

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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COTTON TEXTILES COMMITTEE

Report on the Meeting of the Committee
Held at the Palais des Nations on 22 October 1968

Chairman: Mr. O. LONG

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New participants in the Arrangement

1. The Chairman welcomed the representative of Poland which had become a member of the Cotton Textiles Committee since its last meeting.¹ He said that Portugal had also accepted the Arrangement, and the Protocol extending it, on behalf of its Customs Territory of Macao², and the Kingdom of the Netherlands had extended the application of the Arrangement and the Protocol to the Netherlands Antilles.³

I. The sixth annual review of the operation of the Arrangement

2. The Committee had before it document COT/W/101⁴ which summarized notifications of actions so far received by the secretariat under the various Articles of the Arrangement during the sixth year of its operation, as well as other arrangements relating to trade in cotton textiles. The notifications received from the United Kingdom on current import arrangements for cotton textiles from restricted sources was before the Committee in document COT/118. Also before the Committee

¹See document COT/83.

²See document COT/82.

³See document COT/85.

⁴A summary of the notifications received after the distribution of document COT/W/101 has been incorporated in the relevant parts of this document which is annexed to this report.

was document COT/W/100 and Add.1 describing developments in production of, and trade in, cotton textiles during 1966 and 1967, and following up the analysis contained in Chapter II of A Study on Cotton Textiles prepared for the major review which took place in December 1965.

3. The Chairman recalled that it was agreed last year that, in view of the very extensive discussions and examination of the Arrangement which took place in 1966 and 1967, the next annual review of its operation should take place in the latter part of 1968, but before the twenty-fifth session.¹ As the Committee carried out the sixth annual review, in accordance with the requirements of Article 8(c) of the Arrangement, it should obviously have in mind the discussions which led to the extension of the Arrangement.

4. The representative of Poland said that the textile industry in his country was important to the national economy. The production of cotton textiles represented a considerable part of this industry. Despite increasing domestic consumption, Poland had always been a net exporter of cotton textile products. His country, having due regard to the main objective of the Arrangement which was to provide larger opportunities for the developing countries to increase their exports of cotton textiles, had started, since 1967, to import manufactures and semi-manufactures from these countries. Imports in 1968 showed a considerable increase as compared with 1967, particularly from the United Arab Republic and Pakistan. He underlined the importance his country, as an exporter of cotton textiles, attached to the bilateral agreement concluded with the United States and said that this agreement was based on mutual understandings in accordance with the principles and the spirit of the Cotton Textiles Arrangement.

5. The representative of Japan in his statement, which is reproduced in full in document COT/W/103, said that the Arrangement was conceived as a temporary measure designed to facilitate trade expansion in a reasonable and orderly manner. It should, therefore, be abolished as soon as possible with the elimination of remaining restrictions on imports of cotton textiles. Having a firm belief in this provisional character of the Arrangement, Japan agreed to its extension especially on condition that its administration would be improved. He regretted,

¹See document L/2853 and SR.24/11 page 136.

however, that efforts towards accelerating liberalization of trade in cotton textiles in many countries had not brought sufficient results. It was true that a few measures for easing trade barriers had been taken in some importing countries, but these were related to a limited range of products of little interest to his country. No striking achievements had been made since the extension of the Arrangement in the relaxation and dismantlement of the remaining restrictions.

6. He said that there was an increasing trend towards extending the same type of arrangement to the field of other fibres. His Government was keeping watch on such a protectionist trend with serious concern and deep apprehension as, in its view, such an approach would run counter to Article 1 of the Arrangement and all importing and exporting countries should be opposed unequivocally to it.

7. Commenting on the operation of the Arrangement, he said that the measures taken by the European Economic Community and other countries applying Article 2 for import liberalization during the past six years had been slow and inadequate. These countries maintained quantitative restrictions on items, import of which was negligible. He questioned the necessity of such restrictions and requested these countries to liberalize imports as early as possible. He pointed out that the quotas actually offered by the EEC were far below the figure written into Annex A of the Protocol extending the Arrangement and requested clarification on this point. Quotas were unused due to a number of difficulties encountered. Quotas were divided into small units and licences were given to importers who were not much interested in importation. Some countries arbitrarily established sub-quotas for specific items and restricted import licences. In their view, flexibility of around 10 per cent in shift, carry-over and carry-in should be allowed for the effective management of quotas. The management of quotas would be better handed over to exporting countries, and his Government was prepared to enter into arrangements with importing countries on this problem. It was mainly because of their deep dissatisfaction with the situation that they proposed to the Commission of European Communities the commencement of negotiations, based on Article 4 of the Arrangement.

8. He reiterated his appeal to the Governments concerned to make efforts to abolish the Nordwick Agreement which still constituted a serious obstacle to their exports of cotton textiles to Europe. He was interested, in particular, to know whether intra-EEC trade of goods covered by the Nordwick Agreement was now free, and also whether re-exports of those goods were now freely conducted.

9. As for Article 3 countries, he said that although Australia did not impose restrictions based on the Arrangement in form, it had raised customs duties of, and maintained quantitative restrictions on items covered by the Arrangement. In his view this was a de facto nullification of the purpose of the Arrangement.

10. Referring to Article 4 agreements, he said that there were some improvements in the new agreement with the United States, including the new provisions for carry-over and shift. The operation of the agreement was, however, circumscribed by the fact that the quotas for each group are divided into many specific limits and ceilings. As a result of annual negotiations with Canada in recent years, restrictions on several items had been removed. The number of items under restriction was relatively limited as compared with other major importing countries, but the rate of increase in the quotas was very small. He therefore requested that quotas for all items be increased regularly.

11. In conclusion, he said that the implementation of the Arrangement by the United Kingdom, especially with respect to relaxation of restrictions and the rate of increase of quotas, had not been satisfactory. Many of the restricted items were those for which Japan's exports had been negligible and it was contrary to the spirit of the Arrangement for the United Kingdom to continue restrictions on such items.

12. The spokesman for the European Economic Community and its member States, commenting on the remarks made by the Japanese representative, confirmed that the Community had carried out the commitments entered into upon the extension of the Arrangement. Until such time as the Community could take a stand with respect to Japan's request for the opening of negotiations under Article 4, he expressed his willingness to furnish any information concerning the methods used in calculating the quotas allocated under Article 2.

13. The representative of Australia, commenting on the point raised by the representative of Japan on tariff and other action that Australia had taken, said that these actions were in accordance with the provisions of the General Agreement. In fact it had been pointed out in the Cotton Textiles Committee that the tariff was the recognized vehicle for protection.

14. The representative of the United Arab Republic stressed the importance his delegation attached to the principle of liberalization of international trade in cotton textiles. His country subscribed to the extension of the Arrangement on the understanding that it was a provisional instrument intended to deal with the special problem of cotton textiles and it should not, therefore, be extended to other sectors of the textile industry. In the course of the discussion leading to the extension of the Arrangement, his country had negotiated different arrangements with certain importing countries providing principally for expanded access for cotton textile imports. In this respect, a bilateral agreement had been concluded with the United States amending the existing bilateral and providing more favourable terms of access for the United Arab Republic to this market. However, this agreement had not yet been put into effect and they were awaiting its implementation as soon as possible with a view to fulfilling the contracts concluded with American importers on the basis of this new agreement. He underlined the importance his country attached to exports of cotton textiles as a means of increasing its foreign exchange earnings.

15. It was expected that importing countries would implement the Arrangement in a more liberal manner and would offer more favourable conditions for access in accordance with the extended Arrangement. However, after the extension of the Arrangement, restrictions were imposed on exports of cotton textiles from the United Arab Republic. He, therefore, expressed the hope that importing countries would resort only to the restrictive Articles of the Arrangement in cases where this was justifiable.

16. The representative of the United States in his statement, which is reproduced in full in COT/W/104, said that his Government believed that the record over the first six years of the Arrangement indicated progress in the collective effort of both importing and exporting countries to solve problems of common concern in regard to cotton textiles. It had magnified world trade opportunities and had helped to curb disruption in the markets of participating countries, thus minimizing the need for resort to restrictive unilateral action.

17. Total imports of cotton textiles into the United States during the sixth Arrangement year amounted to 1.6 billion square yards. This represented an increase of nearly 45 per cent over the Short-Term Arrangement year. These levels continued to stamp the United States as the world's largest market for cotton textiles; it imported cotton textiles from more than ninety countries. Imports from the developing countries to the United States in the sixth Arrangement year, totalling 1,044 million square yards, accounted for 66 per cent of total imports, an increase of 65 per cent over the Short-Term Arrangement year, and 22 per cent over the average for the first five Long-Term Arrangement years. These quantitative increases reflected graphically the United States contribution to increasing trade from developing markets in accordance with the objectives of the Arrangement.

18. In value terms, imports from all sources in the sixth Arrangement year, at \$454 million, increased by 53 per cent over the Short-Term Arrangement year and 24 per cent above the average of the first five Long-Term Arrangement years, due mainly to a substantial increase in imports of apparel. Imports from the developing countries during the sixth year at \$236 million were 73 per cent more than in the Short-Term Arrangement year and represented an increase of 26 per cent over the five-year Long-Term Arrangement average; this was higher than the value of imports from all countries only nine years ago. Imports from Japan and the other industrialized countries increased more slowly than those from developing countries. Increased imports, combined with increasing diversity and sophistication in producing for export greater quantities of these textiles falling within categories with higher unit values such as apparel, carried with it increased foreign exchange earnings for the developing countries.

19. Referring to the bilateral agreements concluded with eighteen nations, he said that the total ceilings between the beginning of the fifth and the beginning of the seventh Arrangement years increased from 1,129 million square yards to 1,417 million square yards, an increase of 26 per cent. This increment was a reflection of the liberalization effected by the United States in connexion with the extension of the Arrangement during the Kennedy Round.

20. Reviewing trends in the domestic cotton textile industry, he said that domestic consumption of cotton textile products declined during the sixth Arrangement year. This was accompanied by and might be related to an increase in production of man-made fibre textiles and blends and a sharp increase in imports of these products. The ratio of imports of cotton textiles to domestic consumption increased during the sixth Arrangement year. Production of cotton grey goods and the number of loom hours worked declined. At the same time, weaving mill inventories increased and the resultant ratio of inventories to unfilled orders increased. Employment in the textile and apparel industry, where many producers were in areas of high and chronic unemployment, was particularly vulnerable to these shifts in activity.

21. After referring to the problems related to rising imports of wool, man-made fibre textiles and blends with cotton, most of which were competitive with cotton textiles and were generally outside the purview of the Arrangement, he pointed out certain shortcomings in the implementation of the Arrangement by the participating countries. Overshipments continued to plague the United States Government in administering levels of restraints; there had been some cases where overshipments had not been inadvertent. Misunderstandings often arose with regard to classification. Effective effort should also be made to avoid undue concentration of exports within short time periods. Problems of import spacing had in fact plagued the domestic market during the fifth and sixth Long-Term Arrangement years, even in instances where the level of trade was within the ceilings established in the arrangements. The depressing effect was not only felt by the importing country, but could also have detrimental effects on the market for products of other exporting countries.

22. Certain countries continued to employ restrictive trade practices ranging from embargoes to licensing systems which impeded international trade in cotton textiles, and the United States' efforts to increase its exports. To avoid diversion of trade it was essential that any restraint on imports of cotton textiles from either participating countries or non-participants be justified under the Arrangement.

23. In conclusion, he said that the United States Government invoked the provisions of Article 3 on exports in certain categories from seven non-participants only after analysis of its domestic market and after studies had demonstrated the need for the imposition of restraints. Failure to impose necessary restraints would threaten the equity position of participants. A total of five restraints were terminated during the fifth and sixth Arrangement years.

24. The spokesman for the European Economic Community and its member States in his statement, which is reproduced in full in document COT/W/105, outlining developments in the Community's cotton sector, said that between 1962 and 1966 internal consumption showed a moderate increase, production and exports declined and imports were more than doubled. In the second half of 1964 and the first half of 1965 the situation deteriorated seriously because of a sharp contraction in demand in several member States. Despite some recovery in the second half of the year and also in 1966, the evolution of consumption, trade and production during the sixth year of the Arrangement was strongly affected by this new falling-off in demand in 1967.

25. Consumption of cotton textiles in the Community, after a marked reduction in 1965, showed an increase in 1966. However, because of the low level of economic activity, consumption again declined in 1967. Since 1962 global imports of cotton textiles into the Community had been increasing continuously. Although imports in 1967 declined, they still remained at a high level in relation to consumption. This import decline mainly affected deliveries of woven cotton fabrics from Yugoslavia and household goods and made-up articles from Hong Kong. Exports from the Community over the same period, particularly of garments and cotton fabrics other than grey, had been adversely affected by keener competition in third markets, principally from Japan and developing countries. This trend continued in 1967, thereby bringing about a further deterioration in the balance of trade in cotton textiles. Production was affected by continuing high imports and declining exports in 1967. The recovery that had taken place in 1966 did not continue in 1967. The number of machines and persons employed had been declining considerably since 1962.

26. Reviewing trends in 1968, he said that since 1965 the Community's cotton textile industry had not yet rallied to a satisfactory rate of activity. The general trends in the Community's cotton situation since 1962 seemed likely to continue. So far as imports were concerned, however, there seemed to be a slight pause in the upward movement.

27. Referring to the implementation of the Arrangement, the spokesman for the Community said that despite the difficulties encountered by the Community's cotton textiles industry during 1967, increases in the quotas had been granted at a rate corresponding to the initial commitments entered into by the Community under Article 2 with respect to the four countries originally concerned. Furthermore, additional quotas had been opened by Germany and France to three other exporting countries.

28. In connexion with restrictions under Article 3, he said the provisions of this Article were invoked on three occasions in 1967 and 1968: the Benelux countries limited their imports of certain articles from Hong Kong. However, an agreement under Article 4 was negotiated and was being provisionally applied, pending its signature. After consultations between Italy and the

Republic of China, it was agreed that for 1968 the Republic of China would limit its exports to Italy. Following consultations between Italy and the United Arab Republic, imports had been limited to a level agreed upon between the two parties. In addition, the agreement on export restraint between Germany and Hong Kong, which was valid until 31 December 1969, continued in operation.

29. During the negotiations for the renewal of the Arrangement the Community had offered to conclude bilateral agreements with certain exporting countries, under Article 4. Following negotiations between India and subsequently Pakistan on the one hand, the member States and the Commission of the EEC on the other hand, bilateral agreements were concluded with these two countries.

30. In conclusion, he said that despite the great difficulties encountered by the Community's cotton industries and the decline in consumption, the Community had applied the Arrangement in a liberal manner.

31. The representative of Mexico, referring to the bilateral agreement concluded with the United States, said that exports to this market were subject to a global quota of 75 million square yards for the twelve-month period beginning 1 May 1967. The level for the second year was slightly higher at about 78 million square yards. In succeeding years the levels were to be increased by 5 per cent over the level for the preceding year. This agreement was to continue in force through 30 April 1971. With respect to the United Kingdom, the country quota allocated to Mexico for exports to this market had increased to 479,000 square yards. In 1968, the Canadian Government had requested his Government to restrain Mexican imports in accordance with Article 3 to a level which was fixed in conformity with Annex B of the Arrangement. Following this request, there had been talks between representatives of both Governments with a view to reaching a satisfactory agreement on the need for the restraint requested by the Canadian Government. At the end of these talks, his Government had rejected the Canadian request as, in its view, the arguments put forward were not well founded. The decision of the Canadian Government had not yet been notified officially to his Government.

