

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Special Distribution

COTTON TEXTILES COMMITTEE

Review of the Operation of the Long-Term Arrangement

Note by the Secretariat

1. This note has been drawn up by the secretariat to assist the Committee in its first annual review of the operation of the Long-Term Arrangement under Article 8(c) of that Arrangement. It deals with participation and with action taken or contemplated under the Arrangement as notified by participating countries. Reference should be made on specific points to documents quoted which, in most cases, contain more complete information.

Participation

2. The Arrangement entered into force on 1 October 1962 for Belgium, Canada, Denmark, France, the Federal Republic of Germany, India, Israel, Italy, Japan, Luxemburg, the Kingdom of the Netherlands, Norway, Pakistan, Portugal, Spain, Sweden, the United Arab Republic, the United Kingdom (in respect of the United Kingdom of Great Britain and Northern Ireland and Hong Kong) and the United States. Australia accepted the Arrangement on 21 November 1962 and Austria on 24 October 1962. Mexico acceded on 11 December 1962 and Colombia on 30 January 1963. Details are given in COT/2 and L/1811 and addenda.

Action taken or contemplated under the Arrangement

3. The following paragraphs summarize the provisions of Articles 2, 3 and 4 of the Arrangement, including the notification procedures contained in these Articles, and give references to documents describing action taken or contemplated under each of these Articles as notified by participating countries. In addition, paragraphs 10 and 11 refer to documents giving information on certain action taken or contemplated by the Governments of Canada and the United States. In these cases no indication has been given of the Article of the Arrangement under which action has been taken.

Notification of action under Article 2

4. Article 2 paragraph 1 of the Arrangement provides that "those participating countries still maintaining restrictions inconsistent with the provisions of the GATT on imports of cotton textiles from other participating countries agree to relax those restrictions progressively each year with a view to their elimination as soon as possible". Paragraph 3 of this Article and Annex A contain detailed provisions designed to expand access for cotton textiles subject to import restrictions while paragraph 7 lays down that "the participating countries shall notify the Cotton Textiles Committee as early as possible, and in any case not less than one month before the beginning of the licensing period, of the details of any quota or import restriction referred to in this Article".

5. Notifications under Article 2, paragraph 7, have so far been received from the Governments of Australia, Austria, Norway, Sweden and from the Commission of the European Economic Community on action taken to expand access for cotton textiles. These are reproduced in COT/16. The Australian Government has informed the secretariat that all import licensing controls on cotton textiles and cotton made-up articles were removed on 18 October 1962 and that Australia was not contemplating any changes for the second year of the Long-Term Arrangement. Austria has supplied details of quotas foreseen during each of the five years of the Arrangement on imports from Japan, India, Pakistan, Hong Kong, the United Arab Republic and Mexico. Norway and Sweden have supplied notifications of import restrictions and quotas on certain imports of cotton textiles from Japan. The Commission of the European Economic Community has provided a list of items liberalized by member States of the Community since the entry into force of the Long-Term Arrangement and information on the size of quotas opened in 1962 and 1963 by the member States taken together for imports of cotton textiles subject to restriction from Japan, India, Pakistan and Hong Kong.

Notification of action under Article 3

6. Article 3, paragraph 1, provides that "if imports from a participating country or countries into another participating country of certain cotton textile products not subject to import restrictions should cause or threaten to cause disruption in the market of the importing country, that country may request the participating country or countries whose exports of such products are, in the judgment of the importing country, causing or threatening to cause market disruption to consult with a view to removing or avoiding such disruption. In its request the importing country will, at its discretion, indicate the specific level at which it considers that exports of such products should be restrained, a level which shall not be lower than the one indicated in Annex B. The request shall be accompanied by a detailed, factual statement of the reasons and justification for the request; the requesting country shall communicate the same information to the Cotton Textiles Committee at the same time". Paragraph 6 lays down that "participating countries having recourse to the provisions of Article 3 will report from time to time, and in any case once a year, to the Cotton Textiles Committee on the progress made in the relaxation or elimination of such measures" and paragraph 7 that "participating importing countries may report the groups or categories to be used for statistical purposes to the Cotton Textiles Committee".

