

**GENERAL AGREEMENT ON  
TARIFFS AND TRADE**

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Textiles Committee

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES

Proposal for a Protocol Extending the Arrangement  
Submitted by the European Communities

The following is a proposal submitted by the European Communities, for a Protocol of Extension and Conclusions of the Textiles Committee.

EEC PROPOSAL FOR A  
PROTOCOL EXTENDING THE ARRANGEMENT REGARDING  
INTERNATIONAL TRADE IN TEXTILES

THE PARTIES to the Arrangement Regarding International Trade in Textiles (hereinafter referred to as "the Arrangement").

ACTING pursuant to paragraph 5 of Article 10 of the Arrangement,  
and

REAFFIRMING that the terms of the Arrangement regarding the competence of the Textiles Committee and the Textiles Surveillance Body are maintained,  
and

CONFIRMING the understandings set forth in the Conclusions of the Textiles Committee adopted on \_\_\_\_\_ 1981, a copy of which is attached herewith,

HEREBY AGREE as follows :

1. The period of validity of the Arrangement, set out in Article 16, shall be extended for a period of five years until 31 December 1986.

2. This Protocol shall be deposited with the Director-General to the CONTRACTING PARTIES to the GATT. It shall be open for acceptance, by signature or otherwise, by the parties to the Arrangement, by other governments accepting or acceding to the Arrangement pursuant to the provisions of Article 13 thereof and by the European Economic Community.

3. This Protocol shall enter into force on 1 January 1982 for the countries which have accepted it by that date. It shall enter into force for a country which accepts it on a later date as of the date of such acceptance.

Done at Geneva this \_\_\_\_\_ day of \_\_\_\_\_ one thousand nine hundred and \_\_\_\_\_ in a single copy in the English, French and Spanish languages, each text being authentic.

CONCLUSIONS OF THE TEXTILES COMMITTEE  
ADOPTED ON \_\_\_\_\_ 1981

1. The participants in the Arrangement exchanged views regarding the future of the Multifibre Arrangement (MFA).

2. Members of the Textiles Committee recognized that there continued to be a tendency for an unsatisfactory situation to exist in world trade in textile products, and that such a situation, if not satisfactorily dealt with, could work to the detriment of countries participating in international trade in textile products, whether as importers or exporters or both. It could adversely affect prospects for international cooperation in the trade field and could have unfortunate repercussions on trade relations in general, and the trade of developing countries in particular.

3. Some participating countries, importing as well as exporting, felt that there was a need for modifications to be made to the text of the MFA. Others were of the opinion that any difficulties that may have arisen were due to problems of implementation and that the provisions of the MFA are adequate to deal with such difficulties. It was agreed that any serious problems of textile trade should be resolved through consultations and negotiations, which may be conducted under Articles 3 or 4 to give effect to the Arrangement.

4. In this respect, the participating countries:

(a) drew special attention to a number of emerging factors which have begun, and are expected to continue, to affect trade in textiles; in particular a decline in the rate of growth of per capita consumption in most importing countries; the increasingly disruptive nature of cyclical variation in demand; and the growing impact of large quotas and market shares for imports of sensitive products from a few sources or even a single source, as well as the growth in the total volume of imports of the same sensitive products.

(b) recognized that the existence of these factors can have a bearing on the rate at which a particular market can accommodate imports while still avoiding serious market disruption.

(c) agreed that the orderly and equitable development of trade and the avoidance of disruptive effects would be frustrated unless the factors referred to in subparagraph (a) are taken fully into account in determining the existence of "exceptional cases" or "exceptional circumstances" as set out in paragraphs 2, 3 and 5 of Annex B.

(d) agreed that in those instances in which the factors referred to in subparagraph (a) are instrumental in concluding that exceptional cases/circumstances do prevail with regard to certain large restraint levels and market shares, in addition to the lower but positive growth rates as provided for in paragraph 2 and 3 of Annex B, lower percentages than the minimums indicated in paragraph 5 of Annex B for swing or even suspension of swing for some specific cases may be decided upon after consultation with the exporting participant or participants concerned. In addition, there may be carryover or carryforward if agreed after consultation with the exporting participant or participants concerned.

5. In further consideration of the factors set out in the preceding paragraph, participating countries :

- (a) recognized that the harmonious development of trade in textile products may be threatened if real risks of market disruption particularly in case of a sharp and substantial increase of imports, (surge), should occur for sensitive products subject to restraints negotiated between participating countries.
- (b) note that special measures for larger restraint levels agreed between participating countries to avoid such further risks of disruption are consistent with the objectives of the Arrangement as set out in Article 1:2.

6. The Committee agreed that, under the provisions of Articles 3 and 4, it may be decided that certain restraint levels applicable for textile products exported by the most competitive and developed exporting participating countries can be adapted, with the possibility of reserving a proportion for outward processing traffic.

7. The Committee recognized that countries having small markets, an exceptionally high level of imports and a correspondingly low level of domestic production are particularly exposed to the trade problems mentioned in the preceding paragraphs, and that their problems should be resolved in a spirit of equity and flexibility. In the case of those countries, the provisions of Article 1, paragraph 2, should be fully implemented.

8. In recent years a number of participants have encountered problems concerning the circumvention of agreements. It was agreed that further steps should be taken by both importing and exporting countries to improve the implementation of agreements and thereby facilitate closer cooperation in this area. Further it was agreed that the appropriate administrative action referred to in Article 8, paragraph 2, should include, where satisfactory evidence of the true country of origin is provided, retroactive and full adjustment of charges to existing quotas to reflect the correct country of origin. The timing of such adjustments should be worked out in close consultation with all countries involved with the aim of coming to a rapid solution.

9. The Committee reaffirmed that the two organs of the Arrangement, the Textiles Committee and the Textiles Surveillance Body, should continue to function effectively in their respective areas of competence.

10. Participating countries reaffirmed their commitment to achieve the expansion of trade, the reduction of barriers to such trade, and the progressive liberalization of world trade in textile products. The Committee, moreover, reaffirmed that, consistent with participants' rights and obligations under the GATT, the commitment to reduce trade barriers and liberalize trade in textiles should be fulfilled by both developed and developing participants and in particular by those participants with highly competitive textile industries.

11. It was reiterated that in the future implementation of the MFA, the problems of developing countries, especially the least developed, shall be fully taken into account in a manner consistent with the provisions of the MFA, in particular Article 1, paragraph 3 and Article 6 thereof.

12. The Committee reaffirmed that the implementation of the Arrangement should further the economic and social development of developing countries and benefit the populations of these countries.

13. All participants saw mutual cooperation as the foundation of the Arrangement and as the basis of dealing with problems in a way which would promote the objectives and aims of the MFA. Participants emphasized that the primary aims of the MFA are to ensure the expansion of trade in textile products particularly for the developing countries, and progressively to achieve the reduction of trade barriers and the liberalization of world trade in textile products while, at the same time, avoiding disruptive effects on individual markets and on individual lines of production in both importing and exporting countries. In this context, it was felt that in order to ensure the proper functioning of the MFA all participants would refrain from taking measures on textiles covered by the MFA outside the provisions therein before exhausting all the relief measures provided in the MFA.

14. Taking into account the evolutionary and cyclical nature of trade in textiles and the importance to both importing and exporting countries of prior resolution of problems in a constructive and equitable manner for the interest of all concerned, and on the basis of elements and commitments mentioned in paragraphs 1 to 13 above, the Textiles Committee considered that the articles and annexes of the MFA with this interpretative protocol should be extended for a period of five years subject to confirmation by signature from December 1981 of a Protocol for this purpose.