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REGULATORY AND POLICY ENVIRONMENT

GOVERNING TEXTILE TRADE : PESSIMISTIC TO OPTIMISTIC SCENARIO*

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ABSTRACT

(The Textile & clothing industry has been replete with the use of various bilateral quotas, protectionist policies, and discriminating tariffs etc by the developed countries against the developing countries. The result was a highly distorted structure, which imposed hidden costs on the textile exports sectors of the third world. Despite the fact that, General Agreement on Tariffs and Trade (GATT) was established day back in 1947, the textile industry till 1994 remained largely out of trade liberalization process. The Multi-Fibre Arrangement (MFA) had governed the global trade in textiles sector. In fact, trade in this sector, until the Uruguay Round, moved in the opposite direction i.e. increasing trade restrictions/barriers. Agreement in textile and clothing (ATC) mandated progressive phase out of quotas established under MFA & the integration of textile & clothing into multi-lateral trading system before Jan, 2005. The Agreement on Textiles and Clothing (ATC) was an attempt to correct the violation of the GATT principles of non-discrimination and transparency in respect of the Multifibre Agreement (MFA) that governed textile trade from 1974 to 1994. Study gives the detailed outlook of pre-WTO regulations (GATT) that restricted the global market access for textile trade. It also deals with the WTO agreement on textile and clothing (ATC), phasing out of quantitative restrictions and expanding the market access. The main focus of the paper is on implications of termination of quotas in the changing national and international environment.)