32. The representative of Colombia said that his country participated in the Arrangement and subscribed to its extension on the understanding that it was a provisional instrument to regulate trade in this very important sector. In the course of the discussion leading to the extension, his delegation said that the Arrangement ought to be changed in order to meet the concrete needs of different countries, especially those which were in the initial stages of development. His country attached great importance to the Arrangement, since the textile industry in Colombia was one of the major industries. The high productivity of this industry in Colombia made it possible for it to be one of the industrial sectors best suited for export. Moreover, the industry had a capacity to increase its exports to traditional markets. At present the main markets for their exports were Canada and the United States, the only two

countries with which Colombia had bilateral agreements. Nevertheless, these exports had encountered some difficulties in the last few years because of the quota systems. Exports to the United States, though increased, fell short of the capacity of the industry to supply this market. In so far as Canada was concerned his country was prepared to discuss an extension and widening of the scope of the bilateral agreement which would expire at the end of 1968. He said that the quota fixed by the United Kingdom for his country reduced its exports to this market and expressed the hope that this quota would be increased. His Government was prepared when opportune to discuss this matter with the United Kingdom.

33. The representative of India, in his statement which is reproduced in full in document COT/W/107, said that the political and social pressures and compulsions under which the Short- and Long-Term Arrangements were proposed, were recognized and accepted by India as a temporary expedient. His country, however, expressed apprehension that the preambular provisions regarding increasing imports from developing countries might unhappily remain a distant vision on the horizon while the restrictive provisions of the Arrangement would be readily used. This proved true in the first half of the life of the Arrangement which had now been extended. Several countries found it difficult to give India and other developing countries important large basic quotas and to allow for reasonable annual growth in their imports from these developing countries. Recently the Arrangement had worked very much better and there had been very much more evidence of the preambular provisions being recognized tangibly and practically and being implemented.

34. Outstanding negotiations between India and several countries, especially the Community countries, had been satisfactorily concluded. These arrangements had been working well; when one important country recently had to apply import restrictions, these restrictions were not extended to the arrangements under Article 4. In the United Kingdom, textile production had been contracted under Government arrangements spread over several years. This had resulted in sizeable justice being done to developing countries and particularly to those which were traditional suppliers to this market. Recently there had been certain difficulties but these were the subject of mutual consultation between the two Governments. The United States had been faithfully and morally implementing the Arrangement.

35. He referred to certain difficulties which his country was still experiencing. Exports from India to certain developed countries had been divided and subdivided into a very large number of minor categories. This made it extremely difficult to supply these markets and to fill total quotas. There were also administrative difficulties such as licensing, delays, holding up stocks, etc., but these could be settled by mutual consultation with the Governments concerned.

36. Commenting on the point made by the representative of the United States that categorization helped the developing countries by diversifying their products of cotton textiles to increase the unit value of their exports, he said this could have a certain validity. However, some developing countries were also modernizing their cotton textile industries and these operations were possible only when long runs of standard products and processes were adopted. Thus diversification and categorization militated exactly against this modernization. In India, there was another and a totally different structure of the cotton textile industry in which the hand-loom and non-mechanized implements were used. In fact, it was the hand-loom industry which was the bigger provider of employment for labour and this factor was of the greatest importance to India. Therefore, categorization and diversification greatly hindered India's total exports of mill-made textiles. The result of this would be that the quotas were not fulfilled.

37. He reiterated that his country considered it totally unjustified that there should be both quantitative restrictions and high tariffs. If quantitative restrictions were accepted by mutual agreements under the Cotton Textile Arrangement then surely there was an overwhelming case for a very substantial reduction in the import duty applicable to imports of textile products from developing countries. Thus, while the question of preferential treatment for imports of the products of developing countries was being considered, cotton textiles should not be included in the exceptions lists, and in fact, should be included in the application of general non-discriminatory preferences for the products coming from developing countries. He therefore urged that this matter should be very urgently and favourably considered. A further reason was high prices of cotton which India, being greatly short of cotton last year, had to import. Productivity in the developing countries was low and wages related to productivity were very high. If the prices ruling in the markets of developed countries were high, it was not conceivable that the developing countries would sacrifice their foreign exchange earnings by dumping their textiles at low prices. This would show that there was no legitimate fear or need for the developed countries to apply very high tariffs to cotton textile imports from developing countries.

38. In conclusion, he referred to Article 1 of the Arrangement and said that his delegation and other exporting countries would hope very much that this kind of restrictive arrangement was not extended further to other products and other fields, and particularly to products coming from developing countries.

39. Later in the discussion the representative of India, with a view to removing certain misconceptions, said that his country had not been greatly expanding its production; this was limited in the organized cotton textile industry to 5 billion metres. India had a very large sector of the hand-loom industry which it fostered and allowed to grow in order that it might produce specialized

fabrics and export these to the benefit of foreign exchange earnings. The rate of growth of population in India was about 2.3 per cent on a base of 520 million. As standards of living were rising, per capita consumption was and ought to be going up. Consequently there was no serious threat to the United Kingdom or to any other importer, that India would be unjustifiably and massively investing in highly capital-intensive machinery and equipment in the textile industry. In order to supply the full quantity of cloth of a quality which was acceptable to importers in developed countries it might have, however, to go in for automatic looms and sophisticated machinery. India had been clothing the world for a mere matter of 3,000 years, and it was perhaps not an illegitimate ambition that it should at least continue to have a share in this business of clothing the world.

40. At a later stage, the representative of India in seeking clarification from the representative of Canada about exporting countries being reluctant to enter into consultation, said that if these were Article 3 negotiations, exporting countries being very much in the hands of the importing countries would never be guilty of any delay or reluctance in the matter of negotiations. But when a country had already exported a great deal and therefore delayed negotiations on a tactical basis this was a different case. He further pointed out certain difficulties encountered when the quotas were administered by the importing countries and stated that it was important that the administration of the quota should be in the hands of the exporting countries once the total volume of exports was agreed upon. The exporting countries would benefit from being able to fill the quota and would undertake the responsibility of ensuring that no more than the stipulated quota entered the importing country.

41. The representative of the United Kingdom said that in 1967 production fell by about 20 per cent to a figure which was no less than 28 per cent below the 1962-65 average. In spite of this the United Kingdom had increased the quotas by 1 per cent, which was the figure which had been agreed in this Committee in the long negotiations on the comprehensive restriction scheme. They had conceded this increase in the belief that consumption would increase by 0.75 per cent per annum, as it had done between 1955 and 1965. In fact consumption in the United Kingdom fell by 20 per cent in 1967 and had since not recovered. The share of the market taken by imports had increased very sharply as a result, reaching a figure of 53.5 per cent in the first quarter of 1968 and 58 per cent in the second quarter. A very high proportion came from the low-cost countries. In 1967, for example, no less than 32.5 per cent of domestic consumption of cotton fabrics came from these countries. The corresponding figures for the United States and the EEC were respectively 5.1 and 3.3 per cent. This meant that the United Kingdom was importing ten times more in terms of domestic consumption than the EEC countries, a difference which had resulted in very considerable pressure being put on the United Kingdom Government to reduce imports. In 1967 no less than ninety-four mills had closed down and in the circumstances they were looking

to other countries to do all that they possibly could to increase imports from the developing countries to reduce the pressure on the British Government to take further restrictive measures, otherwise it would be extremely difficult for it to continue to hold the line.

42. Commenting on the point made by a number of representatives that the United Kingdom quotas should be increased, he said that it would be quite impossible for the United Kingdom to favour one country without favouring all and that given the very high proportion of United Kingdom imports to total consumption it was quite clearly unrealistic for the British Government to make further concessions, over and above the 1 per cent growth.

43. He pointed out that the problem facing the British industry, and indeed the industries of most of the developed countries, was the expansion of different forms of fabric production, e.g. knitting, stitch-bonding etc. There was also the employment problem caused by the fact that productivity was increasing much faster than consumption, and the effect that this was having on economic development in the geographical areas in which the cotton industry had hitherto played a predominant rôle. Unemployment was certainly not a problem which could be attributed entirely to imports and that should be taken into account in considering to what extent internal restrictions on imports were justified.

44. He said that the representative of India had raised the problem of long runs and had argued that greater access should be provided by the developed countries to their markets for standardized products so that the developing countries could find an outlet for this type of cloth produced on new high-speed machinery. Commenting on this, he said that this same argument was used by the industry in the developed countries, and, speaking personally, he would doubt whether it was in fact wise for developing countries to invest in extremely expensive machinery to use with relatively cheap labour. Indeed, the whole question of investment in production of cotton textiles needed reconsideration in the light of the technological changes which had been taking place in recent years. The capital intensity of the cotton textile industry was now such that the developing countries might be better employed using their meagre investment resources to develop more labour-intensive industries.

45. In conclusion, he said that several references had been made to fibres other than cotton. One delegation described wool and man-made fibre textiles as being competitive with cotton textiles. This was true to some extent, but it should be recalled that the Arrangement was based on certain considerations which made cotton a special case: the developing countries were particularly well placed to expand production of cotton textiles because they had their own raw material, because they needed cotton to clothe their own people and because technological development in the spinning and weaving industries had remained basically the same for about

fifty years. This gave them, with their cheap labour, such a large margin of advantage in world trade that GATT had decided that the transitional measures set out in the Cotton Textiles Arrangement were justified. This should be borne in mind in the coming year.

46. The representative of the United Kingdom for Hong Kong said that he would like to make a few comments on the material in COT/W/101, especially in relation to the arrangements affecting Hong Kong. The information there set down was broadly correct but there were some arrangements which were not included in the document, mainly because they had not yet been notified to the Committee.

47. In the case of Canada there had been further talks between the Canadian and Hong Kong Governments in July of this year, the results of which had been circulated to the Committee in COT/109. The agreement concluded referred to the seventh year of the Arrangement and had therefore not been included in COT/W/101.

48. Secondly, a bilateral agreement under Article 4 had been concluded between the Federal Republic of Germany and Hong Kong at the end of 1966. A reference had been made to this by the spokesman for the EEC. The agreement concluded was for three years and it covered seven types of cotton textiles, namely grey fabrics, outerwear, overalls and slacks, shirts, nightwear (including infants nightwear), handkerchiefs and towels. The restraint level for all these items in the calendar year 1968 came to just over 68 million square yards. Another bilateral agreement under Article 4 had also been reached in the summer of this year between Hong Kong and the Benelux countries. As the EEC spokesman had said this was still on a provisional basis pending signature. It provided for the restraint by Hong Kong of a number of categories of cotton textiles over an eighteen-month period beginning in July 1968 and the total ceiling would come to somewhat over 3,000 metric tons.

49. Another Article 4 agreement, concluded in September 1968, was between Norway and Hong Kong. This covered several other items of cotton textiles in addition to the nightwear category which was already under restraint and was mentioned in COT/W/101. Finally, an arrangement had also been reached with Sweden during the summer under Article 3. The details of this had been circulated in COT/100 and they were also contained in Table I of COT/W/101.

50. The representative of Hong Kong said that he would also like to comment on two matters which had been raised earlier. The first was the tariff versus quantitative restrictions issue referred to by the representative of India. He did not agree with the thesis that, because of the existence of the Cotton Textiles Arrangement, high tariffs should be reduced, if possible on a preferential basis to developing countries. The natural method of protection for any product was the tariff and if tariffs were reduced on items which were subject to quantitative restraint, it became that much more difficult to get the quantitative restrictions removed.

51. Secondly, on the question of technological advance and capital-intensive industries, he agreed that this could have some effect in reducing the comparative advantage of developing countries in yarn and fabric production. This had been the experience of Hong Kong in recent years. But the garment making industries were more labour intensive and for this reason developing countries should retain their competitive advantage in this field. That was, of course, providing the countries concerned kept up with the fashion and related their production to market demand. Indeed, in some cases the pattern of the future could well be for cloth to be exported from the developed countries for making up into garments in developing countries and subsequent re-export to developed countries.

52. The representative of Sweden said that the value of total imports into Sweden of cotton textiles had risen from \$93 million in 1966 to about \$113 million in 1967. Imports from participating countries at \$96 million in 1967, were 85 per cent of total imports of cotton textiles. Also, the share of imports from participants in relation to estimated consumption in 1967 was 68 per cent. The increase in 1967 was mainly attributed to Group 2 countries whose exports to Sweden since 1961 had increased by as much as 190 per cent. Since the last annual review, Swedish production of cotton yarn and fabrics had continued to decline as in previous years whereas imports had continued to rise.

53. He reiterated what had been continuously stressed by his Government that countries with more open markets encountered considerable difficulties in maintaining their liberal import policy under conditions where import restrictions continued to be widespread and consequently a diversion of trade flows to the more open markets was inevitable. His Government, as a result of this diversion, was forced recently to negotiate an arrangement with Hong Kong restraining imports of certain cotton items. He, therefore, expressed the hope that participating countries would keep this problem in mind when reviewing their restrictions.

54. The representative of Canada said that he would like to make a few comments on the statistics in document COT/W/100/Add.1. Table VI of this document indicated that Group 2 countries were shown to have quite substantial proportions of the Canadian imports in 1967 running from 22 per cent in the case of fabric and as high as 57 per cent in the case of yarn. Similarly, in Table III there was an indication of the proportion which imports from participating countries had of the Canadian market for cotton goods; the estimate for 1967 was 40 per cent. A breakdown between Group 2 and other countries for 1967 was not available but they had since been able to develop some figures which indicated that, in fact, the share of Group 2 countries in Canadian imports had continued to grow. The share of these countries in the overall market for cotton textiles had equally been growing throughout the course of the Arrangement.

55. He pointed out that in some cases - and this was particularly true in the case of Canada - the number of agreements that were entered into was really more a function of the number of countries exporting to Canada rather than any change in their policy. The increase in the number of countries exporting to Canada had taken place due, among other reasons, to lack of alternative outlets for their

exports. The Canadian policy remained unchanged throughout the validity of the Arrangement; the administration of all the agreements reached was left to the exporting countries because his Government felt that this was the most flexible way of dealing with a question of this kind. However, this was only workable to the extent that countries were prepared to take action when presented with evidence of disruption of markets. There had been reluctance on the part of certain countries in reaching timely agreements on export restraint over the past year and this was a matter of concern to his Government.

56. The representative of Canada in clarification of this point as requested by the representative of India, said that in certain requests which had been made by his Government under the Arrangement, there had been unjustified delay before agreement could be reached on the sort of restraints to be applied despite what appeared to be a clear case of market disruption. As to the administration of the quotas, he fully agreed with the representative of India and said that this had been the rationale for which Canada had proceeded in matters under the Arrangement.

57. The representative of Finland said that all the remaining quantitative restrictions maintained by his country in the industrial sector were abolished on 1 January 1968. Imports of cotton textiles within multilateral trade were thus entirely free from restrictions. Furthermore, in connexion with the new Tariff Act of 1 July 1968 Finland put most of the offers on cotton textiles agreed upon in the Kennedy Round into effect in one single stage. In addition to this, Finland made further reductions in the duties on cotton textiles in some cases, e.g., certain cotton fabrics, these were up to 30 per cent below the cuts made in the Kennedy Round. These latter unilateral duty reductions should be of considerable interest to the developing countries.

