

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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

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STATEMENT MADE BY THE DELEGATION OF INDONESIA, ON BEHALF OF A NUMBER
OF DEVELOPING COUNTRIES, MEMBERS OF THE INTERNATIONAL TEXTILES AND
CLOTHING BUREAU AT THE MEETING OF THE NEGOTIATING GROUP ON TEXTILES
AND CLOTHING ON 13 JUNE, 1988

You will recall that we have repeatedly emphasized the need for a more vigorous pursuit of the task of the Negotiating Group on Textiles and Clothing, as the integration of the textile sector into GATT is a key element in the Uruguay Round. We are somewhat encouraged that the developed countries are beginning to show a willingness to engage in substantive discussions. These discussions, however, must be focussed on the modalities for integration of the textile sector into GATT, and as such on proposals made by the participants for the achievement of the objectives set out in this area.

This group has, since it met last, received a communication from the European Communities. We do welcome this as it is the first formal contribution from a developed participant, but we cannot fail to note that this communication does not propose any specific modality for the integration of the textile sector into GATT.

In the last meeting the developed countries sought to bring into these discussions points of doubtful relevance to these negotiations. Some of these are also contained in the communication from the European Communities and appear to suggest virtual rewriting of the Ministerial mandate. We therefore consider it necessary to state our position on these issues in order to underline that the task before this group is to negotiate modalities for integration of the textile sector into GATT.

-The textile sector is presently affected by the discriminatory and restrictive regime under the MFA which has been developed outside GATT. The implementation of the Ministerial mandate for the Negotiations on Textiles and Clothing calls for integration of the textile sector into GATT. This is what will really restore the proper balance of rights and obligations between contracting parties as envisaged in the General Agreement.

-The Ministerial mandate on textiles and clothing does not provide scope for negotiations on restrictions which are consistent with or in accordance with the General Agreement. The developing countries neither maintain any discriminatory restrictions nor any restrictions which are specific to the textile sector. The measures maintained by the developing countries in order to safeguard external financial position and balance of payments are fully within the provisions of the General Agreement.

-The Negotiating Objective for textiles and clothing specifically refers to the formulation of modalities for the integration of the textile sector into GATT. Thus the negotiations on textiles and clothing should be concerned solely with the dismantling of the present discriminatory regime in textiles. Negotiations on tariffs and non-tariff measures are part of the Uruguay Round, but are to be dealt with in the respective negotiating groups.

-The continuation of a discriminatory and restrictive regime cannot lead to the creation of permanent equitable conditions for all parties. The strengthening of the GATT system in line with the principles of the General Agreement alone would create stable conditions for ensuring equitable and liberal treatment for trade in textiles and clothing.

Mr. Chairman, the commitment of the European Communities, to the integration of the textile sector into GATT is welcome. However, the bilateral agreements concluded in 1986 by the European Communities, while slightly improving the previous ones, cannot be considered as a contribution to the process of integration of the textile sector into GATT as defined at Punta del Este. The Communities' bilaterals like most other bilaterals still remain far below the mandated norms under the MFA. These agreements in no way reflect the competitive conditions of the developed countries textile industries, which have been highlighted in the detailed studies provided by the members of the ITCB.

The GATT Secretariat and the ITCB have contributed considerable data and analysis to ensure a productive examination of the modalities for integration. GATT documentation available to the NGTC includes the updated GATT Study. The studies by the ITCB analyse the state of the textile industries in the developed countries since 1973 on the basis of the main relevant factors such as turnover, market share, profits, export performance, employment, imports, production, utilization capacity, productivity, investment and consumer expenditure. These studies, together with the GATT documentation presented to this Group, bring out conclusive evidence that the improved conditions of the textile and clothing industries in developed countries do not justify the continuation of an exceptional treatment.

Other diagnosis and analysis point to similar conclusions. The OECD Report to the Ministerial Council (May 1987) concludes "while there has indeed been considerable structural change in the OECD clothing and textiles industries, there is little evidence that the MFA has contributed to the efficiency of this process or of its outcomes". The EEC Commission in the Report "The Economics of 1992" which deals with the completion of the internal market of the European Communities, points out that the present "system of quotas which imposes an extra cost on intra-Community trade suffered by European producers and consumers will thus be incompatible with the abolition of all intra-Community frontiers by 1992."

Mr. Chairman, the preparatory stage of our work is over and we are already in the Subsequent Negotiating Process. It would not be appropriate at this stage to ask the Secretariat for further studies or diagnosis as has been suggested by some participants. We should at this stage concentrate on the examination of modalities.

Negotiations on textiles and clothing are a key element in the Uruguay Round in view of this sector's importance in total trade and in the economies of many developing countries, and of the difference of this sector from others, being long subjected to a framework of quantitative restrictions outside GATT.

The negotiations on textiles and clothing therefore must be based on the Ministerial decision and reflect the determination of the CONTRACTING PARTIES

- to halt and reverse protectionism,
- to remove distortions to trade,
- to preserve the basic principles of GATT,
- to further GATT objectives,

Mr. Chairman,

I should be grateful if this statement is circulated, as an official document.