Mr. Chairman:

I must apologize to you and to the Members of the Committee for whatever inconvenience you may have experienced because of the delay in the presentation of this statement. We have wanted to ensure that our opening statement would be sufficiently comprehensive to touch on all of the principal concerns of the nations that have gathered for this conference. This reflects the judgment of my Government that this is a conference of inestimable importance to the further development of the profound and abiding sense of community and common purpose which exists today among the free nations of the world.

No one who has been privileged to take even some small part in the establishment of the grand design which increasingly emerges as the cumulative result of the many separate undertakings of the free nations can fail to be stirred by the prospect which it presents. Year by year we have added understanding to understanding, laying a foundation of common interest and shared endeavor of a magnitude mankind has not previously known.

It is no less a privilege to be associated in such endeavors with you, Mr. Chairman. Earlier this week you alluded to the
French apothegm that it is only provisional things that endure. It may be noted that the GATT itself began on a decidedly provisional basis in the weak light of the immediate postwar years. That is a time long past. The GATT has not only endured; it has prevailed. It has become one of the principal institutions of the new era into which we are unmistakably moving.

You will properly identify the circumstances of this statement with an event, last week, of the greatest moment in the United States.

I come from a capital and from a nation that has been profoundly stirred by the proposal of President Kennedy for a bold and adventurous new program of international trade. I think it may be said, in candor, that most of us have been somewhat surprised to find how much we are moved by the possibilities and expectations of the President's trade program. What was contemplated as only one of a number of important proposals the President would make to this session of the Congress, has suddenly assumed a primacy of place so that now it is widely regarded in both parties, and in the farthest reaches of American life, as the most significant challenge the President has presented to the nation.

The President's program is not the beginning of a daring exploration of the unknown. It is, rather, the culmination of a long series of reasoned, limited measures in the field of world trade that have proved to be good business and good diplomacy. This series began, at very
least, with the Reciprocal Trade Agreements program of 1934, which the United States Congress has reviewed, approved and extended on eleven separate occasions. At first in bilateral negotiations, and then in multilateral negotiations under the GATT, the American Government proved to itself and to the nation that the shared common interests of the world called for expanded world trade. American imports grew from $1.6 billion a year in the three years preceding the Act of 1934, to the present figure of $14.6 billion. Exports have grown proportionately.

Clearly the expansion of imports has not taken place without adjustments within the American economy. These have not always been easy; in many instances they have been painful indeed for the industries and the men and women involved. For that reason, before taking the giant step forward the President has now proposed, it was necessary for us to anticipate the effect of a greatly expanded level of imports upon certain segments of American industry.

With this object in mind, an integral part of the President's new trade proposals is a program of Trade Adjustment Assistance under which companies, farmers and workers who suffer damage from increased foreign imported competition will be assisted in their efforts to adjust to that competition. Side by side with this domestic program — and an integral part of our thinking on this entire subject — is the international program for the avoidance of market disruption in those industries which are most susceptible to disruption by imports.
It is important that I emphasize this central fact. The United States Government regards a long-term world Cotton Textile Agreement as a means of bringing about the expansion of world trade in textiles by making it possible in the course of expansion to safeguard the legitimate interests of domestic producers in importing countries. It is our conviction that unless such safeguards accompany such expansion there will not be such expansion.

In a very real sense the proposed new trade program in the United States proceeds from the Cotton Textile Agreement arrived at here in Geneva last July. As many of you are fully aware, it involves not only the logic and the facts of the situation, but the very same Government departments and officials. It was precisely those individuals who came to Geneva in July to negotiate a world textile agreement who returned to Washington to work with the President on a world trade program. Had there been no agreement, there might not have been such a program. But there was an agreement, and there is a program, and I have not the slightest doubt that in the years to come all of us will benefit from both.

As we were reminded on Monday, we met here last July in circumstances characterized by a certain urgency. I respectfully suggest, however, that the forces which were at work then, and which made that accomplishment possible, were not, as has been suggested, the "imminent difficulties which existed in a certain country." They arose, rather, from the common realization that a crucial moment had been reached in the development of free world trade. The possibility had
appeared, suddenly as those things do, to remove a major impediment to a dramatic increase in the volume of international commerce. This was not a matter of difficulty for one country, but of opportunity for all the free countries of the world. We grasped that moment -- not to the advantage of one country but to the benefit of all.

As we meet again this week, to establish on a more permanent basis the agreement we constructed in such a brief period last July, it is of vital importance that there be no confusion of our purposes -- as between the service of common interest, and the service of any narrower, separate interests. It is only with the iron law of common interest in mind that I turn to some of the specific issues.

The United States position on each of the four points identified in the Executive Secretary's Note of yesterday proceeds from this conviction: that the expansion of world trade depends (i) on the establishment of safeguards against particular market disruptions, and (ii) on an equity of open markets which prevents the flooding of some as the consequence of undue restriction in others.

I would face frankly, with the confidence facts afford, and in no way defensively, the realization that there are some who would say that the United States has talked free trade as the camouflage for protectionism.

The facts, as far as cotton textiles are concerned, and looking only at the most recent record, carry their own eloquence.

