

GLOSSARY OF TRADE AND RELATED TERMS

Multi-Fibre
Arrangement
regarding Trade in
Textiles (MFA)

An international compact under GATT that allows an importing signatory country to apply quantitative restrictions on textiles when it considers them necessary to prevent market disruption. The MFA provides a framework for regulating international trade in textiles and apparel with the objectives of achieving "orderly marketing" of such products, and of avoiding "market disruption" in import countries. It provides a basis on which major importers, such as the United States and the European Community, may negotiate bilateral agreements or, if necessary, impose restraints on imports from low-wage producing countries. It provides, among other things, standards for determining market disruption, minimum levels of import restraints, and annual growth of imports. Since an importing country may impose such quotas unilaterally to restrict rapidly rising textiles imports, many important textiles-exporting countries consider it advantageous to enter into bilateral agreements with the principal textiles-importing countries. The MFA went into effect of Jan. 1, 1974, was renewed in December 1977, in December 1981, and again in July 1986, for five years. It succeeded the Long-term Agreement on International Trade in Cotton Textiles ("The LTA"), which had been in effect since 1962. Whereas the LTA applied only to cotton textiles, the MFA now applies to wool, man-made (synthetic) fiber, silk blend and other vegetable fiber textiles and apparel.

Multilateral
Agreement

An international compact involving three or more parties. For example, GATT has been, since its establishment in 1947, seeking to promote trade liberalization through multilateral negotiations.

Multilateral Trade
Negotiations (MTN)

Seven Rounds of "Multilateral Trade Negotiations" have been held under the auspices of GATT since 1947. Each Round represented a discrete and lengthy series of interacting bargaining sessions among the participating Contracting Parties in search of mutually beneficial agreements looking toward the reduction of barriers to world trade. The agreement ultimately reached at the conclusion of each Round became new GATT commitments and thus amounted to an important step in the evolution of the world trading system.

National Treatment

This expression refers to the extension to imported goods of a treatment no less favourable than that accorded to domestic products with respect to internal taxes, laws, regulations and requirements. GATT members are obliged to accord to one another "national treatment" with respect to internal measures that can affect trade.