The decision at the TNC meeting in April 1989 clearly stated that modalities for integration of the textiles and clothing sector into GATT should inter alia cover the phasing out of restrictions under the MFA and other restrictions on textiles and clothing not consistent with GATT rules and disciplines, the time span for such a process of integration, and the progressive character of this process which should commence following the conclusion of the negotiations in 1990.

With regard to the above mentioned decision, ASEAN is of the view that the elements of the modality for the phasing out of the MFA restrictions and the time span have to be negotiated and agreed upon before the end of 1990.

To this effect ASEAN proposes the following modality:

(a) A transitional period for phasing out of the MFA starting from 1 August 1991 to be completed by the year 2000.

(b) Immediate elimination of restrictions within the transitional period on products such as:
   - other vegetable fibres and silk blends;
   - handlooms and handicraft products;
   - products which are not produced in the importing countries.

(c) As from 1 August 1991 no new restriction on products outside the present categories subject to quantitative restraints should be introduced.

(d) Immediate elimination of textile products outside those listed in Section XI (heading 50-63) of the International Convention on the Harmonized Commodity Description and Coding System.
In addition, the implementation of the above mentioned international convention should not increase restrictions.

(e) A minimum growth rate of 6 per cent to be progressively increased during the agreed transitional period.

(f) The rules governing the transitional period should be agreed upon and their implementation will be supervised at the multilateral level by a Surveillance Body specifically set up in the GATT.

(g) The flexibility should be increased as follows:

<table>
<thead>
<tr>
<th>Flexibility Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carryover</td>
<td>20%</td>
</tr>
<tr>
<td>Carry forward</td>
<td>15%</td>
</tr>
<tr>
<td>Swing</td>
<td>20%</td>
</tr>
</tbody>
</table>

All limitations on the cumulative use of flexibility should be removed.

(h) Minimum viable production, restrictive elements of the Outward Processing Traffic (OPT), anti-surge provisions, aggregate and/or group limits as well as sub-division of quotas among member States of a Customs Union, and the basket extractor mechanism should be eliminated.

With regard to the issue of strengthened GATT rules and disciplines, ASEAN would be ready to consider this matter if the countries concerned could propose concrete modalities in the relevant negotiating groups.