Chairman's Text

1. I submit, upon my own responsibility, a draft text for an Agreement on Textiles and Clothing.

2. This text does not prejudice the negotiating position of any member of the Group. There are still many divergences of opinion within the Group which have to be addressed immediately. Whilst some of these divergences are highlighted in square brackets the remainder of the text is not necessarily accepted by all.
PREAMBLE

1. Having in mind the overall objectives of bringing about further liberalization and expansion of world trade to the benefit of all countries, especially less-developed contracting parties, of improving and strengthening the multilateral trading system based on the principles and rules of the GATT, and of bringing about a wider coverage of world trade under agreed, effective and enforceable multilateral disciplines;

2. Recognizing the great importance of the textile and clothing sector for the economies of many countries and particularly for the economic and social development of many developing countries, and for the expansion of their export earnings;

3. Recognizing also that international trade in textile products is characterized by a number of restrictive practices and measures, and that this trade has been subject, since 1961, to a special set of rules, separate and different from those of the General Agreement, and noting that the current Protocol extending the Arrangement Regarding International Trade in Textiles will expire on 31 July 1991;

4. Recalling that Ministers agreed at Punta del Este that negotiations in the area of textiles and clothing shall aim to formulate modalities that would permit the eventual integration of this sector into GATT on the basis of strengthened GATT rules and disciplines, thereby also contributing to the objective of further liberalization of trade;

5. Recalling also that in the April 1989 TNC Decision it was agreed that the process of integration should commence following the conclusion of the Uruguay Round in 1990, and should be progressive in character. Recalling further that it was agreed that special treatment should be accorded to the least developed countries;

6. Desiring to provide for a multilateral framework, during the transitional period, which would permit the orderly integration of the textiles and clothing sector into GATT;

7. [Acknowledging that as a result of the Uruguay Round negotiations, GATT rules and disciplines have been strengthened, so as to form a basis for the integration process to be launched;]

8. Determined to have full regard to the principles and objectives of the General Agreement on Tariffs and Trade and, in carrying out the aims of the present Agreement, effectively to implement the decisions of Ministers taken at the conclusion of the Uruguay Round;

Parties to this Agreement hereby agree as follows:

1Throughout this paper the expression "textile products" refers to "textiles and clothing".

2This may take the form of a decision by the CONTRACTING PARTIES; the legal form is subject to further discussion.
ARTICLE 1
GENERAL PROVISIONS

1. With a view to achieving the integration of the textiles and clothing sector into GATT, this Agreement sets out provisions to be applied during a transitional period for the phasing out of restrictions under the Multi-fibre Arrangement (MFA) and other restrictions on textiles and clothing not consistent with GATT rules and disciplines, a transitional safeguard mechanism, a surveillance [and verification] mechanism, and relevant procedural aspects. The process of integration shall commence upon the expiry of the 1986 Protocol extending the MFA, as set out in the provisions of this Agreement. [This process would involve measures aimed at reducing and eliminating distortions to trade in textiles and clothing and the application of strengthened GATT rules and disciplines as set out in Article 8.]

2. Nothing in this Agreement shall prevent a party from eliminating restrictions maintained by it with immediate effect or earlier than specifically provided for in this Agreement.

3. Parties shall not interrupt or discourage the continuation of autonomous industrial adjustment processes. Policies applied in this context should encourage businesses which are less competitive internationally to move progressively into more viable lines of production or into other sectors of the economy. They should allow for increased competition in the markets of the parties in order to prepare their industry for the eventual integration of textiles trade into the GATT.

4. The provisions of this Agreement shall not affect the rights and obligations of the parties under the GATT.

5. For the purpose of this Agreement, product coverage (to be defined).
ARTICLE 2

MFA RESTRICTIONS

1. With the expiry of the MFA on 31 July 1991\(^1\), all quantitative restrictions maintained under the MFA (as extended by the 1986 Protocol), and in place on that date shall, as of 1 January 1992, be governed by the provisions of this Agreement.

2. Within 60 days of the commencement of this Agreement, all MFA restrictions in force on 31 December 1991 shall be notified in detail by the parties maintaining such restrictions to the Textiles Monitoring Body (TMB) established under Article 9. The TMB shall promptly circulate these notifications to the other parties for their information. It is open to any party to bring to the attention of the TMB, within 30 days of the circulation of the notifications, any observations it deems appropriate with regard to such notifications.

3. The MFA restrictions, with respect to the products listed in Annex II thus notified, shall be deemed to constitute the totality of such restrictions applied by the respective parties on 31 December 1991, and no new restrictions in terms of products or countries shall be introduced except under the provisions of Article 6 of this Agreement or relevant GATT provisions. MFA restrictions which are not notified within sixty days of the commencement of this Agreement shall be terminated forthwith.

4. On the first day of the coming into force of this Agreement, i.e. 1 January 1992, as an initial action:

   1. - the following products (as may be agreed on the basis of Annex III A) shall stand integrated into GATT (see Annex III).

      - or -

   2. - products accounting for "X" percent of the volume of total imports of the products subject to this Agreement (see Annex II), during the year -\(^3\), shall stand integrated into GATT.

