

March 2, 1990

MTN NEGOTIATING GROUP ON TEXTILES AND CLOTHING
SUBMISSION BY CANADA

This submission contains Canada's preliminary views on modalities for the integration of the textiles and clothing sector into GATT on the basis of strengthened GATT rules and disciplines, thus contributing to the objective of further liberalization of trade and a stronger multilateral trading system. It takes account of and is consistent with the April, 1989, decisions of the Trade Negotiations Committee (TNC).

The Communication from Canada of September, 1988, (NG4/W21) identified a number of modalities by which textiles and clothing trade could be liberalized and brought under a strengthened GATT. In light of discussions of these modalities in the Negotiating Group on Textiles and Clothing, it would be desirable for the integration process, from the outset, to be as close as practicable to the operation of normal GATT rules and to fair competitive conditions. The integration process should, therefore, be liberalizing, market oriented and non-discriminatory.

BASIC APPROACH

Canada proposes that, with effect from the expiry of the current MFA Protocol on 31 July, 1991, all measures inconsistent with the GATT, including those maintained under the MFA, should be terminated. Throughout the transition period, trade in textiles and clothing, as defined by the Harmonized System, would be governed by special safeguard measures patterned on GATT Article XIX, as amended in this Round. These measures, which would utilize Article XIX procedures for their implementation, would contain two temporary derogations:

- (a) access to the special safeguard mechanism would be governed by the concept of market disruption, or real risk thereof, rather than serious injury; and
- (b) no compensation would be required for measures taken under this mechanism.

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