In 1959, United States imports of cotton textiles increased by
one-half above the 1958 level; in 1960 these imports increased by another one-half. Our imports from one source increased from $700,000 in 1956 to $4 million in 1960. Between 1958 and 1959 imports from this one source almost tripled and in 1960 increased an additional 40 per cent above the 1959 level.

It was in this period from 1958 to 1960 that the United States textile industry also experienced a wave of mill closings. Thousands of employees who were on their payrolls lost their jobs. I do not attribute all of these mill liquidations and all of this unemployment to the impact of growing imports of cotton textiles, but it is quite clear that imports played an important role in this situation.

In 1955, United States cotton textile imports represented 2.1% of domestic consumption. In 1960, they represented 6%. During this period, United States exports of cotton textiles dropped 11% while overall exports increased 30%.

This record attests in the most positive manner possible the conviction of the United States that it is a matter of our nation's own self interest -- broadly conceived -- as well as the common interest of the free world for nations such as ours to absorb a growing volume of cotton textiles.

Point No. 1 in the Executive Secretary's Note refers to "the circumstances in which the safeguard provisions can be invoked."

It will be the United States position that the provisions of Article 3 must clearly provide the basis for action being taken by an importing country when a market disruption
condition is created or is imminently threatened. There must be no room left for misunderstanding.

The short-term agreement provides that the existence of a market disruption situation shall be the subject of unilateral determination by the importing country involved, consistent of course with the terms of the Agreement. We will propose language in Article 3 which clearly continues this provision.

We will urge, in this connection, careful discussion of the functions which are intended to be lodged in the Cotton Textile Committee. It is our understanding that the Technical Subcommittee did not intend that the Cotton Textile Committee would have the power of arbitration, or that its responsibility would operate to impair or diminish the right of any country to unilaterally interpret and apply the Agreement. This should be more clearly expressed.

In the opening statement for the Delegation from Japan it was stated that the United States position regarding this issue suggests a "formulat which tends to put category-by-category ceilings on all cotton textile imports." The statement for the Delegation from India contained a similar observation.

No one disregards the considerations which have prompted the private cotton textile interests in the United States and other importing countries to seek the inclusion in the agreement of category-by-category ceilings on all cotton textile imports. Such considerations are simply the obverse of those which have prompted the private cotton textile interests in the exporting countries to seek the specific
exclusion from the agreement of such ceilings.

The Agreement has been drafted, nonetheless, in terms of the market disruption concept. We take it as meaning what it says.

We recognize equally the practical significance of the inclusion in the Agreement of a base period.

No one will disregard the inevitability of strong domestic pressures being exerted on the governments of importing countries to treat the base period import levels referred to in the Agreement as the measure of "market disruption". It will not be unnoticed that the situation in the textile market in the United States in 1960 and early 1961 resulted in Congressional investigations of these circumstances, in the appointment of a special Cabinet committee, and in the adoption of a seven-point program by the President of the United States designed to afford assistance to a stricken industry. Surely none can have any doubt that when imports of a category of textiles from a country approach the base period figure there will be close consideration given the question of whether a situation of market disruption exists or is developing.

Yet it is in the very fact of the recognition of these circumstances that the significance of the United States Government adherence to the "market disruption" concept is to be found. We say advisedly that we will propose to initiate proceedings under this Agreement when, but only when, market disruption occurs or is imminently threatened.
We will urge, in order to make the administration of Article 3 more effective and predictable, certain clarification in its terms.

Paragraph 4 of Article 3 makes provision for possible overshipment above a restraint level because of administrative difficulties. We will urge that the exporting countries describe in precise terms the nature of those administrative difficulties which give rise to this provision. In the absence of clear justification for this provision, we will propose its deletion from the arrangement.

Problems may arise because of the lag between actual imports and statistics on imports. Thus an importing country would not always have immediately at hand the data to show what may, in fact, be occurring so that a sound determination of market disruption may at times be difficult. Recognizing the tendency there will be to argue both sides of an alleged market disruption situation in terms of annual trade figures, and recognizing too the necessary use of annual figures for the cutback level in an established market disruption situation, we will propose language to meet the case where imports may be concentrated during a period just prior to the close of an accounting year.

The categories question is also an integral part of the problem of administering the provisions of Article 3. We are not oblivious to the views which have been expressed by various exporting countries that the 64 categories
established in the short-term agreement present them with internal administrative difficulties.

We foresee more clearly now, in the light of preliminary experience, comparable difficulties traceable to similar domestic considerations. Faithful adherence to the market disruption concept may well warrant and require further refinement of the categories concept.

In this connection I assure the Members of the Committee that my Government is fully cognizant of the differing systems of import statistics which are used by different nations. We wish only that it be understood that the United States will calculate its imports of cotton textiles under the short-term and long-term agreements in terms of its own system, and we assume that others will do the same.

We will welcome, at the appropriate opportunity, further discussion of this matter of categories, and will propose a revised list designed to reflect better the needs of the long-term arrangement.

The second item on the agenda concerns "provisions for safeguards, including the question of the growth formula."