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\(^1\) The legal cover for the restrictions under the MFA as extended by the 1986 Protocol, for the period 1.8.91 to 31.12.91, could be provided by means of a decision of the Textiles Committee or by a formulation incorporated in this Agreement.

\(^2\) Quantitative Restrictions to be defined. This definition will apply equally to references to "restrictions" throughout the text.

\(^3\) The exact 12-month reference period to be agreed.
2. - restrictions and restrictive practices listed below (as may be agreed with respect to Annex III B and III C and those parts transferred from III A), shall stand eliminated (see Annex III).

5. Notwithstanding the date of the coming into force of this Agreement, full details of the actions to be taken pursuant to paragraph 4 above shall be notified to the GATT Secretariat by the parties concerned not later than six months prior to 1 January 1992, which shall promptly circulate the notifications to the other parties for their information. These notifications will be made available to the TMB, when established, for the purposes of paragraph 8 below.

(Working hypothesis of integration by stages)

6. The remaining products, i.e., the products not integrated into GATT under paragraph 4 above, shall be integrated in three stages, as follows:

A. On 1 January of Year [ ], "Y" percent of:
   - total volume of imports of products subject to this Agreement during the year .... (see Annex II) of which - percent shall relate to products under restraints in terms of [HS lines or categories];
   OR
   - List of specific products according to the degree of processing (see Annex IV).

B. On 1 January of Year [ ], "Z" percent of:
   - total volume of imports of products subject to this Agreement during the year ... (see Annex II) of which - percent shall relate to products under restraints in terms of [HS lines or categories];
   OR
   - List of specific products according to the degree of processing (see Annex IV).

4 The exact 12-month reference period to be agreed.
C. On 1 January of Year [ ] all restrictions under this Agreement would have been eliminated and the textiles and clothing sector stands integrated into GATT.

7. The respective programmes of integration to be adopted by the parties concerned in pursuance of paragraph 6 above shall be notified in detail to the TMB at least [ ... months] before their coming into effect, for circulation to all parties. Such administrative arrangements as deemed necessary for the integration process may be agreed bilaterally between the parties concerned. Any such arrangements shall also be notified to the TMB for circulation to all parties.

8. The TMB shall, at the request of any party, review any particular matter with reference to the implementation of the provisions of paragraphs 4 and 6 above. It shall make appropriate recommendations within thirty days to the party or parties concerned after inviting the participation of such parties. The TMB shall keep under review the implementation of this Article.

9. The base levels of the restrictions on the remaining products, mentioned in paragraph 6 above, shall be [the actual levels of the MFA restrictions in force on 31 December 1991 uplifted by [ ] percent] [the actual levels of the MFA restrictions in force on 31 December 1991].

10. During the life of this Agreement, the levels of restrictions in force, i.e., until such restrictions are eliminated and the products to which they apply integrated into GATT in accordance with the provisions of paragraph 6 above, shall be increased annually by [not less than] the growth rates established according to the following procedure:

Option I

Agreed uniform fixed rates of growth or uniform percentage increase over existing growth rates in MFA bilateral agreements for the last year of the MFA, i.e, 1 January - 31 December 1991 as uplifted by .... , progressively increased annually.

Option II

Uniform percentage increase of existing growth rates in MFA bilateral agreements for the last year of the MFA, i.e, 1 January - 31 December 1991 to be applied annually and increased at each stage.

5For further procedures in relation to the TMB recommendations, see Article 9.
11. The flexibility provisions as set out hereunder shall be applicable to all quantitative restrictions in force in accordance with the provisions of this Article. [No quantitative limits shall be placed on the combined uses of swing, carryover and carry forward.]

(The questions of: progressive rates of flexibility; improved fixed rates for flexibility; and flexibility rates being not lower than those provided for in previous MFA agreements .... remain to be discussed.)

12. Administrative arrangements for the application of growth rates for specific products for the various years as well as for flexibility provisions may be agreed bilaterally between the parties concerned.

13. Parties to this Agreement may mutually agree to provide for [a different mix of base levels, rates of growth and flexibility, provided that the resulting agreement shall not involve any diminution of the access levels provided for under this Article] [higher rates of growth and flexibility than those set out in paragraph 10 and 11 above, particularly with respect to specific types of suppliers].

[An emergency action shall not be taken in respect of a particular product during a period of two years following the date of removal of all quantitative restrictions on that product in accordance with the programme of progressive elimination of restrictions in Article 2.]
ARTICLE 3

Other Restrictions on Textiles and Clothing

1. All restrictions on textiles and clothing products (other than those maintained under the MFA and covered by the provisions of Article 2 above), whether consistent with GATT or not, shall be notified in detail, or notifications with respect to them made available, to the TMB within sixty days of the coming into force of this Agreement, by the parties maintaining such restrictions. The notification should, wherever applicable, provide information with respect to any GATT justification for the restrictions, including the GATT Article on which they are based. The TMB shall circulate the notifications to other parties for their information.

2. Over the period of this Agreement, parties shall notify, for the information of the TMB, any new restrictions or changes in existing restrictions, including the GATT Article on which they are based, wherever applicable, within sixty days of their coming into effect.

3. It shall be open to any party to make reverse notifications to the TMB in regard to any restrictions that may not have been notified under the provision of paragraphs 1 and 2 above.

