

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

**RESTRICTED**

MTN.GNG/NG4/W/43

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Group of Negotiations on Goods (GATT)

Negotiating Group on Textiles and Clothing

**COMMUNICATION FROM THE UNITED STATES**

The following communication has been submitted by the delegation of the United States for circulation to the members of the Negotiating Group on Textiles and Clothing.

The United States submitted a proposal (MTN.GNG/NG4/W/37) at the February 1990 meeting of the Negotiating Group which offered options for the Group to consider in order to attain the goal of eventual integration of the textile and clothing sector on the basis of strengthened GATT rules. The United States proposal asked that participants examine two alternatives to a transition mechanism based on the existing structure of the Multifibre Arrangement (MFA), i.e. a global-type quota system and a tariff-rate quota system, and discussed initial United States views on these mechanisms.

We have received a number of questions about one of our three options which we are still considering, the global-type system, and we would like to focus on this and use the occasion of the 5-7 March meeting of the Negotiating Group to answer some of those questions. To this end, the United States delegation would like to provide a further elaboration of its views on how a global quota-type system would operate with respect to certain key elements.

**1. Method for construction of global-type quotas**

Average of last three years of trade (1987-1989) plus uplift (to be negotiated) for the overall quantitative limit. Country allocations to be determined by the average of the last three years of imports, with no country allocation to account for more than 15 per cent of the total.

**2. Product coverage and categorization**

Existing product categories would be consolidated, perhaps by merging certain fibre classifications, in order to provide more flexibility for exporters. Certain outward processing trade (in the United States system, 807-A imports) could be exempt from global-quota system. Possible formulae for reducing overall product coverage during the transition mechanism should be discussed in the negotiations.

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3. Country coverage

Comprehensive country coverage, the only exceptions to be partners in customs unions or in free-trade arrangements.

4. Special preference

Special preferences for the least developed would be extended by allowing their country allocations to remain stable over the transition mechanism, i.e. the country allocations would not shrink as outlined in W/37.

5. Method of allocation

Export shipments that are credited against country guarantees would be allocated by the exporting countries just as MFA quotas are presently administered. The global basket would be allocated by importing countries.

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Related Issues: Restraints Outside the MFA/Strengthened GATT Rules and Disciplines/Liberalization of Trade.

The United States delegation reiterates that successful integration of this sector into GATT will require procedures that: (1) ensure that all relevant trade measures affecting trade in textiles and clothing are integrated; (2) ensure that GATT rules and disciplines have been sufficiently strengthened to make integration viable (e.g. effective rules for dealing with trade from non-market economies and balance-of-payments derogations); and (3) provide for a process that will ensure an orderly transition from measures being applied following the end of the Uruguay Round to those which will be applicable when this sector is fully integrated into the GATT. In this respect, we remind participants of our specific proposals for addressing both non-MFA restraints and strengthened GATT rules and disciplines and invite further reactions.