

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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COTTON TEXTILES COMMITTEE

Statement by the Representative of Japan at the Meeting of 6 December 1965

With your permission, I should like to make general observations.

My Government welcomes this opportunity of the major review of the operation of the Long-Term Arrangement. We take particular interest in this major review because it was my Government who proposed the incorporation of the relevant clause in the Arrangement. My Government sincerely hopes that this major review session would contribute to the expansion of trade in cotton textiles.

First of all I wish to express appreciation on behalf of my delegation to the Group of Experts and the secretariat for the excellent work "Study on Cotton Textiles" in document COT/W/49. As indicated in this report, the most important questions before us seem to be increase of access and improvement of administration of the Long-Term Arrangement.

I should first like to address myself to the present status of the import restrictions existing in Article 2 countries in Western Europe. As you know, Article 2 countries are those which undertook to relax their import restrictions progressively each year with a view to their elimination. However, my Government found that this objective has been prevented from being fully realized for various reasons. In the first place, in some cases the import licences could not be fully utilized because it seems that they were allocated to people who had no prospect of importing cotton textiles.

In the second place, in certain member States of the European Economic Community, import quotas are allocated to textile products of all types of fibres as a whole, making it difficult to separate quotas for cotton textiles from those for other textiles. I might also point out that ambiguity still exists as to how the aggregate import to be achieved by 1967 undertaken by the EEC would be shared among member States. I wish to call upon the EEC to make known quota increase shared by member States for the year 1966 and if possible 1967.

In the third place, in some instances, import quotas are indicated in terms of value rather than quantity. We prefer the quotas be defined in terms of quantity because it will be more conducive to the expansion of trade in cotton textiles and therefore consistent with the objective of the Long-Term Arrangement.

In the fourth place, it is noted that in most of the European importing countries quotas of which are comparably insignificant, flexibility among categories are not allowed. In order to maintain balance with Article 3 which provides for flexibilities among categories, my Government takes the view that the comparable flexibilities should also be introduced with regard to import restrictions under Article 2. I would reserve my right to revert to this matter at a later meeting of this session.

That being said, I wish to urge that in view of the fact that adequate safeguards are provided under Article 3 of the Long-Term Arrangement, Article 2 countries should liberalize their present quota restrictions as soon as possible and my Government hopes that they would find it possible to indicate concrete schedules for liberalization of cotton textiles by the next meeting of the Committee.

In the fifth place, my Government feels that the so-called Nordwijk Agreement concerning the cotton fabrics for re-export could have much adverse effect on trade in these products, and therefore, I would request the governments concerned that they would use their influence within their power to guide the industries to do away with this Agreement at an early date.

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Now I would turn to our experiences with the United States under the bilateral agreement concluded between the two Governments. At the end of the year 1962, the United States which had taken active initiative and played an important rôle in drawing up the present multilateral arrangement informed my Government of its intention to invoke Article 3 of the Arrangement and to fix overall ceilings over practically all of the cotton textiles exported from Japan to the United States market.

My Government vigorously protested that the United States Government had gone beyond the limit within which the notion of market disruption was circumscribed under the Long-Term Arrangement. The ensuing negotiations resulted in a bilateral agreement within the context of Article 4 of the Arrangement.

This bilateral arrangement fell far short of what the Japanese Government hoped to achieve. At the last meeting of the Cotton Textile Committee, as well as on other occasions, my Government made requests for improvement in the implementation of the bilateral agreement between the Governments of the United States and Japan. We appreciate that in the course of bilateral talks between the two Governments within the context of the Kennedy Round negotiations, the United States Government made known to us its intention to improve the administration of the bilateral agreement. In fact, my Government is now engaging in negotiations with the Government of the United States for improvement of the administration of the bilateral agreement. I wish to take this opportunity to express the hope and expectation of my Government that the talks will come to a successful end.

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I should now like to say a few words about the British proposal to make a commitment on an annual increase of 1 per cent for imports from many exporting countries for five years beginning 1966. This means that the United Kingdom is proposing to place cotton textile imports virtually under more restrictive régime than at present. My Government is of the opinion that the United Kingdom should rather base its import policies on the spirit and the guiding principles of the Long-Term Arrangement, solving its problems of cotton textile industry by means of adjustment measures. I would also like to point out that the United Kingdom Government has not yet found it possible to remove the import surcharges. We feel that this measure together with the existing quota restrictions represents double restrictions and has the effect of nullifying the objectives of the Long-Term Arrangement. We indeed look forward to its early elimination.

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Regarding the problems arising from the definition of cotton textiles in terms of the Long-Term Arrangement, I should like to remind the Committee of the proposal which my Government made at the meeting of the Committee last year. The position of my Government is that the definition or scope of cotton textiles should not be broadened so much as to include those items which are not normally regarded as cotton textiles.

I would also like to make the position of my Government clear once more regarding the question of extending the same type of arrangement to the field of other fibres. We believe that such an approach would run contrary to the provisions of Article 1 of this Arrangement and we are unequivocally opposed to it.

Further, I note with concern that Study on Cotton Textiles in document COT/W/49 makes reference to the recent trend that the share of non-participants in world exports of cotton textiles is rising. I would state that my Government considers that this is a matter of no small importance.

Regarding the question of the future of the present Arrangement, I would like to say that while it goes without saying that the Arrangement is designed only to give a breathing space for adjustment of cotton textile industries in importing countries, my Government will be ready to give constructive consideration to this question in conjunction with the question of maximum tariff cut of cotton textiles in the Kennedy Round negotiations, provided that importing countries take concrete and meaningful steps to improve the administration of the Arrangement.

Last but not least, I would like to mention in the context of the long-term question of trade in cotton textiles that the Japanese industry, with the co-operation of the Government, had been making strenuous efforts by sharply reducing the number of spindles to modernize its facilities and equipment and to shift as far as possible to the production of more specialized and sophisticated products with a view to industrial adjustment, while keeping in mind the export need of the less-developed exporting countries in the field of cotton textiles. I would like to point out in this connexion that my country has dispensed with quota restrictions on cotton textiles some time ago except for two very minor items. I wish to emphasize that the structural adjustment should be pursued in importing countries in order to give increased trade opportunities to exporting countries.

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This is the outline of the basic position of my Government with respect to the operation of the Long-Term Arrangement. To sum up, as far as Article 2 countries are concerned, my Government wishes to see that further liberalization in the field of cotton textiles be carried out and technical obstacles standing in the way of increased access be removed as soon as possible. At this session of major review, my delegation wishes to particularly underline this point. With respect to those countries which currently have bilateral agreements with exporting countries, my Government looks forward to meaningful improvements in the administration of those bilateral agreements.