4. All non-MFA restrictions not consistent with GATT, to the extent that such restrictions [are not dealt with in] [do not fall within the competence of] other relevant GATT bodies (e.g., safeguards, NTMs), shall be either: (a) brought into conformity with GATT within one year of the coming into force of this Agreement; or (b) phased-out within a period not exceeding the transitional period, according to a programme submitted by the party maintaining such restrictions. [The TMB may make recommendations to the GATT Council with respect to such a programme.]

5. Any party to this agreement which considers that any other party is not fulfilling its obligations with respect to the bringing into conformity with the GATT or the phasing out of inconsistent restrictions, may notify the TMB and take up the matter for action under normal GATT procedures.

Restrictions denote all unilateral quantitative restrictions, bilateral arrangements, any other quantitative measures having a restrictive effect..... to be defined.
ARTICLE 4

ADMINISTRATION OF RESTRICTIONS

1. Restrictions referred to in Article 2 and in Article 6 shall be administered by [the exporting parties] [the restraining parties]. Introduction of changes such as changes in product categorisation and rules of origin which have the effect of increasing the restrictiveness of restrictions in place under this Agreement or undermining the objective of the process of integration, shall be avoided. [Changes in the product categorisation prevailing in the restraining parties on 1 January 1990 may only be made with the approval of the TMB.]

(Paper dealing with fraud and circumvention is being drafted - overshipments, and other administrative procedures .... yet to be discussed)
ARTICLE 5

EMERGENCY ACTION ON IMPORTS OF PARTICULAR PRODUCTS

Paragraph 1 in previous text of this Article is deleted; for paragraph 2, see Article 2.
ARTICLE 6
SAFEGUARD MECHANISM DURING THE TRANSITIONAL PERIOD

1. Parties to this Agreement recognise that during the transition period it may be necessary to apply a specific transitional safeguard mechanism (hereinafter referred to as "transitional safeguard"). The transitional safeguard may be applied by any party, to all products covered by this Agreement (Annex I), except those integrated into the GATT under the provisions of Article 2 (Annexes II and III).

2. With a view to ensuring the effective implementation of the integration process, the transitional safeguard should only be resorted to sparingly and its application should not impair the phase-out of restrictions.

3. Safeguard action may be taken under this Article when, on the basis of a determination by a party, it is established that a particular product is being imported into its territory in such [sharp and substantially increased] [actual or relative] quantities, so as to cause serious damage, or actual threat thereof, to the domestic producers of [like and/or directly competitive] [such particular] products. Serious damage or actual threat thereof must demonstrably result from such an increase in total imports and not from factors such as technological changes, [changes in market demand] or changes in consumer preference.

4. In making a determination of serious damage, or actual threat thereof, to the domestic producers, the party shall examine the effect of those imports on the state of the particular industry, as reflected in such relevant economic variables as output, productivity, utilization of capacity, inventories, market share, exports, wages, employment, domestic prices, profits and investment; none of which, either alone or combined with other factors, can necessarily give decisive guidance.

5. Any measure invoked pursuant to the provisions of this Article shall be on a country-by-country basis. The party invoking safeguard measures shall determine the party or parties to whose exports the measure shall apply, on the basis of a determination that serious damage is attributable to a sharp and substantial increase in imports from such a party or parties as well as other relevant factors such as the level of imports as compared with imports from other sources, market share, import prices, and changes and trends in both import and domestic prices at a comparable stage of commercial transaction; none of these factors, either alone or combined with other factors, can necessarily give decisive guidance. The application of such safeguard measures, shall not affect the party or parties whose exports of the particular product are already under restraint. [In principle, a party shall not be subject to restraints if the transitional safeguard
is not applied to any other party that has a larger market share, in respect of the particular product.]

6. In the application of the transitional safeguard under this Article, account shall be taken of the interests of the exporting country, especially in regard to its stage of development, the importance of the textile sector to the economy, the employment situation, overall balance of trade in textiles, trade balance with the importing country concerned and overall balance of payments.

7. [The transitional safeguard shall not [normally] be applied to exports from small suppliers, new entrants, suppliers with a de minimis share of 1 per cent or less in imports of the particular product and the least developed countries. Where the transitional safeguard is applied on exports from such parties, the economic terms relating to growth and flexibility rates should take due account of the future possibilities for the development of trade and the need to permit commercial quantities of imports in order to further the economic and social development of such suppliers].

   (Treatment of O.P.T. to be discussed in the light of the special nature of such trade)

8. [In the application of transitional safeguards special consideration shall be given to exports of cotton and wool textiles from cotton- and wool-producing exporting countries, in determining the level of the restraint and the growth elements.]

9. The party proposing to take safeguard action shall, within thirty days, i.e. the period of the validity of a determination of serious damage in accordance with paragraph 3 to 5 above, notify the TMB and seek consultations with the party or parties which would be affected by such an action.

10. The request for consultations shall be accompanied by up-to-date, specific and relevant factual information, particularly in regard to: (a) the factors, referred to in paragraph 4 above, on which the party invoking the action has based its determination of the existence of serious damage or actual threat thereof; and (b) the factors, referred to in paragraph 5 above, on the basis of which it proposes to invoke the safeguard action with respect to the party or parties concerned. The party invoking the action shall also indicate the specific level at which imports of the product in question from the party or parties concerned are proposed to be restrained; a level which shall not be lower than the level referred to in paragraph 11, below. The request for consultations, along with its supporting factual information [and proposed restraint level] shall, at the same time, be communicated to the TMB for information. [The proposed level of restraint shall be communicated to the Chairman of the TMB for information.] The party or parties concerned shall respond to this request promptly and the consultations shall be held without delay and
normally be completed within sixty days of the date on which the request has been received.

