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COTTON TEXTILES COMMITTEE

Report on the Meeting of the Committee Held
at the Palais des Nations from 8-10 October 1969

Chairman: Mr. O. LONG

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

1. The Committee had before it documents COT/W/114 and Addendum 1¹ which summarize notifications of actions so far received by the secretariat under the various Articles of the Arrangement during the seventh year of its operation as well as other arrangements relating to trade in cotton textiles. Also before the Committee were documents COT/W/115 and Addenda 1-3 describing, in Parts I and II, developments in production of and trade in cotton textiles over the period 1962-1968.

2. A number of participating countries made statements reviewing national trends in production of and trade in cotton textiles, conditions in their industries and developments in the implementation of the Arrangement. A summary of these statements follows below in paragraphs 3 to 49.

3. The representative of the United States, in his statement which is reproduced in full in document COT/W/118, said that his Government believed that the Arrangement, at the conclusion of its seventh year, had functioned to the advantage of all countries concerned, both exporters and importers. Cotton textile imports into the United States during the seventh Arrangement year amounted to 1.7 billion square yards equivalent as compared with just over 800 million square yards during the base year for the Short-Term Arrangement. Over this period, imports of cotton textiles and apparel rose faster than domestic output. The substantial increase in imports of

¹A summary of the notifications received after the distribution of documents COT/W/114 and Addendum 1 has been incorporated in the relevant parts of these documents which are annexed to this report.

apparel, fabrics and other goods underscored the shift toward more highly manufactured goods for export to the United States which had been occurring in recent years. Between the first and seventh Arrangement year the value of apparel imports increased by 80 per cent. This shift to more labour-intensive goods helped the exporting countries, but it placed a greater burden on United States labour and industry. Imports from developing countries increased significantly. In the process of providing access for the many new suppliers who entered the market, the United States consistently met the fundamental equity obligation in Article 6(c) of the Arrangement. He said that the actual growth of imports into the United States had been much higher than the annual rate of 5 per cent contemplated in the Arrangement. This situation, further accentuated by a declining domestic output, had produced an increasingly severe impact on the United States cotton textile market.

4. The representative of the United States pointed out that imports at these high levels had produced a number of problems. The most difficult of these arose when agreement limits were overshipped. He emphasized that a more timely exchange of better statistical information on trade and mutual adherence to the terms of bilateral agreements would contribute to a better operation of the Arrangement. He added, however, that in the current year some decline in the number of administrative and overshipment problems was noted, thanks to a joint effort to improve the administration of the bilateral agreements.

5. As regards the importance of the textile and apparel industries in the United States, he pointed out that these industries remained the largest employer of labour of any manufacturing industry, and that their present and potential contribution in providing employment for a large group of people could not be over-estimated.

6. The spokesman for the European Economic Community in his statement, which is reproduced in full in document COT/W/117, said that, after the serious recession in the Community's cotton industry during 1967, an improvement occurred only in the second half of 1968. Reviewing general trends in the Community's consumption, trade and production, he said that in 1968 apparent consumption for all cotton textiles was at roughly the same level as the previous year. Exports registered a further decline while imports continued to increase, thus resulting in a deficit of the order of 5,000 tons. Production in both the spinning and weaving sectors recorded a new decline. After analyzing certain aspects of these trends in greater detail, he referred to prospects for 1969. In this connexion, he said that the improvement noted in 1968 was clearly confirmed in the first three months of 1969 when production in the weaving sector increased by almost 10 per cent. This improvement was beneficial for exporting countries since their exports to the Community increased substantially as compared with the corresponding period of 1968.

7. Referring to the implementation of the Arrangement by the Community, he said that increases in Article 2 quotas were allocated to the exporting countries concerned in accordance with the undertakings given by member States when the Arrangement was renewed. The régime governing imports was further relaxed when Italy liberalized thirteen statistical cotton textile sub-items at the beginning of 1969. As regards restrictions under Article 3, Italy renewed the voluntary restraint agreements concluded in 1968 with the Republic of China and the United Arab Republic.

8. In connexion with Article 4 agreements, he said that for India and Pakistan trade with member States had, since 1968, been governed by bilateral agreements under which India doubled and Pakistan trebled sales in 1968 as compared with 1967. A bilateral agreement was also concluded between the Benelux countries and Hong Kong. The bilateral agreement between the Federal Republic of Germany and Hong Kong continued to be applied. In addition, member States and the Commission of the European Communities on the one hand, and Japan on the other, conducted negotiations for the conclusion of bilateral agreements between Japan and each of the member States. He further pointed out that the bilateral agreements concluded with the aforementioned exporting countries involved considerable improvements in the trading régime with these countries as regards both quantities and administration.

9. In conclusion, the spokesman for the Community said that, despite the adverse circumstances with which the Community's cotton industry had had to contend itself, the member States had continued to apply the Arrangement in conformity with the principles underlying its conclusion.

10. The representative of Japan said that although some progress had been made as a result of his Government's efforts to improve trade relations with major importing countries in the field of cotton textiles, there still remained a number of difficulties. Excessive fragmentation of categories and items for cotton textiles resulted in lack of flexibility and various administrative difficulties. Further, reluctance on the part of importing countries to relax and eliminate quota restrictions hampered a sound development of trade in these products. He therefore urged importing countries to take more positive steps in keeping with the objectives of the Arrangement.

11. Referring to trade relations with some of the major importing countries, he said that recent negotiations between Japan and the member States of the Community proved to be fruitful and it was expected that arrangements under Article 4 would shortly come into force between Japan and member countries of the Community. While it was regrettable that such arrangements could not have been concluded much earlier - it was hoped that they would prove to be conducive to the improvement of trade relations in cotton textiles.

12. He further referred to the restrictive effects of the Noordwijk Agreement on Japan's export trade and reiterated his appeal to the countries in the Community to exercise their influence for an early elimination of such restrictive practice.

13. With regard to trade relations between Japan and the United States, he referred to the bilateral arrangement currently effective between both countries. He said that the existence of numerous specific limits and ceilings continued to be detrimental to the smooth and practical operation of the arrangement.

14. As for the arrangement with Canada, he said that negotiations were currently under way. He expressed hope that the Canadian authorities would find it possible to lessen restraint on those items the quotas of which had not yet been fulfilled, and also to provide a larger increase for the items which were subject to restraints.

15. He said that it was encouraging to note that the United Kingdom had embarked upon structural changes in its cotton textile industries, in consonance with the recommendations contained in the report of the Textile Council. It was to be hoped that such efforts would prove to be successful and that the relaxation and elimination of existing restraints would be undertaken at the earliest possible date.

16. The representative of Canada said that his Government was in the rather special position that Parliament had not given it the power to place any quantitative limit on imports except in certain quite narrowly defined circumstances. However, it was found necessary from time to time to request some exporting countries to restrain their exports of specific cotton products to Canada. In each case, the request was formulated strictly in accordance with the principles of the Arrangement and was presented to the exporting country in the context of a detailed analysis of current conditions in the Canadian market. He emphasized that Canada had followed a highly selective approach in this matter and had resisted the tendency to global coverage of textile imports. Canada's per capita imports of textiles from the developing countries and Japan in 1967 were considerably higher than any other industrialized country. Moreover, Canada had followed and would continue to follow a policy of agreeing to the discontinuation of restraints as soon as disruption was no longer occurring or threatened.

17. Throughout the life of the Arrangement Canada's policy had generally been to agree to increases in the levels of the restraints notwithstanding the Canadian reservation incorporated in the special protocol to the Arrangement. Between 1962 and 1967 imports of cotton textiles as defined by the Arrangement increased 22 per cent by volume and throughout this period imports continued to account for almost 50 per cent of domestic consumption. In the same period, imports from developing countries increased by approximately 80 per cent whereas imports from traditional developed sources decreased by 26 per cent. In 1968 there was a very sharp drop in imports of cotton textile products due to the fact that textile products of man-made fibres began to make significant inroads into the demand in Canada for textiles predominantly of cotton.

18. Commenting on the arrangements that Canada had entered into with twelve exporting countries, he said that in five cases the restraint was limited to cotton yarn and the remaining seven were concerned either wholly or in part with a total of some eight cotton products. Canada believed that its record in this area spoke for itself particularly when taking account of the fact that Canadian producers were under constant pressure from low-priced imports.

19. He stressed that the seventh year of the Arrangement had been in some ways a disappointing one from Canada's point of view. This disappointment arose out of what appeared to be a growing unwillingness on the part of certain exporting countries to recognize the need to restrain their exports to Canada of certain products, even after they had been presented with detailed evidence of damage to Canadian producers and of the obligations which Canada had to other signatories of the Arrangement who had already agreed to restrain their exports to Canada of the products in question. Experience had shown only too clearly that, given this situation, consultations on requests for export restraints could degenerate into confrontations between exporting and importing countries based largely on the bilateral bargaining strength of each. Canada considered this development to be quite contrary to the spirit of the Arrangement.

20. After referring to difficulties experienced by the Canadian textile industry in the area of cotton textiles, he said that these difficulties had been increased by the declining trend in many countries in recent years in the use of major weight cotton products. This situation had been reflected in Canadian production as well as imports. The impact of the rapidly growing use of textiles, of man-made fibres and of blends of these fibres with cotton became most evident by 1968. The Canadian market for cotton fabric decreased by 23 per cent from 1965 to 1968 whereas the market for polyester/cotton fabric increased by 371 per cent. In the case of cotton shirts the Canadian market between 1966 and 1968 decreased by 49 per cent whereas the market for shirts wholly or in part of man-made fibre had increased by 240 per cent. Imports had had a very significant share of the growth in demand for these non-cotton products. Canada had concluded, on the basis of the evidence, that some of these blends were directly substitutable for and competitive with cotton within the terms of the Arrangement. Unfortunately, the provisions of the Arrangement, including Article 6(b), were not really adequate to cope with the problems of substitute products since exporting countries were generally unwilling to admit the existence of specific cases of deliberate substitute in Article 6(b) terms. It was also clear that many exporting countries were genuinely afraid that any sign of willingness on their part might appear to be giving sanction to an extension of the Arrangement into a much wider field of man-made fibre products. As a result Canada had had to resort to separate bilateral negotiations outside the Arrangement.

21. In conclusion, the representative of Canada said that while his Government considered that there were certain shortcomings in the Arrangement and in its interpretation and application by some member countries, it had served a useful purpose.

22. The representative of the United Kingdom said that the year 1968 saw a further, though small, decline in production and a further substantial increase in imports, thus bringing United Kingdom production to a level 40 per cent below that of 1961. The net effect had been that in the woven sector - and in this connexion he emphasized that the United Kingdom had not restricted imports of knitted cotton items even though imports from the developing countries had in recent years risen very substantially - imports accounted for 53.2 per cent of total consumption in 1968. An exceptionally high proportion of the United Kingdom requirements came from developing countries: in 1968 the proportion of total consumption imported from the "restricted" countries was 33.6 per cent.

23. In 1969, the overall share of imports had fallen. This was, in part, due to a further small decline in home production, but more particularly because of the very heavy fall in the volume of imports in the first six months of the year. Even so, imports accounted for no less than 44 per cent of the United Kingdom market in the first half of this year. The corresponding figure for the "restricted" countries was 25.4 per cent.

24. Meanwhile, employment in the industry in the United Kingdom had continued to fall. From a total of 197,000 in 1961 the Lancashire industry declined to 125,000 in 1968. In the United States, by contrast, according to figures published by the American Textile Manufacturers Institute, there had been an increase in textile employment between 1961 and 1968. In the last decade some 1,000 mills had closed in Lancashire. Nor had this development ceased: ninety-four mills closed during 1967 and getting on for a further fifty during 1968.

25. The representative of the United Kingdom speaking on behalf of Hong Kong said that since the Committee last met in October 1968, Hong Kong had concluded new or had extended existing arrangements under Article 3 with Australia, Sweden and Canada. With regard to Article 4, the only new arrangement made by Hong Kong under this Article during the year was a renewal of the agreement with Canada on cotton fabrics to operate for one year from 1 October 1969. Hong Kong's current bilateral agreements with the Federal Republic of Germany and the Benelux countries would expire at the end of this year and consultations were expected to be held very soon to decide their future.

26. The only operation of the Arrangement affecting Hong Kong outside Articles 3 and 4 was the continued restrictions by France under Article 2. The maintenance of these restrictions seemed to Hong Kong hardly consistent with Article 2, which spoke of "relaxing restrictions progressively each year with a view to their elimination as soon as possible". The Cotton Textiles Arrangement had now entered its eighth year of operation and Hong Kong's quota in France was still only 400 metric tons.

