

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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COTTON TEXTILES COMMITTEE

Statement by the Representative of Pakistan at the Meeting of 3 December 1964

1. Certain observations were made yesterday concerning the concept of structural readjustment. I wish to take this opportunity to explain our position on this question.
2. When I spoke about structural readjustment what I was really asking was:
 - (a) whether any changes in the patterns of production had taken place in the developed countries which would enable the developing countries to realize fully their actual or potential comparative advantage in the shortest possible time and through expanding opportunities for trade;
 - (b) whether the domestic policies of the developed countries having a bearing on investment, production and consumption took account of the problems of developing countries; and
 - (c) how far those policies had succeeded in reducing the need for restricting trade of developing countries.
3. More specifically what I was asking was:
 - (a) whether governments of developed countries by providing a sheltered environment were not encouraging investment in industries which developing countries, given their resources could operate efficiently;
 - (b) whether governments of developed countries were not discouraging the consumption of manufactures of developing countries through tariffs and other measures.
4. I expressed my disappointment on the grounds:
 - (a) that certain developed countries were protecting their cotton textiles industries from competition of the industries of the developing countries through quotas;

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(b) that certain developed countries were dealing with the so-called problem of market disruption through restrictions on imports rather than through adjustment assistance;

(c) that there was little evidence before this committee indicating that the domestic policies of the developed countries having a bearing on their domestic investment decisions took into account the needs of developing countries.

5. "Between getting out of business" altogether and using as sure and effective an instrument as quotas there is considerable room for constructive action, it is to this area of constructive action that we drew the attention of this Committee the day before yesterday.

6. I now wish to deal with the first sentence of paragraph 21 of document COT/W/29. Yesterday, the delegate from the United States drew our attention to it. The sentence reads as follows: "The high machine productivity of the United States cotton industry and the progress made to reach this goal, particularly in Western Europe, over the last ten years, partly due to introduction of modern machinery, indicate that the industry is increasingly becoming capital rather than labour intensive." I confess, that I am not yet in a position to say how far this observation is correct. But proceeding on the assumption that it is based on adequate data, I would say that the evolution of cotton textiles industry from labour intensive to capital intensive methods has many implications and I should think all of us would give deep thought to them.

7. There is, however, one implication which seems reasonably clear at this stage and that is that now the developed countries would no longer be able to resurrect the myth of competition from the so-called low wage industries of developing countries to protect their capital intensive industries.

8. In conclusion I wish to extend our full support to the remarks you made yesterday that the question of structural readjustment is a matter of vital importance. As we see it, the primary purpose of the Long-Term Arrangement is to ease the process of readjustment in world economy made necessary by the emergence of textiles industry in the developing countries. For us this agreement is valuable only to the extent to which it contributes towards early completion of the process of transition. But if only restrictive aspects of the Long-Term Arrangement are to receive the emphasis as they have in the past, we wonder how much enthusiasm we can develop for it.