7. The Federal Republic of Germany has transmitted the texts of three notes verbales addressed to the United Kingdom requesting restraint on exports of shirts, cotton nightwear for men, women and children and cotton towels from Hong Kong. These texts have been circulated to the Committee in COT/6, pages 2 to 12. COT/14 sets out the views of the Hong Kong Government on the request

made to it to restrict the export of cotton towels. In COT/6 page 13, the Committee was also notified of requests for restraint addressed by the Canadian Government to Israel, Portugal, Hong Kong and the Republic of China (Taiwan)* pursuant to Article 3 of the Long-Term Arrangement and of the conclusion of two agreements whereby Israel and Portugal are to restrain exports of cotton yarns to Canada during the calendar year 1963. COT/17 gives details of an arrangement between Canada and Hong Kong in which Hong Kong undertook to exercise restraint on exports of certain clothing items during the year ended 30 September 1963.

Notification of action under Article 4

8. Article 4 provides that "nothing in this Arrangement shall prevent the application of mutually acceptable arrangements on other terms not inconsistent with the basic objectives of this Arrangement. The participating countries shall keep the Cotton Textiles Committee fully informed of such arrangements, or the parts thereof, which have a bearing on the operation of this Arrangement."

9. The Government of Canada has transmitted details of a bilateral arrangement pursuant to Article 4 of the Long-Term Arrangement, between Canada and Japan in which Japan agreed on restraint levels on eleven items for the calendar year 1963. Details are given in COT/4. The Government of Norway has transmitted the text of a memorandum of agreement between the Government of Hong Kong and that of Norway in which Hong Kong agrees to restrain exports of cotton shirts and nightwear during each of the five years covered by the Long-Term Arrangement. This has been circulated as COT/13. The United Kingdom delegation has provided the secretariat with a note of arrangements relating to exports of cotton textiles to the United Kingdom in accordance with Article 4. These arrangements apply to exports of certain cotton textiles from Hong Kong, India, Pakistan, the Irish Republic*, Japan, Malaya*, Portugal, Yugoslavia* and Spain. The United Kingdom limits imports of cotton textiles from the USSR*, Poland*, Hungary*, Roumania*, Bulgaria*, East Germany*, Czechoslovakia*, the People's Republic of China* and Formosa*. This has been circulated as COT/15. The Government of the United States has transmitted to the secretariat details of four bilateral arrangements in accordance with Article 4. Details of the arrangements concluded between the United States and the Republic of China (Taiwan)* and Jamaica are given in COT/8 and COT/5 respectively. These arrangements provide that these countries shall control their exports of all cotton textiles to the United States for the twelve-month period beginning 1 October 1963. COT/3 contains information on two bilateral arrangements between the United States and Spain. In the first of these, Spain agreed to restrain exports to the United States of eight categories of cotton textiles between 1 October 1962 and 30 September 1963. In the second of these Spain is to control the export of all cotton textiles to the United States until the expiration of the Long-Term Arrangement. Details of a further bilateral arrangement concluded between the United States and Japan are contained in COT/11. Under this arrangement the Japanese Government will maintain for a period of three years beginning 1 January 1963 an annual aggregate limit for exports of cotton textiles to the United States. Letters 5 and 6 in this document and COT/12 also reproduce the text of correspondence between the Governments of the United States and Japan on items not considered cotton textiles by the Japanese Government.

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Other action of which the Committee has been informed

10. The Government of Canada has transmitted details of a bilateral arrangement consistent with the basic objectives of the Long-Term Arrangement between Canada and the Republic of China (Taiwan)* in which the Republic of China agreed to restraint levels on five items. Details are given in COT/9.