27. He pointed out that some importing countries pressed for conditions in Article 4 agreements which were more restrictive than would be expected in the light of the other provisions of the Arrangement. He was thinking in particular of growth and flexibility provisions. The exporting country must always be under some pressure to agree, when the alternative was a series of disruptive and time-consuming consultations under Article 3. He therefore urged that this tendency towards the use of Article 4 in a restrictive manner should be avoided, and that such arrangements should be made only when market disruption existed over a wide range of products.

28. The representative of Mexico said that the bilateral agreement concluded with the United States and which was to continue in force through 30 April 1971, had been applied to the satisfaction of both countries. In connexion with restrictions under Article 3, he said that in September 1969 the Canadian Government had requested his Government to restrain exports of cotton textiles from Mexico to Canada. Following consultations, it had not been possible for his Government, up to the present time, to consider this restriction justifiable under Article 3. He stressed the importance his country attached to the objectives set out in the preamble to the Arrangement.

29. The representative of Israel referring to paragraph 1 of Article 2, said that the Arrangement was conceived as a stop-gap measure which would have given time to the major importing countries to make the necessary adjustments to the structure of their cotton textile industries. Thus, it was never intended to become a permanent feature of the international economic landscape. He said that it was an open question whether the existence of the Arrangement had led to an orderly enlargement of the cotton textile market or whether it had brought about a self-imposed stifling of the development of the cotton textile industry, especially in the developing countries.

30. It was Israel's experience that the present manner of the application of the Arrangement, i.e. the imposition of quotas on numerous categories and sub-categories of different items, forced the industry into an economic straight-jacket and prevented the normal exploitation of market opportunities, and the development of this industry. In this connexion he expressed his Government's dissatisfaction with the inelastic manner in which the provisions of some of the bilateral arrangements were interpreted by certain of the major importing countries. He therefore urged that these countries should adopt a much greater elasticity in approach.

31. The representative of the Republic of Korea, after referring to the importance of the cotton textile industry to his country's economic growth, said that the rate of expansion of cotton textile exports from Korea had drastically slowed down since 1964. This was mainly due to import restrictions imposed by some major developed countries. Small quotas allocated to his country hindered the growth of exports. Moreover, outlets for the newly-developed items such as garments and made-up articles were severely restricted. He expressed concern on the fact that, at this late stage in the life of the Arrangement, some developed importing countries including member States of the Community continued to maintain quantitative import restrictions under Article 2. The quotas allocated to Korea under this Article were not only negligible but were also sub-divided into too many categories. Besides, administration of these quotas was left to the discretion of the importing countries. Some countries continued to practise a discriminatory importing licensing system directed to his country. He therefore urged that these quotas should be increased having due regard to the fact that Korea was a newcomer to the European market. Further, these quotas should be administered by the exporting countries. Importing countries should co-operate positively with a view to enabling exporting countries to fully utilize the quotas.

32. Referring to Article 3, he said that consultations under this Article had proved unfavourable to the exporting countries since there was no alternative but to accept the restraint levels as specified by the importing countries. With respect to Article 4, he pointed out certain technical difficulties encountered by his country because of the rigid application of the bilateral agreement concluded in accordance with this Article. He requested that the views which he had expressed on the various problems faced by his country be considered by the importing countries during the remainder of the Arrangement.

33. The representative of Austria, after reviewing developments in trade, production and consumption of cotton textiles in Austria over the period 1960 to 1968 and the first half of 1969, stated that the share of domestic production in apparent consumption had continued to decline, and that the ratio of imports to domestic production and consumption in Austria was much higher than that recorded by most of the other importing countries. The share of foreign deliveries had continued to rise, although apparent consumption dropped from 51,000 tons in 1960 to 47,000 tons in 1968, or by about 8 per cent. The increasing pressure exerted by imports of cotton textiles especially during the past four years was evidenced by the drop in the production of cotton yarn and fabrics in Austria. There was also a sharp decline in the production of yarn and fabrics of staple fibre. As a result of the increase in imports the foreign trade deficit in cotton textiles continued to aggravate.

34. He further pointed out that in Austria, as in many other industrialized importing countries, demand for more sophisticated end products and blended goods was increasing. Furthermore, knitted fabrics were being substituted for woven fabrics to an increasing extent. This tendency evidently affected selling opportunities for simple cotton fabrics of the kind produced by the developing countries.

35. In conclusion, he said that despite the difficult situation prevailing in the Austrian market, the undertakings by Austria to expand access for cotton textiles from the developing countries and Japan had been observed. As a result of the bilateral agreements concluded with the exporting countries concerned, a substantial growth factor was established for exports of cotton textiles from these countries. In undertaking this growth factor, Austria had abided by the objective set out in the preamble of the Arrangement, namely that trade opportunities for the developing countries possessing the necessary raw materials and skills should be increased.

36. The representative of Norway said that from 1965 to 1968 the Norwegian consumption of cotton yarns decreased in weight by about 13 per cent while cotton fabrics and made-up household textiles increased by 2 per cent. Over the same period Norwegian imports of cotton textiles totally increased by 16 per cent with a yearly average of about 5 per cent. Imports from exporting, participating countries showed an increase of 27 per cent; their share of total imports of cotton textiles increased from about 25 per cent in 1965 to 27 per cent in 1968. At the same time imports from other countries increased by 13 per cent. Even if this share of the imports to the Norwegian market was extremely high, his delegation was of the opinion that the Arrangement had been a useful instrument in securing orderly marketing of cotton textiles, and had given the exporting developing countries a fair share of the increase in imports.

37. The representative of Sweden said that imports of cotton textiles increased from \$113 million in 1967 to \$122 million in 1968. The developing participating countries increased their exports to Sweden by as much as 222 per cent during the years 1961 to 1968. Their share of total imports increased from 14 per cent in 1961 to 26 per cent in 1968. Furthermore, in 1967 Sweden had the highest proportions among Group I countries as regards imports and net imports to estimated apparent consumption of all cotton goods. The figure for 1968 was higher than that registered in 1967. On the other hand, Swedish production of cotton yarn and cotton fabrics continued to decline.

38. The representative of the United Arab Republic said that cotton was the mainstay of the Egyptian economy with its various sectorial activities. Output of cotton yarn and fabric increased over the past seven years by about 50,000 tons or 25 per cent more than the 1962 level. The hope was entertained that this modest rise represented by an average annual rate of 3.5 per cent would be accompanied by a parallel increase in exports to importing participating countries. Unfortunately, the operation of the Arrangement over the past five years had shown a negative result of 12 per cent, despite the fact that his country had observed the provisions of the Arrangement by accepting and adhering to the bilateral agreements and quota limitations by several importing member countries. In this connexion, however, the liberalization of cotton imports by Denmark was very much appreciated by his delegation. This was, in his view, a step in the right direction and he urged that other importing countries should follow suit to honour the objectives of the Arrangement.

39. In conclusion, he said that his delegation was concerned about the severe competition from man-made fibres which had shown a disturbing effect on the market for cotton textiles.

40. The representative of India, referring to the Preamble to the Arrangement said that it was quite obvious by reading the intention proclaimed in this Preamble that the basic objective was expansion, with particular reference to assisting the developing countries and keeping in mind the declaration on the promotion of trade of less-developed countries adopted by Ministers. As a result of repeated admonition and pointing to these main objectives, in the last two or three years there had been a much greater tendency and willingness on the part of the developed countries to achieve some implementation.

41. Referring to difficulties encountered by India, he mentioned, in the first place, the problem of handloom products. The interpretation of his delegation of Article 9 of the Arrangement was that anything made on handlooms in the cottages or in units with a small number of handlooms - the fabrics and anything produced therefrom, were totally exempt from the provisions of the Arrangement. The other view advanced by some developed countries was that Article 9 specifically excluded only handloom fabrics of the cottage industry and nothing made therefrom. This was a very important point of difference and a solution should be found. Handloom fabrics made on cottage handlooms, i.e. the cloth by the piece, would be hardly a saleable item in any large quantities for reasons of competitive efficiency. It was in particular forms where designs were unique and the articles could be supplied only in small quantities that these particular fabrics had a chance of being sold. Items made on looms such as towelling, towels, pillowcases, bed sheets and handkerchiefs, and similar products, could hardly be called made-up articles.

42. He mentioned the difficulty of categorization and sub-categorization of items which militated against planning for production in Indian mills and inhibited export promotion efforts. Another difficulty encountered was that in one or two cases the administration in regard to the quantum of arrivals was extremely harsh and arbitrary based quite often on incorrect statistical material. There were further difficulties over certain administrative procedures in regard to the licences under the arrangements in one or two countries.

43. He said that a new kind of difficulty had appeared over the horizon in the last year or eighteen months. The economic difficulties which some countries were passing through had made it necessary for them to devise highly-restrictive measures; for instance, covering imports with a large value deposit. In one such case, largely because of the impact and the effect of this measure, India had been able to sell only half its quota in this market. He submitted that these measures only transferred the balance-of-payments difficulties to others who were in a much less able position to shoulder these disabilities and intensified their balance-of-payments difficulties. He therefore appealed that in such contingencies the balance-of-payments difficulties of the exporting countries - particularly if they were developing countries - should be especially borne in mind.

44. He said that there was also the valuation problem. There was an arbitrary valuation in some countries. On this, his delegation felt strongly that there was a great deal of fallacy in regard to cheapness. The basic objective of export trade was to earn the maximum possible amount of foreign exchange. Moreover, governments did not countenance cheap sales of fabrics very much below what they could fetch as a fair price on any particular market. His Government constantly resorted to the imposition of export duties and to expedients such as State trading etc., in order to prevent this leakage of foreign exchange earnings.

45. The representative of Pakistan reiterated the views that his delegation had been expressing in the previous meetings that the Arrangement, which was of a temporary and transitional nature, should lead as quickly as possible to the ultimate goal of liberalization of international trade in cotton textiles and that necessary adjustments should be made to achieve this objective. Pakistan was confronted with balance-of-trade problems which obviously hampered its plans for economic development. In this context, the growth of textile exports was of great importance to his country.

46. Referring to the problems raised by some developed countries in the field of non-cotton textiles, he said that his delegation was of the view that cotton textile problems should be tackled separately from that of other textiles not covered by the present Arrangement. In this context he drew attention to Article 1 of the Arrangement. As for the working of the Arrangement in its seventh year, he said that there was some improvement in utilization of the quotas due to revival of demand in the importing countries and some measures of simplification in import procedures agreed to by the EEC countries. Pakistan had fully utilized its quota for the United States market. In the United Kingdom, apart from the country quota which was fully utilized, Pakistan shared in the global quota with other countries. Excessive fragmentation of quotas into categories and sub-categories continued to pose problems particularly in cases where the ceilings were already low.

47. He further pointed out that the quotas in the EEC countries had not been fully utilized due to certain procedural difficulties that still persisted. He cited the instance of the French quotas, the present procedures are too cumbersome

and had retarded exports. He therefore urged further simplification of procedure and greater flexibility among categories to achieve better utilization of the quotas. He mentioned that initially the quotas allocated to his country were, on the whole, highly inadequate and they hoped for further improvements by mutual discussions.

48. The representative of Greece said that the way the Arrangement had been implemented was of great concern to his country. The restrictions imposed by the importing countries under the Arrangement had affected adversely and seriously the economies of the developing countries which had neither the means nor the infra-structural pre-requisites for an industrial adjustment and employment redistribution. These restrictions, he believed, were not in accordance with the letter and spirit of the Arrangement. He drew attention to the fact that the modernization and expansion of the Greek cotton industry, had been achieved against heavy expenses and serious financial burdens. This rehabilitation was motivated by the recommendations of international economic bodies that the developing countries should diversify their production by making every possible use of their natural resources and domestic raw material. However, the restrictive measures which were still being applied hampered the development of the industry.

49. The representative of the Republic of China referred to certain difficulties his country had experienced under the Arrangement. The quotas allocated by importing countries to Taiwan started at very low levels; this made export opportunities very limited. The sub-division of these small quotas into many categories and the rigid application of these limits made it difficult for the cotton textile industry in Taiwan to utilize fully the assigned quotas. He pointed out that the quotas fixed to some other countries were ten times greater than that allocated to his country if calculated on the same number of spindles. He said that the exportation was limited, not because of the Arrangement as such, but because in certain cases the Arrangement was unfairly operated. He therefore felt that an improvement in the administration of the Arrangement was necessary and he hoped that this recommendation would be taken into consideration by the importing countries.

50. In summing up the discussion, the Chairman listed some of the views expressed by both exporting and importing countries in connexion with the review of the Arrangement and the problems encountered by them in its implementation.

