1. The Textiles Committee held its eleventh meeting under the 1981 Protocol of Extension on 2 July 1986. The agenda for the meeting was "Continuation of the discussion of the future of the MFA as required by Article 10:5 of the Agreement".

2. The Chairman recalled that during the last meeting held in June 1986, he had the occasion of sharing with members of the Committee his perception in respect of the progress or the lack of it in the negotiations on the future of the MFA. He had made it clear at that time that positions on some basic issues remained quite far apart, and that it seemed difficult to imagine how generally acceptable solutions could be achieved unless adjustments in positions were made. Informal consultations held recently in the margin of the Committee showed that wide gaps still remained to be bridged in order to arrive at a consensus on the future of international trade in textiles and the system governing it. Nevertheless, he had detected a sense of urgency in the minds of negotiators. He said that he learned from press reports that some meetings had been held among members of the Committee. While he had nothing to say in this respect, he reminded the meeting that what the Committee was aiming at was to work out a multilateral framework for the bilateral relations of members. He also reminded the Committee that the MFA and its Protocol of Extension would end on 31 July 1986 and that there were some practical constraints as well as the interests of textiles manufacturers and traders which had to be kept in mind. He therefore considered it reasonable and indispensable that the Committee should finalize its work by 25 July 1986.

3. The representative of Colombia referred to the overall context within which negotiations were being held under the Textiles Committee and Preparatory Committee and said that although both sets of negotiations were up to a point independent from each other, the objective of both was to achieve greater liberalization of trade. He agreed with the Chairman that some final results had to be achieved before the end of July 1986, but these final results ought to take the form of a more liberal régime for textiles trade especially for developing countries like Colombia whose exports of manufactured goods were made up solely of textile products. The outcome of the MFA negotiations would have a definite influence on the decisions to be made in the other set of negotiations which would be completed in Punta del Este. Finally, he said that it was the responsibility of national administrations of importing countries to persuade their respective governments that if there were no liberalization in textiles, then there could not be a new round of multilateral trade negotiations. This was a very solemn appeal made on behalf of developing exporting countries.
4. The representative of India said that his delegation continued to view the process of negotiations in the Committee with interest and concern: with interest because of India's large dependence on exports of textiles and clothing to sustain its trade and economy, with concern because of its implication for the wider process of the proposed multilateral negotiations. Regarding press reports which indicated that various bilateral negotiations had been going on, he wondered whether they served to reinforce and help the multilateral process. He said that the Chairman had rightly pointed out that the Committee was concerned with the multilateral process, the objective of which should ensure a categorical commitment by importing countries to the restoration and application of GATT rules and principle to trade in textiles and clothing and an agreement to phase-out the existing régime within a short and specific time-table. This would be a vital confidence building measure in keeping with the Ministerial Decision of 1982 as well as with the conclusion of the report by the Working Party on Textiles and Clothing in October 1985, and would give meaning to the wider exercise of trade liberalization in the proposed new round of multilateral trade negotiations. The fact remained, nevertheless, that at this late stage, it was still not clear how the gaps could be bridged. He noted in passing that the mandate of the Committee was to consider whether the MFA should be extended, modified or discontinued, and said that it was irrelevant for some importing countries to suggest that one of the objectives of the exercise was to ensure better access for their exports in the markets of exporting developing countries. Finally, he said that he wished to see the process of negotiations in the Textiles Committee and the Preparatory Committee to be mutually reinforcing and that it would be extremely unfortunate if at the end, concrete measures in that direction were not forthcoming.

5. The representative of Poland said that all solutions in the textiles sector would have an impact on the new multilateral trade negotiations and also on the bilateral textile agreements. It was necessary to find a just solution for that sector of trade which would not require heavily-indebted nations to bear the cost of adjustment. In spite of serious difficulties, Poland had made great efforts to increase imports from members of the MFA. He said that Poland had already pointed out that the Protocols of Extension in 1977 and 1981 constituted departures from the original MFA. Since it was impossible to apply fully the liberal principles of GATT to the textiles sector at present, he would suggest extending the original MFA for another five years. The new protocol should contain provisions limiting unilateral restrictive actions, and offering improved growth rates and flexibility. There should also be clearer language in certain articles which had caused problems of interpretations in the past.

Date of Next Meeting

6. It was agreed that the Committee would meet again on 21 July 1986 at 3.00 p.m. in a continued session until 25 July.