While my delegation is generally in agreement with the procedure which you have suggested for discussions under Article 8(d) of the Long-Term Arrangement, our difficulty is about the same as that of the distinguished delegate from Pakistan. A time-table for the conduct of bilateral negotiations, particularly with the Community, would alone make it possible for this Committee to meet again early in December with a view to arriving at positive conclusions as to whether the Arrangement should be extended, modified, or discontinued. We would also hope that the bilateral discussions, which would necessarily have to cover both the problems of increased access to the markets of developed importing countries and the administration and procedures connected with admission of imports, would be rewarding.

With regard to the substantive part of the issue arising from Article 8(d), I would like to begin by quoting Article 1 of the Long Term Arrangement. "In order to assist in the solution of the problems referred to in the preamble to this Arrangement, the participating countries are of the opinion that it may be desirable to apply, during the next few years, special practical measures of international cooperation which will assist in any adjustment that may be required by changes in the pattern of world trade in cotton textiles. They recognize, however, that the measures referred to above do not affect their rights and obligations under the General Agreement on Tariffs and Trade (hereinafter referred to as the GATT). They also recognize that, since these measures are intended to deal with the special problems of cotton textiles, they are not to be considered as lending themselves to application in other fields."

A study of the first sentence of Article 1 would give the impression that the Long-Term Arrangement was envisaged as a temporary adjustment mechanism for "the next few years", which would not only not impede but "assist in any adjustment that may be required by changes in the pattern of world trade in cotton textiles", and allow developing countries gradually to obtain an increased share of world trade in cotton textiles they are able to win for themselves, through their competitive abilities. One would hope that in respect of trade in cotton textiles, which is of particular importance to India and other developing countries, ordinary international trading principles could be observed. We should still endeavour to give a "new look" to the world trade in cotton textiles from
October 1967 and the fact that under the umbrella of the Long-Term Arrangement great strides have been made in the domestic cotton textile industries of the developed importing countries, do raise expectations for realization of the optimism for giving a "new look" to the Long-Term Arrangement.

My delegation has, at the time of the major review of the Arrangement in December last year, dealt at length with the many problems and difficulties faced under the Long-Term Arrangement by the less-developed countries for the expansion of the export trade in cotton textiles. The more important difficulties have been the non-observance of the obligations specified in terms of the preambular provisions of the Long-Term Arrangement, Article 2 remaining ineffective, unjust and discriminatory use of Article 3, and lack of appreciation of the equity provisions embodied in the Arrangement.

The special protection specifically given to the less-developed countries who possess the necessary raw material and technical skill, has not received that degree of recognition at the hands of the developed importing countries as the Long-Term Arrangement contemplated.

I pointed out yesterday how Article 2 has remained almost a dead letter.

A review of the disruption statements sent by the importing countries to the exporting countries before taking action under Article 3 would indicate that the importing countries have failed to make a concrete case for restraints based on objective criteria for market disruption. Disruption is stated, but not proven, in such statements or in bilateral discussions. The most serious shortcoming is that the administrations concerned operate without rules for establishing disruption as required by the Long-Term Arrangement. The importing countries simply go through the motions by observing the provisions of Article 3, ignoring the need to establish a case of serious damage which is actual and not potential or imagined. As the procedure is unilateral, exporting countries have no choice but ultimately to accept the disruption statements of importing countries. My delegation still believes that the Long-Term Arrangement intended that its members apply its provisions leniently, sparingly and with every regard for the stability and growth of the economies of the restrained countries. Article 4 contains only two sentences, but experience has shown it to be perhaps the most important Article in the Long-Term Arrangement. More use has been made of Article 4 than was perhaps intended. The pattern has been to negotiate restraint levels under Article 3 and then offer concessions for a comprehensive bilateral arrangement under Article 4. As the threat has been "unilateral action" in the alternative, the developing exporting countries and the less-developed countries have had no choice but to agree to Article 4 arrangements. One result of the proliferation of the bilateral arrangements may be that in future, new bilateral and unilateral restraints will be imposed not perhaps on the basis of disruption of the domestic market, but on the basis of the need to ensure equity with other Long-Term Arrangement members.
It has been the hope of my government that the developed participating countries would find it feasible to discontinue these restrictive arrangements after the present period of validity of the Long-Term Arrangement. If, however, the international community persuades itself that in the interest of the trade of the developing countries a measure of regulation is necessary, the rules for such regulation would have to be modified. This is a spirit in which India, Mr. Chairman, has tabled proposals for the modification of the Long-Term Arrangement in the light of the difficulties I enumerated earlier, and the proposals are intended to provide a basis for discussion.

Public opinion in my country, Mr. Chairman, continues to view with suspicion that the concept of orderly growth by departure from GATT principles embodied in the Long-Term Arrangement has been achieved or could be achieved. The responsibility for convincing the less-developed countries that an arrangement of the type adumbrated in the Long-Term Arrangement could be turned into an instrument of prosperity for developing countries in the field of cotton textile exports, rests heavily on the developed importing countries. Deeds and not words, Mr. Chairman, would carry conviction. Let me conclude by saying that when we meet early in December, the views that I have expressed here today, would receive adequate attention in order to assist us to continue to make our own small contribution for the solution of this delicate and difficult problem of developing cotton textile exports.