

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1717

29 January 1962

Limited Distribution

COTTON TEXTILES COMMITTEE

Report of the Statistical Sub-Committee

1. The Statistical Sub-Committee met from 24 to 26 January 1962.
2. Representatives of the following governments participated in the meeting: Australia, Austria, Canada, Denmark, India, Japan, Norway, Portugal, Sweden, United Kingdom, and the United States. The European Economic Community was represented by the Commission assisted by representatives of France and Italy. Mr. Royer was in the Chair.
3. The basis of discussions was given by Airgram GATT/AIR/268 of 19 January 1962, and document Spec(62)47 of 24 January 1962. The meeting also had before it documents L/1707 of 15 January 1962 and Spec(61)340 of 8 November 1961.

The following conclusions were reached:

I. Specific matters connected with the Draft Long-Term Arrangement

4. Definition of the expression "cotton textiles" in Article 10 of the draft long-term arrangement:

(a) In the course of the discussions some members of the Statistical Sub-Committee stressed the need to keep the scope of the Arrangement as flexible as possible and, for that reason, the Statistical Sub-Committee thought it preferable not to attempt to define the expression "cotton textiles" under Article 10 in statistical terms and the Sub-Committee suggested deletion of the words "(Ref. to SITC)" in that Article. It was considered, however, that it would be useful for the governments applying the SITC or the BTN to have appended to the Arrangement (as Annex F for instance) a list of the groups or sub-groups of the Standard International Trade Classification (SITC Rev.) which contain the products referred to in Article 10.

	<u>SITC Rev.</u>	<u>BTIN</u>
I Cotton yarns and fabrics	651.3	55.05
	.4	.06
	652	.07
		.08
		.09
		58.04A
II Cotton made-up articles and special fabrics	cx 653.7	cx 46.02
	cx 654	cx 58.01-13
	cx 655	cx 58.05-14
	cx 656	cx 59.01-17
	cx 657	cx 60.01
		cx 62.01-05
		cx 65.01-02
III Cotton clothing	cx 841	cx 60.02-06
		cx 61.01-11
		cx 65.03-07

The Sub-Committee agreed to point out to the Cotton Textiles Committee that many participating countries may have practical difficulties of a statistical nature in applying certain provisions of the draft arrangement to more narrowly defined products included in Group II above, although these products may have some importance in connexion with the operation of the Arrangement.

5. (b) The Sub-Committee noted that, although most of the participating countries were using a weight criterion for classifying as a cotton product textile products made of mixed fibres, a few countries were applying a criterion based on the value of the fibres contained in the product. The Sub-Committee recognized that it would be impracticable for those countries to modify the regulations in force at present. To meet that situation, the Sub-Committee recommended that a note be inserted in Annex L (interpretative notes to the draft long-term arrangement) to the effect that any country which is applying a criterion based on value would be free to continue to use that criterion for the purposes of Article 10.

The Sub-Committee recognized that the acceptance of two criteria might lead to conflict between an importing and exporting country regarding the applicability of the Arrangement to certain textile products; it noted, however, that no such difficulties have arisen so far in the operation of the United States and Japanese agreements and that it was unlikely that such cases would occur in the future. The majority of the Statistical Sub-Committee, however, thought that in cases where there might be a conflict between two participating countries as to whether a particular product is covered by the Arrangement or not, this difference should be settled on the basis of the weight criterion. If such an understanding is acceptable to the participating

countries, it would be recognized, of course, that in such cases the importing country would be free to have recourse to the provisions of Article 6(b) of the Arrangement in cases where market disruption would occur with respect to these marginal products.

6. (c) The Sub-Committee considered whether it was possible to devise a system of classification similar to the sixty-four categories listed in Annex D, and which could be applied by the countries which are using the SITC or the Brussels Tariff Nomenclature. It attempted to draw up such a reconciliation table but came to the conclusion that it would be extremely difficult to draft such an alternative classification. The Sub-Committee noted, however, that the French Government has introduced as from 1 January 1962 additional statistical sub-items which would enable it to follow more closely the trade in cotton products and that the Commission of the EEC is planning to submit to the six members proposals designed to improve the statistical coverage of imports of cotton textiles. The Statistical Sub-Committee found also that no participating country with the exception of the United States would be in a position to supply statistics on production or consumption in such detail as would be required by the adoption of the growth formula contained in alternative A of Annex B, taken in conjunction with the sixty-four categories contained in Annex D, although, of course, participating countries would be able to produce statistics on production and apparent consumption for broad groups up to loom stage.

