

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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Group of Negotiations on Goods (GATT)  
Negotiating Group on Textiles and Clothing

NEGOTIATING GROUP ON TEXTILES AND CLOTHING

Meeting on 11 February 1987

Note by the Secretariat

1. Ambassador L. Duthie (Australia) was appointed Chairman of the Group for the initial phase.
2. The agenda, set out in GATT/AIR/2369 dated 4 February 1987, was adopted.
3. The Chairman invited comments on the type of preparatory work to be undertaken. The negotiating plan contained in MTN/GNG/5 provided some guidance as to the sources that might make useful contributions to such work, specifically, the annual reports of the TSB, information provided by the Sub-Committee on Adjustment and other sources as well as material from the Working Party on Textiles and Clothing, including the related documents as updated. He also referred the Group to a list prepared by the Secretariat and circulated during the meeting, of documents issued by these bodies which might be relevant to the work.
4. A number of delegations commented that textiles would be a key element in the Uruguay Round in view of its importance in total trade and in the economies of many developing countries, and that this sector was different from others, being long subjected to an institutionalized framework of quantitative restrictions outside GATT. It was, therefore, the view of some delegations that work in this area should proceed as a separate entity throughout the Round. Some delegations also referred to the generally higher tariff rates and tariff escalation in this sector, and held the view that the Negotiating Group on Tariffs would be an appropriate forum for discussing these matters with the results being made available to this Group. Similarly, it was felt that non-tariff measures outside the framework of the MFA could be addressed in the NTM Group. Some other delegations did not necessarily share these views as expressed; one reserving its position until a later phase in the work. Some delegations made reference to the need for rigorous application of the standstill commitment through the functioning of the Surveillance Body.
5. As regards the preparatory work, it was pointed out that the work of the Sub-Committee on Adjustment and the Textiles Surveillance Body should proceed on a timely basis and would make useful contributions. The Secretariat was requested, to the extent that resources were available, to undertake an

updating of the 1984 study, "Textiles and Clothing in the World Economy", to take account of developments subsequent to its issuance; specific proposals were made in this respect. It was also proposed that the Secretariat prepare a concise study of the state of the textiles and clothing industries in countries which maintain restrictive measures under the MFA, including such factors as profitability, competitiveness, export performance and the trade diversion effects of the MFA. In this respect it was pointed out that the examination of individual markets should also take into consideration the overall context of production and capacity in all countries for which data were available.

6. At the end of the discussion, the Chairman attempted to sum up the preparatory work that had been proposed. This summing-up which takes account of subsequent discussion is as follows:

"Subject to the necessary Secretariat staff resources being available, the Secretariat was requested to update the 1984 Study, "Textiles and Clothing in the World Economy" to take into account, inter alia:

(a) A description of MFA IV. In this connexion the Group could also draw upon the annual report of the TSB with respect to restrictions notified to it under MFA IV, as well as upon the work to be undertaken by the Sub-Committee on Adjustment;

(b) The material prepared for the Working Party on Textiles and Clothing;

(c) Any contributions submitted by members of the Group;

(d) An update of the main statistical tables, to the extent feasible, including statistics on the extended product coverage of MFA IV;

(e) Specific points raised concerning the study of the state of industries in individual country markets."

7. A request was made that observer status for this Group be accorded to the International Textiles and Clothing Bureau (ITCB), which is an organization of developing countries, exporters of textiles and clothing, members of the GATT and the MFA. It was agreed that this request, substantiated by documentation on the nature and objectives of the ITCB, would be submitted to the GNG for decision.

8. The Secretariat was requested to prepare a summary of the main points raised during meetings of the Group.

9. Having due regard to the calendar pattern of meetings set up in the GNG "Decision on the Negotiating Structure", the Group agreed to hold its second meeting during the week of 27 April.