11. If, in the consultations, there is mutual understanding that the situation calls for restraint on the exports of the particular product from the party or parties concerned, the level of such restraint shall be fixed at a level not lower than [(a) the actual level of exports or imports from the party concerned during the twelve month period terminating two months preceding the month in which the request for consultation was made, or (b) the average of actual exports or imports during the last three years for which trade data are available, whichever is higher.]

12. If, however, after the expiry of the period of sixty days from the date on which the request for consultations was received, there has been no agreement between the parties, the party which proposed to take safeguard action shall, nevertheless, be free to apply the restraints in accordance with the provisions of this Article, within thirty days following the sixty days period for consultations, and at the same time it shall refer the matter to the TMB. It shall be open to either party to refer the matter to the TMB before the expiry of the period of sixty days. In either case, the TMB shall promptly conduct an examination of the matter, and make appropriate recommendations to the parties concerned within thirty days.¹

13. [In highly unusual and critical circumstances, where delay would cause damage which would be difficult to repair, action under paragraph 12, above, may be taken provisionally on the condition that consultations shall be effected immediately after the taking of the action. In such a case, the provisions of paragraph 9 and 10 above relating to notification shall apply. The outcome of the consultations shall be notified to the TMB upon conclusion but, in any case, not later than the sixty day period set out in paragraph 10. The matter will be dealt with in the same manner as provided for in the relevant parts of paragraphs 14 and 15 below.]

14. Details of the agreed restraint measure shall be communicated to the TMB, which shall determine whether the agreement is justified in accordance with the provisions of this Article. The TMB may make such recommendations as it deems appropriate to the parties concerned.

15. Measures invoked pursuant to the provisions of this Article may remain in place: (a) [for up to three years without extension] [for up to three years with possible extension for a further period] [for one year, with possible extensions for a maximum of two years], or

¹For further procedures in relation to TMB recommendations, see Article 9
(b) until the product is removed from the scope of this Agreement, whichever comes first.

16. If, in the view of the restraining party, there is need to continue with the measure for a further period of ......, [it shall, not later than sixty days before the expiry of the measure, produce evidence in terms of paragraphs 3 to 5 above, in relation to the need for extension, before the TMB. The TMB shall examine the matter and make appropriate recommendations to the parties concerned within thirty days] [it shall be free to do so provided that agreement is reached between the parties directly concerned on such extension, including the possibility of compensatory adjustment elsewhere. Proposals for extension shall be submitted to the TMB which shall make the appropriate recommendations].

17. Should the restraint measure remain in force for a period exceeding one year, the level for subsequent year[s] shall be the level specified for the first year increased by a growth rate of [X] per cent per annum. Flexibility i.e, [swing], carryover and carry forward, shall be provided [as set out in paragraph 11 of Article 2] [as set out in this Article].
ARTICLE 7

ADDITIONAL TRADE MEASURES

1. [Without prejudice to the provisions of Article 1, paragraph 4, parties [maintaining restrictions] under this Agreement shall refrain from taking additional trade measures which may have the effect of nullifying the objective of this Agreement or impairing the liberalization process. [Parties maintaining restrictions shall not levy anti-dumping or countervailing duties during the transitional period on textile products covered by this Agreement].]
ARTICLE 8

STRENGTHENED GATT RULES AND DISCIPLINES

[During the integration process, the phasing out of restrictions shall be accompanied by appropriate actions by all participants so as to ensure that:

(a) the reduction of tariffs and the levels of duties to be bound shall allow for effective and lasting import opportunities;

(b) administrative procedures and practices of an excessive, discriminatory or discretionary nature concerning customs and administrative formalities, licensing, prior import deposits, charges, and non-transparent systems for issuing foreign exchange shall be eliminated;

(c) measures likely to distort competition such as, inter alia, artificially-created price differences between raw materials for local production and those for export shall be eliminated;

(d) trade in textiles shall take place under fair commercial conditions. To this end, participants shall, within the limits of their powers and administrative competence:

   - actively discourage dumping practices by their industries, including those based on input materials at dumped prices;

   - ensure that subsidies, to the extent that they are admissible under the GATT, would not impair the integration process;

   - take all necessary legislative and administrative measures so as to ensure that infringement and counterfeiting of registered trademarks, designs and models shall be eliminated.]

[Actions which should accompany integration in importing and exporting countries and which should be included in the body of the agreement:

(a) Market Access Issues

   - Meaningful contribution in the textiles sector in the implementation of tariff cuts and bindings, allowing trade to develop.

1 To be further discussed.
Steps towards effective liberalisation of textiles imports through progressive removal of non-tariff measures, in particular excessive, discriminatory or discretionary measures concerning customs and administrative formalities, licensing, prior import deposits, charges and non-transparent systems for issuing foreign exchange.

Assurances that administrative procedures and practices taken for general trade policy reasons having the effect of restricting imports should not single out textiles.

