

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

COT/67

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LONG-TERM ARRANGEMENT REGARDING INTERNATIONAL TRADE
IN COTTON TEXTILES

Restraint Request Made by Sweden
Under Article 3

The following communication has been received by the Director-General from the Swedish delegation.

On 8 July 1966, Sweden made a request to the Japanese Government for consultations under the authority of Article 3 of the Long-Term Cotton Textiles Arrangement. I have the honour to send you enclosed information pertaining to this request, which concerns Swedish imports of industrial sewing cotton (ex 55.05) from Japan.

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Sweden's consumption of industrial sewing cotton (ex 55.05) amounts to some 500 metric tons a year. In the last two years the need for sewing cotton has declined somewhat in Sweden owing to a decrease in the production within the Swedish ready-made clothing industry. On the whole, the need is covered to slightly more than three fifths by imports and to two fifths by domestic production.

The Japanese sales of industrial sewing cotton on the Swedish market started in 1963. In this year imports from Japan amounted to 4 tons. Later on, there was a sharp increase, namely to 15 tons in 1964 and to 36 tons in 1965. In the first quarter of 1966, the import licence applications amounted to 24 tons, which means considerably larger import claims than during the same period of 1965.

The success of the Japanese sales on the Swedish market is probably mainly due to the fact that the Japanese product is sold at an extremely low price. For Swedish sewing cotton the sales price in 1965 was on an average 36.50 Swedish kronor a kilo. The sewing cotton from Great Britain and Western Germany, which are the main sources of Swedish imports, was priced at about the same level. The Japanese product, the quality of which is not very different from that of Western Europe, was sold at about half that price i.e. about 18 Swedish kronor a kilo.

On the Swedish side, it is noted that the Japanese sales of sewing cotton to other countries of Western Europe is insignificant. Hitherto, Swedish imports from Japan has mainly consisted of qualities on which the domestic production is particularly concentrated. Thus, it is the Swedish production and to a less extent traditional imports which has been hit by the increased imports from Japan. Since for different reasons it is important to maintain a domestic production of industrial sewing cotton and since production on a sound economic basis can hardly be maintained on a production volume lower than the present one, the Swedish Government has come to the conclusion that, in accordance with the provisions of Article 3 of the Cotton Textiles Agreement of the GATT, it has to request consultations with the Japanese Government in order to bring about a limitation of these imports from Japan. The Swedish authorities will, in accordance with the provisions of the Cotton Textiles Agreement, be ready to grant an annual import quota equal to the level of imports in the period March 1965-February 1966. In this period imports from Japan amounted to 34 tons. Also other solutions might be discussed, for instance a lower quota than the one mentioned above combined with a corresponding increase for other Japanese cotton textiles, which are subject to import licence.

Pending an agreement on this question measures have been taken in order to restrict imports from Japan of industrial sewing cotton.