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GENERAL AGREEMENT ON TARIFFS AND TRADE

COTTON TEXTILES COMMITTEE

Statement by the Spokesman for the European Economic Community

Addendum

My intention today was merely to reply to the questions put to the European Economic Community by the delegations of various exporting countries. Because of the nature of certain statements made at yesterday's afternoon meeting, however, and also because of your wish to finish the preliminary discussion as soon as possible, I shall supplement my remarks by a few general considerations.

The delegations of Japan, India and Pakistan have asked some questions concerning the administration of quotas. These are questions which are essentially a matter of internal legislation of the countries concerned, or which could be dealt with at bilateral level, and my colleagues from the member States have assured me that they are fully disposed to seek satisfactory solutions at that level.

I should, however, just point out to the Indian and Pakistan representatives that it is inappropriate to invoke any lack of flexibility in the administration of the German and French quotas, because the arrangements with these exporting countries give a breakdown of cotton goods only in a small number of categories, and moreover the arrangements expressly permit those countries to make transfers from one category to another.

I should also like to note, as I did in my preliminary statement, that many liberalization measures have been introduced since the Arrangement was signed, thus offering new possibilities for exporting countries outside the quotas; this has been reflected in the tremendous increase in imports since 1962.

In actual fact, imports under quota account for less than 10 per cent of total imports by the Community. Since 1962, sales to the Community by Japan have risen from 5,300 to 7,300 tons and there was a further 30 per cent increase in the first six months of 1965. Over the same period, deliveries by India rose from 1,000 to 3,800 tons and those by Pakistan from 14 tons to more than 1,700 tons.

A question was also asked concerning the allocation of quotas for 1966 and 1967 as between the member States. I cannot give any precise indications in this regard because the matter has not yet been finally settled; subject to slight variations, however, it can be stated that there will be annual increases in each quota so as to respect the figure of 12,000 tons in 1967.

Lastly, two delegations have referred to the Nordwyck agreement. I must state that this is a strictly professional agreement, and furthermore it was concluded in accordance with a recommendation made in 1957 by the Organization for European Economic Co-operation which included countries other than the European Economic Community countries. Under this agreement the trade sectors did not introduce any additional import restrictions, but merely gave up the advantages of the temporary admission system which each State remains at liberty to grant or not to its own industry according to its own legislation.

So far as this Community is concerned, it should be emphasized that this Agreement merely anticipates the attainment of the common market, and that once internal duties have been completely eliminated it will no longer apply between member States.

Next I should like to make some remarks which have come to mind for the EEC representatives during the exchange of views these past two days.

In their statements, a number of exporting or importing participating countries have referred to the secretariat study on cotton textiles and some exporting countries, in particular, have used the statistics given in it to try to show that the Arrangement on Cotton Textiles has failed to promote their sales in any way.

We gladly recognize the importance, great interest and the quality of the work done by the secretariat. However, Mr. Chairman, my Community colleagues and I would have wished this document to be discussed in Committee so that each delegation could present its comments. For after having examined this report, I am sorry to have to say that we cannot subscribe either to some of the remarks in it or to some methods of computation used, and that furthermore we have found a number of errors which might be conducive to false judgments. I shall merely cite, by way of example, Table IV of Addendum 1, where the import/production ratio from member States is clearly inaccurate - probably because of a typing mistake. In these circumstances, Mr. Chairman, the Community wishes to go on record as expressing reservations in regard to document COT/W/49 and as desiring a procedure which would enable participating countries to make any necessary correction and amendments to it.

Yesterday's statements lead me to make three general comments on this document.

First of all, the global presentation of trends in trade for Groups I and II makes it impossible to identify the different trends in imports in each of the industrialized countries and groups of countries, since the signature of the Arrangement.

I emphasize this point, Mr. Chairman, because some representatives of exporting countries have used these global figures in order to assert that over the past three years the Long-Term Arrangement has been to the advantage of the industrial countries alone.

Need I remind you that from 1962 to 1964, imports by the EEC rose from 60,000 tons to 106,000 tons and that the share of Group II countries in these imports increased in three years from 28 per cent to 42 per cent. Do these figures not show that the Arrangement has given the Group II countries wider access to the EEC market?

In actual fact, the trade restrictions applied by certain countries in pursuance of the Arrangement have had the effect of transferring a growing share of exports towards the Community market, with the result that after three years of operation of the Arrangement, the percentage of EEC imports in relation to its consumption is substantially above the present level in the United States, and well above the level recorded by that country when the Arrangement was signed.

I think you will understand, Mr. Chairman, that in these circumstances the Community cannot concur in some of the conclusions given in the opening statement (document COT/W/53), in particular the assertion at the top of page 7 which reads: "Further, contrary to what was the hope and expectation when the Arrangement was negotiated, it is clear that exports of cotton textiles from the less-developed countries are still mainly concentrated on the same markets in the industrialized areas as they were before the Arrangement."

My second general remark concerning the secretariat study relates to the choice of 1953 as the base year for presenting trends in industry. A number of remarks in the study are based on this reference year and do not bring out changes which may have occurred since the signature of the Arrangement in relation to the preceding period. Such a distinction would also have brought out some differences between the EEC and other industrial countries.

My third remark is addressed to the presentation of foreign trade statistics for the Community which, in certain tables or remarks, also cover trade between member States. Such trade is purely an internal matter and should therefore not be taken into consideration in reviewing the evolution of the Community's external trade as a whole.

I have made these remarks, Mr. Chairman, not so much in order to justify my request that any publication of this document should be postponed, but above all to emphasize before this gathering that the Community cannot accept certain conclusions which have been drawn from it.