(b) Competition issues

(i) Subsidies:
- Non application of any S and D provisions and/or understandings in the textile sector.

(ii) Anti-dumping:
- Speedy and effective implementation of procedures in exporting and importing countries taking into account the seasonal factors and fashion changes, the multiplicity of products, processing phases, producers and exporters in the textiles sector.

(iii) Protection of trademarks, designs and models:
- Undertaking to discourage the infringement of registered trademarks, designs and models in the trade in textiles and clothing by the incorporation of multilaterally agreed substantive standards and their enforcement into national laws taking into account the characteristics of the textile sector (see (ii) above).

(iv) Fraudulent practices:
- Undertaking to actively discourage fraud and circumvention in textiles trade.

(c) Other

To be further discussed.
ARTICLE 9

TEXTILES MONITORING BODY

1. There shall be established by the [CONTRACTING PARTIES] [Textiles Committee] a Textiles Monitoring Body (herein referred to as the TMB) to take the actions required of it in the Articles of this Agreement, to supervise the implementation of this Agreement and to examine all measures taken under its provisions and their conformity therewith. The TMB shall consist of a Chairman and 10 members. Its membership shall be balanced and broadly representative of the parties and shall provide for rotation of its members at appropriate intervals. The members to be appointed by the [Textiles Committee] [GATT Council].

2. The TMB shall be considered as a standing body and shall meet as often as necessary to carry out the functions required of it under this Agreement. It shall rely on notifications supplied by the parties, supplemented by any additional information or necessary details it may decide to seek from them or from other sources. [As regards its obligations in respect of strengthened GATT rules and disciplines] it may also rely on notifications to and reports from other GATT committees and bodies and from any other sources it may deem appropriate, to the extent that they are relevant to the textiles sector. The TMB will develop its own working procedures.

3. [Notifications under Article 3 shall include all laws, regulations and administrative measures taken by the participants during the transition period which affect directly or indirectly the implementation of this Agreement especially with regard to the phasing-out of quantitative restrictions, the elimination of trade-distorting measures and of any other measures taken in order to comply with GATT rules and disciplines. To the extent that such laws, regulations and administrative measures have been notified to other GATT committees, a substantive summary with reference to the original notification shall be sufficient to fulfil the obligations under this paragraph].

4. In any dispute regarding the implementation of the provisions of this Agreement, the TMB, at the request of any party to the dispute, and following a prompt and thorough consideration of the matter, shall make recommendations to the parties concerned. [In dispute cases concerning strengthened GATT rules and disciplines, the TMB would have to take into account the notifications and reports of other GATT committees.]

Note: Final formulation of paragraphs 4 and 12 will depend on the outcome of Articles 2, 3 and 8.

5. The TMB shall, at the request of any party, review promptly any particular measure which that party considers to be detrimental to its interests. The TMB shall make appropriate recommendations to the parties concerned.
6. Before formulating its recommendations, the TMB shall invite participation of such parties to this Agreement as may be directly affected by the matter in question.

7. The TMB shall make recommendations or findings, whenever it is called upon to do so, preferably within a period of thirty days, unless a different time period is specified in this Agreement. All such recommendations or findings shall be communicated to the parties directly concerned, [Textiles Committee] and to the GATT Council.

8. The parties to this Agreement shall [endeavour to] accept in full the recommendations of the TMB which shall exercise proper surveillance over the implementation of such recommendations.

9. [In case of non-acceptance or inability to conform with a recommendation by the TMB, full and adequate justification shall be presented to the TMB by the party or parties involved, not later than one month after receipt of such recommendation. Following thorough consideration of the justification given, the TMB may either issue a further recommendation or bring the dispute before the [Textiles Committee] [GATT Council], accompanied by any recommendation it considers appropriate for the settlement of the dispute.]

10. [If, however, following the recommendations by the TMB, problems continue to exist between the parties concerned, these may be brought before the [Textiles Committee] [and the] [GATT Council].]

11. [With regard to any dispute under this Article or any problem arising from the application of this Article, the Textiles Committee may authorize, wherever appropriate, a party to take provisional measures, pending the final settlement of the matter. Parties may in exceptional circumstances take provisional measures pending the Textiles Committee’s decision as to such authorization.]

12. The TMB shall review annually the implementation of this Agreement and report its findings to the [Textiles Committee] [GATT Council].
ARTICLE 9 (BIS)

[VERIFICATION AND SURVEILLANCE COMMITTEE]

1. [A Committee on trade in textiles and clothing products shall be established, composed of representatives of all parties to this Agreement (hereinafter referred to as "the Textiles Committee"). It shall meet as necessary, but not less than once a year, for the purpose of examining any matter referred to it by the TMB, and to discharge its responsibilities and tasks as assigned to it under this Agreement, or necessary for achieving the objectives of this Agreement.

2. The Textiles Committee shall meet not later than three months before the end of each transition stage for the purpose of conducting a comprehensive examination, on the basis of a detailed report and, if appropriate, recommendations by the TMB, of the progress in the implementation of this Agreement during the stage under review. For this purpose, it shall verify whether the participants have fulfilled their commitments under this Agreement with regard to the liberalization process and to the elimination of trade distorting measures in compliance with GATT rules and disciplines.