58. The representative of the Republic of Korea said that the annual increases in the quotas were not satisfactory to his country which was expanding the volume of exports of cotton textile products. Restraint on exports hindered this expansion. He therefore requested that existing barriers on cotton textiles should be eliminated gradually and that no new restrictive measures should be introduced by the importing countries.

59. Referring to the difficulties encountered by his country, he said that as a result of restraints on the basis of item by item, some of the quotas were not being used due to the fact that certain items could not be produced efficiently. To remedy this situation, carry-over and swings between items should be more generously allowed for to enable his country to utilize fully the allocated quotas. There were also problems of classification, over-shipments and embargo. These should be settled on the basis of closer co-operation between the governments concerned. The quotas fixed by some EEC and Nordic countries were negligible, and the administration of these quotas by the importing countries caused many difficulties to his country. He urged that these quotas should be administered by his country.

60. The representative of Australia, referring to the statistics in document COT/W/100/Add.1, said that Australia was well up on the list, if not on the top of the list of countries when the proportion of imports to consumption was considered. He also referred to document COT/W/101 and said that, as the document showed, his Government had requested consultation under Article 3 with two countries and following this, it was agreed not to pursue the matter of restraint arrangements any further. He mentioned this to raise a point of procedure as regards notification requirements. In his view, the importing countries should notify the request for consultation to the members of the Committee because it was a matter of interest to all of them. It seemed, however, that this practice had not always been followed and that importing countries notified only the agreement reached at the end of the consultation. If this was the practice, his Government would of course not have notified these two instances and Australia would not have appeared in the document at all. He therefore sought clarification from the Chairman about the notification procedures.

61. The Chairman, in reply to the question put by the representative of Australia as regards the notification procedures, said that during the first meeting of the Committee, it was recognized that the Committee should be informed as soon as possible both of requests for restraints and all details of the arrangements resulting from these requests. It was then felt that the notification requirements might appropriately be met in two stages: first, at the time a request is made and secondly at the conclusion of the consultation. This was along the lines of paragraph 1 of Article 3.

62. The representative of the Republic of China, said that the importing countries should adhere to the equity provisions of the Arrangement and should apply a standard classification for imported goods. Trans-shipment should not be counted against the quotas allocated for exporting countries.

63. The representative of Pakistan in his statement which is reproduced in full in document COT/W/106, recalled that the understanding, from the very inception of the conclusion of the Arrangement in 1962, had been that the restrictive régime permitted by the Arrangement was of a transitional and temporary nature. He said that his country did not find itself in the happy position of one developing country which imported part of its requirement of raw cotton and was considering curtailment of the level of production of its industry in certain fields. Most of the cotton-producing developing countries were in the same position as Pakistan. His country produced raw cotton in surplus, and therefore, the growth of the cotton textiles industry and of foreign exchange earnings from the export of cotton textile made-up goods were of vital importance.

64. He pointed out that, at the moment the trade policies of the developed countries restricted the trade opportunities for Pakistan in spite of the fact that it had a heavy adverse balance of trade and payment with some of these countries. The situation, therefore, called for more rapid relaxation of these restrictions each year than hitherto with a view to their elimination as soon as possible, as set out in paragraph 1 of Article 2 of the Arrangement. Orderly increases in exports were sometimes termed as "disruption of market", on this ground restrictive decisions under Article 3 of the Arrangement were resorted to

without making any other rational efforts to correct the situation. The Arrangement should not be considered as a permanent solution otherwise it would weaken the hands of governments of the importing countries in relation to domestic pressures, even of those governments which otherwise would have followed liberal trade policies.

65. Referring to the bilateral agreements concluded with the United States and a number of countries in the European Economic Community, he said that negotiations were held in an atmosphere of goodwill, co-operation and understanding. Some increases in the quotas had been agreed to. However, the quotas fixed are small and ridden with many conditions about categorization and other difficulties including complex import licensing procedures. As a result, exports of cotton textiles from Pakistan continued to be restricted and remained small compared to the size of industry and the country's capacity to export on a competitive basis.

66. In spite of the fact that export quotas from Pakistan to the United States were to increase progressively under the bilateral arrangement, Pakistan's exports to the United States registered a decline in 1967-68 although there was an increase in exports from Pakistan to other markets. Pakistan thus presented no threat of disruption.

67. His delegation fully agreed that the policies of the United Kingdom in allowing access to cotton textiles had been more liberal compared to certain other countries. However, in the United Kingdom market the combined quota for two countries was approximately three fourths of the total import quota allowed to the developing countries. The remaining one fourth had been allocated to Pakistan along with about thirty-two other countries. He said that Pakistan was in a position to sell much more to the United Kingdom if there were a global quota in which all developing countries could compete freely on merit and expressed the hope that bilateral consultations between both countries would result in some improvement of this position.

68. Under the bilateral agreement with the Federal Republic of Germany, Pakistan was allowed a modest quota and was given to understand that if it utilized the quota in any particular year this quota would be increased. As the quota was utilized in the first eight months of the year, Pakistan requested an increase in the quota and hoped to have a favourable response for the Federal Republic of Germany. Pakistan had also some difficulty in the utilization of the quota agreed to in the bilateral agreement with France. The provision in the bilateral agreement about administering the quota on a fifty-fifty basis by the French and Pakistan authorities had been presenting some problems.

69. In conclusion, he stressed that these restrictions had seriously been hampering the opportunities available to his country to earn foreign exchange which it needed desperately for the economic development.

70. The representative of India, said that it had been made to appear in the last intervention that India was a considerable importer of cotton and that, therefore, India's problems were different from those of developing countries which produced cotton and therefore wished to export cotton textiles. This was

very far from the truth. Historical factors led to a certain division of the country in which, in 1947, raw materials such as cotton and jute were produced in one part of the sub-continent which became a new political entity, and the industry was located in the other part. In 1951, India was producing only 2.7 million bales of cotton, whilst its requirements were at least 4.2 million bales. India did as well as it could and imported cotton from the newer part and from other parts of the world and somehow kept its cotton industry going.

71. By September 1952, India was able to remove controls on cotton textiles very substantially, and adequate arrangements for providing sufficient cotton had been made. Now, India was producing 6.5 million bales of cotton; this increased production represented a tremendous effort. The mill industry which had been frozen at nearly 5 billion metres of production and the power-loom and hand-loom industries which were allowed to expand in order to provide more employment had been using some imported cotton along with domestically-produced cotton. This was in conformity with the general philosophy of international trade. In the situation in which India was producing about 3 million bales of cotton, it imported somewhere about 400,000 bales in 1951. Its imports remained of that order, although because of the increase in population, and the increase in output of the hand-loom and power-loom industry its requirements of cotton had become very much greater - the bulk of the requirements being met by their considerably larger current production - viz. 6.5 million bales.

72. With a population of 520 million, of whom 95 per cent lived, at best, at the level of subsistence, India had limited resources and there were severe limitations to the form, the content and the quantum of the incentives it could give to the industry for exporting cotton textiles and many other products.

73. When the limitation on cotton imports was thought of in the United Kingdom in 1950, India agreed that countries which had, at that moment, a very small base of exports should be given a sizeable margin and that any quotas fixed for them should not be based on their current performance but on their potential. His Government, particularly in regard to the other half of the sub-continent, would do everything possible to see that they prospered and this was already top priority in what it attached importance to, that is the development, the prosperity of the rest of the developing world.

74. He further stressed that India was not a cotton-importing country in the sense in which it had been mentioned, i.e. its problems were different from those of other developing cotton-growing countries. India was a developing country, it grew cotton, it had made cotton textiles for 3,000 years and it should continue to do so.

75. In conclusion, the representative of India said, from several interventions he was left with the conviction that there was much good will, however, there were also difficulties and it was only by mutual understanding, co-operation and compromise that progress could be made.

76. The representative of the Federal Republic of Germany, commenting on the point raised by the representative of Pakistan that if his country utilized the quota in any particular year it would be increased, said that this was not provided for in the agreement with Pakistan. His Government could not agree to any increase in the quota without consultation with other member States. It should be noted, however, that in accordance with this agreement Pakistan should spread the quota over the whole year. He, however, was not aware of any request made by Pakistan to increase the quota. The only request which had been made was in connexion with a shift for certain categories within the quota and this was agreed to.

77. The representative of the United Kingdom, commenting on the point made by the representative of Pakistan that his country should have a larger share of the United Kingdom market, said that Pakistani exports to the United Kingdom were subsidized by between 40 and 50 per cent. Their exports could not compete over a wide area if these were not subsidized. Many of the coarse type of grey goods were no longer produced in the United Kingdom; they were supplied entirely by Pakistan and India. Indian exports were not subsidized to anything like the same extent. Nevertheless, its exports of fine cotton goods in which the United Kingdom still had a producing interest were subsidized, but not by a very large amount.

78. He also referred to the subject of foreign exchange earnings and said that the preamble to the Arrangement recognized that the developed countries should provide larger opportunities for the developing countries to increase their exchange earnings. His country found itself in a situation where it had no tariff against these major supplying countries and yet exports to the United Kingdom market were largely subsidized.

79. The representative of Pakistan, commenting on the remarks made by the representative of India, said that certain observations made in this statement had been construed in a manner which was far from what he had wanted to convey. He wanted to keep his statement within the limits of the actual problems which his country encountered during the life of the Cotton Textile Arrangement. He said that the Indian delegate had definitely raised the point of imports of cotton into his country and said that they were perhaps, to a certain extent, thinking of curtailing the level of production. What he wanted to emphasize was that he did not agree with the representative of India on the position where satisfaction had been expressed by him over the present situation or the implementation of the Arrangement. Beyond that there was nothing in his mind. The only point he made was that India had a system in force which it preferred to a kind of global system within the limited quotas allowed to developing countries by the United Kingdom. This question had been under consideration between the Governments of the United Kingdom and Pakistan for some time and progress had been achieved. It was unfortunate that there was misunderstanding of what he had meant. His endeavour was to make specific and actual contributions, pointing out certain difficulties that his country had been facing in the working of the Arrangement. His country attached great importance to the provisions of the Arrangement relating to its temporary nature. He said this on behalf of all the developing countries, not only on behalf of Pakistan.

80. Referring to the point made by the representative of the United Kingdom regarding the question of incentives, he said that in his view reference to incentives was irrelevant in this context. The case should be established whether the export was made at a dumping price or at the reasonable international price. The industry in Pakistan had some temporary handicaps. Power was very expensive for the industry; it had to import certain raw materials from other countries for finishing grey goods at a high cost. He added that the cotton textile industry for the purpose of import was also on the bonus list. The deficit in foreign exchange was more accentuated by imports at very disadvantageous prices. However, this question of incentives was discussed in different forums, i.e. the International Monetary Fund, the World Bank and the GATT and his Government had to explain what it was doing and had to justify these measures. It was a question of analyzing the various elements in the cost of production, examining and finding out whether what had been done was in order or not. For that reason an action which was not justified under the provisions of the GATT and which was of a temporary nature should not be justified just because someone was subsidizing. First, the level had to be determined and some examination of that should be made. He further said that his remarks would be considered in the context where they had been made and it was a very constructive context.

II. Measures taken or contemplated by the importing countries participants in the Arrangement to facilitate adjustments in their cotton textile industries

81. The Chairman recalled that, in their conclusions adopted on 24 November 1967, the CONTRACTING PARTIES invited the importing countries, participants in the Arrangement, to report to the Committee in advance of this meeting the steps taken by them to facilitate adjustments in their domestic industry during the period of special protection provided by the Cotton Textiles Arrangement. In compliance with these conclusions, importing countries were requested in GATT/AIR/640 to notify such steps to the secretariat for the information of the Committee. It was felt by the secretariat that the best way to report to the Committee the notifications received from the countries concerned was to reproduce them in full in documents COT/105 and Adds. 1 and 2. The Chairman invited the Committee to examine the measures of adjustments which had taken place in the textile industries of the developed countries.

82. The representative of Poland said that his country envisaged, within the framework of the national plan, adjustments in the structure of the textile industry with a view to promoting imports from developing countries. As in the case of other countries these structural changes faced many problems of a technical and social nature and, therefore, their implementation could not be effected within a short period. His country had granted technical aid to this sector of industrial activity. Since 1967 Poland had organized training programmes in the field of technological organization and administration and technical equipment. Representatives from twelve developing countries benefitted from this programme.

83. The representative of Japan said that the Arrangement was extended to allow for a further breathing space for structural adjustments in the cotton textile industry of the importing countries. In this connexion it should be mentioned that the Japanese cotton textile industry, with the co-operation of the Government, had been devoting itself to modernizing production facilities and equipment.

84. Referring to the recent reports on adjustment measures submitted to the secretariat by the importing countries, he stated that no remarkable advances had been achieved in the direction of solving problems of the cotton textile industries through adjustment measures instead of trade restriction.

85. The representative of India, said that the structural adjustments seemed to be happening very gradually. However, the information notified in COT/105 and Addenda would need careful examination, because those structural adjustments might be illusory. The contraction in production, which was apparent in some developed countries, might have been taken over by substitutes which were gravely threatening the exports of developing countries. For the first time, certain adjustment assistance measures had been notified to participating countries. Between now and the next meeting of the Committee it might be worthwhile to think whether it would not be desirable to study these adjustment measures through, perhaps a study group, or some such device, so that this analysis might be available for the next review. This suggestion would be confined not only to cotton textiles, but also to other adjustment assistance measures evolving a re-structuring of the industries of the world in order to fulfil and achieve the objectives of both the General Agreement and the Cotton Textiles Arrangement.

86. The representative of Sweden, said that developments in the domestic textile industry continued to be characterized by adjustments, mergers, fusions and close-downs. The severe competition from abroad resulting from Sweden's liberal trade policy had forced the industry to embark on such a continuous process of structural adjustments.

87. The representative of Austria said that the changes which had occurred in the pattern of world trade in cotton textiles had brought about certain structural adjustments in the Austrian cotton industry. As compared with the twelve-month period preceding the coming into force of the Short-Term Arrangement, the number of cotton spindles dropped by about 20 per cent, cotton looms by 36 per cent, and employees by about 24 per cent. Between October 1960 and September 1967 consumption of raw cotton fell by 24 per cent, production of cotton yarn by 25 per cent, whereas imports rose by 115 per cent. This decrease in capacities and in the number of employees was almost entirely due to the closing down of spinning and weaving mills. The decline in production was not limited to processed cotton, but applied also to all processed textile fibres. Since this contraction had not yet come to an end, additional cotton spinning and weaving mills would have to shut down. As the production of those mills consisted mainly of fabrics of the kind produced in developing countries, this would improve sales opportunities for identical cotton textiles from those countries.

88. The structural adjustments which had occurred in this industry were the result of measures taken by the industry itself. There were no legislative or governmental regulations specifically in respect of the Austrian cotton industry. However, some measures had been adopted by the Austrian Government to facilitate investments and structural adjustments in all Austrian industry, e.g. by allowing a faster write-off in the first year of investments. Reserves might be formed for future investments up to 20 per cent of profits made, whereas on profits subject to corporation taxes half the normal rate of assessment was applied. All these measures were effective only to the extent profits were realized. Inasmuch as most of the Austrian cotton industry had operated at the break-even point or even less for many years, the governmental regulations mentioned above had not produced the desired effect, and a large number of spindles and looms had to be scrapped. Through this reduction of capacity the Austrian cotton industry had contributed substantially to a solution of the international problem existing in the cotton textiles field.

