Mr. Chairman,

On behalf of the European Economic Community and speaking after other delegations, I should like first to extend to Mr. Royer the thanks which he deserves. I agree entirely with the United States representative and others than we should not be here today with an opportunity to discuss a draft text if the proceedings of the two sub-committees - the Technical Sub-Committee and the Statistical Sub-Committee - had not been conducted as they were.

I should also like to say how much I appreciate the fact, that speaking after other delegations, I can to some extent take advantage of the remarks contained in their statements - remarks which in most cases were correct and well-founded.

It is with this advantage that I should now like to state three things. First of all, the situation of importing countries as compared with that of the recently industrialized countries in regard to cotton textiles, as the Community sees it; secondly, the Community's attitude towards a proposed multilateral arrangement on cotton textiles; and lastly, the position of the Six in regard to the draft arrangement drawn up by the Technical Sub-Committee.

I. The situation of importing countries as compared with that of the recently industrialized countries in regard to cotton textiles

1. This is far from being a new problem for the European Economic Community. Like the countries of Western Europe in general, the countries of the European Economic Community equipped themselves so as to be able to meet the needs of the whole world. They have been trading for a long time, largely among themselves and with other developed countries, and they normally devote a large share of their imports to countries having a long industrial history. The industries of the six countries of the Common Market have, however, already lost many of their outlets. First of all in the very countries which were becoming industrialized and imposed often severe import restrictions, some of which are still maintained, in order to protect their industrialization. Secondly, outlets have been lost on third markets. Lastly, in the past few years outlets have also started to vanish on the markets of the EEC countries.
The consequences are well known... Factories have been shut down much earlier in the countries of the European Economic Community than in other countries to which I shall refer in a moment. The reduced share of the European Economic Community in world exports is further evidence of the efforts already made by the six countries of the Common Market.

Thus it is probably correct to say that, from a long-term point of view, the structures of the European Economic Community have already been seriously affected.

2. Some other large countries, unlike the European Economic Community, equipped themselves to supply their domestic consumption alone. In these countries exports have played only a minor part, but the share of those exports in world trade is greater today than it was before the war. The imports of these countries, which were formerly negligible, have increased in the past few years, particularly imports from the recently industrialized countries; and they are also beginning to reach the domestic market which was formerly still their only market. But it is probably not possible to say, from a long-term point of view, that the structure of these countries has been affected to the same degree as that of the countries of the European Economic Community.

3. A third group of countries is that of the net importers, countries in which the production does not come up to consumption and for which imports from newly-industrialized States do not always represent a real sacrifice, while replacing exports from the older industrialized countries.

4. Great Britain is a special case. It opened its market, free of tariffs, to the Commonwealth countries... I should merely like to mention that the Treaty of Rome is based on a somewhat similar concept so far as the countries associated with the Common Market are concerned.

5. I still have something to say about the countries which are not yet fully developed and are not producers of cotton goods. The Indonesian market amounted to 60,000 tons in 1956, and although it has since dropped that is probably a sign of possible future growth in import capacity. The markets of Africa represent an absorption capacity of 150,000 to 170,000 tons yearly for cotton fabrics alone and the growth possibilities of this market must not be overlooked; they should grow with the rise in the standard of living.

That is what I wished to say, Mr. Chairman, about the situation in cotton textiles of the various groups of importing countries as compared with that of the recently industrialized countries in regard to cotton textiles.
II. The attitude of the European Economic Community concerning a proposed multilateral arrangement on cotton textiles

The European Economic Community has not called for an arrangement. With or without an arrangement, it is ready to increase its contribution in order to encourage new outlets for the newly-industrialized countries, under conditions which are acceptable from the social point of view and which do not disrupt their structural development.

The European Economic Community is, however, prepared to accept an arrangement.

First of all because it appreciates the difficulties of countries which may have special reasons for desiring an arrangement. Secondly, because it is in favour of an orderly expansion of international trade in cotton textiles, and on the initiative of the country which promoted our conference, this orderly expansion of international trade in cotton textiles is the slogan of our meetings.

Although the European Economic Community is prepared to accept an arrangement, it is, however, only ready to do so if a certain number of conditions are met.

First of all, account must be taken of the efforts already made by the industry of the Six to adapt structures; these efforts have probably not been made to the same extent by the various importing countries.

