

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COT/W/122

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Special Distribution

## COTTON TEXTILES COMMITTEE

### Suggestions made by Certain Exporting Countries Concerning Understandings to be Agreed upon for a Future Operation of the Cotton Textiles Arrangement

#### Hong Kong

On the working hypothesis that the Arrangement should be extended in its present form for ... years, the Committee agreed that the importing countries would endeavour further to improve trading opportunities for the exporting countries and would review and progressively relax existing restrictions, with a view to their eventual elimination, and specifically:

- (i) that restrictions still maintained under Article 2 should, in accordance with the spirit of that Article, be entirely removed within the period of extension of the Arrangement;
- (ii) that arrangements made under Article 4 should be generally in accordance with the other provisions of the Arrangement, in particular with regard to the provisions in paragraph 4 of Article 3 and in Annex B;
- (iii) that the increased trading opportunities provided in accordance with Annex B should generally be at 5 per cent per year or a level no lower than the growth in total imports of cotton textiles in the market concerned, whichever is the greater;
- (iv) that the provisions for flexibility in the operation of restraint measures should generally include:
  - (a) provision that the agreed level for any particular product in any year may be exceeded by 10 per cent provided that the total exports subject to restraint do not exceed the agreed level;
  - (b) provision that the agreed levels for any year may be exceeded by 10 per cent provided that there has been a corresponding shortfall in the preceding year; and
  - (c) provision that the agreed levels may be exceeded by a further 10 per cent provided that such excess is deducted from the agreed levels for any immediately subsequent period;

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- (v) that the provisions of comprehensive arrangements made in accordance with Article 4 should be reviewed annually with a view to the elimination of such restrictions as may no longer be necessary;
- (vi) that the term "textile manufactured products" in Article 9 should be limited to articles manufactured from woven or knitted fabrics, in which the essential characteristics of the article derive from the textile fabric concerned.

### Spain

2. Restrictions should apply only to the disruptive items and not to all textiles. If the importing country restricts globally cotton textiles it should be desirable to reduce the number of categories to the minimum with a view to providing the necessary flexibility.
3. In establishing the quotas there should be provision for carry-over.
4. For re-exports after further processing the importing country should set the percentage of added value against the exporting country's account and not the total value of the goods.
5. There is a need for more precise interpretation of the definition of cotton textiles in Article 9.
6. In cases where the level of the imposed quotas resulting from the application of Article 3 - Annex B, 1(a) would be such as to be considered of no commercial interest or feasibility, the exporting country should be entitled to submit to the Committee, as provided for in Article 7, paragraph 3, the situation existing.
7. The importing country which limits its imports shall indicate to the exporting country the type of certificate or visa to be issued and to accompany each type of merchandise in order that the importing and exporting countries may harmonize their accounts and statistics.

### Republic of Korea

1. Special consideration should be given to ensure equitable and realistic treatment on quota allocation for developing exporting countries in the light of their respective production capacity of cotton textile industry;
2. Grouping of items similar in nature. More swing be permitted between categories and groups, and
3. Elimination of restraint on items involving only small quantities.