II. Adjustments in the cotton textile industry

51. The Chairman recalled that the Committee, during its last meeting held on 22 October 1968, discussed adjustment measures notified by importing participating countries in compliance with the conclusions adopted by the CONTRACTING PARTIES on 24 November 1967. Following the discussion in the Committee it was agreed that additional information should be collected and that the secretariat, in consultation with delegations, should prepare a study on adjustment policies as well as on the adjustments that had actually occurred in the cotton textiles sector. This study had been prepared by the secretariat on the basis of replies by participating countries to the questionnaire drawn up for this purpose and was before the Committee in Parts III and IV of document COT/W/115.

He expressed gratitude to IFCATI for the valuable help rendered by them, and also to the International Cotton Advisory Committee for supplying advance data on mill consumption of the different apparel fibres in 1968.

52. Many members of the Committee expressed appreciation of the Study on Adjustments prepared by the secretariat and found the factual information contained therein most useful. It was, therefore, suggested that participating countries should continue to report to the secretariat on development in the field. A summary of the discussion, which took place in the Committee, on adjustments is given in paragraphs 53 to 81.

53. The spokesman for the European Economic Community said that although the process of adjustments in the cotton industry began prior to the Arrangement there was no doubt that, since its coming into force, this movement had gained impetus under the influence of four essential factors: (i) growing pressure of imports on an increasingly open market; (ii) conjunctural crises which periodically affected the industry; (iii) technological developments and (iv) the various measures applied in certain member States. Between 1962 and 1968 there was substantial contraction of overall employment from 500,000 workers to less than 350,000. As regards equipment, spindles declined from 18 million to 14 million and looms from 369,000 to 243,000. These figures revealed that the equipment contraction effort made in the Community was by far the most important because, for the period considered, it reached: for spinning, 24 per cent as against 17 per cent for Group I as a whole, and for weaving, 28.2 per cent as against 25 per cent. This result was attributable to the action taken by the governments of the member States. In this connexion, he mentioned the essential features of the specific adjustment measures taken by the Governments of the Netherlands, France and Italy (COT/W/115).

54. He underlined that, in addition to these specific measures, cotton textile undertakings in all the member States could benefit from fiscal, financial or social aid under provisions that were either of a general character or were designed to promote the adjustment of less-favoured areas or the reconversion of undertakings.

55. He pointed out that important studies were in hand at the present time in the Community's institutions with a view to examining in detail the actual structure of the various textile industries, in order to determine what measures could be contemplated at Community level. These measures would speed up still further the rationalization and adjustment of the sector to new economic and technological conditions, in a harmonious way and within the framework of the Common Market. In these studies, particular attention was of course being given to the cotton industry.

56. In conclusion he said that although the process of adjusting this sector to new world conditions was already well under way, it was not yet completed. The Community and national authorities, as well as those responsible within the sector concerned, were firmly resolved to do everything possible in order to attain that objective.

57. The representative of Poland referred to his statement in the Committee on Trade and Development on 4 November 1968 (COM.TD/60/Add.13). In this statement he had mentioned that special attention had been given by his Government to changes in certain patterns of the textile industry with a view to enabling more imports of semi-finished and finished articles from the developing countries. Reviewing changes in the cotton textile industry, he said that there was a fall in overall employment from 143,300 in 1967 to 141,600 in 1968. This fall was apparent in both manual and non-manual labour. The number of firms went down from 227 in 1960 to 212 in 1968. With respect to the number of machinery, spindles continued to decline while looms remained static during recent years.

58. The representative of Spain said that in view of the serious recession in 1967/68, the cotton textile industry had submitted a plan for its reorganization to the Government which the latter had approved by the Decree of July 1969. The plan, which was optional for all firms, provided for the scrapping of 8,800 looms and 300,000 spindles. It prohibited the installation of new plants or the development of existing production facilities. The Government and the remaining firms would finance the loss of those firms which closed down. The plan was mainly concerned with the social aspects such as, among others, the reallocation of workers. It was, however, the obligation of the remaining firms to employ as many as possible of the workers becoming redundant as a result of the restructuring of the industry.

59. In conclusion, he said that the objective of this plan was to secure an equilibrium between supply and demand, reduce the number of factors of production and units, improve productivity and stimulate concentration.

60. The representative of Austria said that the continuous process of adaptation of the cotton industry to changing market conditions and modern requirements had brought about substantial structural adjustments in the Austrian cotton industry. Between 1960 and 1969 production factors experienced considerable decline: enterprises by 37 per cent; spindles by 27 per cent; looms by 42 per cent; and employees by 29 per cent. This decline was reflected in the production index.

61. These structural adjustments were the result of measures taken by the industry itself. There were no legislative or governmental measures designed specifically to assist adjustment in this industry, nor were such measures under active consideration. However, some measures had been adopted by the Austrian Government to facilitate investments and structural adjustments in industry generally, such as accelerated depreciation allowances, the establishment of investment reserves, tax relief provisions, the promotion of research and granting of credit guarantees. However, it might be assumed that the legislation in question would not produce tangible results for the cotton industry.

62. He pointed out that no increase in production capacity had taken place as a result of the adjustments made by the Austrian cotton industry. He urged that industrialized importing countries should likewise try to avoid any significant increase in output so that increasing consumption, if any, could also be shared by the developing countries. The contraction of the Austrian cotton industry

related mainly to enterprises producing fabrics of the kind produced by weaving mills in developing countries. In this way Austria had contributed substantially to a solution of the world-wide problem of production capacities in the cotton textile field.

63. The representative of Norway said that the manpower engaged in the Norwegian textile industry had decreased steadily during the last years; from 1966 to 1968 the decline was 12 per cent. In the cotton textile industry alone the number employed decreased by 20 per cent from 1967 to 1968. This trend had continued so far in 1969. Most of this contraction hit regions where there were few, if any, alternatives for other employment. The Norwegian Government had this problem under continuous consideration in order to find solutions within the framework of its international obligations. He added that his Government had appointed last year a special commission to study the textile industry. The report of the commission was expected to be published shortly.

64. The representative of the United Kingdom said that the domestic cotton textile industry had been a continuing problem since before the war. Over the years various policies had been tried to deal with this situation. In 1959 the Government tried a major scheme of scrapping and re-equipment. Then in order to deal with the growing problem of imports, the Global Quota Scheme was introduced. However, imports had increased, especially from developing countries.

65. Following the introduction of the Global Quota Scheme, the Government invited, in 1966, the Textile Council to examine means of improving the productivity and efficiency of the industry. The Council reported earlier this year and they made a number of important recommendations in fulfilment of their mandate. These recommendations were addressed, some to the industry itself and some to the Government.

66. The Council recognized the paramount need for the industry to reduce its costs in order to become more competitive with other industrialized countries. This, they considered, meant that substantial new investment would be required in plant and machinery in the industry between \$100 million and \$150 million by 1975. They also considered that this new machinery must be operated on a 168-hour multi-shift basis.

67. The recommendations which were addressed to the Government were twofold. In the first place, the industry sought financial help for the investment which they had identified as being necessary. This the Government had refused. The Council had also recommended that there should be a substantial restructuring of the industry, and particularly that it should become more vertical in character. While the Government was not specifically asked to assist in this respect, it had in fact taken certain measures. It had, therefore, in the year under review, appointed two consultants to advise on the best methods of effecting amalgamations within the industry which could lead to greater efficiency. There were already in this section of the industry some very substantial firms by world standards. It

was not expected that the answer to the industry's problems would lie in the creation of more large firms. In fact the Government had taken certain steps to ensure that there were to be no amalgamations between the large firms in the Lancashire industry for a period which had not been specified. The hope was that, during this period, smaller firms would form themselves into the nuclei of more efficient productive units than hitherto. The Government was not at present putting money into this particular exercise, although the Industrial Reorganization Corporation was available for assistance and advice.

68. The second main recommendation of the Council which was addressed to the Government concerned the protective régime. The Council concluded that none of the measures they had suggested would in themselves be adequate unless the question of import penetration was tackled. In this respect they identified the system of duty-free entry of imports from a number of sources as being a major contributory cause to the underlying problem of the industry. It was recognized that the quota system had proved inadequate, certainly to the needs of the United Kingdom industry. As a result the Textile Council recommended that instead of a system of quotas there should be a tariff on duty-free imports from the Commonwealth; this would provide a more predictable and stable basis of protection. The Government, after very careful consideration, decided to accept this recommendation taking into account that the tariff was the normal means of protection for industries recognized by the GATT.

69. From enquiries made within the industry in the United Kingdom the Government had satisfied itself that investment would be more readily forthcoming if a tariff was introduced at the beginning of 1972, when the quotas would disappear. Despite the new investment, the industry would continue to decline in size. It was expected that employment in the industry would have gone down by a further 40 per cent by 1975. The number of firms in the industry would have diminished by two thirds by that date, and the number of mills by a half. Thus, the Government was not being unduly protective, nor putting money into new investment. It was merely giving the industry an opportunity to compete under the protection of a moderate tariff on equal terms with other developed countries.

70. He said that they felt able to take these decisions in the British industry because the situation in textiles was changing so rapidly. The textile industry, which was marked in the United Kingdom by a new technology, new processes and new fibres, was by and large a prosperous industry and a growth industry. He believed that this was the same in a large number of other countries, certainly in the developed countries. However, there was the particular problem of the cotton sector. It might be that certain elements of this problem would spill over in time to other sectors, but he believed that the considerations there would be quite different from those which had pertained in cotton. There would be different factors, much greater capital intensity, different fibres, not necessarily those produced by the developing countries themselves. Thus, during the deliberations about the future of the Arrangement, these factors should be borne in mind.

71. The representative of Sweden said that developments in the domestic cotton textile industry continued to be characterized by adjustments, mergers and close-downs. International competition as a result of Sweden's liberal trade policy had forced the industry to such structural adjustments. In the 1960's the number of units declined considerably; further close-downs were expected. Between 1960 and 1968 the number of spindles and looms decreased by about 55 per cent and likewise production of cotton yarn went down by about 45 per cent. The number of employees had followed the same course. The cotton textile industry in Sweden was mainly concentrated in one single area where almost all inhabitants were directly or indirectly dependent on textile production. This fact constituted a particular difficulty for the adjustments of the cotton industry.
72. In conclusion he reiterated what he had said at previous meetings in connexion with the difficulties encountered from the diversion of trade flows to the more open markets. He therefore urged participating countries to keep the problem in mind when reviewing their restrictions.
73. The representative of Canada, after referring to the information on adjustments in the Canadian textile industry set out in COT/W/115, informed the Committee that his Government had initiated a full-scale review of the Canadian textile industry. This review was designed to examine the present situation and future prospects for the industry.
74. The representative of India recalled what he had said at last year's meeting, that "the structural adjustments seemed to be happening very gradually. However, the information notified in COT/105 and addenda would need careful examination because these 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." He said that his fears of last year seemed only to be borne out even more markedly in what had been said this year. There was a certain amount of pleasure expressed by developed countries that man-made fibre production was on the increase in some of these countries whereby further investment in this field had been undertaken.
75. He recalled that, in the objective of the Arrangement, special emphasis was put on promoting the development of less-developed countries possessing the necessary resources such as raw materials, technical skills, etc. It seemed to him that, in the process of adjustment, not enough attention had been given to this factor. It was regrettable to see government action being taken in the form of abruptly and suddenly changing an existing system, abolishing the quota, introducing tariffs where there were none, etc. which could but lead to fresh investments not only in the cotton field but in the fields which could be substitutes for cotton fabrics. He stressed that this was of major concern to his country and needed to be carefully examined.

76. He accepted the general principle that protective regulation by tariff should be possible, certainly in most circumstances, rather than a regulation by quota. However, there were special circumstances which should be considered in this context. For thirty-seven years the production and marketing methods in India had been geared to the United Kingdom market on the basis of duty-free entry. For India to be told that in only two years from now they would pay a tariff of 15 per cent was unsettling, while some developed countries would enjoy duty-free entry. This created a situation which was and continued to be considered seriously in bilateral discussions between both Governments. He hoped that jointly they would find an equitable solution.

77. Turning to the problem of cotton and substitute fabrics, he questioned the rationale behind government action taken to encourage further new investment in fields which could but affect cotton textile and man-made fibre blended fabrics exported from less-developed countries. The rationale of the argument whereby the developed countries wished to protect themselves against man-made fibre fabric imports (for instance under Article 6 of the Long-Term Arrangement) should also similarly be used for the assistance of the developing countries, by not taking government action which might reduce the intake of imported cotton fabrics but increase the production of man-made fibre fabrics inside the importing countries themselves. He said that it was regrettable to hear of the declining importance of cotton and added that it would be in the joint interest of all participating countries that cotton should be given a few years of time yet to reign in this world.

