

- providing for counterclaims;
- requiring the complainant to post a bond when seeking cease and desist orders;
- providing for indemnification of aggrieved defendants; and
- restricting the authority to issue exclusion orders.

## TEXTILES

The WTO Agreement on Textiles and Clothing replaces the 1974 Multifibre Arrangement and provides for the gradual and complete integration of apparel and textile products into the GATT regime over a ten-year transition period. Most of the changes necessary to implement this agreement will be taken by administrative action, with some changes requiring legislative action.

The U.S. implementing legislation includes provisions for a change in the approach to establishing "rules of origin" for the purposes of determining the country of origin for establishing quantitative restrictions and other regulations pertaining to importation. The principle guiding this new regulation is that origin should be based on the "most important" place of assembly or manufacturing process or, if the origin cannot be determined, the last country in which important assembly or manufacturing occurs. These changes will be phased in over the next few years. The new rules will not apply in general until July 1996, and for products subject to a contract entered into before July 1994, the changes will not apply until July 1998. This reflects strong concerns over origin changes expressed by retailers and importers, and could have a trade restrictive impact with respect to imports from countries subject to restraints. The changes will bring the U.S. closer to the approach taken by Canada.

## GOVERNMENT PROCUREMENT

The Government Procurement Agreement is a "plurilateral" trade agreement, with limited membership. It removes a number of impediments to access to federal procurement markets in signatory countries which include Canada, U.S., Japan, the E.U., and eight others. For the first time, federal procurement of services and construction will be subject to the agreement. The new code will enter into force January 1, 1996.

The U.S. SAA notes that the President will waive application of the Buy American Act for procurement by executive branch agencies that are subject to the new code. The new code will apply to many U.S. Government Agencies and government-controlled enterprises not covered by the 1979 Code, although many of these are already covered by NAFTA.