

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

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Group of Negotiations on Goods (GATT)

Negotiating Group on Textiles and Clothing

MEETING OF 5 JULY 1991

Note by the Secretariat

Introduction

1. In opening the meeting of the Negotiating Group, the Chairman paid tribute to the services rendered to the GATT by Mr. Michel Salib, the retiring Director of Special Projects Division, during his years in the Secretariat. He noted, in particular, the contributions by Mr. Salib in advancing the Uruguay Round negotiations in the sector of textiles and clothing. A number of delegations took the opportunity to express their appreciation for Mr. Salib's role and to extend their best wishes for a long and happy retirement.

Report by the Chairman on Informal Consultations

2. The Chairman informed the Group that, pursuant to the work programme for textiles and clothing adopted by the TNC in February (MTN.TNC/W/69 paragraphs 6-8), he had held consultations in March and April focusing on technical matters. He advised the Group that, in the course of the consultations, requests had been made for updated trade data and for information relating to restrictions on textiles and clothing trade and that these requests had been further examined in a technical sub-group. Through this process it had been decided that importing MFA members would provide import data for 1990 for each of the HS lines in Annex II of the draft agreement on textiles and clothing along with an indication of which HS lines were affected by MFA restraints. The data provided by participants had been compiled by the Secretariat and circulated in the paper entitled "Textiles and Clothing Trade Data" of 29 May 1991.

3. Commenting on the trade data in the above-mentioned paper, a proposal was made, supported by a number of participants, that all participants should provide similar data and information covering all types of restraints, to the extent possible. The sponsors of this proposal considered that such data would provide a clearer picture of textiles and clothing trade activity and the restrictions that affect it; and would be important in relation to the negotiations on the integration process in Article 2, the composition of Annex II and the transitional safeguard in Article 6. Some participants pointed out that they would have difficulty

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supplying the data in the specific format requested, i.e., for 1990 under each of the HS lines in Annex II, but were willing to consider the proposal. Others sought further clarification of the objectives of such an exercise and its relevance to the work the Group was engaged in. After discussion, the Chairman suggested and the Group accepted that this proposal be further considered in the context of the technical consultations which he intended to hold in the near future.

Continuation of Substantive Negotiations on Modalities for the Integration of the Textiles and Clothing Sector into GATT

4. Opening the discussion, the Chairman suggested that the Group should first consider a programme for its work and identify the key questions requiring examination, with a view to advancing the negotiation process in an orderly and constructive manner.

5. The spokesman for the developing countries, members of the ITCB, pointed out that the draft text of an agreement on textiles and clothing, contained in document MTN.TNC/W/35/Rev.1, provided the basis for further negotiations in this area, while the commentary attached thereto identified the main points of divergence. He expressed the concern of these participants that the proposed integration rates, as currently set out in the text, coupled with the present composition of Annex II, could lead to a situation where the bulk of the restrained products would not be integrated into GATT until the very end of the integration process. They were also of the opinion that the structure of the transitional safeguard mechanism in Article 6 should be revised to encourage greater objectivity and to preclude discriminatory application. Also as regards the transitional safeguard, they attached considerable importance to the extension of more favourable treatment to small suppliers, new entrants, cotton and wool producers and least developed countries and to the liberalization of OPT operations. He suggested that the composition of Annex II should also receive early attention in a further technical examination.

6. Other participants suggested that the work programme should include examination of the provisions relating to the transitional safeguard mechanism (Article 6), the integration rates and growth ratios (Article 2), fraud and circumvention (Article 5), and monitoring and surveillance procedures (Article 9).

7. In summing up the discussion, the Chairman recalled the work programme for textiles and clothing adopted by the TNC in February 1991, which, inter alia, provided that: "While much intensive work was done in Brussels, it is my understanding that the issues to be solved in the area of textiles and clothing are essentially among those set out on page 239 of W/35/Rev.1 and in the text in the following pages of that document; that further work is to proceed within the framework established for the negotiations up to the end of the Brussels Meeting; that the work carried out at Brussels should be taken into account as appropriate" (MTN.TNC/W/69, paragraph 6). He said that, bearing this in mind and with the benefit of the useful

exchange of views at the present meeting, he would be carrying out consultations focusing in the first instance on the questions of product coverage (Annex II), and transitional safeguard mechanism (Article 6), followed by other subjects. The Negotiating Group would be convened at appropriate intervals to receive reports on and to discuss the progress achieved. In these circumstances, a date for the next meeting was not set, but the Group was asked to remain on call.