78. In conclusion he said that the problem was a complicated one and needed a great deal more informal discussion and, at a later stage, formal discussion, before any satisfactory solution could be found.

79. The representative of Japan said that the Japanese textile industry had suffered for a long time from structural problems such as the existence of a number of small-scale firms, delay in modernization and the existence of excessive out-dated equipment. This situation was further aggravated by a sharp rise of wage rates of the order of 15 to 18 per cent annually in the past three years and the rising increases of cotton textiles imports from developing countries.

80. To cope with such a situation, the Government had enacted the Law on Provisional Measures for Structural Reorganization of Specified Textile Industries and was currently carrying out five-year modernization programmes of the industry. The five-year programmes started in 1967 regarding the spinning and weaving industries. These programmes, which were carried out upon the initiative of enterprises with the assistance of the Government, aimed in the first place at modernization of equipment. The Government provided certain adjustment assistance measures, such as public loans, to firms which attained certain specified guidelines, namely the shift to higher capital intensity and sophisticated end products.

The second aim was to optimize the scale of firms through mergers or groupings of small-scale firms below the specified standards established by the Government for this purpose. Thirdly, the scrapping of out-dated surplus equipment. In the spinning sector, a certain number of spindles had been simultaneously scrapped by concerted action of all the enterprises belonging to the industry in accordance with the guidance and standards given by the Government; the finance of this programme was shared by enterprises. In the weaving sector, the public loan was only extended to those weavers prepared to scrap surplus equipment.

81. The representative of Japan said that these structural reorganization measures were still in process and were being carried out fairly smoothly. He drew the attention of the Committee to the necessity and desirability of adjustments and urged that the utmost effort should be made in this respect.

III. Discussion concerning the future of the Arrangement

82. The Chairman said that the Committee was required to discuss, pursuant to Article 8(d), the question of the extension, modification or discontinuance of the Arrangement. On the basis of the debate the Committee had had on the review and on adjustments, it would inaugurate the discussion on the future of the Arrangement, thus proceeding with preliminary exchange of views. He recalled that the last time the Committee fulfilled its obligations under Article 8(d), it initiated discussion on this issue and then adjourned until a later date to allow for bilateral consultations between the participating countries concerned. After these bilateral consultations were satisfactorily completed, the Committee resumed its discussion and arrived at its final decision on this question. He said that it might be that the Committee would wish to follow a similar procedure on this occasion. This was agreed.

83. The spokesman for the European Economic Community, in his statement, which is reproduced in full in document COT/W/119, said that the European Economic Community had not yet determined its definitive position as regards the future of the Arrangement. At the present time, its position was entirely open to the possibility of renewing the Arrangement.

84. He said that the Arrangement had enabled the European Economic Community to progressively increase possibilities of access to its market. In this connexion, he referred to quota increases in pursuance of Article 2, and to the conclusions of bilateral agreements under Article 4. He also recalled that the first extension of the Arrangement had enabled the Community to grant tariff concessions in the textile sectors where tariffs were already low.

85. He pointed out that developments in production of and trade in cotton textiles showed that the objectives set out in the preamble to the Arrangement, designed in particular to promote the development of trade of less-developed

countries, had been largely observed. Statistics revealed that between 1960 and 1968 the developing countries increased considerably their machinery and production in both the spinning and weaving sectors, while developed countries experienced falls in machinery as well as in output. Cotton textile exports from the developed countries increased by only 21 per cent, whereas developing countries had achieved an increase of 96 per cent.

86. Commenting on the problem of non-cotton textiles, he said that if detailed examination showed that problems existed, then it might be opportune to study, in the context of the GATT, equitable solutions that would avoid isolated or bilateral action.

87. The representative of Japan said that the Arrangement, as laid down in Article 1, had been regarded as an exceptional and provisional measure in order to give a breathing-space to the cotton textile industries in the advanced importing countries for their industrial adjustment. This measure was put into effect in 1962 for a period of five years, and was extended in 1967 for an additional three years. There was, in their view, a danger of perpetuating an exceptional and provisional measure.

88. He further stressed that, although the Arrangement aimed at a reasonable and orderly development of cotton textile trade by placing an obligation on participating countries which maintained residual restrictions on cotton textiles to progressively relax them with a view to their elimination, the efforts for the relaxation of these restrictions were still far from sufficient. Moreover, the actual operation of the Arrangement had tended to be extremely restrictive because of the establishment of excessively small quotas, minute categorization, limitations on flexibility, etc.

89. In conclusion, he said that in the light of the above-mentioned factors, the Government of Japan had felt and continued to feel that the extension of the Arrangement was, as a matter of principle, not desirable for the healthy development of trade in cotton textiles.

90. Later in the discussion, the representative of Japan suggested that the Committee should meet within a short time to continue its discussion of this issue. At that meeting, he would expect to hear the reasons why certain countries supported an extension of the Arrangement. Referring to the suggestions made by the EEC and the United Kingdom concerning the problem of non-cotton textiles, he said that he was not in a position to respond immediately to their suggestions. He would, however, report the matter to his Government.

91. The representative of the Republic of Korea said that his country had acceded to the Arrangement on the understanding that it was merely a transitional measure and that importing countries would liberalize the trade in cotton textiles by adjusting their cotton textile industry as soon as possible. He regretted, however, that progress made in the liberalization had been far from satisfactory.

92. In an effort to contribute to freer world trade, his country liberalized import régimes in 1967 by adopting Negative List Systems, even under adverse positions of balance of payments and despite the various unfavourable economic and social conditions at that time. He believed that, in discussing the future of the Arrangement, the principles of world trade liberalization should be kept in mind. He reiterated that the liberalization of trade in cotton textiles should be realized at the earliest possible date and, therefore, further extension of the Arrangement was no longer necessary.

93. In conclusion, he expressed deep concern about the statements made by certain representatives concerning the trade in non-cotton textiles and added that it was hoped that any new move which would adversely affect free trade would not be made.

94. The representative of the United Kingdom said that by September 1970, when the Arrangement would have been in force for eight years, they would certainly be bound to conclude that imports from the developing countries still accounted for a very small percentage of consumption of cotton textiles in most developed countries. There seemed to have been at least two reasons for the Arrangement not to have achieved the expectations which were held out to the developing countries in 1962. The first related to the concept of market disruption. Importing countries had shown that they had no uniform or harmonized standards by which they judged whether the level of imports was such as to cause serious damage of the kind described in the Arrangement. At the same time, it was clear enough from the statistics of relative market penetration by imports, that the major importing countries had very different views about their obligations under the Arrangement. The second shortcoming was that the operation of the Arrangement offered little prospect that there would ever be any equalization in the performance of the importing countries.

95. There was a further and vital point which should be kept in mind in the coming months. That was the changing nature of the problem which faced the cotton textile industry in the developed countries. Since 1966, the switch to woven man-made fibre and knitted goods had resulted in a tremendous decline in the demand for cotton goods, which, combined with rapidly increasing productivity in the industry, had in turn resulted in a more than proportionate decline in employment. Adjustments had been reported to have taken place in the cotton industries of the developed countries but, bearing in mind that in at least some cases the proportion of imports from the developing countries was of the order of 5 per cent or less, it was obvious that the difficulties of the industry were not going to be solved by the regulation of imports.

96. In fact, the problem was the continuing one of an increasingly less important sector of a large and prosperous textile industry. The problem which the Arrangement set out to solve was one in which a number of developing countries were able to compete very strongly in the market of the developed countries, in circumstances where many of their European competitors were making use of an outdated technology. In these conditions, low wages in the developing countries were necessarily decisive. However, these conditions no longer obtained to anything like the same extent. There was still a problem of adjustment. The easiest measure was for the cotton industry to switch to the use of man-made fibres. The United Kingdom had not been very successful at this.

97. The representative of the United Kingdom, referring to the question of non-cotton textiles, said that although it was arguable whether this question was one for discussion in this Committee, it was quite clear that, in the view of some, there was a problem in this field. The United Kingdom had taken the view from the facts at present available that the problem, if it existed, was not on a scale to warrant action on the lines of what was being done in the field of cotton textiles. Nevertheless, if some contracting parties thought that there was a problem, some opportunity should be found in GATT for discussing its scope and significance. If a proposal was made for such discussion, they were not going to dismiss it out of hand. Secondly, it was feared that arrangements securing restraints negotiated outside the framework of the GATT rules would inevitably produce important side effects and might lead to adverse developments in the field of trade liberalization.

98. Turning to the future of the Arrangement, he said that since the United Kingdom was proposing to rely, as from 1 January 1972, on the tariff for protection, they would be content to see the Arrangement come to an end in 1972. In any event, they believed that thinking should now be directed towards the eventual termination of quota restrictions and, if the Arrangement was to be extended for a further period, the intention should be, in their view, to work towards its termination in two or three years and to take steps, during any period of extension, to progressively relax the Arrangement's provisions.

99. The representative of India said that the Arrangement had been looked upon, firstly, as a means of developing world trade and promoting economic expansion positively, with particular reference to the development of less-developed countries; secondly, as a means of assisting in necessary adjustments in the industry. Thus, the Arrangement had been regarded as a transitional device. Whether the period of transition was over and whether the Arrangement had to continue in the same or in a modified form was a very complex matter, calling for judgment of a political nature, taking into account all relevant social and economic factors.

100. It was the view of his delegation that the adjustment was not proceeding in the way in which the idea had been conceived. It seemed that in several developed countries the cotton textile industry was not only reviving itself to produce

mixed fabrics and man-made fibre fabrics, but actually expanding, in spite of grave labour shortages in many of these countries. It seemed, therefore, that the purpose for which the Arrangement had been negotiated and put into force had not been fulfilled. In fact, the implementation had been working in a somewhat negative way of keeping a restraint on the textile industries of the developing countries. Under this restraint, the domestic industry in the developed countries had diversified itself in such a way that the opportunities for the developing countries of diversifying themselves, producing what they could with their raw materials and skills and exporting and earning more foreign exchange; had been hampered rather than helped. If the Arrangement had not served the purpose for which it had been negotiated, the remedy would obviously not be to leave the developing countries to their own resources in a world of changing technology. It would, therefore, be his submission, which he maintained strongly, that the objectives should be kept in view with the idea of finding out what could be done to help the developing countries, perhaps by modifying the way of thinking or administering the working of the Arrangement, if necessary, in a newly-negotiated form so that the objectives would be fulfilled and not frustrated.

101. In India's view, tariffs and quotas should be discussed together because both had a bearing on the capacity of the developing countries to diversify their exports and increase their earnings of foreign exchange. Thus, after tangible protection had been given to the domestic industry of the developed countries through a system of quotas under the Arrangement, high tariffs should certainly be brought down very considerably and, if possible, eliminated in the context of the general scheme of preferences for developing countries or otherwise. In this connexion, he recalled what he had said at the last meeting and urged that developed countries should not include cotton textiles in the exceptions lists but should, in fact, include them in the scope of the application of the general scheme of preferences. He added that the reduction in tariffs obtained during the Kennedy Round was in many cases small and not satisfactory.

102. Referring to the question of growth rates under the Arrangement, he said that developing countries which had a small base in certain markets were not satisfied with the rate of growth granted to them in the negotiations. There should be a much larger growth of trade permitted to developing countries than to competing developed countries. With regard to the procedures of implementation, the problems of categorization, import deposits, licensing procedures, flexibility between groups, carry-overs, etc., these needed to be satisfactorily resolved.

103. In conclusion, he said that it might well be that, after due consideration and after improvement and modification, some regulating arrangement could be continued for a limited period and be reviewed after a short time. However, it was the view of his Government that, taking into account all of these aspects, a great deal of intense informal consultation was necessary before reaching a definitive standpoint in regard to the question of the future of the Arrangement after 30 September 1970.

104. The representative of Spain said that he was of the opinion that the Arrangement had not been fully satisfactory. He was not opposed to a certain order in international trade of cotton textiles as long as there were efficient guarantees for exporting countries. If a decision were to be taken to extend the Arrangement, he thought it advisable to introduce some modifications which would mean, for the exporting countries, better guarantees for the safeguard of their interests as well as more flexibility and improvement in the application of restraints imposed by the importing countries.

