

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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ARRANGEMENT REGARDING INTERNATIONAL TRADE IN COTTON
TEXTILES

Notification by the Republic of Argentina

The following notification has been received from the Mission of the Republic of Argentina for the information of the Cotton Textiles Committee.

The Permanent Mission of the Argentine Republic to the International Organizations at Geneva presents its compliments to the GATT Committee on Cotton Textiles and, on the instructions of its Government, has the honour to refer to the representations that the Argentine authorities are making to the Canadian Government with a view to obtaining an import quota for cotton yarn.

In this connexion, the following should be pointed out:

1. The Argentine Republic is a developing country, with a textile industry that is showing reasonable growth and could not in any way cause disruption of the Canadian market in the event that imports from Argentina were authorized. It should be noted that in no circumstances would imports of Argentine products reach a volume implying a sharp and substantial increase, nor would they be offered at prices below world market prices. In these circumstances, the existence of any damage or threat of damage for the domestic industry such as would characterize market disruption is out of the question.
2. When Canada attached a reservation to its acceptance of the Long-Term Arrangement, it expressly stated its intention to continue to pursue a policy permitting an orderly expansion of trade in cotton textiles on fair and reasonable terms when market conditions in Canada so warranted.
3. In the course of this year, Canadian importing firms have placed firm purchase orders in Argentina totalling 1,200,000 lb. of cotton yarn.
4. Taking into account this fact, and with a view to filling these orders, the Argentine authorities have tried to obtain from the Canadian Government the granting of a quota of 2,500,000 lb., not only to meet these requirements but also to take account of other orders that Canadian firms seem interested in placing.

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5. The Argentine request is based on the fact that Canada has established a special régime of import controls for cotton yarn which is operated through fixed quotas and the grant of licences. To date, no quota has been allocated to the Argentine Republic; accordingly, the Argentine Embassy in Ottawa also approached the Canadian authorities with a view to obtaining the necessary authorization to allow imports into Canada of the products already ordered, representing a total volume of 1,200,000 lb., pending a formal decision concerning the quota of 2,500,000 lb. that had been requested.

6. The Canadian authorities were reluctant to grant a quota for the import of cotton yarn from Argentina, on the grounds that Argentina had no past record as an exporter of this product to Canada and that if a larger global quota was allocated, it would have to be apportioned among the countries to which the quota system was applicable, in order to ensure compliance with the Arrangement Regarding International Trade in Cotton Textiles; that constitutes a vicious circle. Indeed, if Argentina is refused a quota allowing it to export, it will never have the past performance that Canada requires in order for a quota to be granted. Furthermore, Argentina is a party to the international Arrangement that Canada is invoking when refusing to grant the quotas requested.

7. It should be underlined that for the period 17 September-31 December 1973 Canada has granted a special import quota in the amount of 1,000,000 lb.; it has increased by 3 per cent the country quotas granted the previous year, which total 12,697,120 lb., and has raised to 427,540 lb. the residual quota, which was 206,000 lb. for the preceding year. The quota corresponding to the Democratic People's Republic of Korea (212,180 lb.) has been incorporated in the residual quota because that country has not asked to be included in the apportionment this year.

This means that, despite the increase in the Canadian import quotas for cotton yarn, for the second time Canada has refused to grant Argentina an individual quota, as our country once more requested in writing from the Textile Board, and this, notwithstanding the purchase orders placed by Canadian importers with Argentine exporters, reflecting a real, not potential, interest in making purchases.

8. There are a number of reasons why Canada should not reject Argentina's request, the principal one being the favourable situation in the trade balance of a developed country like Canada, which each year, obliges a developing country like Argentina to pay several million dollars. Among other reasons, one may mention the interest shown by Canadian importers and the purchase orders placed by them, as well as the increase in quotas and the fact that the Democratic People's Republic of Korea has not taken up the quota that it could have obtained. It is in the interest of both countries progressively to develop their trade in pursuance of the objectives of the General Agreement on Tariffs and Trade.