

GENERAL AGREEMENT ON TARIFFS AND TRADE

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COTTON TEXTILES COMMITTEE

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

I would like to express my abounding and somewhat mesmerized admiration for the preparation by the secretariat of this mass of statistical data. We never seem to be short of this though so often short of quotas on cotton textiles! I sincerely hope that someone will benefit from this high demand for and use of paper, so that we can be said to be contributing to the expansion of trade.

We have now experienced, endured and/or suffered three years' operation of the Long-Term Arrangement Regarding International Trade in Cotton Textiles. We have also reached a time when (in accordance with Article 8(c) of the Arrangement) there should be a major review of this Arrangement in the light of its operation in the preceding three years.

I used the word "should" advisedly, because I do not see how a major review of the type envisaged in the Arrangement can be carried out in the four and a half days allotted for this session of the Cotton Textiles Committee. When I look back at the previous two annual reviews, I note that two weeks were allocated for the ordinary annual review, one week being employed in a detailed look at the statistics and the other week in reviewing the operation of the Arrangement itself. Unless I am to lose faith in the use of words, I do not believe that I am being unreasonable in thinking and hoping that more time should be provided for a major review of this kind.

I believe that you, Mr. Chairman, in your capacity as Director-General of GATT, had envisaged some form of overall Arrangement which would be mutually satisfactory, bearing in mind the present major review and the position in the Kennedy Round. At any rate, this was the impression that my delegation had gained from your communication in August last. Unfortunately, my delegation did not receive an invitation to attend any of the private and informal talks which were subsequently held, so that we did not have the privilege and benefit of knowing what was in the mind of the secretariat or of other delegations interested in the trade in cotton textiles. Accordingly, whatever I may say today or during the deliberations of this Committee, are without the knowledge of what transpired at these private and informal talks. I do not believe that what we do with the Long-Term Arrangement should be conditioned by what transpires in the Kennedy Round - for the simple reason, amongst others, that we are not even certain that anything will happen in the Kennedy Round.

Now, I believe it was agreed at the meeting of this Committee last year, that in order to prepare carefully for this major review, it would be useful for the secretariat to provide:

- (i) a detailed analysis of the operation of the Arrangement in the first three years of its existence;
- (ii) a description of developments in production of and trade in cotton textiles during those three years; and
- (iii) to undertake further work on reviewing structural changes in productive capacity, production, etc.

I note that in COT/W/49 dated 17 November 1965, the last two things I have just mentioned have been done. Rather remarkably, however, no detailed analysis of the operation of the Arrangement in the first three years of its existence has been prepared, whereas under the terms of the Arrangement itself, this meeting has been specifically called for this very purpose. So, we are now meeting to carry out our obligation under the Arrangement to have a major review of its operation, but without the benefit of this detailed analysis, which to my delegation, is far more important than the wealth of statistics that has been prepared for this meeting. After all, what we are concerned with here is primarily the operation of the Arrangement and how it affects all of us who are signatories thereto.

It is being bandied about the corridors that this major review should not and could not apply itself to amendments to the Arrangement. Indeed, I have heard it suggested that a major review should not have been held at all, but merely a quick resumé of what transpired over the last year of the Long-Term Arrangement's operation. My delegation does not subscribe to this view because under Article 8(d) of the Arrangement, this Committee is obliged to meet before the end of September 1966, to consider whether the Arrangement should be extended, modified or discontinued. Normally, the next annual meeting of the Cotton Textiles Committee would not take place until this time next year, so it seems to me that this is the last opportunity we will get of carrying out the terms of the Arrangement in this respect; unless, of course, it is envisaged that there will be a special meeting of the Cotton Textiles Committee very early next year to deal specifically with this matter. My delegation is not aware of any such meeting being arranged. If, therefore, we are not once again to breach the Long-Term Arrangement, then I put it to you, Mr. Chairman, that now is the proper time for consideration to be given also to the question of whether or not the Arrangement should be extended, modified or discontinued.

