

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Textiles Committee

Original: French

## ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Statement by the Representative of the European Communities on 14 July 1981

I. 1. At our last meeting, I pointed out that the Community had already expressed itself in favour of a régime governing international trade in textiles, after the MFA expires. At the present stage, and in the light of an intensive examination in the Community's institutions, I can confirm that the Community is ready to seek a renewal of the Multifibre Agreement that respects the objectives mentioned in the Preamble and in Article 1 of the present instrument, on the understanding that such an arrangement should enable us to obtain satisfaction on a number of essential elements, which I shall comment on. Those elements should be taken into account in any text concerned with renewal of the Arrangement.

2. I should first like to stress that the situation of the textile industry in the Community has not improved since 1977 and in some cases has even worsened. The fragility of the sector has increased under present economic circumstances. After a period of stability at the beginning of the renewed Multifibre Agreement, Community production of textiles and clothing has since clearly declined. I should also like to point out that since 1980 there has been an increasing loss of jobs in the Community's textile industry and this is accompanied by a growing number of closings by manufacturing enterprises. At the same time, the rate of penetration of our market by imported textile and clothing products has continued to rise, and in 1980 amounted to 44 per cent, of which about 70 per cent is accounted for by products coming from low-cost countries. As I have indicated at earlier meetings, growth in the consumption of the products in question scarcely exceeds 1 per cent, corresponding roughly to the rate of growth of our population.

3. It must not be forgotten that, in terms of absolute volume, the Community continues to be the world's main import market for textile and clothing products and that our imports from developing countries are greater than those of any other country. We are conscious of that situation and of the Community's special responsibilities in that regard. According to the figures circulated during the major review of the functioning of the Arrangement in

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\*English only/Anglais seulement/inglés solamente.

October last, per capita imports of textiles and clothing into the Community are by far the largest of the three main importing countries. In view of the fact that the proportion accounted for by products imported from low-cost countries is particularly high and that the Community's market for textile products has its limits, the future régime of textile imports into the Community cannot be envisaged without account being taken of the trend of consumption of those products.

4. Such a régime should ensure that the adaptation efforts of Community producers can be continued through a framework for imports from low-cost countries, linked to the sensitivity of the products concerned. That would make it possible, over a sufficiently long period, to offer producers in the Community security for the development of their activities, so that they can obtain an equitable share of the market. We are thinking in terms of a five-year régime which would make such security possible both for Community producers and for suppliers from the developing countries. Such a régime could create conditions for more intensive co-operation at the commercial and industrial levels.

II. 5. In this context, our thinking has led us to the formulation of a number of objectives of trade policy. We find that imports of low-cost textile products, along with other factors, are contributing significantly to the difficulties of the Community's industry. We therefore have to apply remedies not only by way of adjustments, but also by an overall approach with regard to low-cost imports. This would enable us, in good time, to foresee situations in which there might be market disturbances, and to act accordingly.

6. We are, however, sensitive to the legitimate aspirations of small supplier countries and of new entrants. We intend to propose for those countries a treatment adapted to their situation and different from that accorded to the most developed and most competitive countries.

Whether one likes it or not, under the present conditions of our industry and our market, a certain differentiation of treatment, according to product sensitivity and the supplier country, is necessary.

7. I now return to the last of the parameters to which we alluded during the May meeting of the Committee: I refer to conditions of access to the markets of exporting countries, in particular newly industrialized countries and State-trading countries. The Community attaches particular importance to the contribution by such countries to the expansion of trade in textiles as envisaged by the Arrangement, not only by way of exports but also by an effort at the level of their import régimes. We must emphasize that our possibilities of continuing to improve access for textile products from those countries will have to take into account the possibilities of access for our textile products to the markets of those countries.

III. 8. We do not question the importance of the Multifibre Agreement as a framework for international trade in textiles. Nevertheless, as you know, the Community cannot envisage a future MFA without its natural complement, namely bilateral agreements. For there is a link, which the Community considers essential and necessary, between the conclusion of satisfactory bilateral agreements and renewal of the Arrangement regarding international trade in textiles.

9. In that regard, I should like to indicate that the Community is engaged in examining its overall quantitative objectives for imports of textile products from the low-cost supplier countries as a whole. In the light of that examination, it will determine its position concerning possible modifications of rates of development, base levels and flexibility rules.

10. We have also been thinking about the growth rate. The application of a generalized growth rate of 6 per cent from one year to the next would not fail, under current conditions, to provoke the market-disruption effects which the application of the Multifibre Agreement is designed to prevent. In that context, we must point out that growth rates of less than 6 per cent are permissible under the original Arrangement when they are necessary to ensure "the orderly and equitable development of trade and avoidance of disruptive effects". It is a fact that under present conditions such cases of market disruption or of real risk of disruption are much more frequent than in the past.

11. Like other delegations and as we indicated at the last meeting, the Community is concerned by the recrudescence of cases of fraud in the textile trade. We believe that the present Article 8 of the Arrangement constitutes a useful but inadequate basis for dealing with these problems. We are convinced that in case of fraud, the importing country is owed a readjustment of restrictions compensating the effects of fraudulent imports, by the real country of origin and we wish to see that principle recognized. Appropriate provisions to that effect should be agreed.

12. In conclusion, I should like to mention an aspect of a more general nature, namely the principle of equity from the social point of view, which, to our mind, deserves emphasis in an instrument such as the Multifibre Agreement. We express our conviction that the orderly and equitable development of trade in textiles should promote the economic and social development of all countries participating in the MFA and should benefit the populations concerned.