11. In a general paper, distributed as COT/1, the United States has supplied information on forty-nine categories of cotton textiles restrained under the Arrangement. The United States has also submitted press releases containing information on action taken which has been summarized in COT/7. No indication has been given of the article of the Arrangement under which this action has been taken. The information contained in COT/7 and related documents is summarized here on a country-by-country basis:

(a) Colombia: COT/7, page 2/3, indicates that Colombia will restrain exports to the United States of three categories of products, effective for a period of twelve months starting 1 October 1962.

(b) Republic of China (Taiwan)*: COT/7, page 4, indicates restraint on twelve product groups, effective for a period of twelve months starting 1 October 1962. COT/7, page 5, indicates restraint on nine additional product groups, effective for a period of twelve months starting 1 December 1962. In the same document, page 7, it was also indicated that, on 1 October 1963 consultations were in progress on a further five categories.

(c) Greece*: COT/7, page 5, shows restraint on one category for the twelve-month period starting 30 October 1962, on another for the twelve-month period starting 4 February 1963 and for two further categories for the twelve month period starting 27 March 1963.

(d) Hong Kong: COT/7, page 2/3, indicates restraint on thirty categories for the twelve-month period starting 1 October 1962. Additional details on this Arrangement are given in a notification from the delegation of the United Kingdom circulated as COT/10. COT/7, page 6, shows nine categories on which consultations were in progress on 1 October 1963 while COT/10 reproduces on pages 6 to 11 a communication dated 25 July 1963 setting out the Hong Kong Government's views on the United States' requests on four of these categories.

(e) India: COT/7, page 5, shows restraint on four categories for the fifteen months starting 17 January 1963.

(f) Israel: COT/7, pages 2/3, indicates restraint on three categories for the twelve months starting 1 October 1963.

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- (g) Jamaica: COT/7, pages 2/3, indicates restraint on three categories for the twelve-month period starting 1 November 1962.
- (h) Korea*: COT/7, page 5, indicates restraint on five categories for the twelve months starting 1 January 1963 and page 6 on two further categories for the twelve months starting 26 June 1963. On the same page, six additional categories are shown as the subject of consultation as of 1 October 1963.
- (i) Mexico: COT/7, page 2/3, shows restraint on one category for the twelve months starting 1 October 1962, while page 6 shows an additional category on which restraint is to be exercised during the twelve months starting 1 May 1963 and one category as the subject of consultations as of 1 October 1963.
- (j) Pakistan: COT/7, page 5, indicates that one category is to be restrained for the twelve months starting 1 March 1963.
- (k) Philippines*: COT/7, page 5, shows that two categories are to be restrained for the twelve months starting 25 October 1962, page 6 shows one category is to be restrained for the twelve months starting 23 January 1963 and four categories as the subject of consultations as of 1 October 1963.
- (l) Poland*: COT/7, page 5, shows four categories restrained for the twelve months starting 4 December 1962, while page 6 shows two categories restrained for the twelve months starting 15 July 1963 and one category the subject of consultations as of 1 October 1963.
- (m) Portugal: COT/7, page 4, indicates fifteen categories as the object of restraint for a twelve-month period starting either from 1 October or 1 December 1962, and page 6, shows eight categories the subject of consultations as of 1 October 1963.
- (n) Spain: COT/7, page 5, lists two categories as the object of restraint for the twelve months starting 18 October 1962.
- (o) Trinidad and Tobago*: COT/7, page 6, indicates that two categories were the object of consultations as of 1 October 1963.
- (p) United Arab Republic: COT/7, page 4, lists four categories that were to be restrained for the twelve months starting 1 October 1962 and page 6 shows that two additional categories are the object of restraint for the twelve months starting 1 July 1963.
- (q) Yugoslavia*: COT/7, page 5, indicates five categories as the object of restraint for the twelve-month period starting 3 January 1963.

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