89. The representative of Pakistan, referring to documents COT/105 and Addenda 1 and 2, said that these documents presented a useful report on the subject of adjustments in the cotton textiles industry of developed countries during the period of special protection provided by the Arrangement. The report to a certain extent made sketchy reading but it revealed that while certain countries had made a little progress no tangible action had been taken by others. His delegation therefore considered that it was necessary to make a study of this aspect of the matter to achieve one of the most important objectives of the Arrangement, namely the relaxation of the present régime of restrictions to allow increased access to imports of cotton textiles from developing countries. Appropriate action for relaxing these restrictions should be taken before the expiry of the present Arrangement.

90. The representative of the United States said that his delegation agreed to the suggestion made by the representatives of India and Pakistan that it would be useful to prepare a study on adjustment measures before the next meeting of the Committee. He did not believe it necessary, however, that a working group be set up for this purpose. He thought that the members of the Committee should transmit to the secretariat further and up-to-date information on what they had been doing in this area, thereby amplifying the sort of submissions they had made this year. This would provide an adequate basis for the secretariat to prepare a meaningful study. He hoped that the secretariat study could be circulated well in advance of the next meeting with a view to enabling careful examination in different capitals. Further comments or suggestions put forward should be taken into account by the secretariat before finalizing the study.

91. The representative of the United Kingdom, referring to the proposal made for a study group on adjustment measures, said that his country had for the past two years been studying the future of the British cotton textile industry and that this report would soon be completed. However efficient the industry became, one relevant factor was whether the exporting countries, having secured such a large stake in the United Kingdom market, would be prepared to risk losing this through competition. He further said that if there was to be a study group, the question of fair competition should equally be looked at.

92. Later in the discussion, the representative of the United Kingdom said that if the purpose of the study was to enable the Committee to draw conclusions as to what the balance of advantage was in producing cotton textiles in developed and developing countries and what sort of measures should be taken from an international trade point of view, this was no easy task. This needed to be carefully thought about and if it was felt that it should be pursued, the Committee should examine the terms of reference. On the other hand, if it was felt that the information already circulated should be brought up to date and further completed he thought that all members of the Committee would agree to that.

93. The representative of India said that it was well known that the United Kingdom had gone about the re-planning of its cotton textile industry in a very systematic and planned way. It was also noticeable from the figures in the secretariat papers on adjustments that several other countries had reduced their production of pure cotton textiles. However, although there had been talks for a long time about the re-structuring of the textile industry with a little more shift towards, and in favour of, the developing countries which had the traditional skills and the natural endowments to be producers of cotton textiles, no systematic stock of the situation had been taken. He did not suggest that a study group should be immediately appointed. He only suggested that between now and perhaps the next meeting of the Committee further thought might be given to tabulating and putting into a report what different countries were doing in order to deal with these problems. It would be useful to know whether there was a real trend towards a re-structuring of industries, or whether this was only a diversion of the same kind of capacity from cotton to a mixture of cotton and synthetics. It was, he said, from this point of view that the situation might be examined so that the Committee could get some idea as to what it wanted to do about it and how it might proceed.

94. The representative of Canada said that the problem of adjustment of the industries in importing countries was a vital element in the review that might be carried out in accordance with the terms of reference of the Committee next year. He supported the suggestion made by the representative of India that it was important to know whether the adjustment, which on paper seemed to have taken place, was not a shifting sideways rather than a shifting out of a particular line of production. He pointed out that there had been a considerable impact both in terms of production and marketing of fabrics and products which instead of being 51 per cent cotton were 49 per cent cotton and which in use were sufficiently the same as cotton. Any study of adjustments should therefore take into account the impact of these problems.

95. The Chairman, at the conclusion of the discussion, said that the points made and the views expressed in the course of the general discussion on the administration and implementation of the Arrangement during its sixth year would be fully recorded in the Committee's report to the CONTRACTING PARTIES at their twenty-fifth session. In connexion with the discussion of the material on adjustment measures notified by the importing countries, it was felt by some delegates that this material should be further supplemented to enable more comprehensive discussion at the next review which would be an important one.

96. The Chairman therefore suggested that in preparation for the next review the secretariat should be entrusted with the task of collecting the relevant information in consultation with delegations and, if need be, with experts to help and advise the secretariat in preparing the necessary study. The study should be made available in July 1969, if possible, so that participating countries would be in a position to examine it well in advance of the next meeting of the Committee. The secretariat, as was the case in previous years, would prepare papers summarizing notifications received on actions taken under the various Articles of the Arrangement and describing developments in production of, and trade in, cotton textiles.

97. As for the time of the next meeting, the Chairman said that Article 8(d) of the Arrangement made it mandatory for the Committee to meet not later than one year before the expiry of the Arrangement in order to consider whether the Arrangement should be extended, modified or discontinued. The Committee, therefore, should meet some time before 30 September 1969 to conduct the next review and also start its deliberations with regard to the future of the Arrangement.

This was agreed.

ANNEX

Sixth Annual Review of the Operation of the Arrangement
Regarding International Trade in Cotton Textiles¹

Note by the Secretariat

1. This note has been drawn up by the secretariat to assist the Committee in the sixth annual review of the operation of the Arrangement Regarding International Trade in Cotton Textiles pursuant to the provisions of Article 8(c) of the Arrangement. It deals with participation and action taken or contemplated under Articles 2, 3, 4 and 6 of the Arrangement as notified by participating countries as well as summarizing other notifications received in connexion with trade in cotton textiles. For detailed information on specific points, reference should be made to the documents quoted.

I. Participation²

2. At the beginning of the sixth year of the Arrangement, i.e. 1 October 1967, the following countries were party to the Arrangement: Australia, Austria, Belgium, Canada, Colombia, Denmark, Finland, France, the Federal Republic of Germany, Greece, India, Israel, Italy, Jamaica, Japan, Luxemburg, Mexico, the Netherlands, Norway, Pakistan, Portugal, the Republic of China, the Republic of Korea, Spain, Sweden, Turkey, the United Arab Republic, the United Kingdom (also in respect of Hong Kong) and the United States. Portugal accepted the Arrangement and the Protocol extending it on behalf of its Customs Territory of Macao on 21 October 1967. Poland accepted the Arrangement and the Protocol extending it on 30 October 1967. The Kingdom of the Netherlands extended to the Netherlands Antilles the application of the Arrangement as extended by the Protocol of 1 May 1967.

¹The first annual review under the extended Arrangement.

²For details of acceptances and accessions see documents L/1811 and addenda, COT/2 and addenda, COT/42 and addenda and COT/60 and addenda, COT/70, COT/77/Add.1, COT/82, COT/83, COT/84, COT/85 and COT/117.

II. Action taken or contemplated under Articles 2, 3, 4 and 6 of the Arrangement

3. The following paragraphs summarize the provisions of Articles 2, 3, 4 and 6(b) and (c) of the Arrangement, including the notification procedures contained in these Articles, and give references to documents describing the action taken or contemplated under each of these Articles as notified by participating countries during the sixth year of the Arrangement (1 October 1967-30 September 1968)

A. Notifications under Article 2

4. Article 2, paragraph 1, of the Arrangement provides that "those participating countries still maintaining restrictions inconsistent with the provisions of the GATT on imports of cotton textiles from other participating countries agree to relax those restrictions progressively each year with a view to their elimination as soon as possible". Paragraph 3 of this Article and Annex A as amended contain detailed provisions designed to expand access for cotton textiles subject to import restrictions while paragraph 7 lays down that "the participating countries shall notify the Cotton Textiles Committee as early as possible and in any case not less than one month before the beginning of the licensing period of the details of any quota or import restriction referred to in this Article".

5. Notifications under Article 2, paragraph 7, received from Austria, Denmark, Norway, Sweden and from the Commission of the European Communities, as well as notifications received from Australia, Finland and the United States are reproduced in COT/116.

- (a) Austria notified details of the quotas effective as of 1 October 1968 on imports from Japan, the Republic of Korea and Mexico (see attached Table A); percentage changes in quotas applied to the sixth year of the Arrangement and those envisaged for the year beginning 1 October 1969. On 1 October 1967, Austria concluded Arrangements under Article 4 with India, Israel, Pakistan, the United Arab Republic in lieu of the quotas on imports from these countries.¹
- (b) Denmark notified that no changes have taken place or are envisaged in the quota fixed in the bilateral arrangement between Denmark and Japan (COT/25). The quota for imports of cotton yarn from the United Arab Republic is increased yearly by 3 per cent. Imports of cotton textiles from the United Arab Republic, Colombia, the Republic of Korea, and the Republic of China are subject to Danish import licensing. Furthermore, a quota was established in 1968 for imports of grey cloth and other cotton textiles from the Republic of Korea (see attached Table B).

¹ See page 33

- (c) Norway notified restrictions and quotas on imports of certain types of cotton textiles from Japan during the sixth year of the Arrangement as well as items which have been liberalized during the six years; negotiations for changes during the remainder of the Arrangement will take place in October 1968. Norway has also transmitted information on the size of the quota opened for the Republic of Korea during the period from 1 October 1966 to 31 December 1968 (see attached Table C).
- (d) Sweden notified that Japan is the only participating country with respect to which Sweden maintains import restrictions; a quota of SKr 3.5 million for cotton textiles imports from Japan is at present maintained and no change in this quota has taken place.
- (e) The Commission of the European Communities transmitted information on the quotas opened in the period from 1962 to 1968 for each member State for imports of cotton textiles subject to restrictions from Hong Kong, India, Japan, Pakistan, the Republic of China, the Republic of Korea and the United Arab Republic. The quotas in 1968 for India and Pakistan have been replaced by bilateral agreements concluded in accordance with Article 4. The Commission has also transmitted information regarding changes in quotas envisaged for the remainder of the Arrangement (see attached Table D).

6. Australia notified that it has no quantitative restrictions that are being applied contrary to the GATT in respect of cotton textiles. Finland informed the secretariat that the global quotas and other restrictions on cotton textiles maintained for balance-of-payments reasons were abolished on 1 January 1968. The United States notified the secretariat that it does not maintain any restrictions under Article 2.

B. Notifications under Articles 3 and 6(b) and (c)

7. Article 3, paragraph 1, provides that "if imports from a participating country or countries into another participating country of certain cotton textile products not subject to import restrictions should cause or threaten to cause disruption in the market of the importing country, that country may request the participating country or countries whose exports of such products are, in the judgment of the importing country, causing or threatening to cause market disruption to consult with a view to removing or avoiding such disruption. In its request the importing country will, at its discretion, indicate the specific level at which it considers that exports of such products should be restrained, a level which shall not be lower than the one indicated in Annex B. The request shall be accompanied by a detailed factual statement of the reasons and justifications for the request; the requesting country shall communicate the same information to the Cotton Textiles Committee at the same time". Paragraph 6 lays down that "A participating country having recourse to the provisions of Article 3 ... will report from time to time and in any case once a year, to the Cotton Textiles Committee on the progress made in the relaxation or elimination of such measures".

8. Article 6(b) lays down that "it is not the intention of the participating countries to broaden the scope of this Arrangement beyond cotton textiles but, when there exists a situation of threat of market disruption in an importing country in terms of Article 3, to prevent the circumvention of this Arrangement by the deliberate substitution for cotton of directly competitive fibres. Accordingly, if the importing participating country concerned has reason to believe that imports of products in which this substitution has taken place have increased abnormally, that is, that this substitution has taken place solely in order to circumvent the provisions of this Arrangement, that country may request the exporting country concerned to investigate the matter and to consult with it with a view to reaching agreement upon measures designed to prevent such circumvention".

9. Article 6(c) provides that "participating countries agree that, if it proves necessary to resort to the measures envisaged in Article 3 above, the participating importing country or countries concerned shall take steps to ensure that the participating country's exports against which such measures are taken shall not be restrained more severely than the exports of any country not participating in this Arrangement which are causing, or threatening to cause, market disruption".

10. During the sixth year of the Arrangement, the Governments of Australia, the Benelux countries, Canada, Italy, Sweden, and the United States took actions pursuant to Articles 3 and 6(b) and (c). These actions consisted of renewal of previous restraints, imposition of new restraints, and removal of restraints; these are summarized below on a country-by-country basis. Further details on the items restrained during the sixth year of the Arrangement are given in the attached Tables E to J.

11. In view of the fact that some of the restraint actions which were transmitted to the Committee during the fifth year are still in force, for part or whole of the sixth year, they are included in the following analysis in order to provide the Committee with as complete a picture as possible.

AUSTRALIA

(a) Hong Kong

The Government of Australia requested the Government of Hong Kong to hold consultations with a view to limiting exports of cotton drills, denims, dungarees and jeans. Following consultations it has been agreed that no limitation should be applied by Hong Kong at present, but consultations may be resumed if circumstances so warrant (COT/97 and COT/104).

(b) Japan

COT/99 reproduced the request addressed by the Australian Government to the Government of Japan to consult with a view to removing a threat of disruption to the Australian market for cotton drills, denims, dungarees and jeans. In COT/99/Add.1, Australia notified that it was not now proposed to invoke the restraint provisions of the Arrangement.

BENELUX

Hong Kong

Following consultations between the Governments of the Benelux countries and the Government of Hong Kong on textile problems from 5 to 14 July 1967, the Hong Kong Government agreed to limit exports of certain cotton woven textiles to the Benelux countries from 18 July 1967 to 30 September 1968 (COT/81 and Add.1). In response to GATT/AIR/670, the Commission of the EEC notified that this restraint was replaced by a bilateral agreement under Article 4.¹

CANADA

(a) Colombia

At the request of the Canadian Government, the Government of Colombia agreed to limit exports of cotton yarn to Canada during the period 1 November 1967 to 31 December 1968 (COT/61 and COT/86).

(b) Greece

In COT/96, Canada notified that the authorities of Greece agreed to ensure that exports of cotton yarn to Canada in the calendar year 1968 will not exceed a specific limit.

(c) Hong Kong

Following consultations between the Governments of Canada and Hong Kong, the Hong Kong Government agreed to restrain exports to Canada of certain cotton fabrics during the period 1 October 1966 to 30 September 1969. On 22 August 1967, both Governments signed a Memorandum of Understanding setting out arrangements regarding further limits to be applied by Hong Kong to exports of certain cotton apparel to Canada for the period of 1 October 1967 to 30 September 1968 (COT/37/Add.5 and 6).

(d) Israel

The Government of Israel agreed to restrain for the calendar year 1967 exports to Canada of cotton yarn. An increase over the restraint level for 1966 was applied (COT/37/Add.7).

(e) Portugal

In COT/54/Add.2, Canada transmitted the information that Portugal had agreed to restrain its exports of cotton yarn to Canada in 1967. An increase over the restraint level for 1966 is to be applied.

¹This information has not yet been transmitted to the secretariat - See paragraphs 28 and 48 of the report.

