

INTERNATIONAL TRADE

Textiles and Garments Agreement for Renewal at Uruguay Round

A draft agreement on International Textile and Clothing Trade is due to come up for approval in April 1989. This draft envisages the eventual integration of the Multi Fibre Arrangement (MFA) which currently governs around 50 per cent of the world's trade in textiles and clothing. The MFA is regarded as a 'waiver' of GATT's fair-trade rules. The MFA is operating under a "safeguard" action which is permitted under GATT rules when a specific industry is deemed to be threatened from a build-up of imports. This action includes tariff or quota protection. The draft agreement envisages "substantive" negotiations on textile and clothing, with an aim of reaching an accord before the GATT sponsored Uruguay Round which is over at the end of 1990.

The four year Uruguay Round of negotiations, intended at liberalising multi-lateral trade, was inaugurated in September 1986 and had its mid term Ministerial Review Meeting on Montreal, Canada, at the beginning of December this year. These negotiations go on until the end of 1990 although the current MFA does not expire until mid 1991, so that it may not be possible to bring the textiles and clothing trade under GATT rules until then. Third World Ministers grouped in the International Textile and Clothing Bureau have insisted that the Textile Sector should be integrated into the GATT during the Uruguay Round.

It was recognised at the Montreal meeting that negotiations in the area of textiles and clothing is one of the key elements in the Uruguay Round in view of the great importance of this sector for the economies of many developing countries and for the expansion of their export earnings. Among recommendations that emerged for consideration and/or decision by the Ministers were:

- * that the phase out of MFA restrictions begin upon the expiry of the present MFA protocol
- * that the process of integration be gradual and progressive
- * that the process of integration be completed within a specified time-frame to be agreed upon during the Uruguay Round
- * that there be a freeze on further restrictions under the MFA.