

GENERAL AGREEMENT ON
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COTTON TEXTILES COMMITTEE

Statement by the Representative of the United Kingdom

Before talking about our own arrangements I would first of all like, if I may, to thank the Director-General for the speech which he has just made, which gives us a summary - a digest, so to speak - of the trends in COT/W/49 which he recommended in GATT Airgram GATT/AIR/518 we should all read before this meeting, and which if we have taken his advice would profit all of us greatly. I doubt whether any meeting of this Committee, and I speak with some diffidence because I am not a regular member of the Committee, has ever been so fully and adequately documented as this present meeting, or that we have ever had before us in the past a document which is as informative and as stimulating as COT/W/49 in fact is. I think we are all - certainly this is the view of the United Kingdom, and I am sure that everybody else - extremely grateful to the Secretariat for the work they have done.

I am also grateful to you Mr. Chairman for giving me this opportunity of saying a few words at this stage on the proposals which we have put forward.² What I should like to do, if I may, is to complete the picture which you have drawn in general terms, in its particular reference to the situation in the United Kingdom, and thereby to explain how and why we arrived at the proposals which we have put forward. I would not propose at this point of time to deal with the proposals in detail, or indeed to discuss any of the matters of principle arising out of the discussions which we are going to have during the next few days. I would hope to have the opportunity to do these things later in the proceedings, and I would be very glad to deal with these major matters of principle later on.

It might by way of background be useful to Delegations if I summarized, as briefly as I can, what has been happening to cotton textiles in the United Kingdom up to the end of last year, and more particularly since we reported to the last meeting of this Committee, and explained why what has been happening has led us to produce the proposals which we have produced.

¹Text in COT/W/53.

²Text in COT/59.

In our statement last year¹ we described the very large increase in imports which had been occurring in 1964. As we explained then, there was in 1964 a boom in the United Kingdom market. Although COT/H/49 has some extremely interesting information on the cyclical nature of the whole of the world textile trade, there are peculiar reasons why the trade in the United Kingdom, is, so to speak, more than averagely cyclical. The organization of the United Kingdom cotton trade, which in many ways was and still is the organization of a trade keyed to vast production and even vaster exports, tends in present day conditions to emphasize very heavily the normally cyclical nature of the cotton textiles trade, and indeed almost to caricature it in its application to the United Kingdom. As a result, in 1964 during the cyclical upswing of our market, a very large number of new supplying countries had begun, for the reasons which you yourself touched on in your speech, to send substantial quantities of cotton textiles to the United Kingdom.

The Committee will remember that, in the first part of 1964, we were driven to introduce specific licensing for imports, primarily in order to discover what kind of forward contracts had been placed with the new supplying countries, so that we could have some idea of the commitments in which we were involved in regard to imports. From the information which we acquired when licensing had been imposed, we found that forward contracts had been placed by 1 May 1964 for something like 120 million square yards of cloth, and for additional amounts of yarn and made-up goods. These forward contracts were over and above the very high level at which imports were already running.

In this situation we felt obliged to approach the nine new countries who were mainly concerned to see if we could agree upon restraint arrangements with them. Although, in our search for agreement, we offered import levels which were in most cases well above the minimum provided for in Annex B of the Long-Term Arrangement, we found it quite impossible to reach agreement with any but two of the countries with whom we had entered into negotiations. Many of the supplying countries were prepared to agree in principle to restrain their exports to us, but only at a very much higher level than we had in mind, and at a level which in addition to the imports we were already taking would have made the share of our consumption which was being met from imports quite intolerably high. This is not to say Mr. Chairman for a moment that we attach any blame to the supplying countries who took this line. They were, after all, properly engaged in the protection of their own interests. But we had reached a situation by the end of 1964 which made it impossible to reconcile what the supplying countries regarded as their legitimate entitlement and what we regarded, I think not without justification, as our own legitimate rights. Our freedom of manoeuvre in all this was in fact very small, because at that time we were taking some 40 per cent, I think in fact it rose to 45 per cent over the year, of our consumption from imports, and three quarters of these imports consisted of imports from developing countries.

¹Text in COT/H/48.

This was not a case in which, as I think is the case with some other industrialized countries, the high level of imports merely reflected increasing trade between industrialized countries, and a fairly well balanced pattern of trade at that. This was a case in which about one third of our total cotton textile consumption was being met by imports from developing countries, including some with which we had restraint arrangements of several years standing and some which had grown from supplying no cotton textiles to us at all prior to 1962, and which wished to supply very substantial quantities in the course of 1964.

It was this situation, and the practical failure that faced us in our attempts to negotiate restraint arrangements, that led us to the conclusion that we must put forward the kind of proposals which are embodied in the Aide Memoire which we circulated to Governments last autumn, and which has now been circulated as GATT Committee paper COT/59.

I do not want to bore the Committee at this stage by enlarging on the substance of the Aide Memoire. The reasons why we put it forward are set out pretty fully in paragraphs 5 to 11 of the document itself. Considering the time we took in drafting those paragraphs I do not think I can improve on it now; but I am prepared later to enlarge on any facet or any aspect of the Aide Memoire on which anyone seeks more information or a greater understanding of the reasons which underlay our proposals.

Having said that and formally introduced the United Kingdom's proposals, my understanding is that the next part of the Committee's discussions should be based on the main working paper which the Secretariat has circulated. We should address ourselves first of all to the events and trends which are recorded in it, and to the extent to which those events and trends have justified or otherwise the way in which the Arrangement has been operated. I shall be very ready at a later stage to deal not only with the United Kingdom's detailed proposals, but also with the more general subjects which are likely to be brought up in the debate. I should however like to be able to do so when I have had the opportunity of hearing what is said by those who are more experienced members of this Committee than I am. At this stage I have therefore limited myself to explaining why we have put forward the proposals we have, and the circumstances in relation to our own trade which caused us to do so. I shall await with the greatest interest the reactions of the other Delegations here present to those proposals at the appropriate time. I do not think that that is now, since the right thing now seems to be to switch back to the general policy problems which the the Chairman in his opening address asked us to consider.

