In reviewing the operation of the Long-Term Arrangement at the end of its fourth year and in discussing its future to decide whether it should be extended, modified, or discontinued, it would be desirable, in our opinion, to situate our discussions in the context of international trade and current trends therein.

Indeed, the general principles that are universally recognized today, whether by GATT or by other international organizations, call for liberalization of world trade and recognize the need for ever-increasing efforts to help the less-developed countries to carry out their development plans.

In particular, because of its essential and sometimes vital importance for a great many less-developed countries, the textile sector is a typical instance in which fruitful and constructive co-operation between developed and less-developed countries can promote world trade expansion.

These fundamental principles are expressly set forth in the preamble to the Long-Term Arrangement on Cotton Textiles which has been regulating trade in these products for four years past. In signing the Arrangement, the less-developed countries therefore nurtured the hope that, while making any necessary adjustments, the industrialized countries would consider it unnecessary to maintain restrictions on cotton textile imports and would relinquish part of this sector to developing countries and concentrate their own efforts on more specialized articles. Thus, the less-developed countries hoped for a substantial rise in their exports of cotton goods and consequently in their exchange earnings to finance their economic development.

Unfortunately, these hopes have not been realized because in practice the Long-Term Arrangement has not brought any substantial increase in the cotton textile exports of less-developed countries, because of the restrictions maintained and introduced against them by a certain number of industrialized countries which have made liberal use of the safeguard measures provided against market disruption. In actual fact, exports from less-developed countries did not at the outset constitute any threat to the industry of developed countries. What is more, this industry has been modernized and rationalized through very substantial investments and technical progress so that today it is so powerful that it no longer needs any special protective measures.
In the particular case of the United Arab Republic, the importance of the cotton textile sector and its role in our foreign trade is well-known to everyone. At the meeting of this Committee last December, we outlined trends in our cotton textile exports since the Arrangement came into operation. We shall merely recall now that in the first nine months of the fourth year of operation of the Arrangement, our exports to participating countries were declining as compared with the preceding period, when they were already lower than in the period before that.

Here we arc then, at the end of the fourth year of operation of the Arrangement and, pursuant to Article 8, paragraph (d), the problem is to decide on its future.

First of all I should like to quote Article 1 of the Arrangement which states that "... 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". Accordingly, the duration of the Arrangement was set at five years, that period being considered appropriate for the adjustment referred to.

Now, we find that far from serving the essential interests of the less-developed countries, this period will above all have enabled the developed countries to increase their potential and their efficiency, while maintaining or tightening import restrictions, so that the difficulties of exporting countries have been doubly intensified.

Logically, therefore, an extension of the Arrangement for a further period would be in the interest of the less-developed countries to see only if they could have a formal guarantee that the objectives set forth in the preamble to the Arrangement would be observed and that it would be administered much more liberally.

To this end, we consider it essential to emphasize certain essential points again and to modify certain others. Our proposals are briefly as follows:

1. **As regards the preamble:**

   To reaffirm the objective of the Long-Term Arrangement of promoting the development of less-developed countries by providing larger opportunities for increasing their exchange earnings from the sale in world markets of textile products, and to take particular account of the rights and obligations of contracting parties under the new Chapter IV of the General Agreement.
2. **As regards Article 1:**

To recall the provisional character of the Arrangement and reaffirm the will of the participating countries not to extend its application to other sectors.

3. **As regards Article 2:**

Rapidly to eliminate the restrictions inconsistent with the General Agreement which certain participating countries still maintain in regard to cotton textile imports from other participating countries according to a specified schedule, and to refrain from introducing any new restrictions other than those specifically authorized under Article 3.

4. **As regards Article 3:**

(a) to limit recourse to Article 3 to cases where imports of certain products cause or threaten to cause market deterioration, due account being taken in determining the criterion of "market disruption" of the evolution of consumption of these products in the market of the importing country and of the share of consumption covered by imports during the preceding period;

(b) to raise the degree of flexibility to 10 per cent;

(c) to raise the annual percentage increase in restraint levels to at least 10 per cent;

(d) in determining restraints, to take various pertinent factors into consideration, for example, production by the exporting country, the importance of its textile imports in relation to its aggregate exports and its rôle in the economic development of the country, in order to avoid damage to the production and marketing of the exporting country.

5. **As regards Article 4:**

To fix the degree of flexibility at 30 per cent in the case of bilateral arrangements concluded pursuant to this Article.

6. To establish a "committee of good offices" with the task of finding, under the aegis of the Director-General of GATT, a rapid and mutually satisfactory solution in the event of any disagreement between participating countries, in line with the procedure recently adopted in connexion with Article XXIII of the General Agreement.

In conclusion, Mr. Chairman, we wish to reaffirm our resolve to pursue our efforts within the framework of constructive and real international co-operation which would safeguard the interests of all participating countries and would, in our present case, be reflected in practical measures that would take into consideration the vital interests and legitimate aspirations of the developing countries.