3. In conformity with the provisions of this Agreement the Textiles Committee, at the meeting referred to in paragraph 1, shall endorse the transition to the next stage. In conformity with paragraph 4 below, it shall lay down, if necessary, the conditions and terms under which this transition should take place with regard to one or more parties and with respect to one or more products under this Agreement. In laying down these conditions and terms the Committee shall, on the basis of a recommendation by the TMB, ensure a continuing balance of mutual advantages with regard to the implementation of the provisions and the objectives of this Agreement, in a manner which observes proportionality. Such conditions and terms may consist of any measure deemed to be appropriate in order to achieve the objectives of this Agreement by the final date set out in Article 10 of this Agreement.

4. If one or more parties so wish, it shall present to the TMB for the purpose of paragraph 3 above, not later than 6 months before the meeting referred to in paragraph 1, a detailed, factual and reasoned statement substantiating the alleged non-respect of commitments under this Agreement. With respect to a matter covered by other instruments multilaterally negotiated under the auspices of the GATT, the TMB shall rely on the findings and recommendations, where available, of the relevant committees and bodies in order to issue its recommendation to the Committee. Before formulating its recommendations, the TMB shall invite participation of such
parties to this Agreement as may be directly affected by the matter under review.]

[ Assessment: major review of strengthened GATT rules and disciplines related to the textile sector coupled with review of progress towards integration not later than three months before the end of each stage of integration prepared by TMB for Textiles Committee or GATT CONTRACTING PARTIES.

Opportunity for parties concerned to exchange views before the TMB on any alleged non compliance with strengthened GATT rules and disciplines related to textiles integration after each assessment and before the end of each stage of integration.

In light of examination, deliberation in Textiles Committee on basis of TMB recommendation to proceed with integration programme or to adjust the terms of integration in particular cases, as necessary.

OR

In light of examination, possibility to have recourse to GATT Dispute Settlement in case of non compliance with rules and disciplines related to textiles integration.

OR

Note findings of major review by Textiles Committee or GATT CONTRACTING PARTIES.]

1 To be further discussed.
ARTICLE 10

TIME SPAN

1. This Agreement shall enter into force on [1 August 1991] [1 January 1992], and terminate on .................... when trade in textiles and clothing shall be integrated into GATT.
ARTICLE 11

FINAL PROVISIONS

(To be discussed)
ANNEXES TO BE ATTACHED TO REVISED TEXT

A new Annex has been added to the Chairman's report (as set out in W/56/Rev.1), and another Annex is to be added to replace Annex I. That document remains to be discussed. Consequently, the Annexes have been renumbered in this new Chairman's Text, as follows:

Annex I: (New (to be added) in replacement of previous Annex I)
List of products for the purposes of notification procedures under Articles 3 and 9 of this Agreement (but not for action under Articles 2 and 6 - see Annex II).

Annex II: (New)
List of products covered by this Agreement for the purposes of Articles 2 and 6.

Annex III: (Formerly Annex II)
Initial action on the first day of the coming into force of the Agreement, on 1 January 1992.

Annex IV: (Formerly Annex III)
Progressive staged elimination of restrictions according to degree of processing.
ANNEX I

LIST OF PRODUCTS FOR THE PURPOSES OF NOTIFICATION PROCEDURES, BUT NOT FOR ACTIONS UNDER ARTICLES 2 AND 6 OF THIS AGREEMENT

(TO BE DISCUSSED)
NEW ANNEX II

ANNEX II

LIST OF PRODUCTS COVERED BY THIS AGREEMENT FOR THE PURPOSES OF ARTICLES 2 AND 6

This Annex lists textile products identified by HS codes at the 6 digit level which will establish (a) the starting point for the quantitative measure of the staged integration of products into GATT during the transition period in accordance with Article 2 of this Agreement; and (b) the initial base for products that will have access to the safeguard mechanism under Article 6.

This Annex includes all items defined by HS codes (at the 6 digit level) within Chapters 50 to 63 of the Harmonized System plus MFA textile products outside Chapters 50 to 63 which are currently subject to restraint (attached Appendix I) less products within Chapters 50 to 63 which are not currently subject to restraint by importing countries (attached Appendix II).