(f) Republic of China

In accordance with a two-year arrangement between the Governments of Canada and the Republic of China concerning limits to be applied by the Republic of China on exports of certain cotton textiles items, restraint on these items is to continue during the year ending 30 June 1968 (COT/37/Add.4). This restraint was renewed for a further twelve-month period ending 30 June 1969 (COT/111, pages 1-3).

(g) Republic of Korea

At the request of the Canadian Government, the Government of the Republic of Korea agreed to restrain exports of certain items of cotton textiles during the calendar year 1967. (COT/64 and Add.1).

(h) Singapore¹

Following consultations between the Governments of Canada and Singapore, pursuant to Articles 3 and 6(b), the Government of Singapore agreed to restrain exports of certain cotton and polyester/cotton products during the three twelve-month periods ending 31 December 1968, 31 December 1969 and 31 December 1970. (COT/110).

ITALY

(a) Republic of China

COT/87 reproduced the request addressed by the Italian Government to the Taiwan authorities to restrain exports of grey and bleached cotton fabrics to Italy as a result of exceptionally high imports at abnormally low prices. Following consultations between both Governments from 14 to 30 December 1967, the Government of the Republic of China undertook, among others, to reduce significantly their exports in 1968 and to maintain export prices not at undue variance with those of other exporting countries. (COT/87 and Add.1).

(b) The United Arab Republic

A similar request to that mentioned under (a) was addressed to the Government of the United Arab Republic. Following the consultations which took place from 21 to 29 March 1968 between both Governments, the United Arab Republic agreed to restrain its exports of grey and bleached cotton fabrics during the period from 15 April to 31 December 1968. (COT/94 and Add.1).

¹Not party to the Cotton Textiles Arrangement.

SWEDEN

Hong Kong

Following consultations between the Governments of Hong Kong and Sweden, the Government of Hong Kong agreed to limit exports to Sweden of certain cotton garments, for importation into Sweden, during the twelve-month period ending 31 May 1969. (COT/100).

Japan

In response to GATT/AIR/670, Sweden notified that after the request addressed on 8 July 1966 to the Japanese Government to restrain its exports of industrial sewing cotton to a level of 34 tons (COT/67), it has been agreed to increase the quota in accordance with Annex B of the Arrangement.

UNITED STATES

(a) Argentina¹

In COT/107 the Government of the United States notified a restraint on exports of category 9² from Argentina for the twelve-month period beginning 19 July 1968.

(b) Brazil¹

The Government of the United States requested the Government of Brazil to restrain its exports of category 15 for the twelve-month period beginning 30 June 1967. The request was accompanied by a factual statement describing domestic market conditions and the effect of imports on the market for the product in question. (COT/79). This restraint was not renewed (COT/103). Brazil was also requested to restrain exports in categories 22, 26 (duck) and 26 (other than duck) for the twelve-month period commencing on 9 June 1967. The restraints on the former two categories were renewed for a further twelve-month period ending 8 June 1969 with an increase of 5 per cent in the restraint level (COT/103).

In response to GATT/AIR/670, the United States notified that the restraint on category 19 (COT/37/Add.1) was dropped.

¹Not party to the Cotton Textiles Arrangement.

²A list of United States categories is annexed to this document.

(c) Hungary¹

The United States Government requested consultation with the Government of the Hungarian People's Republic concerning exports of category 26 from Hungary. In the absence of an agreement the United States established a restraint on this category for the twelve-month period beginning 25 March 1968. (COT/101).

(d) Malaysia¹

On 28 April 1967, the United States Government requested consultations with the Government of Malaysia on exports in category 9. In the absence of a reply the United States imposed restraint on imports of this category for the twelve-month period beginning 28 April 1967. This restraint was renewed for a further twelve-month period effective 28 April 1968 with a growth factor of 5 per cent over the previous year's restraint level. Similar requests for consultations were made for restraints on categories 22, 46, 50 and 51, and restraints were imposed on imports of these categories for a twelve-month period and were renewed for a further year (COT/102). Imports into the United States from Malaysia in category 45 were also restrained and renewed under terms expiring on 29 August 1968. This restraint was further renewed for the twelve-month period beginning 30 August 1968 with an increase of 5 per cent in the level (COT/108).

In response to GATT/AIR/670, the United States notified that previous restraints on imports from Malaysia in categories 18 and 19 were dropped.

(e) Rumania¹

The United States Government requested the Government of Rumania to enter into consultations concerning exports of category 49. Since no solution has been mutually agreed upon, the United States established a restraint on this category for the twelve-month period beginning 9 January 1968 and extending through 8 January 1969 (COT/98). Imports into the United States from Rumania of category 34 were also restrained for the twelve-month period ending 13 August 1968. This restraint was renewed for a further twelve-month period. The new level included 5 per cent growth over the previous year's level (COT/106).

C. Notifications of Action under Article 4

12. Article 4 provides that "nothing in this Arrangement shall prevent the application of mutually acceptable arrangements on other terms not inconsistent with the basic objectives of this Arrangement. The participating countries shall keep the Cotton Textiles Committee fully informed of such arrangements, or the parts thereof, which have a bearing on the operation of this Arrangement".

¹Not party to the Cotton Textiles Arrangement.

13. During the sixth year of the Arrangement the Governments of Austria, Canada, the Benelux countries, the Federal Republic of Germany, France, Italy, Norway and the United States concluded bilateral agreements with a number of exporting countries. These agreements have been notified in accordance with Article 4 and are summarized on a country-by-country basis hereunder. Further details are given in Tables K to O.

AUSTRIA

(a) India

Under the bilateral agreement concluded with India, which is to continue in force from 1 October 1967 to 30 September 1970, India limited exports of grey goods, terry towels and towelling, cotton yarn, finished fabrics and miscellaneous for the year beginning 1 October 1967 to an aggregate limit of 275 tons. This was to be increased to 300 tons in the second year and 325 tons in the third year (COT/114 and Add.1).

(b) Israel

In accordance with the bilateral agreement concluded with Israel, exports of cotton textiles to Austria are limited to 12 tons for the twelve-month period beginning 1 October 1967. The levels for the second and third year of this agreement are 13 and 14 tons respectively (COT/114 and Add.1).

(c) Pakistan

In the bilateral agreement concluded with Pakistan, which is to continue in force for a period of three years commencing on 1 October 1967, exports of cotton textiles to Austria are fixed at 100 tons for each twelve-month period (COT/114 and Add.1).

(d) United Arab Republic

Under the bilateral agreement concluded with the United Arab Republic which is to continue in force from 1 October 1967 to 30 September 1970, exports of cotton textiles to Austria are fixed at 50 tons for each twelve-month period (COT/114 and Add.1).

CANADA

(a) Japan

Under the bilateral arrangement concluded between the Governments of Canada and Japan, restraint levels on exports of eight items of cotton textiles during the calendar year 1967 were to be applied by Japan. Some of the items which had been under restraint during previous years were deleted. The 1967 levels generally provided for an increase over the preceding year's level (COT/51/Add.2).

(b) United Arab Republic

In accordance with a bilateral agreement concluded between the Governments of Canada and the United Arab Republic, the latter agreed to ensure that its exports of cotton yarn to Canada during the twelve-month period ending 30 June 1968 will not exceed 1,200,000 pounds (COT/88).

MEMBER COUNTRIES OF THE EUROPEAN ECONOMIC COMMUNITY

The Benelux countries, Italy, the Federal Republic of Germany and France have concluded bilateral agreements, based on a model agreement drawn up by the EEC, with the Governments of India and Pakistan. These agreements apply to cotton textiles; no limitation shall be applied to transactions concerning hand-loom cotton fabrics if these are certified by the exporting country and recognized by the importing country. The total quantity for imports into each of the member States is sub-divided into two main groups of categories; within these two groups specific ceilings are to be applied. These agreements provide for an annual carry-over of 10 per cent and advance deliveries within a limit of 5 per cent of each of the ceilings established for the following twelve-month period. No transfer may be made between the quantity fixed for the two main groups, but within the ceilings by groups the unused portions of the specific ceilings may be used for the other categories of the group which are not covered by specific ceilings.

The levels and the periods during which these agreements are in force are given below on a country-by-country basis:

BENELUX

(a) India

The bilateral agreement between the Benelux countries and India was concluded on 15 February 1968, with retroactive effect as from 1 January 1968 for a period of three years. The total quantity for imports into the Benelux countries from India agreed upon for each year is 1,300 metric tons (COT/121).

(b) Pakistan

The bilateral agreement between the Benelux countries and Pakistan was concluded on 3 May 1968, with retroactive effect as from 1 October 1967 for a period of three years. The total quantity for imports into the Benelux countries from Pakistan agreed upon for each year is 500 metric tons (COT/122).

FEDERAL REPUBLIC OF GERMANY

(a) India

The bilateral agreement between the Federal Republic of Germany and India was concluded on 18 June 1968, with retroactive effect as from 1 January 1968 for a period of three years. The total quantity for imports into the Federal Republic of Germany from India agreed upon for each year is 2,725 metric tons (COT/123).

(b) Pakistan

The bilateral agreement between the Federal Republic of Germany and Pakistan was concluded on 2 August 1968, with retroactive effect as from 1 January 1968 for a period of three years. The total quantity for imports into the Federal Republic of Germany from Pakistan agreed upon for each year is 500 metric tons (COT/124).

(c) Hong Kong

A bilateral agreement has been concluded between the Governments of the Federal Republic of Germany and Hong Kong. Under this agreement, which is to continue from 1 November 1966 to 31 December 1969, Hong Kong is to limit its exports of seven cotton textile items to 77 million square yards for the period from 11 November 1966 to 31 December 1967. For the calendar year 1968, the level is fixed at 66.65 million square yards. The agreement provides for the transfer of unutilized quotas (COT/125).

FRANCE

(a) India

The bilateral agreement between France and India was concluded on 24 April 1968, with retroactive effect as from 1 October 1967 for a period of three years. The total quantity for imports into France from India agreed upon for each year is 3,125 metric tons (COT/119).

(b) Pakistan

The bilateral agreement between France and Pakistan was concluded on 8 August 1968, with retroactive effect as from 1 October 1967 for a period of three years. The total quantity for imports into France from Pakistan agreed upon for each year is 600 metric tons (COT/120).

ITALY

(a) India

The bilateral agreement between Italy and India was concluded on 30 April 1968, with retroactive effect as from 1 January 1968 for a period of three years. The total quantity for imports into Italy from India agreed upon for each year is 650 metric tons (COT/112).

(b) Pakistan

The bilateral agreement between Italy and Pakistan was concluded on 24 May 1968, with retroactive effect as from 1 October 1967 for a period of three years. The total quantity for imports into Italy from Pakistan agreed upon for each year is 1,100 metric tons (COT/113).

NORWAY

Hong Kong

A new bilateral agreement has been concluded between the Governments of Hong Kong and Norway. Under this agreement which is to continue from 1 October 1967 through 30 September 1970, Hong Kong is to limit its exports of woven cotton night-wear to 24,000 dozen for the first year. For the second and third years, the limitations are to be increased to 25,000 and 26,000 dozen respectively (COT/115).

UNITED STATES

(a) Colombia

The bilateral agreement concluded between the Governments of the United States and Colombia in 1965 and amended in 1966 was further amended on 20 February 1968. In accordance with this amendment the Government of the United States will accede to annual requests by Colombia for permission to export an additional 7 million square yards of cotton fabric during any agreement year after 30 June 1967 without being charged against the limitations provided in the original agreement. This agreement is to continue in force from 1 July 1966 through 30 June 1970. (COT/50/Add.2).

(b) Greece

The 1964 agreement concluded between the Governments of the United States and Greece, as amended, was further amended as of 1 September 1966. This agreement shall continue in force through 31 December 1970. In accordance with the new amendment exports of cotton textiles from Greece are to be limited for the sixteen-month period beginning 1 September 1966 and extending through 31 December 1967 (first year) and for the twelve-month period beginning 1 January 1968 (second year). The aggregate levels for the second year are 1,420,125 pounds of yarn, 1,157,625 square yards equivalent of fabric and made-up goods and 231,525 square yards of apparel. In succeeding years an increase of 5 per cent over the corresponding level for the preceding year shall be applied. After 31 August 1966, the annual limitation on yarn may be exceeded by the amount of shortfalls in other cotton textiles for the year in question. Within the ceiling for fabrics and made-up goods specific ceilings are to be maintained. The United States will annually accede to requests by Greece for permission to raise the yarn ceiling for any agreement year after 31 December 1967 to 2,000,000 pounds without growth factor for the succeeding year. The amended agreement provides specific amounts and manner in accordance with which shortfalls may be carried over. (COT/33/Add.2).

(c) Hong Kong

COT/73/Add.1 set out an amendment to the bilateral agreement concluded between the Governments of the United States and Hong Kong. The new agreement is to continue from 1 October 1965 through 30 September 1970. During the third year beginning 1 October 1967 the aggregate limit is 371,306,250 square yards equivalent. For the fourth and fifth years the level shall be increased by 5 per cent over the corresponding level of the preceding year. Within the aggregate limit, limits for four groups and specific ceilings within the groups are to be applied; the limits for three groups may be exceeded by 10 per cent and for one group by 5 per cent. Following a year of shortfall Hong Kong may permit exports to exceed the limits applicable in specific amounts and manner provided in this agreement. Within the aggregate and other applicable group limits, any shortfalls in exports in categories which are not subject to specific limits may be used in categories which are not subject to specific limits.

(d) India

A new bilateral agreement (COT/92) has been concluded between the Governments of the United States and India to replace previous agreements. The term of this agreement is from 1 October 1966 through 30 September 1970. In accordance with this agreement, India is to limit its exports of cotton textiles to an aggregate limit. This aggregate limit is sub-divided into two major groups; specific ceilings are to be applied within the group limits. The aggregate limit for the second agreement year constituting the twelve-month period beginning 1 October 1967 is 88.2 million square yards equivalent. The level for each subsequent year shall be increased by 5 per cent over the preceding year's level. Within the aggregate limit, a limit for one group may be exceeded by 10 per cent and for the other by 5 per cent. Any shortfalls occurring in exports in the categories given specific limits may be used in any category not given a specific limit. India, following a year of shortfall, may permit exports to exceed the aggregate, groups and specific limits in specific amounts and manner provided in this agreement.

(e) Israel

The Governments of the United States and Israel have concluded a new bilateral agreement (COT/75/Add.1) to replace previous agreements. The term of this agreement is from 1 October 1966 through 30 September 1970. Under this agreement annual exports of cotton textiles from Israel are to be limited in the first year to an aggregate level of 23 million square yards equivalent. In the second and succeeding years, the levels shall be increased by 5 per cent over the preceding year's level. Within the aggregate limit, limits for two groups and specific ceilings within these groups are to be applied; the limit for one group may be exceeded by 10 per cent and for the other by 5 per cent. Any shortfalls occurring in exports in the categories given specific limits may be used in any category not given a specific limit. Following a year of a shortfall, Israel may permit exports to exceed the limits by carry-over in specific amounts and manner provided in this agreement.

(f) Italy

The Governments of the United States and Italy have concluded a new bilateral agreement (COT/76); to replace the Cotton Velveteen Fabrics Agreement, effective retroactively to 1 January 1966 and shall continue in force through 31 December 1970. For the first year of this agreement, constituting the twelve-month period beginning 1 January 1966, exports of cotton velveteen fabrics from Italy are to be limited to 1,703,363 square yards. In succeeding years, the level is to be increased by 5 per cent over the level for the preceding year.

