1. The Committee continued its consideration of the United Kingdom proposals regarding imports of cotton textiles into the United Kingdom in the light of the modification to these proposals presented by the United Kingdom delegation (COT/59/Add.1) at the present meeting.

2. The Committee noted that the United Kingdom proposals, which covered the period 1966-70, went beyond the expiry of the period of competence of the present Committee i.e. 30 September 1967, and recognized, therefore, that its consideration of the United Kingdom proposals could not extend beyond 30 September 1967. In this connexion it noted the United Kingdom's offer that its proposals should be subject to review in the light of the situation existing after 30 September 1967.

3. While recognizing that the proportion of imports from less-developed countries to consumption in the United Kingdom was about one third, various exporting countries expressed serious misgivings in regard to the proposals referred to in the preceding paragraph.

4. As the discussions in the Committee and the bilateral consultations had not resulted in agreement between the United Kingdom and the exporting countries concerned, the proposals could not be regarded as falling within the terms of Article 4 of the Long-Term Arrangement. Moreover, the proposals could not be regarded as falling under either of the other relevant provisions of the Arrangement (i.e. Articles 2 and 3).

1These conclusions will be preceded, in the final report, by a full summary of the discussion which took place in the Committee. A draft of the remainder of the report will be sent to Heads of Delegations in due course for comments.
5. It was recognized that it was open to any participating country, which felt that its interests were being seriously affected by the United Kingdom system of import control, to have recourse to the provisions of Article 7 of the Long-Term Arrangement and, in the final resort, to bring the matter before the CONTRACTING PARTIES, under the provisions of Article XXIII of the General Agreement. If the matter were so brought before the CONTRACTING PARTIES, the discussions which had taken place in the Committee would be taken into account.

6. It was also clear that the United Kingdom, for its part, could bring the matter before the CONTRACTING PARTIES for their consideration if, in its judgment, it deemed such a step appropriate.

7. The Committee noted the offer of the United Kingdom to consider any suggestions put forward by the exporting countries concerned aimed at improving the administration of the arrangements without detracting from their basic objectives. One such suggestion which was noted with interest and which on reflection might form a basis for further bilateral discussions or discussion in the Committee, related to the division of half of the global quota into country quotas, the remaining half to be an open quota.

8. The Committee noted the proposal made by a number of exporting countries that the size of the global and country quotas should be enlarged to the level of United Kingdom imports in 1964 and expressed the hope that the United Kingdom Government would give further consideration to it.

9. The Committee also noted the United Kingdom undertaking that, if countries outside the quota benefited at the expense of those countries within the quota, the United Kingdom would take the necessary steps to remedy the situation. In view of its importance, developments in connexion with this matter would be subject to review by the Committee.