\[1\] This list is being checked.
## APPENDIX I

**MFA TEXTILE PRODUCTS OUTSIDE CHAPTERS 50 TO 63 CURRENTLY SUBJECT TO RESTRAINT**

<table>
<thead>
<tr>
<th>HS CODE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>3005.90</td>
<td>Wadding, gauze, bandages and the like.</td>
</tr>
<tr>
<td>3921.12</td>
<td>Film and sheet etc. cellular of polymers of vinyl chloride.</td>
</tr>
<tr>
<td>3921.13</td>
<td>Film and sheet etc. cellular of polyurethane.</td>
</tr>
<tr>
<td>3921.90</td>
<td>Film and sheet etc. nes of plastics.</td>
</tr>
<tr>
<td>4202.12</td>
<td>Trunks, suitcases and similar containers with outer surface of plastics or textiles.</td>
</tr>
<tr>
<td>4202.22</td>
<td>Handbags with outer surface of sheeting of plastics or textile materials.</td>
</tr>
<tr>
<td>4202.32</td>
<td>Articles carried in pocket or handbag with outer surface sheeting of plastic or textile materials.</td>
</tr>
<tr>
<td>4202.92</td>
<td>Containers, with outer surface of sheeting of plastic or textile materials, nes.</td>
</tr>
<tr>
<td>6405.20</td>
<td>Footwear with uppers of textile materials, nes.</td>
</tr>
<tr>
<td>6406.10</td>
<td>Uppers and parts thereof, other than stiffeners.</td>
</tr>
<tr>
<td>6406.99</td>
<td>Parts of footwear, nes.</td>
</tr>
<tr>
<td>6501.00</td>
<td>Hat-forms, hat bodies and hoods of felt.</td>
</tr>
<tr>
<td>6502.00</td>
<td>Hat-shapes, plaited or made by assembling strips of any material.</td>
</tr>
<tr>
<td>6503.00</td>
<td>Felt hats and other felt headgear.</td>
</tr>
<tr>
<td>6504.00</td>
<td>Hats and other headgear, plaited or made by assembling strips of any material.</td>
</tr>
<tr>
<td>6505.90</td>
<td>Hats and other headgear, knitted or made from lace, or from other textile material.</td>
</tr>
<tr>
<td>6601.10</td>
<td>Umbrellas and sun umbrellas, garden type.</td>
</tr>
<tr>
<td>6601.91</td>
<td>Other umbrella types, telescopic shaft.</td>
</tr>
<tr>
<td>6601.99</td>
<td>Other umbrellas.</td>
</tr>
<tr>
<td>7019.10</td>
<td>Slivers, rovings, yarn and chopped strands of glass.</td>
</tr>
<tr>
<td>7019.20</td>
<td>Woven fabrics, including narrow fabrics of glass fibres.</td>
</tr>
<tr>
<td>8708.21</td>
<td>Safety seat belts for motor vehicles.</td>
</tr>
<tr>
<td>8804.00</td>
<td>Parachutes; their parts and accessories.</td>
</tr>
<tr>
<td>9113.90</td>
<td>Watch straps, bands and bracelets of textile materials.</td>
</tr>
<tr>
<td>Code</td>
<td>Description</td>
</tr>
<tr>
<td>--------</td>
<td>-------------------------------------------------------</td>
</tr>
<tr>
<td>9404.90</td>
<td>Articles of bedding and furnishings, nes, stuffed or internally fitted.</td>
</tr>
<tr>
<td>9502.91</td>
<td>Garments for dolls.</td>
</tr>
<tr>
<td>9612.10</td>
<td>Typewriter or similar ribbons, prepared for giving impressions.</td>
</tr>
</tbody>
</table>
# APPENDIX II

**PRODUCTS WITHIN CHAPTERS 50 TO 63**  
**NOT CURRENTLY SUBJECT TO RESTRAINT BY IMPORTERS**

<table>
<thead>
<tr>
<th>HS CODE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>5001.00</td>
<td>Silk-worm cocoons suitable for reeling.</td>
</tr>
<tr>
<td>5002.00</td>
<td>Raw silk (not thrown).</td>
</tr>
<tr>
<td>5003</td>
<td>Silk waste (including cocoons unsuitable for reeling, yarn waste and garnetted stock).</td>
</tr>
<tr>
<td>5003.10</td>
<td>- Not carded or combed</td>
</tr>
<tr>
<td>5003.90</td>
<td>- Other</td>
</tr>
<tr>
<td>5101</td>
<td>Wool, not carded or combed.</td>
</tr>
<tr>
<td>5101.11</td>
<td>- Greasy, including fleece-washed wool:</td>
</tr>
<tr>
<td>5101.12</td>
<td>-- Shorn wool</td>
</tr>
<tr>
<td>5101.19</td>
<td>-- Other</td>
</tr>
<tr>
<td>5101.21</td>
<td>- Degreased, not carbonized:</td>
</tr>
<tr>
<td>5101.22</td>
<td>-- Shorn wool</td>
</tr>
<tr>
<td>5101.29</td>
<td>-- Other</td>
</tr>
<tr>
<td>5101.30</td>
<td>- Carbonized</td>
</tr>
<tr>
<td>5102</td>
<td>Fine or coarse animal hair, not carded or combed.</td>
</tr>
<tr>
<td>5102.10</td>
<td>- Fine animal hair</td>
</tr>
<tr>
<td>5102.20</td>
<td>- Coarse animal hair</td>
</tr>
<tr>
<td>5103</td>
<td>Waste of wool or of fine or coarse animal hair, including yarn waste but excluding garnetted stock.</td>
</tr>
<tr>
<td>5103.10</td>
<td>- Noils of wool or fine animal hair</td>
</tr>
<tr>
<td>5103.20</td>
<td>- Other waste of wool or fine animal hair</td>
</tr>
<tr>
<td>5103.30</td>
<td>- Waste of coarse animal hair</td>
</tr>
<tr>
<td>5104.00</td>
<td>Garnetted stock of wool or of fine or coarse animal hair.</td>
</tr>
<tr>
<td>5105</td>
<td>Wool and fine or coarse animal hair, carded or combed (including wool in fragments).</td>
</tr>
<tr>
<td>5105.40</td>
<td>- Coarse animal hair, carded or combed</td>
</tr>
<tr>
<td>5201.00</td>
<td>Cotton, not carded or combed.</td>
</tr>
<tr>
<td>5202</td>
<td>Cotton waste (including yarn waste and garnetted stock).</td>
</tr>
</tbody>
</table>
5202.10  - Yarn waste (including thread waste)
         - Other:
            -- Garnetted stock
         5202.91  -- Other
  5202.99