(g) Jamaica

The Governments of the United States and Jamaica have concluded a new bilateral agreement to replace the 1963 agreement as amended. The new agreement is to continue in force from 1 October 1966 through 30 September 1970. During the term of this agreement annual exports of cotton textiles from Jamaica are to be

limited to aggregate and specific limits. For the first year the aggregate is 21,416,063 square yards equivalent. In the second and succeeding years, the levels are to be increased by 5 per cent over the corresponding level for the preceding twelve-month period. Within the aggregate limit, specific limits may be exceeded by 5 per cent. Following a year of shortfall, Jamaica may permit exports to exceed these limits by carry-over in specific amounts and manner provided in this agreement. Any shortfalls occurring in exports in the categories given specific limits may be used in any category not given a specific limit. (COT/5/Add.2).

(h) Japan

The Governments of the United States and Japan have concluded a new bilateral arrangement (COT/95) concerning trade in cotton textiles. This arrangement is to be applied by the two Governments for the period of three years beginning 1 January 1968, taking the place of the 1963 arrangement. Under this arrangement, Japan maintains aggregate limit for exports of cotton textiles in 1968 of 373,077,000 equivalent square yards. This aggregate limit is sub-divided into four major groups. Within these major groups, ceilings for specific products are to be applied. Within the annual aggregate limit, the limits for three groups may be exceeded by 10 per cent and for one group by 5 per cent. The aggregate limit for the year 1969 and for each subsequent year shall be increased by 5 per cent over the preceding year's level. This increase shall be applied to the major groups and the ceilings within the groups. Following a year of shortfall, Japan may permit exports to exceed the aggregate, groups and ceilings by carry-over in a specific amount and manner provided in this agreement. Exports of uniquely Japanese products called "Japan items" are not to be included in this agreement.

(i) Korea, the Republic of

The Governments of the United States and the Republic of Korea concluded a new bilateral agreement (COT/93) which supersedes the 1965 agreement. This agreement is to continue in force from 1 January 1967 through 31 December 1970. During the term of this agreement, the Republic of Korea limits exports of cotton textiles in 1967 to aggregate limit of 32,216,250 square yards equivalent; for 1968 the limit is 35,070,000 square yards equivalent. The limit for each subsequent year shall be increased by 5 per cent over the preceding year. This aggregate limit is sub-divided into two major groups; specific ceilings are to be applied within the groups. Within the aggregate limit, the limits for one group may be exceeded by 10 per cent and for the other by 5 per cent. Specific limits within the group may be exceeded by 5 per cent. The shortfall occurring in exports in categories given specific limits may be used in any category not given a specific limit. For any agreement year immediately following a year of shortfall, the Republic of Korea may permit exports to exceed the aggregate, group and specific limits by carry-over in specific amounts and manner provided in this agreement.

(j) Malta¹

On 14 June 1967, the United States and Malta concluded a bilateral agreement concerning trade in cotton textiles. This agreement runs from 1 January 1967 through 31 December 1970. During its term, Malta is to limit annual exports to aggregate, three groups and specific limits. For the year 1967, the aggregate limit is 12.7 million square yards equivalent. In the second and succeeding years this limit is to be increased by 5 per cent over the previous year's level. Within the aggregate limit, the limit for two groups may be exceeded by 10 per cent and for the third group (apparel) by 5 per cent. Any shortfall occurring in exports in the categories given specific limits may be used in any category not given a specific limit. Following a year of shortfall, Malta may permit exports to exceed the aggregate, group and specific limits by carry-over in specific amounts and manner provided in this agreement. (COT/80).

(k) Mexico

In accordance with a bilateral agreement (COT/78) concluded between the Governments of the United States and Mexico, annual exports of cotton textiles from Mexico are to be limited for the first agreement year beginning 1 May 1967 to an aggregate level of 75 million square yards equivalent. This agreement is to continue in force through 30 April 1971. Within this aggregate limit, three group limits and specific limits within the groups are to be applied; the limits for two groups may be exceeded by 10 per cent and for one group by 5 per cent. In the second and succeeding year, the levels shall be increased by 5 per cent over the level for the preceding twelve-month period. Following a year of a shortfall, Mexico may permit exports to exceed the aggregate, group and specific limits in specific amounts and manner provided in this agreement. Within the group limits any shortfalls occurring in exports in the categories given specific limits may be used in any category not given a specific limit.

(l) Pakistan

The Governments of the United States and Pakistan have concluded a new bilateral agreement to replace the 1966 agreement. The term of this agreement is from 1 July 1966 through 30 June 1970. During this period annual exports of cotton textiles from Pakistan are to be limited to aggregate, two major groups and specific limits. For the first agreement year, the aggregate limit is 57.5 million square yards equivalent and for the second year it is 68.25 million square yards equivalent. In succeeding years, the levels shall be increased by 5 per cent of the corresponding level for the preceding twelve-month period. Within the aggregate limit, the limit for one group may be exceeded by 10 per cent and for the other group by 5 per cent. Any shortfalls in exports in categories with specific limits may be used in those categories which are not subject to specific limits. For any agreement year immediately following a year of shortfall, Pakistan may permit exports to exceed the aggregate, group and specific limits by carry-over in specific amounts and manner provided in this agreement. (COT/89).

¹Not party to the Cotton Textiles Arrangement.

(m) Philippines, the Republic of¹

The Governments of the United States and the Philippines have further amended the bilateral agreement of 24 February 1964 (COT/23/Add.2) to cover the period from 1 January 1968 to 31 December 1970. During the calendar year 1968, exports of all categories of cotton textiles, with the exception of the traditional items produced by the Philippines cottage industry, are to be limited to an aggregate limit of 22.3 million square yards. In the second and third agreement year the limitation on exports and the levels of traditional trade categories shall be increased by 5 per cent over the corresponding level for the preceding year. Within the aggregate limit, two group limits and specific limits within the groups are to be applied; the limit for one group may be exceeded by 10 per cent and for the other by 5 per cent. Following a year of shortfall in non-traditional categories, the Philippines may permit exports to exceed the limits by carry-over in specific amounts and manner provided in this agreement. Within the group limits, any shortfall occurring in exports in the categories given specific limits may be used in any category not given a specific limit.

(n) Poland

In accordance with a new bilateral agreement (COT/91) concluded between the Governments of the United States and Poland, the annual exports of cotton textiles from Poland are to be limited to aggregate, two major groups and specific limits. This agreement replaced as of 1 March 1967 the previous agreement and is to continue in force through 28 February 1970. The aggregate limit for the first year beginning 1 March 1967 is fixed at 5 million square yards equivalent. In the second and succeeding twelve-month periods this level shall be increased by 5 per cent over the preceding year's level. Within the aggregate limit, the limit for one group may be exceeded by 10 per cent and for the other by 5 per cent; the shortfall occurring in exports in the categories given specific limits may be used in any category not given a specific limit.

(o) Portugal

The Governments of the United States and Portugal have concluded a new bilateral agreement to replace the interim agreement of 19 December 1966, (COT/24/Add.3). In accordance with this agreement, Portugal is to maintain, for the period of four years beginning 1 January 1967, an annual aggregate limit for exports of cotton textiles, and annual limits for three groups and categories. The aggregate limit, at 102,300,000 square yards equivalent for 1967, is to be increased in each succeeding year by 5 per cent over the corresponding level for the preceding twelve-month period. Within the aggregate limit, the limits for two groups may be exceeded by 10 per cent and for one group by 5 per cent; within the groups, specific ceilings may be exceeded by 5 per cent. Any shortfall in the categories given specific limits may be used in those categories which are not subject to specific limits. COT/24/Add.4 sets out an amendment to

¹Not party to the Cotton Textiles Arrangement.

this bilateral agreement in accordance with which the aggregate limits for the years 1967 and 1968 are fixed at 103,425,000 and 108,990,000 square yards equivalent respectively. All specific limits on yarn categories are deleted. The amendments also provide that Portugal, following a year of shortfall, may permit exports to exceed these limits by carry-over in specific amounts and manner.

(p) Singapore¹

On 30 August 1966, the Governments of the United States and Singapore concluded an arrangement to be effective as of 1 April 1966 and to continue in force through 31 March 1969. Under this arrangement the Singapore cotton textile industry voluntarily restrains its exports to the United States in accordance with Restraint Schedule. For the first year the aggregate limit is fixed at 30 million square yards. In each succeeding year this limit is to be increased by 5 per cent over the corresponding level for the preceding year. Within the aggregate limit, two group limits and specific limits are to be applied, and may be exceeded by 5 per cent. The aggregate and the group limits on non-apparel categories may be exceeded by certain amounts specified in this agreement. (COT/74).

(q) Spain

The 1963 United States/Spain bilateral agreement, as amended, was replaced as of 1 January 1967 by a new agreement which is to continue in force through 31 December 1970. During the term of this agreement, Spain limits its annual exports of cotton textiles to aggregate, two major groups and specific limits. For the first year the aggregate limit is fixed at 37,911,000 square yards equivalent, for the second year the level is 40,341,000. In succeeding years, the level shall be increased by 5 per cent over the previous year's level. Within the aggregate limit, the limit for one group may be exceeded by 10 per cent and for the other by 5 per cent. Any shortfalls occurring in exports in categories not given specific limits may be used in any category not given a specific limit. Following a year of shortfall, Spain may permit exports to exceed these limits in specific amounts and manner provided in this agreement. (COT/90).

(r) Turkey

Effective as of 1 July 1964, the original agreement between the United States and Turkey was amended on 30 June 1967 to continue in force through 30 June 1970 instead of 30 June 1967. Under the original agreement exports from Turkey during the first year are limited to a level of 2,750,000 square yards equivalent for apparel. These levels are to be increased in each subsequent year by 5 per cent over the levels of the immediately preceding twelve-month period. (COT/32 and Add.1).

¹Not party to the Cotton Textiles Arrangement.

(s) United Arab Republic

The 1963 bilateral agreement concluded between the Governments of the United States and the United Arab Republic has an expiration date of 30 September 1967. After that date it has been extended four times to cover the periods: 1 October to 31 December 1967, 1 January to 31 March 1968, 1 April to 30 June 1968, 1 July to 31 December 1968. These extensions provide for the continued regulation of trade in cotton textiles in accordance with the terms applicable to the corresponding quarters of the last year (51,000,000 sq.yds. equivalent for the last year beginning 1 October 1966) of the 1963 agreement. (COT/20/Add.1-4).

III. Other notifications

In response to GATT/AIR/670, the following notifications have been received from Australia, Belgium, Finland, France, Italy, Norway and the United States:

Australia notified that it maintains no restrictions on trade in cotton textiles not already notified under the various requirements and procedures of the GATT.

Finland notified that imports from Poland are covered by the bilateral import treatment. Imports of certain cotton textiles from the Republic of Korea are subject to individual licensing.

France notified that it maintains no restrictions on trade in cotton textiles not already notified under the various requirements and procedures of the GATT.

Italy notified that the following manufactures of cotton or other fibres are subject to ministerial licence for import from all sources:

58.08 Tulle and other net fabrics (but not including woven, knitted or crocheted fabrics), plain

58.09 A Tulle and other net fabrics (but not including woven, knitted or crocheted fabrics), figured

B.II Lace, mechanically-made

ex 61.03)

ex 61.04)

ex 61.05)

ex 61.06)

ex 61.07)

ex 61.08) Made-up articles of tulle and other net fabrics (but not
ex 61.09) including woven, knitted or crocheted fabrics), figured,
ex 61.10) or of mechanically-made lace

ex 61.11)

ex 62.01)

ex 62.02)

ex 62.05)

Norway notified that imports of cotton textiles from the following countries are subject to licensing:

Country	Quotas for various textile goods in 1967 in Nkr '000	Imports of cotton textiles in 1967 listed under these quotas in Nkr '000
Albania	-	-
Bulgaria	560	108
Poland	4,000	3,429
Rumania	560	134
Czechoslovakia	6,300 + 35 tons of towels	4,012
Hungary	2,145 + 10 tons of towels	2,120
Eastern Germany	2,950 + 20 tons of towels)	936
USSR	70 tons of floor cloth)	
Mainland China	-	-
Macao	-	-
Republic of China	-	-
Mongolia	-	-
North Korea	-	-
North Viet-Nam	-	-

The import quotas which Norway maintains in its trade agreements with State-trading countries, comprise also other textiles than cotton products.

The United States notified that it maintains no restrictions on trade in cotton textiles outside the provisions of the Arrangement not already notified under the various GATT requirements and procedures.

The United Kingdom notified a summary of the arrangements as at 31 August 1968 for the control of exports of cotton spun, or woven textile goods for retention in the United Kingdom, during 1968 (COT/118). This information is given below in a summarized form:

(a) Hong Kong

Exports of cotton textiles from Hong Kong to the United Kingdom will be limited to the following amounts:

Yarn (lb.)	6.4 million
Cloth and made-ups (sq.yds.)	191.1 million

(b) India

Exports of cotton textiles from India to the United Kingdom will be limited to the following amounts:---

Yarn (lb.)	11.7 million
Cloth and made-ups (sq.yds.)	198.9 million

(c) Japan

Exports of cotton textiles from Japan to the United Kingdom will be limited to the following amounts:

Cotton yarn (lb.)	100,000
Cotton piece-goods (sq.yds.)	7,770,000
Cotton outergarments, industrial goods and secondary products for household use	£566,200

(d) Eastern area countries and the Peoples' Republic of China

The United Kingdom limit imports of cotton yarn, piece-goods and made-up goods from the USSR¹, Poland, Hungary¹, Romania¹, Bulgaria¹, Eastern Germany¹, Czechoslovakia¹ and the Peoples' Republic of China¹ to annual quotas, the total of which amount to little over £2 million.

(e) The following countries have been allocated country quotas and special country quotas: Algeria¹, Brazil¹, British Honduras¹, Ceylon¹, Colombia, Cyprus¹, Gibraltar¹, Greece, Iran¹, Israel, Jamaica, Kenya¹, Lebanon¹, Macao, Malaysia¹, Malta¹, Mexico, Morocco¹, Nigeria¹, Pakistan, Senegal¹, Singapore¹, South Africa¹, Spain, Surinam, Syria¹; the Republic of China, the Republic of Korea, Thailand¹, Trinidad and Tobago¹, Turkey, the United Arab Republic and Yugoslavia.¹ Details are given in Table P.

(f) In addition to the preceding individual country quotas and special country quotas all countries with the exception of Australia, Austria, Belgium, Canada, Denmark, Finland, France, the Federal Republic of Germany, Iceland¹, Italy, Liechtenstein¹, Luxemburg, the Netherlands, New Zealand¹, Norway, Sweden, Switzerland¹, the United States, Hong Kong, India, Ireland¹, Japan, Portugal and the Eastern area countries¹, may participate in specific global quotas for yarn, (4,346,136 lb.) grey cloth (53,627,677 sq.yds.) finished piece-goods (5,057,145 sq.yds.) and made-up goods (8,621,885 sq.yds.). Within these group totals certain category limits will apply.

¹Not party to the Long-Term Arrangement.