105. The representative of Portugal recalled that exporting countries had accepted the Arrangement as a temporary and painful solution to assist in the required adjustments. It was in this spirit that his Government had accepted the Arrangement and the Protocol extending it. With respect to adjustments, he said that it was opportune that the relevant study had been prepared and thought it would be useful if this information could be supplemented. He stated that the efforts which had been made by certain countries in the field of adjustment, and the problems which had arisen in this connexion, had his Government's full support and comprehension. Nevertheless, it was not admissible, in his view, to subscribe successively to extensions which would have the effect of rendering an exceptional situation definitive. To recall that seemed particularly opportune at a time when new developments were to be feared in the textiles sector.

106. The representative of the United Kingdom, speaking on behalf of Hong Kong, said that eight years should be long enough for a temporary Arrangement to last and for the required adjustments to be made. However, if the general consensus should prove to be that the Arrangement should be extended, Hong Kong would hope that some consideration might then be given to the question of whether the Arrangement could be improved. A priori it would seem that after eight years' experience of the operation of the Arrangement, quite a number of ideas on possible improvements should have emerged.

107. He reiterated the two points he had previously made. The first point was that Article 2 had had its day; it was essentially even more temporary than the Arrangement itself. The second point was that more precision should be given to Article 4 to secure that the arrangements under this Article were not less favourable than those which would have been provided for by Article 3.

108. He emphasized, however, that, in mentioning these points, Hong Kong was not suggesting any wholesale amendment of the Arrangement. No formal document could provide in detail for every case. A great deal depended on the spirit in which bilateral consultations were held, on the willingness of both sides to see each other's points of view and, when the consultations had been concluded, the setting up of administrative arrangements ensuring that the maximum possible use was made of the trading opportunities provided for. Nevertheless, he believed that some modifications to the benefit of both importing

and exporting countries, might be worth considering so long as such modifications were consistent with the aims of the Preamble of the Arrangement.

109. The representative of Denmark said that his Government believed that a modest protection of the Danish textile industry was still necessary. The Arrangement, in their view, had served a useful purpose and a function which was needed also in the immediate future. His Government was therefore of the opinion that the Cotton Textiles Arrangement should be prolonged for another three-year period.

110. The representative of the United Arab Republic said that his Government had accepted the Arrangement on the understanding that it was temporary in nature, in the sense that it had to serve, inter alia, as an instrument to assist in adjustments. By the end of the fifth year, his Government also subscribed to its extension as it had then been found necessary to give a longer span of time for the importing countries to achieve the required adjustments.

111. Contrary to what had been expected, cotton textile exports from the United Arab Republic had worsened under the extended Arrangement, where non-expansive quotas were either maintained or pursued by certain countries together with the imposition of severe restrictions.

112. He stressed that the Arrangement, in its present form, had fallen short of all expectations and urged that importing countries should adopt a more liberal attitude towards the cotton textile trade which represented great hopes for developing countries. Thus, his delegation found themselves in a position where they could not agree to a further extension of the Arrangement in the form in which it had been applied.

113. The representative of Norway said that his Government would favour a prolongation of the Arrangement and would like to take part in the negotiations which might be held in this connexion.

114. The representative of Sweden said that his Government considered it advisable to extend the Arrangement, approximately in its present character and form. He expressed hope that agreement on an extension of the Arrangement would contribute to a better balance between importing countries.

115. The representative of Jamaica referred to two points as being the most important that had emerged from the discussion. The first was the effect of the Arrangement on trade in cotton textiles, and the second related to adjustments.

116. Commenting on the first point, he thought it was true that the Arrangement had provided a set of guidelines for the functioning of world trade in cotton textiles during the last seven years and had permitted a reasonably orderly development of this trade. Thus, it could be said that the Arrangement had served a purpose over the last seven years. However, the declared intentions in the Preamble to the Arrangement had not been met to anything like the extent that was indicated when the Arrangement was first negotiated. Many importing countries had reported increases in imports but it was not certain that this would continue as a firm and positive intention.

117. Referring to the adjustments which had been made, he questioned what effect these adjustments would have on the desire or the need of developed countries to offer a significant market for the exports of developing countries. It seemed to him that there must inevitably be fear that the Arrangement, or an extension of it, could only give the developed countries the breathing space they needed to counter the market advantages which the developing countries had. It seemed to him that it might be necessary for the Committee to meet again in the near future to deal with this particular question.

118. The representative of Austria said that his Government was of the opinion that the Arrangement had been a useful instrument for the orderly development of world trade in cotton textiles, and that it should be extended in its present form. Difficulties arising from the implementation of the Arrangement should be settled through bilateral negotiations. He added that his Government was prepared to enter into bilateral consultations with exporting countries, if contacted, with a view to determining mutually acceptable conditions for the continued application of the Arrangement.

119. The representative of Finland considered that the Arrangement had contributed to the orderly development of trade in cotton textiles and thus had benefited both importing and exporting countries. In his opinion, it would continue to do so in the future, if import restrictions were applied with moderation and if they were gradually relaxed. His Government, therefore, would favour the prolongation of the Arrangement.

120. The representative of Poland said that his delegation had not yet determined its definitive position and that bilateral consultations had to be continued before taking a stand on the future of the Arrangement. However, in their view, the Arrangement provided for a code of conduct and had been useful. It seemed to him that the important question was not really whether the application of the Arrangement had or had not fully lived up to its objectives but rather what would have been the situation in the absence of the Arrangement. Thus, the importance of the issue under review needed serious consideration and, therefore, he would support the suggestion that the Committee should meet again in the near future to continue the discussion on this subject.

121. The representative of Pakistan recalled that the Arrangement had been conceived as a temporary expedient. When considering its future, the basic objectives should not be lost sight of and this temporary measure should not be converted to a permanent one. The best course would still be to terminate the Arrangement. However, if continuation of restrictions for some time more was felt to be necessary, he would concede reluctantly to the idea of a further extension for a limited period of time.

122. He urged, however, that suitable modifications should be made of some of the provisions of the Arrangement that had impeded its satisfactory working. He suggested that these modifications should be on the basis of better access to the markets of the developed countries and further liberalization of the restrictive provisions of the Arrangement with a view to early attainment of the free trade objectives. With the technological developments and the adjustments which had and continued to improve the competitive position of the industries of the developed countries, the proposed improvements should not pose any problems for their industries.

123. The representative of the United States, in his statement which is reproduced in full in document COT/W/118, referred to the changes which had taken place in world trade and production of textiles, and the emergence of today's multi-fibre industry. He expressed his Government's major concern on the tremendous surge of man-made fibre and wool textile imports. In their view, the dramatic growth of these imports, which had far out-paced the growth of the United States market, carried with it the same serious problems of market disruption that existed for cotton textile products at the time the Arrangement was negotiated. Action taken by a number of importing and exporting countries to regulate the flow of trade in these goods had the effect of channelling exports to the United States' unrestricted market. This situation, therefore, required an international solution.

124. The representative of the United States said that his Government fully recognized the importance of this trade to the exporting countries but, while it was prepared to accept a reasonable growth in textile imports, it was determined to ensure that this must be on an orderly basis and that the growth in the United States market was shared equitably by both domestic and foreign manufacturers. Overall United States imports of cotton, wool and man-made fibre textiles were at an annual rate this year of 3.7 billion square yards, compared with 3.3 billion in 1968 and 1.5 billion in 1964.

125. There were many people in the United States who felt that the only viable solution to the textile problems they faced should be attained through import quotas enacted in legislation. However, the United States Government was of the opinion that it would be a more appropriate alternative to negotiate an acceptable international arrangement which would establish a reasonable and orderly basis for the development of the United States textile market and for the continued growth of United States textile imports.

126. In conclusion, the representative of the United States supported the continuation of the Cotton Textile Arrangement beyond 30 September 1970.

127. At a later stage, the representative of the United States said that he did not believe that the objective facts of the situation confirmed the statements which had been made by some exporting countries that the Arrangement had failed to work out in a generally satisfactory manner. Examination of import statistics had revealed an impressive increase in imports by importing developed countries since the coming into force of the Arrangement. In addition, adjustment measures reported to the Committee represented a major effort by most importing countries to adapt their industries in such a way as to provide more access for cotton textiles from exporting countries.

128. With respect to the future of the Arrangement, he pointed out that most importing countries had serious problems in the very sensitive textile sector. In case of the abolition of the Arrangement, these countries would be forced to resort to other devices. The possibility of resorting to a unilateral restriction would certainly be less favourable than the present Arrangement which provided for a code of general conduct for participating countries in the field of cotton textiles.

129. Referring to the suggestions which had been made by some delegations to improve the Arrangement, he said that if the Arrangement was to be modified the United States would have some suggestions to offer, particularly in connexion with the growth formula which many producers and labour organizations considered to be too liberal. However, it seemed to him advisable to avoid opening up the Arrangement to major changes which could involve difficult and protracted negotiations. As had been suggested, a more appropriate approach would be for exporting and importing countries to discuss their respective problems bilaterally.

130. He referred to the point which had been made that cotton textiles should not be included in the exceptions lists when considering general non-discriminatory preferences for the products coming from developing countries. Commenting on this, he said that the Cotton Textiles Committee ought not to be involved in this subject in view of the fact that the whole question was under serious consideration by other international organizations.

131. As regards the question of non-cotton textiles, he said that it might be useful, as suggested by the United Kingdom and the EEC, to study this problem within the framework of the GATT. It was clear that cotton textile problems could not be isolated from problems of other fibres and perhaps such an examination could point the way to an overall solution. However, the study of these problems was likely to be difficult and time-consuming. He therefore hoped that the question of non-cottons, at least for the present time, would be kept separate from cottons. The future of the Arrangement should first be dealt with and then, in the not-too-distant future, the question of other fibres might be examined by GATT.

132. The representative of Canada said that, in considering the future of the Arrangement, the key question was whether the objectives of the Arrangement would be better served by its continuation or by its demise. It seemed that, by and large, the Arrangement had so far provided better access to the markets of developed countries as a whole. Thus, in his view, some form of arrangement along the lines of the present one would probably continue to provide better access than the absence of such an arrangement. In the light of some remarks made by certain exporting countries, he believed that the Arrangement was in some respects an imperfect instrument for carrying out the objectives and that, over the course of time, substantial differences had emerged in the views of participants as to their obligations, their responsibilities and even their rights under the Arrangement.

133. He said that, in his statement under review, he had pointed out two respects in which Canada would wish to see some discussion of possible amendments if the Arrangement was to be extended or modified.

134. A number of other important issues had been brought out at this meeting which, in his view, needed discussion and clarification. In this connexion, he mentioned, for illustration of a general difficulty, the point made by the representative of Korea that, as a late entrant, the quotas allocated to his country were often quite low. The force of this argument had been considered by Canada but it was found impossible to arrive at what might be regarded as an equitable distribution of the import share of the Canadian market, simply because earlier entrants had gained already a very substantial portion.

135. In conclusion, he said that his delegation believed that the objectives of the Arrangement would be better met if the Arrangement was renewed for a limited time but in a form modified in certain respects to take account of some difficulties that had arisen and to bring about a somewhat greater harmonization of attitudes towards responsibilities and rights.

136. The representative of Turkey said that certain modifications to the Arrangement were needed to take account of the important rôle of the cotton textile industries, both in the industrial development and in the foreign exchange earnings of the developing countries. He added that, provided certain easements of the application of the Arrangement were made and that quotas were distributed in a more equitable manner, his Government could accept that the Arrangement would continue as a temporary measure for an additional three years with a view to working out, in the meantime, a more appropriate mechanism.

137. The representative of Israel said that there should be some serious practical steps in the implementation of Article 2, paragraph 1. In this connexion, he welcomed the decision by the United Kingdom to abolish the quotas system by January 1972. In his view, if the Arrangement was discontinued, exporting countries might be immediately faced with a rush of unilateral restrictions. Thus, his Government was in favour of an extension of the Arrangement for a definitive period with a view to bringing about its complete phasing out and the return to a normal system of trade where the tariff remained the sole means of protection.

138. The representative of Mexico said that, in his Government's view, the Arrangement had introduced order in an industrial sector of paramount importance. It seemed to him that a better understanding on the part of the developed countries of the problems of the developing countries would ease the working of the Arrangement. He stated that his Government would favour an extension of the Arrangement.

139. The representative of Australia said that his Government was a supporter of orderly marketing in international trade and, therefore, would favour an extension of the Arrangement which had provided for this.

140. The representative of Colombia said that, in his view, certain modifications of the Arrangement might be necessary to bring about a better balance between exporting and importing countries. More favourable conditions for developing countries should be provided for. His Government was of the opinion that the Arrangement should be extended for a limited period of three years. During this period, a more adequate solution could probably be found.

141. The representative of Greece said that the working of the Arrangement had not been satisfactory to his country. However, if it was extended, there should be a new approach to the problems of the developing countries so that better access to the international markets for their exports of cotton textiles could be secured.

