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

Nicaragua is not a member of the Multifibre Arrangement; nor has it signed any bilateral agreement regarding textiles and clothing. Furthermore, it joined the negotiations on textiles taking place within the Uruguay Round at a late stage. However, this does not mean that the liberalization of international trade in this sector is not of vital importance for the country.

The measures taken by the present Government of Nicaragua concerning the privatization of production, deregulation of foreign trade and liberalization of investment make the Nicaraguan textiles sector attractive both to Nicaraguans and to foreign investors, as raw materials are abundant and of good quality, and there is idle capacity and skilled labour looking for work.

Taking into account the country's difficult economic situation and balance-of-payments problems, the diversification and integration of production and growth of exports are the sole viable alternative for its recovery.

For these reasons, Nicaragua feels committed to participating actively and constructively in the final stage of the negotiations of the Negotiating Group on Textiles and Clothing, of which the main objective is the liberalization and expansion of world trade in textiles to the benefit of all parties, and especially the developing contracting parties, within the framework of multilateral rules and disciplines in keeping with the rules and principles of GATT.

In this context, for Nicaragua it is essential that:

1. The agreement obtained from the Uruguay Round on textiles and clothing should have a fixed, non-extendable period of duration, and at the end of that period the sector should be wholly integrated into the GATT. During that period, parties shall progressively eliminate existing restrictions and at the same time shall not apply new restrictions in terms either of new countries or of new products.
2. During the period of validity of the agreement, no party may impose transitional safeguard measures unless such party has shown that imports of a product are causing or threatening to cause damage to domestic producers of like products and that such damage or threat of damage is due essentially to the drastic rise in imports of that product and not to factors of some other kind.

3. For the application of transitional safeguard measures, due account should be taken of the interests of developing countries, in particular the level of development, employment situation and balance-of-payments situation.

4. Transitional safeguard measures should not be applied to new suppliers.

5. For the application of safeguard measures, account should be taken of the situation of cotton-producing developing countries and the impact of the textiles industry on their economy and development needs.

6. Restrictions should not be applied to OPT trade or to exports carried out under sections 807 A and 807.

7. The agreement should include the obligation to hold consultations before applying transitional safeguard measures.

The above-mentioned criteria are based on the principle that, to comply with the Punta del Este mandate, the agreement for the integration of the textiles and clothing industry into GATT may not in any case be more restrictive than the current Multifibre Arrangement.

Finally, as evidence of its commitment to liberalization of trade in textiles and the seriousness with which it approaches the negotiations in this area, Nicaragua reiterates that it is prepared to bind the tariffs on imports of all products included in Chapters 51 to 63 of the Central American Unified Tariff Nomenclature (NAUCA II) at a uniform level of 60 per cent.

Nicaragua's offer to the Negotiating Group on Tariffs, besides this general binding, involves reductions in tariffs on all clothing (Chapters 60, 61 and 62 of NAUCA II), of which the average is in the range of 65 per cent. However, this offer is conditional upon the overall results of the negotiations and in particular the results achieved in textiles.

In addition, Nicaragua has taken autonomous liberalization measures which constitute a significant contribution to the process of liberalization of international trade, in particular in the textiles and clothing sector.