

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

RESTRICTED

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Limited Distribution

WORKING PARTY ON TEXTILES AND CLOTHING

Progress Report

1. During the session of the CONTRACTING PARTIES at Ministerial level, held in November 1982, the CONTRACTING PARTIES decided: (a) to carry out on a priority basis a study on textiles and clothing; (b) to examine expeditiously, taking into account the results of such a study, modalities of further trade liberalization in textiles and clothing including the possibilities for bringing about the full application of GATT provisions to this sector of trade; and (c) that this work should be completed for their consideration at the 1984 session (BISD 29S/20).
2. Pursuant to these decisions, a background study entitled "Textiles and Clothing in the World Economy" was prepared by the Secretariat and circulated in May 1984.
3. At its meeting on 15-16 May 1984, the Council agreed to set up a Working Party on Textiles and Clothing with terms of reference as contained in document C/W/440 (annexed). Membership in the Working Party was open to all contracting parties. Governments which were not contracting parties but were parties to the MFA might participate fully as observers.
4. Mr. M.G. Mathur, Deputy Director-General, was designated Chairman of the Working Party.
5. The Working Party has held five meetings. The first meeting, held on 29 June, considered the organization of work and also heard some views on the GATT background study. It was noted that it was open to delegations to submit any relevant information or documentation that would be of assistance to the Working Party in carrying out the work entrusted to it. Some documentation has been submitted to the Working Party in this connection.
6. During the second meeting, held on 11-12 July, the Working Party agreed to begin the examination envisaged in the terms of reference by looking at the possibilities for bringing about the full application of GATT provisions to trade in textiles and clothing. It also asked its Chairman to invite interested participants to submit modalities for liberalization and the ways they might be examined for consideration by the Working Party (Spec(84)45).

7. In response to the Chairman's invitation, some contributions were received and circulated. During the third meeting held on 17-18 September, broad options were considered and, in pursuance of its agreement reached during the second meeting, the Working Party began its examination of the option of full application of GATT provisions involving a movement towards liberalization. The Chairman concluded that other options would have to be examined, and two of these options were: full application of GATT provisions as envisaged in the first option, combined with liberalization of trade measures irrespective of their GATT conformity; and liberalization under existing frameworks.

8. The Working Party requested the Secretariat to prepare, with the help of delegations, a note that would facilitate examination of the first option, indicating the kinds of questions that would arise and what they would involve. The Secretariat was also asked to put together a technical note indicating the information available with respect to tariff and non-tariff measures affecting trade in textiles and clothing. The Secretariat circulated these two notes in documents MDF/W/13 and MDF/W/12, respectively.

9. At its fourth meeting on 3-4 October, the Working Party continued its examination of the first option, taking account of documents MDF/W/11 and MDF/W/13. During the discussions, suggestions were made that the Secretariat should prepare a document which would describe in greater detail the relevant GATT provisions that would have to be taken into account in considering the first option. Suggestions were also made that the Secretariat should prepare, with the help of delegations, notes similar to MDF/W/13 on other options referred to in paragraph 7 above. The Secretariat would examine, in consultation with delegations, how these suggestions could be pursued. It remained open for interested participants to make further contributions to assist in the work of the Working Party.

10. At its fifth meeting, on 23 October, the Working Party considered its report to the Council. The Working Party noted that it was unable to complete its work in time for consideration by the CONTRACTING PARTIES at their 1984 session. Accordingly, the Council may wish to consider an extension of the mandate of the Working Party for such further period as would permit it to make a more complete report to the Council and the CONTRACTING PARTIES.

ANNEX

TRADE IN TEXTILES AND CLOTHING

Secretariat Study on "Textiles and Clothing in the World Economy"¹

Draft terms of reference for a working party

Following his informal consultations with a number of contracting parties, the Chairman of the Council has requested that the following text be circulated in connection with the consideration of Item 5(c) of the regular meeting of the Council on 15-16 May.

"In pursuance of the decision taken by the CONTRACTING PARTIES at their Ministerial level meeting of November 1982 (BISD 29S/20) and recalling contracting parties' undertaking, individually and jointly, to examine ways and means of, and to pursue measures aimed at, liberalizing trade in textiles and clothing, including the eventual application of the General Agreement, the Council agrees to set up a Working Party on Textiles and Clothing with the following terms of reference and membership.

Terms of Reference:

'To examine modalities of further trade liberalization in textiles and clothing including the possibilities for bringing about the full application of GATT provisions to this sector. For this purpose, the Working Party will take into account the background study produced by the GATT secretariat and circulated in documents Spec(84)24 and Addenda and any conclusions that it can draw with respect to the matters covered under Paragraph 1 of the Decision on textiles and clothing taken by the CONTRACTING PARTIES at their November 1982 meeting.

'The Working Party should complete its work and present its conclusions to the Council in time for the Council to submit the matter for consideration by the CONTRACTING PARTIES at their Session in November 1984.'

Membership:

The Working Party will be open to all contracting parties. Taking into account the interests of governments which are not contracting parties but are parties to the MFA, those governments may participate fully in the work of the Working Party as observers. International organizations which are observers at meetings of the Council and which desire to be represented as observers at the Working Party may also attend its meetings."

¹ Circulated in document Spec(84)24 and Addenda