142. The observer from Ceylon informed the Committee that his country was a recent entrant into the cotton textile industry and, at present, was becoming export oriented. It was, therefore, necessary for them to seek market access in developed countries. His Government thought that the Arrangement had been of benefit to developing countries and therefore would favour its extension, at least for a limited period. Thus, if a decision was taken to extend the Arrangement, it should be modified so as to take into account the needs of these new entrant countries.

143. At the conclusion of the discussion, the Chairman suggested that the Committee should meet towards the middle of December; he would fix the exact date after consultations with delegations. The interval between the two meetings would provide the opportunity for bilateral consultations between participating countries. At the next meeting, the Committee would continue its discussion under Article 8(d) to see what progress had been made in the bilateral consultations. It would then be possible to judge whether, in the meantime, consultations and reflection had permitted certain essential points to emerge, thus furthering constructive discussion on this issue.

This was agreed.

ANNEX

Seventh Annual Review of the Operation of the Arrangement
Regarding International Trade in Cotton Textiles

Note by the Secretariat

1. This note has been drawn up by the secretariat to assist the Committee in the seventh 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. Participation¹

2. At the beginning of the seventh year of the Arrangement, i.e. 1 October 1968, 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, Luxembourg, Mexico, the Netherlands (for its European territory, Surinam and the Netherlands Antilles), Norway, Pakistan, Poland, Portugal (also on behalf of its customs territory of Macao), 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.

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 seventh year of the Arrangement (1 October 1968-30 September 1969).

¹For 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.

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, Canada, Finland and the United States are reproduced in COT/140.

- (a) Austria notified details of the quotas effective as of 1 October 1969 on imports from Japan, the Republic of Korea and Mexico (see attached Table A). 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 the bilateral arrangement with Japan (COT/25) has expired without being replaced by a new arrangement. Furthermore, imports of cotton textiles from Colombia and the United Arab Republic have been liberalized as from 1 January 1969 and 1 July 1969 respectively. Thus the quota fixed for imports of cotton yarn from the United Arab Republic has been abrogated. Imports of cotton textiles from the Republic of China are subject to import licensing. Imports of grey cloth from the Republic of Korea are subject to free licensing while imports of other cotton textiles from this country are limited to a quota of DKr 0.45 million. With the exception of these quotas, imports from the two countries have in practice so far not been restricted.
- (c) Norway notified restrictions and quotas on imports of certain types of cotton textiles from Japan and the Republic of Korea during the seventh year of the Arrangement as well as items which have been liberalized during the same year. Changes in restrictions for imports from Japan during the remainder of the Arrangement are agreed upon in the annual trade negotiations which will take place in October/November 1969 (see attached Table B).

¹See page 38.

- (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 1969 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. In 1968 the quotas for India and Pakistan have been replaced by bilateral agreements concluded in accordance with Article 4.¹ Negotiations with Japan are continuing for concluding bilateral agreements under Article 4. The Commission has also transmitted information regarding changes in quotas envisaged for the remainder of the Arrangement (see attached Table C).

6. Australia notified that it has no quotas or import restrictions to which Article 2 applies. Canada does not maintain restrictions under Article 2. 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 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

¹See pages 39-41.

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 seventh year of the Arrangement, the Governments of Australia, 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 seventh year of the Arrangement are given in the attached Tables D to H.

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

AUSTRALIA

Hong Kong

The Government of Australia requested the Government of Hong Kong to enter into consultation with a view to limiting exports of cotton drills, denims, dungarees and jeans. Following consultations, the Government of Hong Kong agreed to restrain exports of cotton drills (other than grey) for the twelve-month period beginning 1 July 1969. The Australian Government decided not to pursue at this stage its request for restraint on the other items (COT/104/Add.1-3).

CANADA

(a) Colombia

The Government of Colombia agreed to limit exports of cotton yarn to Canada during the period 1 November 1967 to 31 December 1968 (COT/86).

(b) Greece

Following consultations between the Governments of Greece and Canada, the Government of Greece agreed to ensure that exports of cotton yarn to Canada during the period 1 January 1969 to 30 September 1970 will not exceed specific levels. These levels included an increase over the preceding year's levels (COT/96/Add.1).

(c) Hong Kong

The Government of Hong Kong agreed to restrain exports to Canada of certain cotton textile products during the twelve-month period ending 30 September 1969 (COT/109 and Add.1).

(d) Israel

The Government of Israel agreed to restrain exports of cotton yarn to Canada during the calendar years 1969 and 1970. The level of restraint for 1970 included an increase over the preceding year's level (COT/37/Add.8).

(e) Portugal

In COT/54/Add.3 Canada transmitted the information that Portugal had agreed to restrain its exports of cotton yarn to Canada in the calendar years 1968 and 1969. The level for each year was subject to adjustments set out in the agreement.

(f) Malaysia¹

Following consultations between the Governments of Canada and Malaysia, in accordance with the provisions of Article 6, the Government of Malaysia agreed to limit exports of cotton and polyester/cotton shirts and trousers to Canada during the three-year period beginning 1 September 1968 (COT/127).

(g) Republic of China

* The two-year arrangement between the Governments of Canada and the Republic of China concerning limits to be applied on exports to Canada of certain cotton textiles items was renewed in July 1968 to continue in force through 30 June 1969. Following further consultations between both Governments pursuant to Articles 3 and 6(b), the Government of the Republic of China agreed to apply restraint on exports of certain polyester/cotton garments to Canada during the three-year period beginning 10 October 1968 (COT/111).

¹Not party to the Cotton Textiles Arrangement.

(h) Republic of Korea

The Government of the Republic of Korea agreed to restrain exports of certain items of cotton textiles to Canada during the calendar year 1968. The 1968 levels generally provided for an increase over the 1967 levels (COT/64/Add.2).

(i) 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 cotton and polyester/cotton shirts and trousers to Canada during the three-year period ending 31 December 1970 (COT/110).

(j) Spain

COT/139 reproduced the request addressed by the Canadian Government on 28 February 1969 to the Government of Spain to restrain exports of cotton yarn to Canada during the calendar year 1969. A statement in justification of the restraint action was provided.

ITALY

(a) Republic of China

As a result of consultations held between the Governments of Italy and the Republic of China, it was agreed to renew for the year 1969, the validity of the 1968 agreement on exports of grey and bleached cotton fabrics from the Republic of China to Italy. In accordance with this agreement the Government of the Republic of China undertook, among others, to reduce significantly their exports and to maintain export prices not at undue variance with those of other exporting countries (COT/87/Add.1 and 2).

(b) The United Arab Republic

On 30 October 1968, the Governments of Italy and the United Arab Republic, concluded an arrangement on trade in cotton textiles. Under this arrangement the Government of the United Arab Republic agreed to limit exports of cotton fabrics, grey, bleached and printed to a specific level during the calendar year 1969 (COT/94/Add.2).

¹Not party to the Cotton Textiles Arrangement.

SWEDEN

(a) Hong Kong

In COT/100, the Government of Sweden notified a restraint on exports of certain cotton garments from Hong Kong for the twelve-month period ending 31 May 1969. Following consultations between the Governments of Sweden and Hong Kong, it was agreed that limits are to be applied by Hong Kong on exports of certain cotton goods and towels for importation into Sweden during the period from 1 May 1969 to 30 June 1970 (COT/100/Add.1).

(b) Japan

In response to GATT/AIR/733, Sweden notified that after the request addressed on 3 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/Add.1 the United States Government transmitted the information that the existing restraint on Argentine exports of category 9² was renewed for a further twelve-month period beginning 19 July 1969. The new level included 5 per cent growth over the previous year's level.

(b) Brazil¹

In COT/137 the United States Government notified a restraint on exports of categories 31 and 64 from Brazil for the twelve-month period beginning 27 March 1969. In addition the restraint on Brazilian exports of sub-category 26 (duck only) was renewed for the twelve-month period beginning 9 June 1969. The present level is 5 per cent above the level for the previous year. The restraint on category 12 which expired 8 June 1969 was, however, not renewed. COT/131 reproduced the restraint imposed on cotton yarns (categories 1-4) imported from Brazil for the twelve-month period beginning 14 December 1967. This restraint was renewed for a further twelve-month period with a growth factor of 5 per cent over the previous year's level. In response to GATT/AIR/733, the United States notified that the restraint on category 9 (sheeting) expired on 27 October 1968.

(c) Honduras¹

The United States Government placed imports from Honduras in category 61 under restraint for the twelve-month period beginning 31 October 1968 (COT/133).

¹Not party to the Cotton Textiles Arrangement.

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

(d) Hungary¹

Following consultations between the Governments of the United States and Hungary, it has been agreed that Hungary will limit its exports of category 19 for the twelve-month period beginning 1 April 1969 (COT/135).

(e) Malaysia¹

On 28 February 1969, the United States Government requested consultations with the Government of Malaysia on exports in categories 49 (coats) and 55 (dressing-gowns). Since no alternative solution was mutually agreed upon, the United States imposed restraints on both categories for the twelve-month period beginning 28 February 1969. The United States also renewed the restraint on category 22 for the twelve-month period ending 23 May 1970 with an increase of 5 per cent in the restraint level (COT/136). Imports into the United States from Malaysia in categories 9, 45, 46, 50 and 51 were previously restrained and renewed under terms expiring during the seventh year of the Arrangement (COT/102 and 108). In COT/130 the United States notified that the restraints on categories 19, 26 (ducks), 31 and 60 were also renewed for a further twelve-month period beginning 27 December 1968. The new restraint level provided for a 5 per cent growth over the previous year. In response to GATT/AIR/733, the United States notified that restraints on categories 9, 46 and 51 expired on 27 April 1969, 22 February 1969, 20 March 1969 respectively. In COT/108/Add.1, the United States transmitted the information that the restraint on category 45 exported from Malaysia was renewed for a further twelve-month period ending 29 August 1970. The new restraint level included a growth factor of 5 per cent over the previous year's level. The United States further placed restraint on category 53 (dresses) for the twelve-month period commencing 30 July 1969 (COT/142).

(f) Romania¹

On 23 November 1967 the United States Government requested the Government of Romania to enter into consultation with a view to limiting exports in category 55. This restraint was discontinued on 20 November 1968 (COT/128). Existing restraints on categories 34 and 49 were both renewed for a further twelve-month period (ending 13 August 1969 and 8 January 1970 respectively) with an increase of 5 per cent in the level (COT/106 and COT/98/Add.1). The United States Government renewed its control on the importation from Romania of category 34 (carded cotton sheets) for the twelve-month period beginning 14 August 1969. The new level is 5 per cent higher than the level previously in effect (COT/106/Add.1).

(g) Trinidad and Tobago¹

In COT/134 the United States transmitted the information that imports from Trinidad and Tobago of category 52 were limited during the year beginning 24 December 1968 to a specific level.

(h) Tunisia¹

Through an exchange of notes between the Governments of the United States and Tunisia, it was agreed that exports of cotton ducks from the latter should not exceed a specific level for the calendar year 1968. This restraint was, however, not renewed for the calendar year 1969 (COT/132).

¹Not party to the Cotton Textiles Arrangement.

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".

13. During the seventh year of the Arrangement the Governments of the Benelux countries, Canada, 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. The bilateral agreements which were concluded during previous years by the Governments of Austria, the member States of the European Economic Community and the United States, and which continued in force during the seventh year, are also dealt with in the summary. In response to GATT/AIR/733, the Commission of the European Economic Community has notified that negotiations are continuing with a view to concluding bilateral agreements between member States and Japan. Further details are given in Tables I to M.

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 1968 were to be applied by Japan. Some of the items which had been under restraint during the previous years were deleted. The 1968 levels provided for an increase over the preceding year's level (COT/51/Add.3).

(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 1969 will not exceed 1,200,000 pounds (COT/88/Add.1).

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 handloom 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).

(c) Hong Kong

The Governments of the Benelux countries and Hong Kong have concluded a bilateral agreement to replace the limitation under Article 3 on exports of certain cotton textiles products from Hong Kong to the Benelux countries. The new bilateral agreement is to continue in force from 1 July 1968 to 30 September 1969. It provides for the restraint by Hong Kong of a number of cotton textiles items. The total amount agreed upon for the period of this agreement is 3,153 metric tons. Within this aggregate two group ceilings are to be applied and specific ceilings are to be agreed upon. The unused portions of the specific ceilings may be used for the other categories of the group not covered by specific ceilings (COT/129).

