I should like to return to a thought expressed by you early in our meeting last week that among the essential purposes of a long-term cotton textile arrangement is to secure a home for a normal increase in the productive capacity of a number of the exporting nations, particularly of the less-developed nations.

When I suggested last week that the United States proposal would make growth in imports a function of growth in domestic consumption, I heard rather pointed criticism of the proposal, apparently based upon a misconception that the United States would not have a growth of consumption of cotton textiles in the coming years. Before I say more about our expectations and our proposed formula, I should like to consider the nature of the offers made by other importing nations to assist in absorbing this increase in production and exports.

The EEC has not yet told us what kind of increase in their import of cotton textiles we might expect during the term of the arrangement. They have indicated, however, that it will probably be expressed as a percent of their current imports. According to the statistics they have submitted to us, their imports from countries under quotas are equivalent to about 35 million yards, approximately the output of one inefficient cotton mill in the United States. Together with their liberalized imports they take in the equivalent of the production of approximately three rather inefficient United States textile mills each year. What percentage
of this amount would be meaningful to provide for growth? In our view it would have to be substantially more than the "significantly increased access" of the short-term agreement which has been indicated to be 60 per cent. Surely the EEC must accept some reasonable share of the increase of which the chairman has spoken.

We are told by the United Kingdom that it must have a special provision because of the present level of imports into their market. Certainly it is admirable that they have accepted so much in the way of imports, although one would wish that it had been done on a non-discriminatory basis so that it had less of the element of benefiting primarily only certain areas with certain ties to the Commonwealth.

Does this all mean that other importing countries look to the United States as the only increasing outlet for the growing textile exports of the less-developed countries? We are certainly willing to do our share but not to relieve others of their legitimate responsibility and obligation to these countries.

The United States proposal, in essence, is that it will not close its market to exporting countries, except in instances where the imports disrupt the domestic market. In cases of market disruption we propose to guarantee to exporting nations that their imports would not be cut back beyond a certain figure. Simply stated, the proposal is this: a minimum import schedule should be established for each year, by country, and by category; this schedule will guarantee that an importing country cannot request an exporting country whose exports are causing disruption to export less than that schedule permits. The schedule would reflect a percentage of growth in consumption of a preceding period so that in even very hard
periods for domestic producers the exporters would be guaranteed an increased percentage of the domestic market, so long as consumption is increasing. I used the word "guarantee" - but this must be qualified by the statement that we cannot guarantee they can win that much of the market in a free market. In cases of market disruption, and where in a preceding period there has been a decline in consumption, the minimum import schedule would be established by allowing imports to maintain the same share of the domestic market as they did in the preceding period, again, if they can win it.

I repeat, there may be periods of declining consumption in some of the products in the United States during this Arrangement. But overall, there will certainly be an increase. Even if per capita consumption should not rise, one must not lose sight of the tremendous population growth - estimated at some 20 per cent - anticipated for my country in the decade of the 1960's.

Our estimate of growth in consumption for cotton textiles in the United States during the 1960's is just under 2 per cent per annum. The ICAC forecast for Western Europe is almost 3 per cent per annum, slightly higher than for all industrialized countries.

I am aware, Mr. Chairman, that the formula is not without difficulties in comprehension, and I would be pleased to answer any questions with respect to the way in which we would propose to apply it.