This involves two considerations, obviously. My Government regards each as of equal importance. It appears to us that there is far too little optimism concerning the future growth of world cotton textile consumption and trade. Thus, for example, between 1963 and 1967 the population of the United States will increase by 15,000,000 people. This will bring about an increase in cotton textile consumption in the
United States, even assuming no increase in per capita consumption, of the equivalent of over one and one-quarter billion square yards per year by 1967. Further, we have not the slightest doubt that cotton will maintain its share of the textile market. We expect overall consumption to grow very considerably.

It is, indeed, central to the United States' conception of a long-term agreement that explicit provision be made for sharing growth in cotton textile consumption. At the same time, as a matter of equity and logic, we propose that the formula in Alternative A of Annex B with regard to situations of declining consumption be revised to parallel the formula with regard to situations of increasing consumption. This will make for a simple approach to the problem and reflects a suggestion made during the meetings of the Technical Subcommittee.
Regarding Point No. 3, "the liberalization formula," the United States position has previously been made completely clear. It is that a constructive long-term multilateral arrangement must, as a matter not only of equity but of practicality, reflect a willingness on the part of all importing countries to share proportionately in absorbing cotton textile exports of the less-developed countries.

We express respectfully but nonetheless firmly the view that the countries of the European Economic Community individually and as a group must do their utmost within the time span of the proposed agreement, to increase significantly their share of cotton textile imports from the major exporting countries. We are certain that they will find a way to rise to this challenge.

In 1960, the imports of cotton textiles by two member countries of the Community from Japan, Hong Kong, India, Pakistan, Spain, and Portugal represented an exceedingly small percentage of domestic consumption. The EEC countries as a whole import 1.9% of their aggregate domestic consumption of cotton textiles from these countries.

If we are to succeed in our present endeavor, every effort must be made to increase these quantities.

Of the fourth and final agenda point, I would only say that the United States will support strongly the position that the Agreement should make special provision for those countries which already provide substantial non-discriminatory access to
markets.

The opening statements on Monday and yesterday, Mr. Chairman, included repeated reference to the proceeding pending before the United States Tariff Commission regarding the obvious inequity imposed on the United States cotton textile industry by the two-price cotton system.

I must insist, Mr. Chairman, that this — like a related proceeding now pending before the Office of Emergency Planning — is a proceeding controlled by specific rules of law, and as yet no decision has been made. The proceedings include provision for full and fair hearing of all affected interests, domestic and foreign. It would be wholly inappropriate to intrude those proceedings into these negotiations.

Briefly, Mr. Chairman, and in conclusion, there are broader considerations which give a larger significance to the narrower points we may consider here.

We are here, at the same time, Mr. Chairman, participating in a small but significant event in an unfolding drama of a world economy in revolution. It would be the worst error to fail to realize the forces we are guiding. This meeting may prove only a footnote in history; or it may be recognized as the first small incident marking the decision of the nations of the Free World to frustrate or to hasten the progress towards a higher unity of purpose.

There converge in this room the forces which produced the Treaty of Rome five years ago, forces which have spurred a
score of nations to unprecedented economic vigor in the past decade, and which for the United States reached new heights only last week in President Kennedy's message to the United States Congress on the Trade Expansion Act of 1962.

The subject of the President's message was trade, but the issue involved was freedom: the free trade of free nations, releasing in all its vigor and multiplicity the splendid creativity of free and enterprising peoples. In urging his program the President declared:

"Our efforts to prove the superiority of free choice will thus be advanced immeasurably. We will prove to the world that we believe in peacefully 'tearing down walls' instead of arbitrarily building them. We will be opening new vistas of choice and opportunity to the producers and consumers of the free world. In answer to those who say to the world's poorer countries that economic progress and freedom are no longer compatible, we -- who have long boasted about the virtues of the market place and of free competitive enterprise, about our ability to compete and sell in any market, and about our willingness to keep abreast of the times -- will have our greatest opportunity since the Marshall Plan to demonstrate the vitality of free choice."
I must say to you, fellow Members of this Committee, that the question of whether the United States adopts this Trade Expansion Act may well depend upon, and will certainly be greatly affected by the results of these negotiations. If this were a matter solely of domestic concern I would not presume to make these extended remarks. I risk doing so upon your concurrence in the judgment that this legislation is consonant with the common interest of every nation represented at this conference.

In the debates regarding this legislation there will be pressures to encumber it with protective exceptions for particular industries. The cumulative effect of such exceptions could all too easily crush the very purpose of the Act.

I know full well that expressions of commitment to a broader purpose are the common cloak of narrow aspiration, and that the true service of higher ideals lies in the proper exercise of responsibility regarding more specific concerns. Our subject here is how many square yards of what kind of cotton textiles will move, during the next five years, from certain mills to certain markets.

I must hope, nonetheless, that in performing the task at hand the United States will be enabled to make clear our commitment to the broadest principles of freedom of trade, and all that derives from and accompanies these principles.

We will seek stability of markets only as an element contributing to the growth of production and consumption.
The Government for which I speak came to office with a program that has been epitomized as the New Frontier. But the new frontiers which we seek are not confined by the boundaries of one country. They are new frontiers in the experience of the Free World.

We hope for more than the past has promised.