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 years 1968 and 1969, the levels are fixed at 66.65 and 67.65 million square yards respectively. 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

The Governments of Norway and Hong Kong have concluded a new bilateral agreement to replace the 1967 agreement. In accordance with the new agreement which is to continue in force from 1 October 1968 to 30 September 1970, Hong Kong is to limit its exports of certain cotton garments to an aggregate of 143,000 dozens during the first agreement year. The level for the second year will be increased by 4 per cent. During each period, exports may exceed the limits for any category by 10 per cent, provided that corresponding reductions are applied in other categories. Any short-falls occurring in the first period may be used in the second period in a specific amount and manner provided in this agreement (COT/115/Add.1).

UNITED STATES

(a) Colombia

The Governments of the United States and Colombia have concluded a new bilateral agreement, to replace the 1965 agreement, as amended (COT/50/Add.2). The new agreement is to continue in force from 1 July 1968 through 30 June 1971. During the term of this agreement Colombia limits its exports of cotton textiles to aggregate, group and specific limits. The aggregate limit for the first twelve-month period is 32.5 million square yards equivalent. In the second and succeeding twelve-month periods, the level shall be increased by 5 per cent over the preceding year's level. Within the aggregate limit, the limits for two groups may be exceeded by 5 per cent and for the other by the amount by which imports in the two groups are less than the sum of the limitation applicable (COT/126).

(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

¹Not party to the Cotton Textiles Arrangement.

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.

(1) 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).

(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.

¹Not party to the Cotton Textiles Arrangement.

(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 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).

¹Not party to the Cotton Textiles Arrangement.

(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).

(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. On 6 November 1968 this agreement was further extended to cover the period 1 October 1968 through 30 September 1969; the new extension supersedes the preceding one in regard to the regulation of trade for the period 1 October 1968 through 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 square yards equivalent for the last year beginning 1 October 1966) of the 1963 agreement (COT/20/Add.1-5).

(t) Czechoslovakia¹

The Government of the United States and the Czechoslovak Socialist Republic have concluded a bilateral agreement concerning trade in cotton textiles. In accordance with this agreement which is to continue in force from 1 May 1969 to 30 April 1971, annual exports of cotton textiles from Czechoslovakia are to be limited for the first agreement year beginning 1 May 1969 to an aggregate level of 2.5 million square yards equivalent. Within this aggregate limit specific limits are to be applied. The limit for each subsequent year shall be increased by 5 per cent over the corresponding level for the preceding year. For any agreement year immediately following a year of shortfall, Czechoslovakia may permit exports to exceed the limits by carry-over in specific amounts and manner provided in this agreement (COT/141).

III. Other notifications

In response to GATT/AIR/733, the following notifications have been received from Australia, Canada, Denmark, Finland, 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.

¹Not party to the Cotton Textiles Arrangement.

Canada notified that it maintains no other restrictions on trade in cotton textiles.

Denmark notified that under the existing trade arrangement between Denmark and Poland a quota to an amount of DKr 15,375,000 has been fixed for the year 1969 covering imports from Poland of various textile products, which may consist fully or partly of cotton fibres.

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.

Norway notified that quotas for import of textiles have been established for the following countries:

Country	Quotas for various textile goods in 1969 in NKr '000
Bulgaria	190
Czechoslovakia	9,180 + 35 tons of towels
Eastern Germany	2,950 + 20 tons of towels and 70 tons of floor cloths
Hungary	3,415 + 10 tons of towels
Poland	6,600
Romania	560

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

Imports of cotton textiles from the following countries are subject to licensing:

Albania	Mongolia
The People's Republic	North Korea
of China	North Viet-Nam
Republic of China	Soviet Union
Macao	

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 25 July 1969 for the control of exports of cotton spun, or woven textile goods for retention in the United Kingdom, during 1969 (COT/138). This information is given below in a summarized form. The United Kingdom Government intends to replace their existing general quota system at the end of 1971 and to introduce a tariff on cotton textiles from Commonwealth countries as from 1 January 1972. The abolition of quota control will not, however, apply to Eastern European countries and Mainland China.

(a) Hong Kong

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

Yarn (lb.)	6.5 million
Cloth and made-ups (sq.yds.)	193.0 million

(b) India

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

Yarn (lb.)	11.8 million
Cloth and made-ups (sq.yds.)	200.9 million

(c) Japan

Under the present arrangements, imports from Japan are restricted to:

Cotton yarn (lb.)	102,010
Textile secondary products wholly or mainly of cotton	
(sq.yds.)	820,000
Woven cotton fabrics (sq.yds.)	7,926,177
Industrial goods of cotton	
(sq.yds.)	606,000
Outergarments (including gloves), underwear, handkerchiefs, shawls, scarves, mufflers of woven cotton fabric	£392,500 (subject to negotiation)

(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 about £2½ million.

¹Not party to the Long-Term Arrangement.

(e) The following countries have been allocated country quotas and/or 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 the following table:

Country	Yarn	Grey cloth	Finished cloth	Made-ups	Special country quota
	'000 lbs.	'000 sq.yds.	'000 sq.yds.	'000 sq.yds.	'000 sq.yds.
Algeria	2	-	-	-	-
Brazil	-	3,306	-	-	91
British Honduras	-	-	-	-	79
Ceylon	8	-	-	-	-
Colombia	-	472	-	-	-
Cyprus	-	14	-	-	110
Formosa	-	2,232	-	-	343
Gibraltar	-	-	-	-	386
Greece	278	55	-	-	64
Iran	-	-	-	-	10
Israel	707	10	155	135	515
Jamaica	-	337	-	381	515
Kenya	-	-	-	-	10
Lebanon	3	-	-	-	-
Macao	-	-	-	1,455	515
Malaysia	-	2,658	82	26	515
Malta	146	26	-	210	433
Mexico	-	484	-	-	-
Morocco	-	-	-	-	31
Nigeria	-	-	-	-	64
Pakistan	292	21,601	625	259	515
Senegal	-	-	-	-	10
Singapore	-	400	430	2,579	515
South Africa	-	-	-	364	515
South Korea	-	5,173	-	-	205
Spain	2,559	4,667	1,725	2,711	515
Surinam	-	30	-	-	-
Syria	4	-	-	-	Nil
Thailand	-	-	-	-	21
Trinidad and Tobago	-	-	-	-	43
Turkey	-	2,406	-	-	10
United Arab Republic	375	1,700	286	-	515
Yugoslavia	-	2,992	889	109	515

¹Not party to the Long-Term Arrangement.

(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, Federal Republic of Germany, Iceland¹, Italy, Liechtenstein¹, Luxembourg, the Netherlands, New Zealand¹, Norway, Sweden, Switzerland¹, United States, Hong Kong, India, Japan, Portugal, the Republic of Ireland¹, and the Eastern area countries¹ may participate in a global quota of:

Yarn	4,389,598 lb.
Grey cloth	54,163,954 sq.yds.
Finished and piece-goods	5,107,717 sq.yds.
Made-up goods	8,708,104 sq.yds. equivalent

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

NORWAY

Quotas

(US\$'000)

Exporting country	Category	Twelve-month period beginning	
		1.10.68	1.10.69
Japan	Yarn, woven fabrics and various other articles n.e.s.	1,149.5	1,178
	Garments (including knitted and crocheted goods)	121	124
		1.1.68	1.1.69
Republic of Korea	Woven fabrics	100	103

Table C
MEMBER COUNTRIES OF THE EUROPEAN ECONOMIC COMMUNITY

(tons)

I. Quotas Effective During 1968 and 1969						
		France	Italy	Germany, F.R.	Benelux	Total
Hong Kong	1968	375	-	-	-	375
	1969	400	-	-	Art. 4	400
India	1968	Art. 4	Art. 4	Art. 4	Art. 4	Art. 4
	1969	Art. 4	Art. 4	Art. 4	Art. 4	Art. 4
Japan	1968	2,343	1,790	2,783	1,263	8,179
	1969	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>
Pakistan	1968	Art. 4	Art. 4	Art. 4	Art. 4	Art. 4
	1969	Art. 4	Art. 4	Art. 4	Art. 4	Art. 4
Rep. of China (Taiwan)	1968			114		114
	1969			132		132
Rep. of Korea	1968	80		354		434
	1969	90		377		467
United Arab Republic	1968	160		141		301
	1969	185		160		345
II. Changes Envisaged During the Remainder of the Arrangement						
Hong Kong	1970	425				
Japan	1970	<u>1/</u>	<u>1/</u>	<u>1/</u>	<u>1/</u>	
Rep. of China (Taiwan)	1970			150		
Rep. of Korea	1970	100		400		
United Arab Republic	1970	210		180		

^{1/} Negotiations are continuing for concluding bilateral agreements under Article 4.

Table D

AUSTRALIA: ACTIONS UNDER ARTICLE 3

Seventh Year 1 October 1968-30 September 1969

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Hong Kong	Cotton drills, denims, dungarees and jeans	Q	-	-	-	104/Add.1 and 2
	Cotton drills other than grey	N	sq. yds	950,000	1.7.69-30.6.70	104/Add.3
	Grey cotton drills, denims, dungarees and jeans	The Australian Government decided not to pursue at this stage its request for restraints on these items				

Q = Request for restraint.

N = New restraint.

Table E
CANADA: ACTIONS UNDER ARTICLES 3, 6
Seventh Year (1 October 1968-30 September 1969)

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Colombia	Cotton yarn	N	lb.	1,750,000	1.11.67-31.12.68	86
Greece	Cotton yarn	R	lb.	1,092,000	1.1.69-30.9.69)	96/Add.1
	Cotton yarn	R	lb.	1,529,000	1.10.69-30.9.70)	
	Cotton yarn	R	lb.	1,529,000	1.10.69-30.9.70)	
Hong Kong	Cotton woven shirts	R	Dozen	142,000	Year ending 30.9.69)	109 and Add.1
	Cotton woven blouses	R	Dozen	82,000	Year ending 30.9.69)	
	Cotton woven night-dresses	R	Dozen	96,820	Year ending 30.9.69)	
	Cotton woven trousers, slacks and shorts - children's	R	Dozen	139,000	Year ending 30.9.69)	
	Cotton woven trousers, slacks and shorts - men's and women's	R	Dozen	137,000	Year ending 30.9.69)	
	Cotton woven towels	R	Dozen	137,000	Year ending 30.9.69)	
Israel	Cotton yarn	N	lb.	1,350,000	Year ending 30.9.69)	37/Add.8
	Cotton yarn	R	lb.	1,735,000	Year ending 31.12.69)	
	Cotton yarn	R	lb.	1,935,000	Year ending 31.12.70)	
Portugal	Cotton yarn	R	lb.	2,185,000) Effective level)	Calendar year 1968	54/Add.3
	Cotton yarn	R	lb.	1,271,000)		
	Cotton yarn	R	lb.	2,185,000) Effective level)	Calendar year 1969	
	Cotton yarn	R	lb.	1,728,000)		54/Add.3

Table E (suite)

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Korea	Broad-woven fabrics	R	sq. yds.	2,884,000	Calendar year 1968	64/Add.2
	(a) other than grey may not exceed	R	sq. yds.	430,000	Calendar year 1968	64/Add.2
	(b) corduroy may not exceed	R	sq. yds.	107,000	Calendar year 1968	64/Add.2
	Yarn and sewing thread	R	lb.	200,000	Calendar year 1968	64/Add.2
	Pillowcases	R	Dozen	32,000	Calendar year 1968	64/Add.2
	Sheets	R	Unit	42,000	Calendar year 1968	64/Add.2
	Garments of which	R	Dozen	128,750	Calendar year 1968	64/Add.2
	(a) woven shirts may not exceed	R	Dozen	36,800	Calendar year 1968	64/Add.2
	(b) blouses may not exceed	R	Dozen	20,000	Calendar year 1968	64/Add.2
	(c) knitted shirts may not exceed	R	Dozen	20,200	Calendar year 1968	64/Add.2
Malaysia	(d) sleepwear may not exceed	R	Dozen	21,500	Calendar year 1968	64/Add.2
	(e) trousers, slacks and shorts may not exceed	R	Dozer	51,500	Calendar year 1968	64/Add.2
	Shirts	N	Dozen	20,867	1.9.68-31.8.69	127
			Dozen	21,493	1.9.69-31.8.70	127
			Dozen	22,138	1.9.70-31.8.71	127
			Dozen	18,926	1.9.68-31.8.69	127
			Dozen	19,494	1.9.69-31.8.70	127
			Dozen	20,079	1.9.70-31.8.71	127
	Trousers	N	Dozen			

Table E (cont'd)

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Republic of China	Cotton fabrics - of which:	R	sq. yds.	641,300	Year ending 30.6.69	111
	Corduroy not to exceed		sq. yds.	58,300	Year ending 30.6.69	111
	Woven cotton shirts	R	Dozen	69,960	Year ending 30.6.69	111
	Cotton sleepwear	R	Dozen	75,557	Year ending 30.6.69	111
	Knitted cotton shirts (including sweat-shirts)	R	Dozen	49,014	Year ending 30.6.69	111
Singapore	Trousers, slacks and shorts of cotton or rayon of which cotton not to exceed	R	Dozen	22,000	Year ending 30.6.69	111
	Woven polyester/cotton shirts	N	Dozen	30,088	Year beginning 10.10.68	111
			Dozen	30,991	Year beginning 10.10.69	111
	Woven polyester/cotton trousers	N	Dozen	31,921	Year beginning 10.10.70	111
			Dozen	12,618	Year beginning 10.10.68	111
Spain			Dozen	12,996	Year beginning 10.10.69	111
			Dozen	13,386	Year beginning 10.10.70	111
	Shirts	N	Dozen	22,000	Calendar years 1968, 1969 and 1970	110
	Trousers	N	Dozen	60,000	Calendar years 1968, 1969 and 1970	110
	Cotton yarn	Q	Unspecified	Unspecified	Unspecified	139

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

Table F

ITALY: ACTIONS UNDER ARTICLE 3

Seventh Year (1 October 1968-30 September 1969)

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Republic of China	Cotton fabrics bleached and unbleached	R	Unspecified	Significantly less	1969	87/Add.2
United Arab Republic	Cotton fabrics grey, bleached and printed	R	Tons	1,500	Calendar year 1969	94/Add.2

R = Renewal of restraint.

