and disciplines, the time-span for such process of integration, and the progressive character of this process which should commence following the conclusion of the negotiations in 1990". To this end, participants have been invited to put forward additional proposals.

In pursuance of the Trade Negotiations Committee's decision, the members of the International Textiles and Clothing Bureau wish to submit the following "additional proposal". This is based on elements identified in their earlier proposal (MTN.GNG/NG4/W/11), and is intended to specifically cover the phasing out of restrictions under the Multi-fibre Arrangement. Other elements in the Trade Negotiations Committee's decision will be addressed in due course.

The phasing out of restrictions under the Multi-fibre Arrangement should be achieved through the following complementary approaches:

(i) Reduction of restrictions

The existing restrictions will be progressively reduced leading to their elimination, in the following manner:

- (a) fibre approach, e.g. cotton, wool and man-made fibres and other vegetable fibres and silk blends;
- (b) supplier approach, e.g. least developed countries, small suppliers and new entrants, wool producing developing countries, cotton producing developing countries;
- (c) degree of processing, e.g. tops, yarns, fabrics, made-ups and garments;
- (d) specific product groups, e.g. children's garments, handloom, hand-made and folklore products;
- (e) products for which there is no domestic production.

(ii) Minimum Viable Production (MVP)

The concept of Minimum Viable Production (MVP) should be eliminated.

(iii) Outward Processing Traffic (OPT)

All restrictions on re-imports into a country of textile products which that country has exported to another country for processing and subsequent re-importation should be abolished.

(iv) Aggregate and group limits

Aggregate and group limits should be abolished.

(v) Base levels

The quotas prevailing at the beginning of the phase-out process should be enlarged according to an agreed formula with a minimum of 6 per cent.

(vi) Growth rates

Growth rates for quotas which are not abolished should be progressively increased according to an agreed formula with 6 per cent as the minimum growth rate.

(vii) Flexibility

All limitations on the combined use of flexibility, including cumulative limits should be removed. The flexibility should be progressively increased.

Special treatment should be accorded to the least developed countries in phasing out of restrictions under the Multi-fibre Arrangement.

No further restrictions should be imposed during the phasing out of restrictions under the Multi-fibre Arrangement.