

Canada is not alone in seeking improvements to the MFA.

The U.S. has witnessed even higher import growth than Canada and also intends to address this problem through international negotiations. The EC has experienced significantly lower import growth rates than Canada or the U.S. during the 1980s. However, it is also determined to maintain an effective restraint regime in these sectors.

In looking for an international solution, **the Government has rejected the unilateral approach of imposing global quotas** in order to freeze or roll back the level of imports. Such quotas can be applied as temporary emergency measures under Article XIX of the GATT. However, this would require that Canada withdraw from the accepted international framework for textile and clothing trade under the MFA. It would expose Canada, under the rules of the GATT, to demands for compensation or to possible retaliation by our trading partners. It would also increase the burden on Canadian consumers and represent a backward step in terms of fostering industry adjustment to international competition.

In its interim report published in June 1985, the Textile and Clothing Board (TCB) had recommended that Canada impose a global quota on clothing imports. On completing its full inquiry, however, the Board recognized the serious disadvantages of this approach and that it would, in any event, offer only a temporary solution. In its final report, published in December 1985, the TCB focussed on finding longer term solutions through renewal of the MFA and renegotiation of Canada's bilateral restraint agreements.

Negotiating A More Effective Restraint Regime

In pursuing these international negotiations, the Government has identified three main objectives:

- . **a substantial moderation in the import growth rate.** The 11% annual growth experienced under the 1981 policy can not be sustained in a market growing by only 2% per year.
- . **a better control over import surges.** The experience of 1983 and 1984 was particularly disruptive and was not conducive to an orderly adjustment process.