

COTTON TEXTILES COMMITTEEDraft Report on Meetings of Committee held on 1 and 9 October 1962

1. The Committee considered the following subjects at its meetings on 1 and 9 October 1962:

- (a) acceptances of the Long-Term Arrangement
- (b) the United Kingdom reservation
- (c) reservation by Portugal
- (d) next meeting of Committee

I. Acceptances of the Long-Term Arrangement

2. The Long-Term Arrangement regarding Trade in Cotton Textiles came into force on 1 October 1962. In connexion with acceptances which had been received from governments<sup>1</sup> the Committee acted the following:

- (a) those delegations which were without instructions on the subject at the meeting of the Committee on 10-12 September 1962 had subsequently notified their support for the accession of the United Arab Republic to the Long-Term Arrangement. In accordance, therefore, with the procedure agreed upon at the meeting on 10-12 September 1962, the letter of acceptance (L/1838) received by the Executive Secretary from the Government of the United Arab Republic was considered to be an effective instrument of accession. The United Arab Republic accordingly acceded to the Arrangement on 1 October 1962;
- (b) the letters of acceptance from the governments of the six member States of the European Economic Community contained the following clause:

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<sup>1</sup>Information about acceptances by governments of the Long-Term Arrangement has been distributed to contracting parties in L/1811 and Addenda.

"When the obligations deriving from the Treaty establishing the European Economic Community and relating to the progressive establishment of a common commercial policy make it necessary, negotiations will be opened as soon as possible in order to make such modifications as may be necessary in the present Arrangement."

No objections to this clause had been raised by members of the Committee.

II. The United Kingdom reservation (L/1811)

3. In accordance with the procedures set out in the Record of Understandings reached by the Committee during its meeting from 29 January-9 February 1962 (page 6 of L/1813), the United Kingdom attached a reservation to its acceptance of the Long-Term Arrangement; the text of the reservation is set out in document L/1811. In a communication received by the Executive Secretary from the Pakistan delegation on 27 September it was stated that the Pakistan Government regretted that it was unable to accept the United Kingdom reservation.

4. The Committee had a very preliminary discussion of this question at its meeting on 1 October. At the request of members of the Committee, the Chairman subsequently circulated to members the text of a clause which, it had been suggested at the meeting, might possibly be included in any Protocol covering the United Kingdom's reservation. The clause suggested read as follows:

"The United Kingdom reservation has been accepted by all the other parties to the Arrangement, except the Government of Pakistan, which has declared that it is unable to accept the reservation. Notwithstanding the procedures set out in paragraph 33 of the Record of Understandings reached by the Cotton Textiles Committee during its meeting from 29 January to 9 February 1962, the other parties to the Arrangement accept the United Kingdom's acceptance of the Arrangement and the reservation as being valid while taking note of the declaration of Pakistan in this connexion."

5. When the discussion was resumed at the meeting on 9 October the representative of Pakistan said that his Government, in accordance with procedures set out in paragraph 33 of the Record of Understandings, which

was a part of the Arrangement, regretted its inability, for the reasons recorded in its communication, to accept the reservation of the United Kingdom. Paragraph 33 of the Record of Understandings was binding on all and legally the United Kingdom's reservation could not be valid for any country. Nevertheless, notwithstanding the procedures set out in this paragraph of the Record of Understandings the Government of Pakistan suggested that the reservation might be applied to other parties to the Arrangement who had raised no objection to the reservation. The Protocol which might be drafted for the purpose should clearly state the above position and should further state that the Long-Term Arrangement would be applicable between the United Kingdom and Pakistan without the reservation. Pakistan's suggestion was that the last three lines in the clause proposed by the Chairman should be deleted and replaced by the following:

".....Arrangement now concur to the United Kingdom acceptance of the Arrangement as being valid and binding as between them alone. The reservation will have no validity as far as Pakistan is concerned, and in their case the Arrangement will be applicable without reservation."

6. The representative of India said that his Government had not, in view of all the circumstances, raised an objection to the United Kingdom's reservation. It would be appreciated, however, that his Government would have difficulty in accepting a situation where one less-developed country might be granted an element of growth in its exports of cotton textiles to the United Kingdom market while India was not. Should it so happen, therefore, that the present problem was resolved by the United Kingdom agreeing to an element of growth in the case of imports of cotton textiles from Pakistan - or should, in fact, an element of growth be granted to such imports from any less-developed country - India must be able to expect that, on grounds of equity, the same treatment would be extended to United Kingdom imports of cotton textiles from India. Provided this question of equity was met, India had no difficulty in accepting the clause proposed for inclusion in the United Kingdom Protocol. The representative of the United Arab Republic said his country would also expect to participate in any growth of exports to the United Kingdom market.
7. The representative of the United Kingdom said that if the situation had been such that an element of growth in its imports of cotton textiles under the provisions of the Long-Term Arrangement could have been accepted by the

United Kingdom, his Government would certainly have attached importance to ensuring that a proper measure of equity was preserved as regards the shares in this growth given to individual exporting countries. However, this question did not arise since, for reasons which he had explained in earlier meetings of the Committee, the United Kingdom could not accept a commitment to provide an element of growth under the provisions of the Arrangement. This was why his Government could only accept the Arrangement with the reservation.

8. Following the discussion, it was agreed by all members of the Committee, other than Pakistan, that the clause suggested by the Chairman (see paragraph 4 above) should be included in the Protocol covering the United Kingdom's reservation. The Committee expressed the hope that further discussions between the United Kingdom and Pakistan would, in the very near future, result in the elimination of the present problem.

9. The representative of Pakistan said it should be understood that his delegation's view of the legal position remained the same, namely that, in view of paragraph 33 of the Record of Understandings, the United Kingdom's reservation could not be valid for any country.

### III. Reservation by Portugal (L/1811/Add.9)

10. The reservation relating to Article XXIV of the GATT in the second paragraph of Portugal's letter (L/1811/Add.9) accepting the Long-Term Arrangement had been withdrawn before the meeting of the Committee. There was, therefore, no discussion of this question in the Committee.

### IV. Next meeting of the Committee

11. It was agreed that the next meeting of the Committee should be held some time during the twentieth session of the CONTRACTING PARTIES. At its meeting the Committee would consider applications for accession from certain countries which were not contracting parties to the GATT.