Table A

AUSTRIA

Quotas

Exporting country	Category	Twelve-month period beginning		
		1.10.67	1.10.68	1.10.69
India	Grey goods	<u>1/</u>	<u>1/</u>	<u>1/</u>
	Terry towels and towelling	<u>1/</u>	<u>1/</u>	<u>1/</u>
	Cotton yarns, finished fabrics, etc.	<u>1/</u>	<u>1/</u>	<u>1/</u>
Israel	Cotton textiles	<u>1/</u>	<u>1/</u>	<u>1/</u>
Japan	Cotton yarn (ex Chapter 55)	80 tons	88 tons	96 tons
	Grey cotton fabrics (ex Chapter 55)	209 tons	228 tons	247 tons
	Finished cotton fabrics in the piece (ex Chapters 55, 58, 59)	66 tons	72 tons	78 tons
	Knitted goods of cotton (ex Chapter 60)	US\$49,500	US\$54,600	US\$59,700
	Clothing and other made-up articles of cotton (ex Chapters 58, 59, 61, 62)	US\$71,500	US\$77,000	US\$82,500
Mexico	Cotton fabrics	10 tons	11 tons	12 tons
Pakistan	Cotton fabrics	<u>1/</u>	<u>1/</u>	<u>1/</u>
Rep. of Korea	Cotton textiles (Chapters 55, 58, 59, 60)	23.5 tons	27 tons	30.5 tons
	Made-up cotton textiles (Chapters 61, 62)	US\$10,500	US\$12,000	US\$13,500
United Arab Republic	Cotton yarn	<u>1/</u>	<u>1/</u>	<u>1/</u>
	Cotton fabrics	<u>1/</u>	<u>1/</u>	<u>1/</u>

1/ Arrangement under Article 4.

Table B

DENMARK

Quotas

Exporting country	Category	1966	1967
Japan	Cotton fabrics (except knitted fabrics and velvet and corduroy fabrics)	5,883,360 (sq.yds.)	6,040,950 (sq.yds.)
	Knitted underwear and pyjamas	108,439 (US\$)	111,343 (US\$)
	Sports shirts, dress shirts and work shirts	26,764 (dozen)	27,481 (dozen)
	Blouses	16,151 (dozen)	16,583 (dozen)
	Household textiles (tablecloths, napkins, sheets, quilt covers, pillowcases, bedspreads, towels, wash flannels and dish cloths)	238,796 (US\$)	245,192 (US\$)
United Arab Republic	Cotton yarn	The quota, the size of which is based on the import of the said product from the United Arab Republic in 1962 (DKr 9.4 million) is increased yearly by 3 per cent in accordance with Annex A to the Arrangement. In 1968 the quota amounts to DKr 12.5 million)	
Republic of Korea	Grey cloth	A quota of DKr 0.7 million in 1968	
	Other cotton textiles	A quota of DKr 0.4 million in 1968	

In addition, Denmark maintains import licensing of cotton textiles from the United Arab Republic, the Republic of Korea, the Republic of China, and Colombia, but - apart from the above-mentioned quota for cotton yarn, imports have, in practice, so far not been restricted.

Table C

NORWAY

Quotas

(US\$)

Exporting country	Category	Twelve-month period beginning 1.10.67
Japan	Yarn, woven fabrics and various other articles n.e.s.	1,092,500
	Garments (including knitted and crocheted goods)	115,000
Republic of Korea ¹	Woven fabrics	100,000

¹Until 1 October 1965 all imports from the Republic of Korea were regulated. From that date the same import arrangement is established for imports from this country as that formerly established for Japan. In 1966, a quota for woven fabrics which was set at \$14,000, was increased by 3 per cent. When South Korea became a Member of GATT, the two Governments agreed on an increase in the quota for woven fabrics. The quota for 1968 was fixed at \$100,000.

Table D

MEMBER COUNTRIES OF THE EUROPEAN ECONOMIC COMMUNITY

(tons)

I. Quotas Effective During 1967 and 1968						
		France	Italy	Germany, F.R.	Benelux	Total
Hong Kong	1967	350	1/	1/	1/	350
	1968	375	1/	1/	1/	375
India	1967	2,155	1/	1,263	1/	3,418
	1968	Article 4	1/	Article 4	1/	Article 4
Japan	1967	2,225	1,700	2,642	1,200	7,767
	1968	2,343	1,790	2,783	1,263	8,179
Pakistan	1967	370	1/	195	1/	565
	1968	Article 4	1/	Article 4	1/	Article 4
Total	1967	5,100	1,700	4,100	1,200	12,100
	1968	2,718	1,790	2,783	1,263	8,554
Rep. of China (Taiwan)	1967			96		
	1968			114		
Rep. of Korea	1967	70		330		
	1968	80		354		
United Arab Republic	1967	135		122		
	1968	160		141		
II. Changes Envisaged During the Remainder of the Arrangement						
Hong Kong	1969	400	1/	1/	1/	
	1970	425	1/	1/	1/	
Japan	1969	2,461	1,880	2,925	1,326	
	1970	2,579	1,970	3,067	1,389	
Rep. of China (Taiwan)	1969			132		
	1970			150		
Rep. of Korea	1969	90		377		
	1970	100		400		
United Arab Republic	1969	185		160		
	1970	210		180		

1/ Liberalized.

Table E

AUSTRALIA: ACTIONS UNDER ARTICLE 2

Sixth Year 1 October 1967-30 September 1968

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Japan	Cotton drills, denims, dungarees and jeans	Q	Unspecified	Unspecified	Unspecified	99
Japan	Cotton drills, denims, dungarees and jeans	Withdrawal of request	-	-	-	99/Add.1
Hong Kong	Cotton drills, denims, dungarees and jeans	Q	Unspecified	Unspecified	Unspecified	97
Hong Kong	Cotton drills, denims, dungarees and jeans	Withdrawal of request	-	-	-	104

Q = Request for restraint.

Table F

BENELUX: ACTIONS UNDER ARTICLE 2

Sixth Year 1 October 1967-30 September 1968

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Hong Kong	Woven nightwear for men and boys	M	Equivalent sq. yds.	1,567,477	1.10.67-30.9.68	81/Add.1
	Woven nightwear for women, girls and infants	M	Equivalent sq. yds.	1,368,263	1.10.67-30.9.68	81/Add.1
	Handkerchiefs	N	Equivalent sq. yds.	536,180	1.10.67-30.9.68	81/Add.1
	Bedlinen	N	Equivalent sq. yds.	1,540,665	1.10.67-30.9.68	81/Add.1
	Household linen, of terry cloth	N	Equivalent sq. yds.	813,246	1.10.67-30.9.68	81/Add.1
	Woven shirts	R	Equivalent sq. yds.	2,410,555	1.10.67-30.9.68	81/Add.1

N = New restraint; R = Renewal of restraint.

Table G

CANADA: ACTIONS UNDER ARTICLES 3, 6(b)

Sixth Year 1 October 1967-30 September 1968

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Hong Kong	Cotton woven shirts of which not more than 56,000 dozen may be children's	R	Dozen	142,000	1.10.67-30.9.68	37/Add.6
	Cotton woven blouses of which not more than 20,500 dozen may be children's	R	Dozen	82,000	1.10.67-30.9.68	37/Add.6
	Cotton woven nightwear	R	Dozen	94,000	1.10.67-30.9.68	37/Add.6
	Cotton woven trousers, slacks and shorts - children's	R	Dozen	139,000	1.10.67-30.9.68	37/Add.6
	Cotton woven trousers, slacks and shorts - men's and women's of which not more than 90,000 dozen may be either men's or women's	R	Dozen	137,000	1.10.67-30.9.68	37/Add.6
	(Group limit)					
	Broad woven cotton fabrics	R	sq. yds.	11,090,000	1.10.67-30.9.69	37/Add.5
	(Specific limits)					
	Corduroy, other than grey	R	sq. yds.	600,000	1.10.67-30.9.69	37/Add.5
	Twills, sateens, drills, jeans, other than grey	R	sq. yds.	1,800,000	1.10.67-30.9.69	37/Add.5
	Poplin and broadcloth, other than grey, and poplin and broadcloth grey	R	sq. yds.	1,000,000	1.10.67-30.9.69	37/Add.5

Table G (cont'd)

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Hong Kong (cont'd)	Yarn-dyed fabrics, and other than grey, and yarn-dyed fabrics, grey	R	sq. yds.	600,000	1.10.67-30.9.69	37/Add.5
	Fabrics, other than grey, n.e.s. except flannelette, other than grey	R	sq. yds.	1,400,000	1.10.67-30.9.69	37/Add.5
Republic of China	Cotton fabric of which	R	sq. yds.	641,300	Year ending 30.6.68	37/Add.4
	Corduroy not to exceed	R	sq. yds.	641,300	Year ending 30.6.69	111
	Woven cotton shirts	R	sq. yds.	58,300	Year ending 30.6.68	37/Add.4
	Cotton sleepwear	R	sq. yds.	58,300	Year ending 30.6.69	111
	Knitted cotton shirts (including sweat-shirts)	R	Dozen	69,960	Year ending 30.6.68	37/Add.4
	Trousers, slacks and shorts of cotton or rayon of which cotton not to exceed	R	Dozen	69,960	Year ending 30.6.69	111
	Cotton yarn	R	Dozen	75,557	Year ending 30.6.68	37/Add.4
	Cotton yarn	R	Dozen	75,557	Year ending 30.6.69	111
	Cotton yarn	R	Dozen	47,586	Year ending 30.6.68	37/Add.4
	Cotton yarn	R	Dozen	49,014	Year ending 30.6.69	111
Israel	Cotton yarn	R	Dozen	70,000	Year ending 30.6.68	37/Add.4
Portugal	Cotton yarn	R	Dozen	70,000	Year ending 30.6.69	111
Colombia	Cotton yarn	R	Dozen	22,000	Year ending 30.6.68	37/Add.4
Greece	Cotton yarn	R	Dozen	22,000	Year ending 30.6.69	111
	Cotton yarn	R	lb.	2,185,000	Calendar year 1967	37/Add.7
	Cotton yarn	R	lb.	2,185,000	Calendar year 1967	54/Add.2
	Cotton yarn	N	lb.	1,750,000	1.11.67-31.12.68	86
	Cotton yarn	Q	Unspecified	Unspecified	Unspecified	61
	Cotton yarn	R	lb.	1,387,000	Calendar year 1968	96

Table G (cont'd)

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Singapore	Cotton and polyester/cotton shirts (including slacks, shorts and jeans)	N	Dozen	22,000	Calendar years 1968, 1969 and 1970	110
	Cotton and polyester/cotton trousers (including slacks, shorts and jeans)	N	Dozen	60,000	Calendar years 1968, 1969 and 1970	110
Republic of Korea	Broad-woven cotton fabrics	Q	Unspecified	Unspecified	Unspecified	64
	Cotton woven shirts	Q	Unspecified	Unspecified	Unspecified	64
	Cotton trousers, slacks and shirts	Q	Unspecified	Unspecified	Unspecified	64
	Broad-woven fabrics (a) other than grey may not exceed	N	sq. yds.	2,800,000	Calendar year 1967	64/Add.1
	(b) corduroy may not exceed		sq. yds.	400,000	Calendar year 1967	64/Add.1
	Yarn and sewing thread		sq. yds.	100,000	Calendar year 1967	64/Add.1
	Pillowcases	N	lb.	200,000	Calendar year 1967	64/Add.1
	Sheets	N	Dozen	30,000	Calendar year 1967	64/Add.1
	Garments of which (a) woven shirts may not exceed	N	Unit	40,000	Calendar year 1967	64/Add.1
	(b) blouses may not exceed	N	Dozen	125,000	Calendar year 1967	64/Add.1
	(c) knitted shirts may not exceed		Dozen	35,000	Calendar year 1967	64/Add.1
	(d) sleepwear may not exceed		Dozen	20,000	Calendar year 1967	64/Add.1
	(e) trousers, slacks and shorts may not exceed		Dozen	20,000	Calendar year 1967	64/Add.1
			Dozen	20,000	Calendar year 1967	64/Add.1
			Dozen	50,000	Calendar year 1967	64/Add.1

R = Renewal of restraint; Q = Request for restraint; N = New restraint.

Table H

ITALY: ACTIONS UNDER ARTICLE 3

Sixth Year 1 October 1967-30 September 1968

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
United Arab Republic	Cotton fabrics bleached and unbleached	Q	Unspecified	Unspecified	Unspecified	94
	Cotton fabrics bleached and unbleached	N	Tons	915	15.4.68-31.12.68	94/Add.1
Republic of China	Cotton fabrics bleached and unbleached	Q	Unspecified	Unspecified	Unspecified	87
	Cotton fabrics bleached and unbleached	N	Unspecified	Significantly less	1968	87/Add.1

Q = Request for restraint; N = New restraint.

Table I

SWEDEN: ACTIONS UNDER ARTICLE 3

Sixth Year 1 October 1967-30 September 1968

Exporting country	Category	Kind of action	Unit	Level	Period	Ref.COT/
Hong Kong	Shirts, knitted or crocheted	N	1,000 pieces)		1.6.68-31.5.69	100
	Undergarments, knitted or crocheted, not elastic)	1,800		
	nor rubberized, women's and girls' wear	N	1,000 pieces)		1.6.68-31.5.69	100
	Anoraks and similar jackets, not knitted or crocheted, men's and boys' wear	N	1,000 pieces	140	1.6.68-31.5.69	100
	Slacks, jeans and trousers, not knitted or crocheted, men's and boys' wear	N	1,000 pieces	1,300	1.6.68-31.5.69	100
	Coats, not knitted or crocheted, men's and boys' wear, of impregnated fabric	N	1,000 pieces)		1.6.68-31.5.69	100
	Raincoats, not rubberized, men's and boys' wear, of impregnated fabric	N	1,000 pieces)		1.6.68-31.5.69	100
	Car coats, not rubberized, men's and boys' wear, of impregnated fabric	N	1,000 pieces)	130	1.6.68-31.5.69	100
	Outer garments of rubberized fabric, of oiled and similar impermeable materials, men's and boys' wear	N	1,000 pieces)		1.6.68-31.5.69	100

Table I (cont'd)

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Hong Kong (cont'd)	Shirts (other than dress shirts), not knitted or crocheted	N	1,000 pieces)		1.6.68-31.5.69	100
	Dress shirts, not knitted or crocheted	N	1,000 pieces)		1.6.68-31.5.69	100
	Night-garments, not knitted or crocheted, men's and boys' wear	N	1,000 pieces)	2,000	1.6.68-31.5.69	100
	Night-garments, not knitted or crocheted, women's and girls' wear	N	1,000 pieces)		1.6.68-31.5.69	100

N = New restraint.

