

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COT/W/90
22 March 1967

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Original: French

COTTON TEXTILES COMMITTEE

Statement Made by the Spokesman of the European Economic Community on 22 March 1967

At the session held in September 1966 when the Committee initiated the discussion provided for under Article 8(d) of the Long-Term Arrangement concerning the desirability of extending, modifying or discontinuing the Arrangement, you suggested that bilateral negotiations be envisaged as between the participating countries concerned with a view to determining the conditions in which the Long-Term Arrangement would be applied, on the assumption that it was extended. This procedure was to make it possible for every participant to make its intentions known while leaving it to the Committee to sanction such intentions at multilateral level at a subsequent stage.

As the spokesman for the European Economic Community had then indicated, the member States of the Community have endorsed this view and have made it known that they were prepared to enter into bilateral discussions with all exporting countries that so desired in order to be appraised of their preoccupations and of their requests. In that spirit our delegation forthwith initiated bilateral discussions with several participating exporting countries. Subsequent upon such bilateral talks the work was pursued internally as speedily as possible. In fact in order to meet the main concerns expressed by the exporting countries which essentially aimed at obtaining the greatest degree of precision as to their global export possibilities to the Community, the member States, jointly with the Commission, had to conduct a thorough review of their economic and commercial policies as a whole in the field of cotton textiles. The results of this review have been submitted to the Council of Ministers of the Community who has determined the global position of the member States.

The proposals by the member States of the EEC, which I shall outline presently, represent objectively the major contribution to the progressive expansion of world trade in cotton textiles in a spirit of liberalism.

A. Assured life of the Arrangement

The discussions which have taken place both in the Cotton Textiles Committee and during the preliminary negotiations with the delegations of exporting countries clearly show the desire of many countries signatories to the Long-Term Arrangement that the expansion of the Arrangement should not exceed three years.

In such conditions the member States of the Community have determined that they would accept that the Arrangement be extended only for a period of three years, i.e. 1 October 1967 and based on this assumption the whole of their work which has resulted in the elaboration of their proposals.

B. Extension of the Arrangement

The member States of the Community, also basing themselves on the views expressed by most participating countries, considered that the Long-Term Arrangement would not be modified in its formal provisions to the extent that substantial adjustments were made to its implementation, more specifically within the framework of bilateral agreements.

With these considerations in mind, the Council of the EEC, after lengthy discussions, has endeavoured to take account of the desires and concern expressed by certain exporting countries.

Thus, the representatives of the developing countries stressed that the preamble to the Arrangement specifically provided that action by importing countries should be intended to facilitate the economic expansion and to promote the development of the less-developed countries which have available to them the necessary resources, by providing greater possibilities towards an increase in their foreign exchange earnings. They argued that the provisions which they had accepted in 1962 had not led to the attainment of such objectives and that the maintenance of such a situation over an additional period of time should only aggravate, over the years, the initial disequilibrium between the situation of the various supplying countries. That is the reason why they felt that it was necessary to seek new solutions in order to remedy the situation.

Further, most exporting countries have expressed the wish that the administration of quantitative restrictions be improved so as to increase the responsibility of exporting countries.

C. Offers by the EEC

It is in order to meet the above-mentioned requests that the Council of Ministers has agreed to make the following offers, the main principles of which I am now going to indicate:

- the member States are prepared to extend over an additional period of three years the commitments undertaken by the European Economic Community under Article 2, such commitment to be applied equitably to the exporting countries;
- the member States further envisage the conclusion - at least with any developing exporting countries that so desired - of mutually acceptable bilateral agreements pursuant to Article 4 so as to permit adjustments to be made to the implementation of the Arrangement and to meet their desire to secure wider access to the Community market.

D. Implementation of Article 2

Within the framework of the extended Arrangement, the member States of the Community would be prepared to raise total imports of cotton textiles under quota to 15,500 tons at the end of the three-year period which is being envisaged and, if account is taken of the additional participating countries for which quotas have been granted after 1962, the member States would be prepared to raise the figure to 16,540 tons.

This commitment, like the commitment undertaken in 1962, would be of a global nature and would cover imports under quota by all Community countries from all supplying countries. In the administration of this commitment, the Community will take into account the desires expressed by the developing countries whose supplies in 1962 were insignificant, thereby tending to make for a more equitable situation as far as such countries are concerned.

E. Bilateral Agreements - Article 4

The member States, however, are prepared to negotiate other import possibilities within the framework of bilateral agreements under Article 4, at least with developing exporting countries in Group II. This approach would make it possible to meet the requests made as regards an adjustment of the administration of the restrictions and the provision of wider access possibilities.

In this respect, I can assure you that the Community offers, which have been communicated to the developing countries on the occasion of bilateral talks, are clearly in excess of imports during recent years.

Generally, such bilateral agreements would involve, for the duration of their validity, the suspension of quantitative restrictions under Article 2 and the abandonment of any resort to Article 3 to the extent that ceilings agreed to on a contractual basis in respect of trade in cotton textiles were not exceeded.

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Mr. Chairman, I must also stress, in conclusion, that for reasons of an institutional nature, provisions should be made in the instruments to be established for the extension of the Arrangement for a clause under which the Community as such would reserve the right to resort in due time to any of the provisions of the Arrangement.