At the outset, I wish to join the distinguished delegate from Japan and express my Government's gratitude to you, Mr. Chairman, and through you to the GATT secretariat for the publication of the study on cotton textiles. We hope and trust that the contents of this valuable publication would receive wider coverage by translations being made available in other important languages, by governments concerned.

I have listened with interest to the statements made by the distinguished delegates from the importing countries.

I will be brief in my observations on the first item of the agenda which relates to a review of the working of the Long-Term Arrangement in the fourth year.

My first observation is with regard to Article 2. Paragraph 1 of this Article 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". Mr. Chairman, four years have elapsed since the Arrangement came into force and it is sad to read from the secretariat document COT/W/73 (page 3) that "the Community is not yet in a position to furnish information regarding changes in quotas envisaged for the remainder of the Arrangement". As a matter of fact, the quota levels in some of the European Economic Community countries for the years 1965 and 1966, as indicated on page 26 of COT/W/73, do not carry any conviction whatsoever to the developing countries in the matter of acceptance of progressive liberalization of trading opportunities by members of the Community. In addition, the procedures for permitting imports into some of the member countries of the EEC continue to remain illiberal. The Nordvijk Agreement, on which my delegation commented last year, would appear to be gaining legal validity. The recent action of the Community to introduce AY-1 Form to establish the origin of the finished cloth (bleached and dyed) when exported to other EEC countries and associated territories, is a retrograde step. I would repeat, Mr. Chairman, what I have been saying last two or three years, namely, that Article 2 has remained a dead letter.
You would agree, Mr. Chairman, that we would like to have an assurance that during the fifth and last Long-Term Arrangement year, these restrictions would be eliminated; this would mean a timetable for such action. Assurance must also be given that no attempt will be made to take away by the right hand what the left hand may give.

My second observation is that the climate created by the Long-Term Arrangement would seem to be leading to proliferation of restrictions. The most important development during the fourth Long-Term Arrangement year was the restrictions on imports introduced by the United Kingdom. The United Kingdom, which had not during the first three years of the Long-Term Arrangement, invoked any of the provisions of the Long-Term Arrangement, has in the fourth Long-Term Arrangement year, covered their entire imports of cotton textiles by a whole series of restrictions. As a traditional supplier, my country enjoyed a certain position in that market for a number of years on the basis of voluntary restraints we had placed on our exports. Even this position has been made illiberal under the current arrangements. Our exports have been restrained and categorized. We are not allowed reasonable growth. Carry-over is not recognized in the new arrangement. I submit, Mr. Chairman, that in the imposition of these restrictive arrangements, the United Kingdom has received encouragement from the climate maintained and nursed under the umbrella of the Long-Term Arrangement.

Thirdly, the distinguished delegate of the United States stated that the developing countries have expanded their exports of cotton textiles during the fourth Long-Term Arrangement year commencing from 1 October 1965. I would not take much of the valuable time of this Committee in analyzing the performance of individual countries. I would not also go into the position of the participating Long-Term Arrangement countries versus the non-participating countries. It is, however, important that we should understand the several reasons for this increased intake by the United States, before arriving at any conclusion therefrom, which may prove distorted. As the distinguished delegate stated, the demand, particularly for cotton yarn has increased greatly during the fourth Long-Term Arrangement year. The ratio of imports to domestic consumption may have reached a figure of about 9 per cent at the end of the fourth Long-Term Arrangement year, but this figure has to be adjudged against the background of the domestic industry's prosperity, strained capacity, low inventories of the domestic mills, high defence demands, well-assured long-range prospects as evidenced by the colossal investment of new capital in the textile industry. I submit, Mr. Chairman, that these factors are relevant in any review of the fourth year Long-Term Arrangement operation with a view to projecting conclusions therefrom for the future. It should be noted that the growth, even by the standards of the importing country, has been non-disruptive in character. The rate of growth in the Long-Term Arrangement era has remained considerably lower than during the years 1953-60.
In conclusion, Mr. Chairman, I wish to reiterate that we should be extremely cautious in drawing conclusions from the fourth Long-Term Arrangement year trade figures. The increase in imports has, more or less, been confined to one importing country. Fresh restrictions have been imposed in another developed importing country. The climate for restrictive practices has continued to be in operation in the fourth Long-Term Arrangement year, particularly when it is realized that the liberalization envisaged in Article 2 has not been given effect to.

I trust that I will have another opportunity of presenting my delegation's views on the second item on the agenda.