Secondly, the countries which produce essentially for their domestic market must recognize the need to open their markets more widely.

This wider opening of markets should be accepted loyally by the net importing countries as well as by the more industrialized among those countries usually referred to as the newly-industrialized States.

Account must also be taken of development possibilities in countries which are not yet industrialized and are not producers.

Lastly, the development of production in the recently industrialized producing countries must be sound and balanced and these countries, contrary to what has recently occurred at times in some of the countries of the European Economic Community, must not resort to pricing or business practices which we should probably have to term inconsistent with the ideal which inspires us all.
III. The position of the EEC countries in regard to the draft arrangement drawn up by the Technical Sub-Committee

It is with those conditions, Mr. Chairman, that the position of the countries of the European Economic Community in regard to the draft arrangement drawn up by the Technical Sub-Committee can be stated.

The objective of the European Economic Community is summed up in the slogan proclaimed by the country upon whose initiative we are met today: the orderly expansion of international trade. Expansion must be based essentially on action by the importing countries; its orderly nature must be based essentially on a proper understanding of realities on the part of the exporting countries.

A. Expansion

Expansion implies that the importing countries will permit an increase in the outlets offered to the exporting countries. Such an increase is only possible, however, if the effort is equitably distributed among the importing countries.

1. The growth of outlets. The growth of outlets presupposes a growth formula which provides real guarantees of growth. It also presupposes increased market access for products still subject to quota.

Concerning the growth formula, the representative of the United States has just spoken of the merits of the formula proposed by his country. The member States of the European Economic Community incline to the view, in particular because of the indexing of domestic consumption about which the American delegation seems very optimistic, that the proposed formula perhaps does not give exporting countries a formal guarantee that their exports can increase in all cases at a minimum rate. The European Economic Community, Mr. Chairman, still has an open mind in regard to this growth formula. But we still believe that the formula presented by the Community, which follows the same line of thought as the Japanese proposal, affords a fairly clear answer to the problem of market access for liberalized products and is closer than the American formula to the wishes of the exporting countries.

Naturally, in addition to the growth formula, provision must be made for increased market access for products under quota. It must be said from the start that these are the exception, not only in importing countries in general, but also in the European Economic Community. The latter has liberalized all its imports from Spain and Portugal; as to imports from the four others out of the six exporting countries considered, they too are liberalized to a considerable extent, more being liberalized than under quota.
With respect to the imports still under quota, for the year 1962 the European Economic Community will open or has already opened a minimum quota of 6,230 tons as against 3,810 tons for 1961, that is to say exactly 134 tons higher than the 60 per cent increase which the European Economic Community had undertaken to grant.

This, however, calls for a few comments. These are minimum figures, for negotiations are still under way and it is very likely, not to say certain, that at the end of these negotiations the figures just quoted will be increased. Moreover, the breakdown of the quota figures shows the extensive liberalization which has taken place in the countries of the European Economic Community. Out of a total of 6,230 tons, 4,005 are to come from Japan, 1,690 from India, 310 from Pakistan, 225 from Hong Kong. But with respect to India, Pakistan and Hong Kong, most of the EEC countries have already been able to liberalize the greater part of their products.

The countries of the European Economic Community believe that these recent developments or those which will take place shortly must be taken as an augury for the more distant future. With or without an arrangement, as I have said before, the Six will keep on their present course. When the time comes for all importing countries to speak in terms of figures, the countries of the European Economic Community hope to be in a position to put forward an offer as regards both liberalized products, in the form of an increase in minimum quantities under the growth formula, and products under quotas - these two groups being necessarily linked. This offer will reflect the European Economic Community's desire to play its part in the common endeavour.

But the mere fact that such increases in outlets are desirable is not sufficient for them to be agreed to. For this an equitable distribution of the increases must be secured.

2. Equitable distribution. I have already explained in general terms how the European Economic Community views this concept of equity.

More precisely, it is the wish of the European Economic Community that there should be no systematic exclusion from the scope of the arrangement to the advantage of any particular group of countries. The provisions of the arrangement should be sufficiently clear and precise to preclude evasion of the arrangement by any importing country. No individual group of countries should be excluded, because each has its own position.