Table J

UNITED STATES: ACTIONS UNDER ARTICLES 3 AND 6(c)

Sixth Year 1 October 1967-30 September 1968

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Malaysia	45	R	Dozen	83,973	30.8.68-29.8.69	108
	9	N	Sq. yds.	400,000	28.4.67-27.4.68	102
	9	R	Sq. yds.	420,000	28.4.68-27.4.69	102
	22	N	Sq. yds.	220,000	24.5.67-23.5.68	102
	22	R	Sq. yds.	231,000	24.5.68-23.5.69	102
	46	N	Dozen	18,000	23.2.67-22.2.68	102
	46	R	Dozen	18,900	23.2.68-22.2.69	102
	50	N	Dozen	5,000	20.3.67- 9.3.68	102
	50	R	Dozen	5,250	20.3.68- 9.3.69	102
	51	N	Dozen	8,800	20.3.67- 9.3.68	102
		R	Dozen	9,240	20.3.68- 9.3.69	102
Brazil	22	R	Sq. yds.	3,045,000)	9.6.67- 8.6.68	103
				3,197,250)	9.6.68- 8.6.69	103
				1,575,000)	9.6.67- 8.6.68	103
				1,653,750)	9.6.68- 8.6.69	103
				635,000	30.6.67-29.6.68	79
				635,000		103
Rumania	34	N	Pieces	140,000	14.8.68-13.8.69	106
	34	R	Pieces	147,000	14.8.68-13.8.69	106
	49	N	Dozen	10,000	9.1.68- 8.1.69	98
Hungary	26	Q	Sq. yds.	320,000	25.3.68-24.3.69	101
Argentina	9	N	Sq. yds.	607,752	19.7.68-18.7.69	107

W = Not renewed; R = Renewal of restraint; Q = Request for restraint; N = New restraint.

Table K

AUSTRIA: BILATERAL AGREEMENTS

Exporting country	Category	Unit	Level	Effective	Duration of Agreement	Growth factor	Ref. COT/
India	Grey goods	Tons	220	1.10.67-30.9.68	3 years	Second year 240 tons	114
						Third year 260 tons	
						Second year 22 tons	
	Terry towels and towelling	Tons	20	1.10.67-30.9.68	3 years	Third year 24 tons	114
						Second year 38 tons	
						Third year 41 tons	
Israel	Cotton yarn, finished fab- rics, miscel- laneous	Tons	35	1.10.67-30.9.68	3 years	Second year 13 tons	114
						Third year 14 tons	
						-	
Pakistan	Cotton textiles	Tons	100	1.10.67-30.9.68	3 years	-	114
United Arab Republic	Cotton textiles	Tons	50	1.10.67-30.9.68	3 years	-	114

Table I

CANADA: BILATERAL AGREEMENTS

Exporting country	Category	Unit	Level	Effective	Duration of Agreement	Ref. COT/
United Arab Republic Japan	Cotton yarn	Lb.	1,200,000	1.7.67-30.6.68	1.7.67-30.6.68	88
	Pillowcases	Dozen	215,000	Calendar year 1967	Calendar year 1967	5L/Add.2
	Sheets	Pieces	766,000	Calendar year 1967	Calendar year 1967	5L/Add.2
	Fabrics	Sq. yds.	31,400,000	Calendar year 1967	Calendar year 1967	5L/Add.2
	Blouses	Dozen	210,000	Calendar year 1967	Calendar year 1967	5L/Add.2
	Sport shirts	Dozen	206,000	Calendar year 1967	Calendar year 1967	5L/Add.2
	Dress and work shirts	Dozen	70,000	Calendar year 1967	Calendar year 1967	5L/Add.2
	Trousers and outer-shorts	Dozen	121,000	Calendar year 1967	Calendar year 1967	5L/Add.2
	Outwear and inner-wear of which: Outwear may not exceed	Dozen	238,350	Calendar year 1967	Calendar year 1967	5L/Add.2
	Innerwear may not exceed	Dozen	73,500	Calendar year 1967	Calendar year 1967	5L/Add.2

Table M

MEMBER COUNTRIES OF THE EUROPEAN ECONOMIC COMMUNITY: BILATERAL AGREEMENTS

Importing country	Exporting country	Category	Unit	Level	Effective	Duration of Agreement	Ref. COT/
Benelux	India	Cotton textiles (except handloom cotton fabrics)	Metric tons	1,300	1.1.68-31.12.68	3 years	121
	Pakistan	Cotton textiles (except handloom cotton fabrics)	Metric tons	500	1.10.67-30.9.68	3 years	122
Germany, F.R.	India	Cotton textiles (except handloom cotton fabrics)	Metric tons	2,725	1.1.68-31.12.68	3 years	123
	Pakistan	Cotton textiles (except handloom cotton fabrics)	Metric tons	500	1.1.68-31.12.68	3 years	124
	Hong Kong	Grey fabrics, outerwear, overalls and slacks, shirts, nightwear (incl. infants), handkerchiefs and towels	Million sq.yds.	77	11.11.66-31.12.67	3 years	125
			Million sq.yds.	66.65	1.1.68-31.12.68		

Table M (cont'd)

Importing country	Exporting country	Category	Unit	Level	Effective	Duration of Agreement	Ref. COT/
France	India	Cotton textiles (except handloom cotton fabrics)	Metric tons	3,125	1.10.67-30.9.68	3 years	119
	Pakistan	Cotton textiles (except handloom cotton fabrics)	Metric tons	600	1.10.67-30.9.68	3 years	120
Italy	India	Cotton textiles (except handloom cotton fabrics)	Metric tons	650	1.1.68-31.12.68	3 years	112
	Pakistan	Cotton textiles (except handloom cotton fabrics)	Metric tons	1,100	1.10.67-30.9.68	3 years	113

Table N

NORWAY: BILATERAL AGREEMENTS

Exporting country	Category	Unit	Level	Effective	Duration of Agreement	Growth factor	Ref. COT/
Hong Kong	Woven cotton nightwear for men, women and children	Dozen	24,000	1.10.67-30.9.68	3 years	+ 1,000 dozen yearly increase	115

Table 0

UNITED STATES: BILATERAL AGREEMENTS

Exporting country	Category	Unit	Level	Effective	Duration of Agreement	Growth factor	Ref. COT/
Colombia	Cotton textiles	Sq. yds. equivalent	24,000,000	1.7.65-30.6.66	To 30.6.70	+5% cumulative yearly increase	50 and Add.1
Greece	Cotton textiles	Sq. yds. equivalent	Additional 7,000,000	From 1.7.67			50/Add.2
	1-4	Lb.	2,000,000	1.9.66-31.12.67	1.9.66-31.12.70	+5% cumulative yearly increase	33/Add.2
		Lb.	1,420,125	1.1.68-31.12.68			
	5-38, 64	Sq. yds. equivalent	1,488,375	1.9.66-31.12.67	1.9.66-31.12.70	+5% cumulative yearly increase	33/Add.2
			1,157,625	1.1.68-31.12.68			
	39-63	Sq. yds. equivalent	297,675	1.9.66-31.12.67	1.9.66-31.12.70	+5% cumulative yearly increase	33/Add.2
Hong Kong	Cotton textiles	Sq. yds. equivalent	231,525	1.1.68-31.12.68			
India	Cotton textiles	Sq. yds. equivalent	371,306,250	1.10.67-30.9.68	1.10.65-30.9.70	+5% cumulative yearly increase	73/Add.1
	Cotton textiles	Sq. yds. equivalent	88,200,000	1.10.67-30.9.68	1.10.66-30.9.70	+5% cumulative yearly increase	92
Israel	Cotton textiles	Sq. yds. equivalent	23,000,000	1.10.66-30.9.67	1.10.66-30.9.70	+5% cumulative yearly increase	75/Add.1
Italy	Cotton velveteen fabrics	Sq. yds.	1,703,363	1.1.66-31.12.66	1.1.66-31.12.70	+5% cumulative yearly increase	76
	Cotton textiles	Sq. yds. equivalent	21,416,063	1.10.66-30.9.67	1.10.66-30.9.70	+5% cumulative yearly increase	5/Add.2
Jamaica	Cotton textiles	Sq. yds. equivalent	373,077,000	1.1.68-31.12.68	3 years	+5% cumulative yearly increase	95
Japan	Cotton textiles	Sq. yds. equivalent	12,700,000	1.1.67-31.12.67	1.1.67-31.12.70	+5% cumulative yearly increase	80
Malta ¹	Cotton textiles	Sq. yds. equivalent	75,000,000	1.5.67-30.4.68	1.5.67-30.4.71	+5% cumulative yearly increase	78
Mexico	Cotton textiles	Sq. yds. equivalent					

¹Not party to the Cotton Textiles Arrangement.

Table 0 (cont'd)

Exporting country	Category	Unit	Level	Effective	Duration of Agreement	Growth factor	Ref. COT/
Pakistan	Cotton textiles	Sq. yds. equivalent	68,250,000	1.7.67-30.6.68	1.7.66-30.6.70	+5% cumulative yearly increase	89
Poland	Cotton textiles	Sq. yds. equivalent	5,000,000	1.3.67-28.2.68	1.3.67-28.2.70	+5% cumulative yearly increase	91
Portugal	Cotton textiles	Sq. yds. equivalent	103,425,000 108,990,000	Calendar year 1967 Calendar year 1968	4 years beginning 1.1.67	+5% cumulative yearly increase	24/Add.3 and 4
Republic of the Philippines ¹	52	Dozen	25,000	1.1.68-31.12.68	3 years to 31.12.70	+5% cumulative yearly increase	23/Add.2
	53	Dozen	475,000	1.1.68-31.12.68			
	54	Dozen	105,000	1.1.68-31.12.68			
	59	Dozen	75,000	1.1.68-31.12.68			
	62	Dozen	100,000	1.1.68-31.12.68			
	63	Dozen	1,020,000	1.1.68-31.12.68			
	All other cotton textiles	Sq. yds. equivalent	22,300,000	1.1.68-31.12.68			
Republic of Korea	Cotton textiles	Sq. yds. equivalent	32,216,250	1.1.67-31.12.67	4 years	+5% cumulative yearly increase	93
Singapore ¹	Cotton textiles	Sq. yds. equivalent	30,000,000	1.4.66-31.3.67	1.4.66-31.3.69	+5% cumulative yearly increase	74
Spain	Cotton textiles	Sq. yds. equivalent	37,911,000 40,341,000	1.1.67-31.12.67 1.1.68-31.12.68	1.1.67-31.12.70	+5% cumulative yearly increase	90
Turkey	9	Sq. yds. equivalent	1,000,000	1.7.64-30.6.65	1.7.64-30.6.70	+5% cumulative yearly increase	32 and Add.1
	1-8, 10-38, 64 39-63	Sq. yds. equivalent	1,450,000 300,000	1.7.64-30.6.65 1.7.64-30.6.65			
United Arab Republic	All cotton textiles	Sq. yds. equivalent	51,000,000	1.10.66-30.9.67	Expired on 30.9.67 and extended to cover the periods 1.10.67-31.12.67 1.1.68-31.3.68 1.4.68-30.6.68 1.7.68-31.12.68		20 20/Add.1 20/Add.2 20/Add.3 20/Add.4

1 Not party to the Cotton Textiles Arrangement.

Table P

The countries listed below have been allocated the following country quotas and special country quotas:

Country	Yarn	Greycloth	Finished cloth	Made-ups	Special country quota
	'000 lb.	'000 sq.yds.	'000 sq.yds.	'000 sq.yds.	'000 sq.yds.
Algeria	2	-	-	-	-
Brazil	-	3,274	-	-	90
British Honduras	-	-	-	-	79
Ceylon	8	-	-	-	-
Colombia	-	467	-	-	-
Cyprus	-	14	-	-	109
Formosa	-	2,210	-	-	340
Gibraltar	-	-	-	-	383
Greece	275	54	-	-	63
Iran	-	-	-	-	10
Israel	700	10	153	134	510
Jamaica	-	334	-	377	510
Kenya	-	-	-	-	10
Lebanon	3	-	-	-	-
Macao	-	-	-	1,440	510
Malaysia	-	2,632	82	26	510
Malta	145	26	-	208	428
Mexico	-	479	-	-	-
Morocco	-	-	-	-	31
Nigeria	-	-	-	-	63
Pakistan	287	21,887	619	256	510
Senegal	-	-	-	-	10
Singapore	-	396	425	2,553	510
South Africa	-	-	-	360	510
South Korea	-	5,122	-	-	203
Spain	2,534	4,621	1,708	2,684	510
Surinam	-	30	-	-	-
Syria	4	-	-	-	-
Thailand	-	-	-	-	20
Trinidad and Tobago	-	-	-	-	43
Turkey	-	2,382	-	-	10
United Arab Republic	371	1,046	921	-	510
Yugoslavia	-	2,962	880	108	510

ANNEX

United States Cotton Textile Categories

<u>Category number</u>	<u>Description</u>
1	Cotton yarn, carded, singles, not ornamented etc.
2	Cotton yarn, plied, carded, not ornamented, etc.
3	Cotton yarn, singles, combed, not ornamented, etc.
4	Cotton yarn, plied, combed, not ornamented, etc.
5	Ginghams, carded yarn
6	Ginghams, combed yarn
7	Velveteens
8	Corduroy
9	Sheeting, carded yarn
10	Sheeting, combed yarn
11	Lawns, carded yarn
12	Lawns, combed yarn
13	Voiles, carded yarn
14	Voiles, combed yarn
15	Poplin and broadcloth, carded yarn
16	Poplin and broadcloth, combed yarn
17	Typewriter ribbon cloth
18	Print cloth type shirting, 80 x 80 type, carded yarn
19	Print cloth type shirting, other than 80 x 80 type, carded yarn
20	Shirting, carded yarn
21	Shirting, combed yarn
22	Twill and sateen, carded yarn
23	Twill and sateen, combed yarn
24	Yarn-dyed fabrics, except ginghams, carded yarn
25	Yarn-dyed fabrics, except ginghams, combed yarn
26	Fabrics, n.e.s., carded yarn
27	Fabrics, n.e.s., combed yarn
28	Pillowcases, plain, carded yarn
29	Pillowcases, plain, combed yarn
30	Dish towels
31	Towels, other than dish towels
32	Handkerchiefs
33	Table damasks and manufactures of
34	Sheets, carded yarn
35	Sheets, combed yarn
36	Bedspreads
37	Braided and woven elastics
38	Fishing nets

<u>Category number</u>	<u>Description</u>
39	Gloves and mittens
40	Hose and half hose
41	Men's and boys' all white T. shirts, knit or crocheted
42	Other T. shirts
43	Knit shirts other than T. shirts and sweatshirts (including infants')
44	Sweaters and cardigans
45	Men's and boys' shirts, dress, not knit or crocheted
46	Men's and boys' shirts, sport, not knit or crocheted
47	Men's and boys' shirts, work, not knit or crocheted
48	Raincoats, 3/4 length or over
49	All other coats
50	Men's and boys' trousers, slacks and shorts (outer), not knit or crocheted
51	Women's, misses' and children's trousers, slacks and shorts (outer), not knit or crocheted
52	Blouses, and blouses combined with skirts, trousers, or shorts
53	Women's, misses', children's and infants' dresses (including nurses' and other uniform dresses) not knit or crocheted
54	Playsuits, sunsuits, washsuits, creepers, rompers, etc. (except blouse and shorts, blouse and trouser, or blouse, shorts and skirt sets)
55	Dressing gowns, including bathrobes and beachrobes, lounging gowns, dusters and housecoats, not knit or crocheted
56	Men's and boys' undershirts, (not T. shirts)
57	Men's and boys' briefs and undershorts
58	Drawers, shorts and briefs (except men's and boys' briefs), knit or crocheted
59	All other underwear, not knit or crocheted
60	Nightwear and pyjamas
61	Brassieres and other body supporting garments
62	Other knitted or crocheted clothing
63	Other clothing, not knit or crocheted
64	All other cotton textile items