COTTON TEXTILE COMMITTEE

Technical Sub-Committee

Draft Long-term Arrangement regarding International Trade in Cotton Textiles prepared by the Drafting Committee

RECOGNIZING the need to take co-operative and constructive action with a view to the development of world trade and recognizing that such action should be designed to facilitate economic expansion and promote the development of less-developed countries, in particular, of those possessing the necessary raw materials and technical skills, by providing larger opportunities for selling in world markets products which they can efficiently manufacture;

NOTEING, however, that in some countries situations have arisen which, in the view of these countries, cause or threaten to cause disruption of the market for cotton textiles,

DESIRED to deal with these problems in such a way as to provide growing opportunities for exports of these products, provided that the development of this trade proceeds in a reasonable and orderly manner so as to avoid disruptive effects in individual markets and on individual lines of production in both importing and exporting countries;

DETERMINED, in carrying out these objectives, to have regard to the Declaration on Promotion of the Trade of Less-developed Countries adopted by Ministers at their meeting during the nineteenth session of the CONTRACTING PARTIES in November 1961;

The PARTICIPATING COUNTRIES have agreed as follows:

Article 1

The participating countries recognize that this Arrangement does not affect their rights and obligations under the GATT, including the obligation to remove import restrictions which are not consistent with the provisions of the GATT. Accordingly, those participating countries still maintaining Spec(61)395
restrictions on imports of cotton textiles from other participating countries agree to relax those restrictions progressively each year, with a view to the elimination of all import restrictions on cotton textiles inconsistent with the GATT as quickly as possible and, in any case, not later than 30 September 1967. In cases where the Cotton Textile Committee recognizes that there are exceptional circumstances which prevent the elimination of any particular restriction, the participating countries will agree to the postponement of the termination of such restriction by the participating country concerned.

Article 2

1. The participating countries shall not introduce new import restrictions, or intensify existing import restrictions, on cotton textiles, except as permitted under the General Agreement.

2.A. So long as import restrictions are not eliminated, quotas will be increased by at least the amount indicated in Annex A of this Arrangement. Each year during the period of the Arrangement, the target increase in such quotas will be at least one-fifth of that amount. The actual quotas for each year will be communicated to the Cotton Textile Committee by the participating importing country concerned, in advance of the beginning of the licensing period, after consultation with the participating exporting countries concerned.

2.B. Participating countries still maintaining import restrictions on cotton textiles shall enter into bilateral negotiations with the exporting participating countries concerned periodically, or at any time at the request of such exporting countries, with a view to achieving specific progress toward the agreed objective of relaxing and ultimately eliminating such restrictions.

3. In the administration of their remaining restrictions on imports of cotton textiles from participating countries, the importing countries concerned shall see to it that access to their markets is on an equitable basis and that due regard is had to the special needs of the less-developed countries.

4. Notwithstanding the provisions of paragraph 2 above if, during the calendar year 1962, a specific basic quota is nil or negligible, the quota for the succeeding year will be established at a reasonable level by the participating importing country in consultation with the participating exporting country concerned.

5. If no agreement is reached in the consultations referred to in paragraphs 2 and 4 above, any participating country concerned may refer the matter to the Cotton Textile Committee.

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1 This date is dependent on the duration of the Arrangement.
6. In cases where a participating importing country temporarily admits cotton textiles for the purpose of re-export after processing, such country shall not impose quantitative limitations on the amount of cotton textiles so admitted.

7. Participating countries shall notify the Cotton Textile Committee of the details of any quota referred to in this Article.