5301  Flax, raw or processed but not spun; flax tow and waste (including yarn and garnetted stock).
         - Flax, raw or retted
            - Flax, broken, scutched, hackled or otherwise processed, but not spun:
               -- Broken or scutched
               -- Other
         5301.30  - Flax tow or waste

5302  True hemp (Cannabis sativa L.), raw or processed but not spun; tow and waste of true hemp (including yarn waste and garnetted stock).
         - True hemp, raw or retted
            5302.90  - Other

5303  Jute and other textile bast fibres (excluding flax, true hemp and ramie), raw or processed but not spun; tow and waste of these fibres (including yarn waste and garnetted stock).
         - Jute and other textile bast fibres raw or retted
            5303.90  - Other

5304  Sisal and other textile fibres of the genus Agave, raw or processed but not spun; tow and waste of these fibres (including yarn waste and garnetted stock).
         - Sisal and other textile fibres of the genus Agave, raw
            5304.90  - Other

5305  Coconut, abaca (Manila hemp or Muse textilis Nee), ramie and other vegetable textile fibres, not elsewhere specified or included, raw or processed but not spun; tow, noils and waste of these fibres (including yarn waste and garnetted stock).
            - Of coconut (coir):
              -- Raw
              -- Other
            5305.19  - Of abaca:
              -- Raw
              -- Other
            5305.29  - Other
            5305.91  -- Raw
            5305.99  -- Other
<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>5308</td>
<td>Yarn of other vegetable textile fibres; paper yarn.</td>
</tr>
<tr>
<td>5308.10</td>
<td>- Coir yarn</td>
</tr>
<tr>
<td>5308.30</td>
<td>- Paper yarn</td>
</tr>
<tr>
<td>6310</td>
<td>Used or new rags, scrap twine, cordage, rope and cables and worn out articles of twine, cordage, rope or cables, of textile materials.</td>
</tr>
<tr>
<td>6310.10</td>
<td>- Sorted</td>
</tr>
<tr>
<td>6310.90</td>
<td>- Other</td>
</tr>
</tbody>
</table>
INITIAL ACTION ON THE FIRST DAY OF THE COMING INTO FORCE OF THIS AGREEMENT, ON 1 JANUARY 1992

A. Products to be immediately integrated into GATT

1. [Textile products made of vegetable fibres; blends of vegetable fibres with cotton, man-made fibres and/or wool; and blends containing silk in which any or all of the vegetable fibres and/or silk in combination represent either the chief value of the fibres or 50 per cent or more by weight of the products;]

2. Developing country exports of hand-loom fabrics of the cottage industry, or products made of hand-loom fabrics or traditional folklore handicraft textile products;

3. Products other than those included in Section XI (heading 50-63) of the International Convention on the Harmonised Commodity Description and Coding system;

4. Children’s clothing up to [size 164];

5. Textile products which are not produced [or which are produced in insignificant quantities] by the domestic producers of the importing parties;

6. All categories [and sub-categories] under specific limits which represent less than X per cent of the total import of such categories [or sub-categories] in the importing countries will be removed from such specific limits. Safeguard measures may be instituted on these categories or sub-categories if the situation warrants.]

B. Restrictions with respect to certain suppliers to be eliminated

1. [Restrictions on textile and clothing exports of suppliers having a de minimis share of 1 per cent or less of total textile and clothing imports in a given market;]

2. Restrictions on the least developed countries.]
C. **Restrictive practices to be eliminated**

1. [(a) Restrictions at aggregate level on imports of all textile products from a particular source;]

2. Restrictions at aggregate level on imports of a group of textile products from a particular source;

3. Restrictions on re-imports into a party's territory of textile products which that party has exported to another party's territory for processing, including restrictions described as "special régime", "guaranteed access levels", "outward processing trade" quotas, imports under TSUSA 807 and 807 A and other similar restrictions;

4. Subdivisions of quantitative restrictions among the member states of a customs union.]
PROGRESSIVE STAGED ELIMINATION OF RESTRICTIONS
ACCORDING TO THE DEGREE OF PROCESSING

(The quantitative restrictions remaining on particular products shall be progressively eliminated in four stages. Each importing party shall eliminate the restrictions on textile products described in Section XI of the Harmonised Commodity Description and Coding System in the respective stages in the manner enumerated below. The duration of stages I and II shall be two years each, and that of III and IV one year each.

TOPS AND YARNS in Stage I including:

Headings 51.05-51.10; 52.04-52.07; 55.06-55.11.

FABRICS in Stage II including:

Headings 51.11-51.13; 52.08-52.12; 52.07; 54.08; 55.12-55.16; Chapter 58: headings 59.01-59.06; 59.11; and Chapter 60.

MADE UPS in Stage III including:

Chapter 56; 57; headings 59.07-59.10; Chapter 63

CLOTHING in Stage IV including:

Chapters 61 and 62.)