

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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Group of Negotiations on Goods (GATT)

Negotiating Group on Textiles and Clothing

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STATEMENT BY THE HONG KONG DELEGATION
AT THE MEETING OF THE NEGOTIATING GROUP ON TEXTILES AND CLOTHING
14 DECEMBER 1989

1. The Hong Kong delegation welcomes the latest elaboration of the ITCB proposal in MTN.GNG/NG4/W/31 tabled at this meeting and the Nordic proposal in MTN.GNG/NG4/W/30. The two proposals are complementary and between them offer this Group the basis of a framework for implementing the phasing out of restrictions under the MFA.

2. This delegation would like to elaborate on Hong Kong's position under the ITCB comprehensive proposal and offer its views on the various elements of the Nordic proposal.

3. On the scope of the negotiations, the ambit has been clearly laid out in the TNC decision of April 1989. The phasing-out of non-MFA restrictions on textiles and clothing not consistent with GATT rules and disciplines could be addressed in the manner set out in the ITCB proposal.

4. On modalities, there is much common ground in the approaches by ITCB and the Nordic countries to the determination of modalities. As we see it, there are three major considerations underlying the proposed modalities.

- (a) Firstly, certainty and predictability. Exporters need to plan ahead and need to be fully assured of the amount of shipments they may undertake during the phasing-out period.
- (b) Secondly, practicability and minimal disruption. World textiles trade is far too vulnerable to be a subject for administrative experiments. Surely, our negotiations should aim at the facilitation of trade and not its disruption. We fully support the Nordic preference for arrangements which are simple to administer and monitor. Moreover, such arrangements should be familiar to the trade at both ends of the transaction. This delegation is of the view that the transitional arrangements should continue to be based on export control and not such modalities as tariffication or tariff quotas.

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- (c) Thirdly, equitable development of trade among suppliers. The modalities for phasing out the MFA restrictions must offer greater market access for all exporting countries. Whilst fully recognising that the least developed countries, small suppliers, new entrants, cotton and wool producers should be accorded special and differential treatment, our view is that an integral part of the phasing-out process should be the abolition of the concept of so-called "exceptional circumstances" which entail for some suppliers growth rates and flexibility which are lower than the norm.

5. Having regard to the foregoing requirements, the Hong Kong delegation gives its support to the modalities set out in the ITCB proposal and the Nordic proposal which have much in common such as immediate removal of aggregates, and progressive increases in growth rates and flexibility provisions, just to name a couple of specific examples.

6. On the question of time-span, we support India's proposal in MTN.GNG/NG4/W/28 for a 5-year phase-out period.

7. As for safeguards during the phase-out period, this delegation accepts the need for safeguard provisions and shares the view of the Nordic countries in this respect in the context of the negotiations on textiles and clothing. We support the ITCB proposal that special provisions would need to be developed in respect of the application of safeguards to situations involving products which are restrained for some but not for other suppliers during the phase-out period.

8. In the view of Hong Kong, any programme for phasing-out MFA restrictions will be a futile exercise if their effects are offset by the unwarranted or downright mischievous application of other selective measures within or outside the GATT. We, therefore, support the strengthening of GATT rules and disciplines in such areas as anti-dumping and safeguards. However, as pointed out in both the ITCB and Nordic proposals, generic issues should be negotiated in substance in the respective negotiating groups. Progress in these Groups should not be made a pre-condition for progress in negotiations in this Group.

9. The need for multilateral surveillance and dispute settlement mechanism during the phase-out period had been outlined in a number of proposals which have been tabled so far. Hong Kong supports this view, and we see merit in adopting the Textiles Surveillance Body as the basis for surveillance and dispute settlement procedures.

10. As this delegation has stated at the last meeting of this Group, Hong Kong is fully committed to negotiating the integration of the MFA into the GATT. We have no wish for our textiles sector to continue to be dictated by MFA constraints. As a firm believer of the operation of market forces, we see no reason why this sector should not be obliged to adjust like any other sector of our economy in accordance with the modalities outlined in the ITCB and Nordic proposals and as indicated by this delegation.

11. I should be grateful if this statement could be circulated as an official document in the NG4/W series.