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TEXTILES AND CLOTHING TRADE POLICIES EXAMINED IN NEW GATT STUDY

Post-war developments in production, employment, investment and trade in textiles and clothing are assessed in a study[1] released today by the GATT Secretariat. The study also examines the factors behind these developments, in particular the complex systems of trade restrictions that have evolved since the 1950s.

Prepared in response to a decision taken at the 1982 Ministerial meeting of GATT Contracting Parties, the study is intended to provide background material for a Working Party set up to "examine modalities" of further trade liberalization in the textiles and clothing sector and to report to the session of the GATT Contracting Parties in November this year.

Following detailed analysis of the relative importance of textiles and clothing to world trade and to individual economies and the evolution and effects of policies relating to trade in these sectors, the study sets out the likely consequences for both importing and exporting countries of two possible courses of action:

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[1] 'Textiles and Clothing in the World Economy' published in Geneva by GATT, July 1984, is available, on request, from the GATT Secretariat, 154, rue de Lausanne, 1211 Geneva 21, Switzerland.

- a phasing out of the Multifibre Arrangement (MFA) in favour of bringing trade in textiles and clothing back under the rules of the General Agreement and

- a continuation of the present system of restraints and restrictions.

In its overview chapter, the Study says:

"The fundamental issue is structural adjustment, that is, the way in which economies respond to the pressures for changes in the patterns of production and trade that are inherent in the process of economic growth. In many respects, the structural adjustment problem confronting the textiles and clothing industries in the developed countries is the prototype for structural adjustment in general. Future policy decisions regarding these two industries will be a key test of the industrial countries' approach to structural adjustment."

The Study, which also contains almost one hundred statistical tables and charts, as well as a number of appendices, is arranged in five chapters:

1. An overview of the issues and summary of conclusions.
2. The relative importance of textile and clothing industries in economic activity.
3. Evolution of policies affecting trade in textiles and clothing.
4. The economic impact of policies affecting trade in textiles and clothing.
5. Economic consequences of alternative future trade policies governing textiles and clothing.

It should be emphasized that the Study has been produced under the GATT Secretariat's own responsibility and that GATT Contracting Parties may not agree with comments and observations contained in it.

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