

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COT/W/119

10 October 1969

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Original: French

COTTON TEXTILES COMMITTEE

Statement by the Spokesman for the European Economic Community
on Item 2(iii) of the Agenda: "Discussion Concerning
the Future of the Arrangement in Accordance with Article 8(d) "

As regards the future of the Arrangement Regarding International Trade in Cotton Textiles, I must state first of all that the European Economic Community has not yet determined its definitive position. At the present time our position is entirely open to the possibility of renewing the Arrangement and we shall examine most carefully the attitude to be adopted - or already adopted during the present meeting of the Committee - by the other parties to the Arrangement.

I should like at this stage to say that the Arrangement has enabled the European Economic Community progressively to increase possibilities of access to its market.

Within the framework of the Arrangement and in pursuance of Article 2, substantial quota increases have been granted.

Furthermore, in the context of a policy established by the Council of Ministers of the Community, in the years 1967 and 1968 agreements were concluded between the member States of the Community on the one hand and India and Pakistan on the other hand, based on Article 4 of the Long-Term Arrangement. Under these agreements the two supplying countries obtained:

- the suspension of the quantitative import restrictions still applied in some of the member States of the Community;
- the setting of import ceilings at a level considerably above that of the former quotas;
- an undertaking from the member States not to invoke the safeguard clause provided in Article 3 of the Long-Term Arrangement, within the ceilings set;
- more flexible procedures for import control and supervision.

At the end of the first year of implementation of these agreements it was found that India and Pakistan had increased their exports to the Community very substantially.

In the course of 1969, negotiations have taken place with the Japanese Government and have resulted in the conclusion of agreements in pursuance of Article 4, to afford to Japan broader possibilities for access to our markets and more flexible import supervision procedures.

In this order of ideas we may mention, lastly, that the Benelux countries and the Federal Republic of Germany have concluded an agreement based on Article 4 with Hong Kong.

Independently of these provisions designed to broaden access to the Community market, I think it may be appropriate, Mr. Chairman, briefly to review, from a more general aspect and drawing for this purpose on the excellent document which the secretariat has circulated, the extent to which the evolution of the world cotton situation has responded to the objectives which the signatories to the Arrangement set themselves. In 1962, the signatories stated in the preamble to the Arrangement that the latter was designed in particular to promote the development of trade of less-developed countries.

Judging by the general evolution, as indicated in the secretariat document, it seems to me that from both the trade and the production aspect, the guidelines set forth in the Arrangement have been largely observed.

Cotton textile exports by the industrial countries have increased by only 21 per cent, whereas developing countries have achieved an increase of 96 per cent, principally due to sales of simple made-up goods and of garments, which are particularly profitable from the aspect of increasing the foreign exchange earnings of those countries.

The growing extent to which world markets are open to Group II countries has enabled these to develop their production and equipment while there has been an inverse trend in the industrial countries. In the latter group, spinning output declined by 7.8 per cent and weaving by 14.8 per cent between 1960 and 1968, while the Group II countries achieved increases of 35 per cent and 24 per cent respectively, thus substantially augmenting their share in world production as compared with the industrial countries.

So far as equipment is concerned, we find that in the developing countries there has been a marked increase reaching 28 per cent for spinning and 10 per cent for weaving equipment, while there has been a contraction of the same order in the industrial countries.

Those were the few statistics that I should like to present for consideration by this Committee, at a time when it is called upon to examine the operation and the future of the Arrangement concluded in 1962.

Coming back to the Community's policy, I should like to recall that the extension of the Long-Term Arrangement in 1967 enabled us to grant tariff concessions in the textiles sector to our partners during the Kennedy Round, although the Community customs tariff is one of the lowest in the world.

I should like also to add one last remark, Mr. Chairman, in response to the remarks that have been made on certain problems concerning textiles of fibres other than cotton.

If detailed examination shows that problems do exist then it may be opportune to study together, in the context of the possibilities offered by the General Agreement on Tariffs and Trade, equitable solutions that would avoid isolated or bilateral action.

Those were the considerations that I wanted to present on behalf of the EEC. Thank you, Mr. Chairman.