

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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The following document has been submitted by the delegation of Indonesia on behalf of the group of developing countries, members of the International Textiles and Clothing Bureau (ITCB), for circulation to the members of the Negotiating Group on Textiles and Clothing.

COMPREHENSIVE PROPOSAL

Introduction

The members of the ITCB had in MTN.GNG/NG4/W/18 and MTN.GNG/NG4/W/23 laid out their broad approach to the negotiations on textiles and clothing in the Uruguay Round. The present communication develops the ITCB approach into modalities for the phasing out of restrictions under the Multi-fibre Arrangement and addresses other issues in the TNC decision with a view to advancing these negotiations.

The process of phase out of MFA restrictions should be determined by the following:

- Progressive liberalization and expansion of textile trade for developing countries which are subject to restrictions under the MFA and increase in their export earnings through practicable modalities;
- a definite shift to a trading system based on the basic principles of the General Agreement;
- equitable development of trade with differential and more favourable treatment for the small suppliers, new entrants, cotton and wool producing countries; and
- special treatment for the least-developed countries.

Modalities for the phase out

Accordingly, the following complementary modalities are proposed for the phasing out of restrictions under the Multi-fibre Arrangement.

1. At the beginning of the phase-out process the following should be eliminated immediately:

- Aggregate and Group limits
- Cumulative limits on the combined use of flexibility
- Restrictions on:
 - Outward Processing Traffic (OPT);
 - Products made of silk blends and other vegetable fibres;
 - Products for which there is no domestic production;
 - Specific product groups, e.g., hand-loom products, children's clothing, luggage, etc.
- Restrictions on account of:
 - Minimum Viable Production (MVP);
 - Exceptional circumstances.

2. Small suppliers in terms of share of total imports in a given market shall be accorded favourable treatment by advancing for them earlier stages of phase out and higher differential growth rates for the still restrained products.

3. Other restrictions should be progressively eliminated according to a combination of the following:

- (i) products defined in terms of fibres;
 - (ii) products defined by degree of processing, e.g., tops, yarns, fabrics, made-up articles clothing.
- Priority attention would be given to new entrants, cotton products of cotton producing countries and wool products of wool producing countries.

4. For quotas not yet eliminated as a result of the modalities indicated in 1 to 3 above there should be liberalization by:

- A minimum growth rate and uplifts in base levels at 6 per cent with larger growth rates and uplifts in base levels for new entrants, cotton and wool producing countries.
- The growth rates should be progressively increased.
- Progressive improvement in the flexibility provisions both in terms of carryover, carry forward and inter-product transfer.

5. Special treatment should be provided for the least-developed countries. (See document MTN.GNG/NG4/W/29 annexed.)

Time span

- The phase out of MFA restrictions should commence on 1 August 1991.
- The time span should be reflective of the modalities for the phase out indicated above and should ensure an irrevocable and definite integration of this sector into GATT.
- The process of the phase out will be completed in a time period to be decided during these negotiations.

Safeguards during the phase out

- Products that are unrestrained or become derestrained during the phase-out period in respect of all suppliers will be subject to the normal safeguard provisions of the General Agreement.
- For other situations a strict and well defined criteria should be developed in the course of these negotiations.

Additional trade measures

In order to ensure a smooth transition from the present régime to the new phase of textiles integrated into GATT and not to nullify the effect of the phase out of MFA restrictions during the transitional period, the participating countries should refrain from taking additional selective measures such as anti-dumping, countervailing duties, etc., on textiles and clothing.

Monitoring and dispute settlement

A multilateral mechanism should be established for monitoring the implementation and surveillance of the phase-out programme and also for the settlement of disputes that might arise in this regard.

Other matters

The ITCB reaffirms its view that the Negotiating Group on Textiles and Clothing has to focus on the elements clearly specified in the TNC decision of April 1989. The strengthening of GATT rules and disciplines is not a matter for negotiation in this Group as it relates to generic issues which are not specific to the textiles sector alone. While a participant could bring to the attention of the Negotiating Group on Textiles and Clothing a matter it considers relevant to textiles in terms of the TNC decision, substantive discussions should be undertaken only in the respective negotiating groups.

Other restrictions not consistent with GATT rules and disciplines can be addressed in the Negotiating Group on Textiles and Clothing with the purpose of their elimination or bringing into conformity with such rules and disciplines as agreed in Part C, rollback (i) of the Punta del Este declaration. These restrictions have to be identified through notification by the participant concerned. Agreement should be reached on the relevance of these restrictions for the work of the Group and, if necessary, on the modalities for their elimination.

The ITCB may come up with further proposals in the course of the negotiations.