In this connexion we note that at least one very important importing country takes the view that modifications are necessary in so far as it applies to that country, and proposes to effect unilaterally (I do not claim any originality for this word) a scheme which does not follow the procedures laid down in the Arrangement. We have heard the explanation of this scheme by the United Kingdom delegation and whatever is their view of it, it is undeniable that putting such a scheme into effect, would be tantamount to a substantial if not a major amendment to the Long-Term Arrangement. So that what we, the exporting countries, are being told on the one hand is that this is not the time for modifications to be made to the Arrangement, yet on the other hand, we see a notification by a major importing country that they propose unilaterally to modify the Arrangement in such a fundamental manner. My delegation therefore, takes the view that when this scheme of the United Kingdom, is being considered at this meeting or at any future meetings, specially set for this purpose, consideration should also be given to the matter of extending, modifying or discontinuing the Arrangement.

What we really have in this United Kingdom scheme is a renewal of the Long-Term Arrangement for five years but in the manner in which the United Kingdom delegation feels it should be renewed bearing in mind their special position. This certainly is an extraordinary situation, and we will all have more to say when we come to discuss this matter later.

Having said this one must go on record as saying that if other importing countries' performances were as high as the United Kingdom's, there is every reason to believe that there would be no need for the Long-Term Arrangement. I refer here to the level of their imports as a proportion of their total domestic consumption. One would have hoped that this would have commended itself to the European Economic Community and to the United States, so that they in turn would increase the ratio their imports bear to total domestic consumption.

I would now like to give a brief resumé of how the Long-Term Arrangement has affected Jamaica over the last three years.

The Jamaican garment manufacturing industry for export came into being about 1959 and its growth followed a logical and orderly pattern. When, therefore, the United States imposed restrictions on three of our most important categories at the end of 1962, followed by further categories early in 1963, a sort of gnawing-off process, this was very disappointing and very damaging a blow to the prospects of the Jamaican industry. This was so, not only because it shattered any hopes we had for building the industry into a strong force in the Jamaican economy, but also because the restrictions were based on performance levels which

were still relatively low and in many cases still in the pilot stage. The result of all this has been that the industry has merely limped along since that time (with the use of crutches), and since confidence in its ability to grow has been damaged, it has not been possible to fully achieve even those quotas which had been fixed under the United States/Jamaica Bilateral Agreement, let alone induce our manufacturers to produce for new export markets.

Operationally, also, there are two features of the Agreement which have prevented our making best use of the quotas. The first relates to the fact that there are quota ceilings for each of the sixty-four categories under the Agreement, and it is not possible for a shortfall in one category to be made up by exceeding the ceiling in some other category. Where different exporters are manufacturing different items (as is mainly the case in the Jamaican industry), and where each of these exporters has quite separate marketing relationships with importers, one can face a very frustrating situation, because one exporter may find the demand for his product slowing down, thus leaving his particular quota unfulfilled, whilst another exporter may be unable to satisfy the demand for his product because of the quota ceilings. Nearly three years' experience of the administration of these quotas have proven that the operational arrangements must provide for recognition of shifts in consumer spending.

The second unsatisfactory feature of the operational details relates to the conversion factors which are provided for in the Agreement. The purpose of these factors is to bring the quantities of the various categories to a common unit, namely, square yards; but in many instances the factors are much too high, for example, the conversion factor for Category 55 (dressing gowns, robes, etc.) is 51.0 square yards per dozen, whereas the manufacturers state that the actual conversion is nearer to 25 square yards per dozen, and Category 61 (brassieres, etc.) for which the conversion factor is 4.75 square yards per dozen, whereas the manufacturers state that the actual conversion is about 2 square yards per dozen. In other words, the yardage figures expressed in the Agreement are artificial. The result of this is that the industry's exports, which are all manufactured and costed and sold on the basis of dozen, are not anything like as high as the quota figures expressed in terms of square yards would indicate.

It is important that difficulties of this kind, amongst others, should be recognized and remedied if Jamaica is to agree to any extension of the Long-Term Arrangement.