Table G

SWEDEN: ACTIONS UNDER ARTICLE 3Seventh Year 1 October 1968-30 September 1969

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 nor rubberized, women's and girls' wear	N	1,000 pieces)	1,800	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 G (cont'd)

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Hong Kong (cont'd)	Shirts, knitted or crocheted	N)				
	Night garments, knitted or crocheted, not elastic nor rubberized, men's and boys' and women's and girls' wear	N)				
	Undergarments, knitted or crocheted, not elastic nor rubberized, men's and boys' and women's and girls' wear	N)	Pieces	3,730,000	1.5.69-30.6.70	100/Add.1
	Sweaters, pullovers, slipovers, jumpers and cardigans (excluding jackets) knitted or crocheted, men's and boys' and women's and girls' wear	N)				
	Blouses and jumpers, not knitted or crocheted, not embroidered, women's and girls' wear	N)				
	Shirts (other than dress shirts) not knitted or crocheted	N)	Pieces	1,665,000	1.5.69-30.6.70	100/Add.1
	Dress shirts, not knitted or crocheted	N)				
	Slacks, jeans and trousers not knitted or crocheted (excluding shorts), men's and boys' and women's and girls' wear	N)	Pieces	1,820,000	1.5.69-30.6.70	100/Add.1
	Towels (other than dish towels), not embroidered	N)	Metric tons	292	1.5.69-30.6.70	100/Add.1

N = New restraint.

Table H

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

Seventh Year 1 October 1968-30 September 1969

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Argentina	9	R	sq. yds.	638,141	19.7.69-18.7.70	107/Add.1
Brazil	26 (duck only)	R	sq. yds.	1,736,433	9.6.69-8.6.70	137
	22	W	sq. yds.	1,575,000	9.6.67-8.6.68	137
	31	N	Units	1,500,000	27.3.69-26.3.70	137
	64	N	Pound	80,000	27.3.69-26.3.70	137
	1-4	N	Pound	6,300,000	14.12.67-13.12.68	131
	1-4	R	Pound	6,615,000	14.12.68-13.12.69	131
Honduras	61	N	Dozen	30,000	31.10.68-30.10.69	COT/133
Hungary	19	N	sq. yds.	500,000	1.4.69-31.3.70	COT/135

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

Table H (cont'd)

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Malaysia	49 (coats)	N	Dozen	1,700	28.2.69-27.2.70	136
	55 (dressing gowns)	N	Dozen	16,500	28.2.69-27.2.70	136
	22	R	sq. yds.	242,500	24.5.69-23.5.70	136
	19	R	sq. yds.	2,468,498	27.12.68-26.12.69	130
	26 (duck)	R	sq. yds.	1,587,915	27.12.68-26.12.69	130
	31	R	Pieces	3,472,875	27.12.68-26.12.69	130
	60	R	Dozen	25,799	27.12.68-26.12.69	130
	45	R	Dozen	83,973	30.8.68-29.8.69	108
	9*	R	sq. yds.	420,000	28.4.68-27.4.69	102
	46*	R	Dozen	18,900	23.2.68-22.2.69	102
	50	R	Dozen	5,250	20.3.68-9.3.69	102
	51*	R	Dozen	9,240	20.3.68-9.3.69	102
	45	R	Dozen	88,172	30.8.69-29.8.70	108/ add.1
	53 (dresses)	N	Dozen	9,744	30.7.69-29.7.70	142

N = New restraint; R = Renewal of restraint.

*These restraints expired without being renewed.

Table H (cont'd)

Exporting country	Category	Kind of action	Unit	Level	Period	Ref. COT/
Romania	55	W	-	-	14.8.68-13.8.69	128
	34	R	Pieces	147,000		106
	49	R	Dozen	10,500	9.1.69-8.1.70	98/Add.1
	34	R	Pieces	154,350	14.8.69-13.8.70	106/Add.1
Trinidad and Tobago	52	N	Dozen	20,000	24.12.68-23.12.69	COT/134
Tunisia	26 (duck)	N	sq. yds.	320,000	1.1.68-31.12.69	COT/132
	26 (duck)	W	sq. yds.	320,000	1.1.69-31.12.70	COT/132

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

Table I

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	Three years	Second year 240 tons	114 and Add.1
						Third year 260 tons	
						Third year 260 tons	
	Terry towels and towelling	Tons	20	1.10.67-30.9.68	Three years	Second year 22 tons	114 and Add.1
						Third year 24 tons	
						Third year 24 tons	
	Cotton yarn, finished fabrics, miscellaneous	Tons	35	1.10.67-30.9.68	Three years	Second year 38 tons	114 and Add.1
						Third year 41 tons	
						Third year 41 tons	
Israel	Cotton textiles	Tons	12	1.10.67-30.9.68	Three years	Second year 13 tons	114 and Add.1
						Third year 14 tons	
						Third year 14 tons	
Pakistan	Cotton textiles	Tons	100	1.10.67-30.9.68	Three years	-	114 and Add.1
United Arab Republic	Cotton textiles	Tons	50	1.10.67-30.9.68	Three years	-	114 and Add.1

Table J

CANADA: BILATERAL AGREEMENTS

Exporting country	Category	Unit	Level	Effective	Duration of Agreement	Ref. COT/
Japan	Pillow-cases	Dozen	221,450	Calendar year 1968	Calendar year 1968	51/Add.3
	Sheets	Pieces	789,000	Calendar year 1968	Calendar year 1968	51/Add.3
	Fabrics	Sq. yds.	31,714,000	Calendar year 1968	Calendar year 1968	51/Add.3
	Blouses	Dozen	212,100	Calendar year 1968	Calendar year 1968	51/Add.3
	Sport shirts	Dozen	208,060	Calendar year 1968	Calendar year 1968	51/Add.3
	Dress and work shirts	Dozen	70,700	Calendar year 1968	Calendar year 1968	51/Add.3
	Trousers and outer shorts	Dozen	124,630	Calendar year 1968	Calendar year 1968	51/Add.3
	Outerwear	Dozen	245,500	Calendar year 1968	Calendar year 1968	51/Add.3
United Arab Republic	Cotton yarn	Lb.	1,200,000	1.7.68-30.6.69	1.7.68-30.6.69	88/Add.1

Table K.

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	Three years	121
	Pakistan	Cotton textiles (except handloom cotton fabrics)	Metric tons	500	1.10.67-30. 9.68	Three years	122
	Hong Kong	Cotton fabrics, grey or bleached whether or not mercerized except pile and chenille fabrics (other than terry fabrics)	Metric tons	600)))))))			
		Other cotton fabrics, made-up articles and miscellaneous articles of cotton	Metric tons	2,553)))))	1. 7.68-30. 9.69	1.7.68-30.9.69	129
Germany, F.R.	India	Cotton textiles (except handloom cotton fabrics)	Metric tons	2,725	1. 1.68-31.12.68	Three years	123
	Pakistan	Cotton textiles (except handloom cotton fabrics)	Metric tons	500	1. 1.68-31.12.68	Three years	124
	Hong Kong	Grey fabrics, outerwear, overalls and slacks, shirts, nightwear (including infants'), handkerchiefs and towels	Million sq. yds. Million sq. yds. sq. yds.	77 66.65 67.65	11.11.66-31.12.67 1. 1.68-31.12.68 1. 1.69-31.12.69	Three years	125
France	India	Cotton textiles (except handloom cotton fabrics)	Metric tons	3,125	1.10.67-30. 9.68	Three years	119
	Pakistan	Cotton textiles (except handloom cotton fabrics)	Metric tons	600	1.10.67-30. 9.68	Three years	120

Table K (cont'd)

Importing country	Exporting country	Category	Unit	Level	Effective	Duration of Agreement	Ref. COT/
Italy	India	Cotton textiles (except hand-loom cotton fabrics)	Metric tons	650	1..1.68- 31.12.68	Three years	112
	Pakistan	Cotton textiles (except hand-loom cotton fabrics)	Metric tons	1,100	1.10.67-	Three years	113

Table L

NORWAY: BILATERAL AGREEMENTS

Exporting country	Category	Unit	Level	Effective	Duration of Agreement	Growth factor	Ref. COT/
Hong Kong	Undergarments and night garments, knitted or crocheted, not elastic nor rubberized, wholly or mainly of cotton, infants' wear	Dozen	12,000	1.10.68-30.9.70	Two years	4% for the second year	115/Add.1
	Slacks, shorts, jeans and trousers, not knitted or crocheted, wholly or mainly of cotton, men's and boys' wear	Dozen	69,000				
	Shirts, dresses, frocks, gowns and housecoats, not knitted or crocheted, wholly or mainly of cotton, women's and girls' wear	Dozen	37,000				
	Night garments, not knitted or crocheted, wholly or mainly of cotton, men's and boys' wear	Dozen)					
	Night garments, not knitted or crocheted, wholly or mainly of cotton, women's and girls' wear	Dozen)	25,000				

Table M
UNITED STATES: BILATERAL AGREEMENTS

Exporting country	Category	Unit	Level	Effective	Duration of Agreement	Growth factor	Ref. COT/
Colombia	Cotton textiles	Sq. yds. equivalent	32,500,000	1.7.68-30.6.71	To 30.6.70	+5% cumulative yearly increase	126
Greece	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	397,675	1.9.66-31.12.67	1.9.66-31.12.70	+5% cumulative yearly increase	33/Add.2
			231,525	1.1.68-31.12.68			
Hong Kong	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
India	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
Jamaica	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
Japan	Cotton textiles	Sq. yds. equivalent	373,077,000	1.1.68-31.12.68	Three years	+5% cumulative yearly increase	95

Table M (cont'd)

Exporting country	Category	Unit	Level	Effective	Duration of Agreement	Growth factor	Ref. COT/
Malta ¹	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
Mexico	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
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	Calendar year 1967	Four years beginning 1.1.67	+5% cumulative yearly increase	24/Add.3 and 4
Republic of the Philippines	52	Dozen	25,000	1.1.68-31.12.68	Three 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			

¹Not party to the Cotton Textiles Arrangement.

Table M (cont'd)

Exporting country	Category	Unit	Level	Effective	Duration of Agreement	Growth Factor	Ref. COT/
Republic of Korea	Cotton textiles	Sq. yds. equivalent	32,216,250	1.1.67-31.12.67	Four 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	1.1.67-31.12.67	1.1.67-31.12.70	+5% cumulative yearly increase	90
Turkey	9 1-8, 10-38, 64 39-63	Sq. yds. equivalent	40,341,000	1.1.68-31.12.68			
		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
		Sq. yds. equivalent	1,450,000	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 1.10.68-30.9.69		20
							20/Add.1
							20/Add.2
							20/Add.3
							20/Add.4
							20/Add.5
Czechoslovakia	Cotton textiles	Sq. yds. equivalent	2,500,000	1.5.69-30.4.71	1.5.69-30.4.71	+5% cumulative yearly increase	141

¹Not party to the Cotton Textiles Arrangement.

Annex

UNITED STATES COTTON TEXTILE CATEGORIES

Category number	Description
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

Annex (cont'd)

Category number	Description
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