

GENERAL AGREEMENT ON TARIFFS AND TRADE

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COTTON TEXTILES COMMITTEE

Statement by the Representative of Japan at the Meeting of 1 December 1964

I should like to make general observations on agenda item 1.

As I stated at the last annual review meeting which was held a year ago, it is the view of my delegation that the Long-Term Arrangement, if accompanied by a smooth and proper application having due regard to its spirit and basic objectives, might well turn out to be a good Arrangement providing for a practical solution of a transitional character.

Unfortunately, however, although the Arrangement has entered into its second year of application, my Government still finds that it has not been implemented in a fully satisfactory manner.

With respect to the EEC countries, I wish to draw the attention of the Committee that in accepting the Arrangement the spokesman for the Community announced that the committed figure of 12,000 tons was likely to be exceeded in the course of bilateral negotiations, and that this is duly recorded in the Annex of the Arrangement. To the knowledge of my Government, no such excess over the committed figure has occurred in the bilateral negotiations and I appreciate if the Community would seize this opportunity in furnishing relevant information.

My Government has experienced certain difficulties with the member States of the Community which in the opinion of my Government should be resolved in order to secure the proper implementation of the Arrangement by these countries. First of all, in certain member States of the Community, import quotas have been established for textile products as a whole and it is not easy to separate quotas for cotton textiles from other textiles. Moreover, in some instances, import quotas are indicated in terms of value rather than volume, making it difficult to assess the improvement in the access to their markets. Further, the Japanese industry is complaining that in some member States the import licences were wasted because they were allocated to traders who had no prospect of importing cotton textiles. I might also point out that ambiguity still exists as to how the aggregate import of 12,000 tons in 1967 undertaken by the Community would be shared among member States.

Turning now to our experience under the bilateral arrangement with the United States, I would remind this Committee that at the last meeting we already made it clear that the conclusion of a bilateral agreement with the United States under Article 4 in no way implied that we had accepted the United States contention that the state of market disruption existed with respect to cotton textile products concerned, and therefore I have no intention to bring up the question of market disruption now. On this occasion I wish to limit myself to making brief comments on the aspect of the excessive restraints imposed by the United States.

Firstly, under the bilateral arrangement, the aggregate level of restraint has been divided into such a large number of categories that the exporters are left with little room for diversifying their export. We attach great importance to this question of the sub-division of categories and we request that the question be taken up by the technical group at the major review session next year.

Secondly, some clothings made from specific types of fabrics are subjected to double restrictions.

Thirdly, seasonal restrictions are imposed on a portion of products on top of basic quantitative restrictions.

Fourthly, shifts or swings between groups of products and between groups of products and specified products are narrowly limited.

We consider that these excessive restraints run contrary to the objectives of the Arrangement..

I should now like to say a few words about the British import surcharges. We are all keenly aware of the deep impact of this emergency measure upon the trade in cotton textiles and we feel that this measure may give rise to a problem in connexion with Article 7 of the Arrangement. It is our understanding, however, that the United Kingdom Government intends to remove the measure in a foreseeable future, and we indeed look forward to its early elimination.

It would be pertinent for me to mention at this time that my Government believes that the increase in customs duty on a wide range of cotton textile products already carried out or now under consideration in some participants is clearly in breach of Article 7 of the Arrangement. In this regard, I would draw the attention of this Committee to the fact that an important importing country has taken an action to raise the customs duty on zipper tapes from 17.5 per cent to 30 per cent.

With respect to the question of the extension of the Arrangement, my Government takes the position that it would be futile even to discuss this question if it were not preceded by discussion on structural adjustment.

Speaking about structural adjustment, my Government has in fact embarked upon the scheme for promoting structural reorganization in the cotton and allied textile industries by putting into effect new Textile Industry Equipment Law on 1 October 1964.

It seems that in some participating country structural reorganization is progressing in the form of allowing the expansion of domestic production in response to the increase in domestic consumption while taking advantage of the Long-Term Arrangement in sheltering domestic industries through several import restrictions.

It is the view of my Government that a structural adjustment should be carried out in a manner consistent with the basic objectives of the Arrangement and I would be less than frank if I say that the type of structural adjustment I have just mentioned is in conformity with these objectives.

The Long-Term Arrangement is a practical solution designed to give five years' breathing space to cotton textile industries in importing countries. It was in this context that I stated a little earlier that it would not be sensible to talk about extending the terms of the Arrangement without first discussing the problem of structural reorganization.

Regarding the question of extending the same type of arrangement to the field of other textiles, I believe, the view of my Government is well-known by now. We are unequivocally opposed to such an approach. Apart from the provisions of Article 1 of this Arrangement, we base ourselves on the thinking that we should not talk about an international agreement without first questioning if serious efforts for structural adjustment in industries concerned are actually being made.

Finally, I would like to make known the position of my Government that while some important countries are reported to have conditioned the exclusion of cotton textiles products from their exceptions list in the Kennedy Round to the extension or renewal of the Long-Term Arrangement, it would not be appropriate for any country to assume at the present time that the Arrangement would in fact be extended or renewed.