As we see it, there is only one special case, that of Great Britain, and we consider that it should be settled not in the main body of the arrangement but rather in a protocol annexed thereto.
As regards the other countries, there is a wide variety of situations, and the selection, as the only reference basis, of the percentage of actual imports over consumption seems to us a grossly inadequate criterion, since in many cases the exporting countries have been unwilling, whenever imports had been liberalized, to carry out the requisite market research; moreover, the structure of industry varies widely in the various importing countries. No systematic exclusion of any particular group of countries from the arrangement, therefore, but also no possibility for certain importing countries to evade the arrangement indirectly. This is mainly a matter of goodwill and of good faith, but it is also a matter which stems from the mechanism of the arrangement.

Each country participating in the arrangement must be assured that the other countries will take on their share of the overall burden, for otherwise the collective effort would be in vain, the exporting countries and most of the importing countries would be frustrated, and the arrangement would remain meaningless.

That is why we prefer that the rules should be the same for all the importing countries and that they should be sufficiently simple to be understood and applied by all. That is the reason why the European Economic Community is somewhat reticent in regard to the much-mentioned mechanism of categories; on this point, however, we hope that the modifications announced by the United States representative will afford the simplicity and clarity which we should like to see.

The countries of the European Economic Community believe that the expansion must be based on action by the importing countries but that it must be orderly expansion; if this is to be so, clearly it must, as a first requisite, be founded on complete understanding of the factual situation by the exporting countries.

B. Orderly expansion

1. First of all as concerns trade liberalization, one should not be dogmatic. There should be no confusion between procedure and the factual situation for in our opinion it is somewhat hypocritical to assert that export restrictions or restrictions in pursuance of industrial arrangements differ from quotas. It should also be realized that, in many cases, a fixed time-limit for liberalization can delay the actual application of liberalization. We believe that most, if not all, of the exporting countries appreciate that the efforts made by the countries of the European Economic Community can be hampered if the view which I have expressed is not accepted.

As regards quotas, it must be acknowledged that whatever their form - whether they are quota restrictions in the strict sense or other forms such as export restrictions or restrictions in pursuance of technical arrangements - they make it possible to avoid a harmful struggle among the newly-industrialized
countries which, far from stimulating their export earnings, can actually reduce those export earnings by resulting in very low prices despite a much greater effort. The orderly nature of expansion therefore depends first on a certain concept of trade liberalization.

2. Of course, it must also stem from the mechanism provided for in the escape clause. We consider that this escape clause must be able to operate quickly, effectively and precisely. The mechanism must be accurate, simple and clear. Provided this is so, the importing countries will be able to enjoy proper peace of mind which will ensure only moderate resort to the escape clause.

3. Lastly, the orderly nature of expansion must stem from the fact that it would be impossible for the exporting countries to take any measures of substitution other than those which may be provided under the arrangement in order to regulate the cotton textiles market. For the reason which I have already indicated, namely confidence that sudden jolts can be avoided, we must examine this difficulty carefully. As has been stated from the outset of our meetings, the European Economic Community countries do not want any extension of the mechanism which we are discussing beyond the field of cotton textiles. But the problem of cotton textiles as a whole must be settled, and this presupposes the inclusion of a clause which would avoid possible substitution. In this regard the European Economic Community has submitted a text which, to the extent that we consider it more comprehensive than other proposals made, should contribute towards establishing the atmosphere of confidence which is essential if the international arrangement that we hope to draw up is to operate properly.

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Those, Mr. Chairman, were the views which the European Economic Community wished to present in regard first to the situation of importing countries as compared with that of the recently industrialized countries; secondly, the attitude of the European Economic Community in regard to a proposed multilateral agreement on cotton textiles, and, lastly, the Community's position with respect to the draft presented by the Technical Sub-Committee.

It is not the intention of the Community to reserve for itself a position more comfortable than that of other participants at this meeting who are in a similar situation. The Community is therefore prepared to make a comparable effort, but the effort must be equitably distributed. And for the arrangement to be equitable, it must take account in regard to the various groups of countries of the special situations which I have mentioned.

It cannot be denied that the problem facing us is a very real one and it is a good thing that it should be dealt with in GATT. At the recent ministerial meeting, the Executive Secretary said that for some years past the world economic trend seemed to be a challenge to our organization. We are convinced that the European Economic Community's conception of the long-term arrangement on cotton textiles, which is directed towards sound and orderly expansion of world trade, can usefully help to take up that challenge.

Thank you, Mr. Chairman.