7. (d) As regards "the common unit of measurement" referred to in paragraph 4 of Article 3 of the draft long-term arrangement, the Sub-Committee felt that, in view of the practical difficulties involved in establishing a common unit applicable to all items on which restraint might be practised such as the choice of conversion factors which may vary from time to time or from country to country, the only solution would be, as suggested by the text of paragraph 4 of Article 3, to leave it to the countries concerned to agree on a common unit of measurement in cases where restraints are being applied to more than one product. The Sub-Committee considered, however, that as a rule this unit should be a unit of quantity, such as metric tons or square yards.

8. (e) The Statistical Sub-Committee considered on what basis the percentage referred to in Article 7 of the draft long-term arrangement should be computed. It came to the conclusion that no single method of computation would be entirely satisfactory. If the coverage were to be comprehensive, and include, in particular, garments, the data would be based to a large extent on subjective estimates; if, on the other hand, the data were limited to yarns and fabrics, the computation would be more accurate but might give a distorted picture of the situation, if garments played an important role in the trade in cotton textiles.

It was agreed that the most practical solution would be to ask the country applying for exemption under Article 7 to produce in any case a computation of the ratio between imports and domestic consumption, in terms of "raw cotton equivalent" (a method similar to that used in Table 5 of document Spec(61)381 may be adopted, subject to the adjustments necessary to avoid discrepancy in the estimation of wastage), but to allow the country concerned to furnish at the same time ratios established on different bases, for instance a ratio between imports and domestic consumption in "fabric equivalent" or a ratio computed on the basis of yarns and fabrics only. The Committee would then compare the results obtained with the various methods and come to its conclusion on the basis of that comparison.

The Statistical Sub-Committee noted that Article 7 specified that retained imports should appear in the numerator and wished to refer, in this connexion, to the remarks contained in the fifth sub-paragraph of paragraph 9 below.

II. Programme of statistical work

9. The Statistical Sub-Committee examined the current statistics to be collected for the implementation of the long-term arrangement.

As regards foreign trade it was agreed that the following data should be supplied if possible each month or at least quarterly:

- (i) value and quantity of imports and exports, broken down into main groups of products but with no distinction as to origin or destination;
- (ii) value and quantity of imports by origin and of exports by destination, broken down into groups of products and by origin or destination for the participating countries.

The commodity groups to be distinguished are shown in the annex to this report. For the last two groups, covering miscellaneous fabrics and garments, the breakdown by fibre may be difficult to establish and figures for trade covering all fibres should be furnished together with an estimate of the part represented by cotton.

The statement under (i) will be sent in advance of the statement defined in (ii) if the total values and quantities of imports and exports are computed regularly and promptly.

Data on imports should relate to retained imports. Countries which do not yet collect such data should at least supply estimates of re-exports.

Production figures should cover yarns and fabrics at loom stage and be provided at least on a yearly basis. The participating countries would be invited to communicate to the secretariat any relevant data which may be available such as production statistics for the garment industry and consumption statistics of textile products.

Data should be provided from time to time with respect to changes in the production capacity of the cotton textile industry and, if practicable, of the garment industry in the participating countries; such data might, however, be available from the International Cotton Advisory Committee or the Federation of Cotton and Allied Industries. The secretariat will therefore make the necessary enquiries before requesting governments to supply these figures directly.

The Sub-Committee noted that, in the absence of reliable data on the production of wearing apparel in most of the participating countries, it was difficult to foresee making available data for many participating countries on consumption of wearing apparel. These difficulties would even be greater if the participating countries were required to produce data on consumption of the various categories of wearing apparel specified in the "growth formula" contained in alternative A of Annex B to the draft long-term arrangement.

The submissions by the governments should also include lists of quantitative restrictions in force, unless these are already being notified by the governments separately.

A N N E X

The groups of cotton textiles mentioned on page 4 of the present report are as follows:

	<u>SITC Rev.</u> ¹	<u>BTN</u> ²
Cotton yarns	651.3 .4	55.05 .06
Cotton fabrics, grey	652.1	55.07A .08A .09A
Cotton fabrics, other than grey	652.2	55.07B .08B .09B 58.04
Household made-up articles of cotton	ex 656.9(1)	ex 62.02
Tulle, lace, embroidery, special fabrics, carpets and other floor coverings, blankets and other made-up articles n.e.s. of cotton	ex 653.7 ex 654 ex 655 ex 656.1 .2 .6 .9(2) ex 657	ex 46.02 ex 58.01-03 ex 58.05-10 ex 59.01-17 ex 60.01 ex 62.01 ex 62.03-05 ex 65.01-02
Cotton clothing	ex 841.1 .2 .4 .5	ex 60.02-06 ex 61.01-11 ex 65.03-07

¹United Nations Standard International Trade Classification, 1960 Revision

²Nomenclature for the Classification of Goods in Customs Tariffs of the Customs Co-operation Council (Brussels)