

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COT/W/64
16 December 1965

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Original: English

COTTON TEXTILES COMMITTEE

Statement by the Representative of Sweden

Many delegations have already expressed their satisfaction with the excellent preparatory work done by the secretariat. Our task is now to make a major review of the Long-Term Arrangement; the extensive and valuable background material presented to us will facilitate this work considerably and make it more meaningful.

Sweden offers a market of less than 8 million consumers. Such a market can never play any decisive rôle for world trade in cotton textiles. We want, in any case, to keep it as open as possible, especially for the less-developed countries. It might be of some interest to other members of the Committee if I try to give a brief outline of some pertinent developments in this respect in my country during the last few years.

During the period 1961-64 an increase in total consumption of cotton goods has taken place in Sweden, which can be estimated at 7 per cent. This increase is mainly due to the growth of population.

Swedish production of cotton goods in the same period has declined: for yarns by 23 per cent, for fabrics by 9 per cent and for knitted goods by 3 per cent.

Total imports of cotton goods in the period 1961-64 increased in quantity by nearly 40 per cent. This increase was particularly high for Group II countries, namely 82 per cent, whereas imports from Group I countries increased by only 17 per cent. The result of this development is, that the share of Group II countries in total imports is now 28 per cent; including Japan this figure amounts to 34 per cent. Compared with estimated consumption of cotton goods in Sweden imports from Group II countries and Japan are now of the order of 25 per cent, an increase by roughly one third or 32 per cent during the four years in question.

In summary it could be said that during the period under review, Swedish production of cotton goods has declined further whilst imports have risen considerably, particularly from the less-developed countries. As far as we can see now this development has continued through 1965.

The decrease in production is due to the fact that the industry has had to adjust itself gradually to the prevailing market situation. To a large extent mergers have taken place and smaller and less competitive units have been closed down. As a result the machinery equipment in the Swedish cotton textile industry has been considerably reduced. Obsolete machinery is continuously being scrapped.

In your introductory remarks, Mr. Chairman, you pointed at the growing interdependence of individual importing countries as regards trade in cotton textiles. When a major importing country takes action to restrict the flow of imports or when a quota for a particular exporting country has been used up goods are diverted to other markets. This tendency is necessarily of great concern to my country and we earnestly hope that importing countries in general will fully take into account inter alia the possible effect of their measures (or lack of measures, as the case may be) on the policies of other importing countries.

Sweden has not applied Article 3 of the Arrangement and has so far managed to keep its market virtually open for foreign producers. I would like to mention in this connexion that the existence of the Long-Term Arrangement seems to have helped us to achieve this result. Without the Arrangement we fear that many countries might have strengthened even further their protective devices which would have made our position more difficult and could have forced us to follow suit.

If we look at the two years left of the duration of the present Arrangement it seems quite possible that the less-developed countries will continue to increase their share of the Swedish market. In view of the development of Swedish imports it is only natural for us to hope that other importing countries, in all parts of the world, will find ways and means to apply the Arrangement in a manner which will lead to larger opportunities for exporting countries as well as - and this is a point I want to stress - to a better balance as regards the performance of importing countries.

As to the question of a prolongation of the Arrangement after 1967 it seems to us to be too early to embark upon any detailed discussion at this stage. We have, however, listened with interest to the views and suggestions which other countries have brought forward and will study them carefully.

To sum up, my authorities think that the Long-Term Agreement should be considered as a valuable instrument for the expansion of trade in a reasonable and orderly manner. We do realize, of course, that certain countries are still faced with great difficulties but we hope that these difficulties, at least to some extent, can be solved through modifications of the application of the present Agreement. As regards the situation after 1967, we feel that an

arrangement along the lines of the present one should continue to govern trade in cotton textiles; this does not mean of course that we would rule out the possibility of some modifications of the text of the Arrangement now in force.

We must, as you have so rightly pointed out, Mr. Chairman, also keep in mind the Kennedy Round. International trade in cotton textiles is not hampered only by quantitative restrictions. In particular, there are in some countries very high tariffs, the lowering of which would be of successively greater importance, as, hopefully, liberalization in importing countries is being carried further. The Kennedy Round seems to provide a good opportunity to tackle these problems.