Mr. Chairman,

I should like to express my deep appreciation of the strenuous work undertaken by the Technical Sub-Committee, and above all, by Mr. Royer in drawing up the draft Long-Term Arrangement. The Sub-Committee could not reach full agreement on certain points, but I am sure the result achieved would provide a useful basis for consideration in the present meetings.

Now, I wish to touch briefly upon the views of the Japanese delegation on the salient points.

1. While the Short-Term Arrangement was prepared within the framework of the General Agreement, it was drafted somewhat in haste in order to cope with imminent difficulties which existed in a certain country, and as a result, it came to incorporate into the Arrangement certain concepts and approaches prevailing in that country. We are meeting here, however, to draw up an agreement of a longer duration satisfactory to all participating countries. I believe that in our meetings we should endeavour to arrive at an agreement of universal character so that the principles of the General Agreement will be respected to the fullest possible extent. To the best of my knowledge, there had not been an international agreement which embraced the flavour of one particular country.

2. As already confirmed in previous meetings, the approach of the Long-Term Arrangement should not be construed as a precedent with respect to other sectors of international trade. I take this opportunity, however, to emphasize particularly that the scope of the proposed arrangement should not be extended to the other fields of textiles.
3. The purpose of the proposed arrangement should be the orderly expansion of trade in cotton textiles avoiding disruptive effects on the markets of importing countries. While certain safeguard measures may be needed for resolving the problem of market disruption, we must not forget that the keynote of the arrangement should always be the expansion of trade.

4. Consequently, we are unable to go along with the so-called Growth Formula introduced by the United States. It has been repeatedly confirmed that the safeguard measures envisaged in the proposed arrangement may be applied only in the case of market disruption. What this Growth Formula really aims at, however, is to predetermine the level of annual imports so that if imports exceed that level the existence of market disruption may be claimed.

Accordingly, this Formula tends to put category-by-category ceilings on all cotton textile imports. This amounts to imposing an overall ceiling. Therefore, the apprehensions couched by exporting countries that once imports reach the predetermined level, the safeguard measures will be automatically resorted to are well founded.

Moreover the predetermined import levels are linked with the levels of domestic consumption. As a result imports will hardly be allowed to increase and, in some cases, they may even be reduced. Therefore, although this formula is called a "growth formula", it may well be termed as a freezing formula, if not a shrinkage formula. Such a formula can never be used as the basis of our discussion.

5. Now, a few words on the categories, which were introduced in connexion with the Growth Formula. Since we are opposed to the Growth Formula itself, we are naturally opposed to the category approach. I consider it necessary to outline our views on this matter at this opportunity.

It has been found by the Statistical Sub-Committee that hardly any participating country is able to supply statistics required by the category approach. At the same time, in view of the changing pattern of trade in cotton textiles, it is neither practical nor useful to prearrange such categories. What is more important is that categories once arranged will be utilized for fixing an overall ceiling on all cotton textiles as well as ceilings on each category. For these reasons, I reiterate that my delegation is strongly opposed to the very idea of attaching the list of categories to the arrangement. We will elaborate our position in greater detail if the need arises.
6. We sincerely hope that those participating countries still maintaining import restrictions will progressively relax them with a view to their early elimination. We understand the member countries of the European Economic Community who under the Short-Term Arrangement undertook to increase their import quotas for 1962 by sixty per cent are shortly to announce further substantial increase in import quotas for the subsequent years. We are looking forward to this announcement with great interest.

7. Now I should like to take up the principle of equity. You might recall that Japan, in accepting the Short-Term Arrangement, circulated a note expressing the hope that the Short-Term Arrangement be implemented in an equitable manner, Japan will persist in the same stand in relation to the Long-Term Arrangement. In particular, we must stress that the safeguard measures should be applied to all the participating countries responsible for the disruption in an equitable manner.

8. The experts from Japan who participated in the discussions of the Technical Sub-Committee proposed a draft arrangement. The safeguard measures against market disruption contained in that draft are not excessively restrictive while paying sufficient consideration to avoid market disruption in the participating countries. I believe this is a well balanced formula. I should like to add, however, that taking into account the discussion that took place in the Technical Sub-Committee, my delegation is prepared to submit an amendment which I hope will make the draft proposal more attractive to the delegates here present.

9. Finally, I wish to comment on the investigation now under way by the United States authorities under Section 22 of the Agricultural Adjustment Act to determine whether an import fee on cotton textiles is necessary. In the forthcoming Council meeting, we intend to take up the question of compatibility of this fee with the waiver granted to the United States in 1955, and therefore we have no intention of discussing here the legal issue involved. In the event, however, that a measure such as the imposition of a fee which has a wide and far-reaching restrictive effect on imports is taken, the very basis on which the Long-Term Arrangement has been considered will be entirely changed. I might add that the question of the fee is not a new one. In fact when the levy was considered in 1959, the Japanese delegation brought the matter to the attention of the CONTRACTING PARTIES at the fifteenth session. It is most unfortunate that industries concerned have to operate under such recurrent threat. Taking this opportunity I should like to announce the intention of the Japanese Government that should such a measure be taken the Japanese Government will hardly be in a position to accept the proposed Long-Term Arrangement.

I have stated very frankly the position of the Japanese delegation on certain important points. But I assure you, Mr. Chairman, that we will remain open-minded and will always be prepared to consider any constructive proposals that may be made in the course of deliberations here. We wish to have a further opportunity to elaborate and make fully known our views which I have outlined in my statement.