COTTON TEXTILES COMMITTEE

Statement by Mr. M.H.E.A. Baig (Pakistan)
on 2 February 1962

Thank you, Mr. Chairman, for allowing me to make my general statement somewhat late in the proceedings. My difficulty was to know where to start.

I wish to say that just now I am not especially concerned with the effects of this arrangement upon our immediate exports of cotton textiles. The central feature of the agreement is the concept of market disruption, and so far as can be seen at present, Pakistan is unlikely to be in a position to disrupt any overseas market in the specified period. That being so, the agreement assumes less importance for us than it otherwise might have had. We have one important cotton textiles point, however, which is that if during the period of the agreement we are able to expand our cotton textiles exports, we do not want ourselves facing a dead line of limitation. This point should not be forgotten because of any further remarks.

This having been said, I am really very seriously concerned with the significance of this agreement as it relates to the principles supporting the GATT Programme for Expansion of Trade, with especial reference to the objectives of Committee III concerning obstacles in the way of outlets to the trade of the less-developed countries. Committee III is going to start its 1962 work very soon, and I for one find certain conceptions either brought to light or restated in the cotton textiles agreement very discouraging indeed in respect to hopes which we have had for Committee III results.

I had not wanted to have to say much about market disruption here. I am in very full agreement with what Mr. Swaminathan has said about this phenomenon at both earlier cotton textiles meetings and in many other meetings. Pakistan delegations also in various forums have expressed their views. From the first we have disliked the words which have been used to furnish a kind of cloak to cover reluctance to adjust to efficient, effective, serious and sustained competition, legitimate competition none the less according to high GATT standards, coming from areas in the world from which in the past no such competition had come. As the Pakistan delegate said at the nineteenth session, there is nothing new in industrialists and traders complaining of reduced margins of profits and clamouring for protective artifices when competition becomes acutely uncomfortable. Our own people did this when in 1960 we liberalized certain sectors of our imports.

Apart from all this, neither in our cotton textiles trading nor in any other trading have we disrupted anyone's markets, nor do we expect to do so. Nevertheless, we view with distinct lack of sympathy any school of thought which may tell us that we should not trade as much as we wish, fairly and freely, employing for that end phrases which have created a kind of bogey. As the Japanese
representative at the Technical Sub-Committee remarked on one occasion the words "market disruption" have seemed to have been used to imply an activity having something criminal in its nature. Our distaste for the words is that while we agree that a problem does exist, the cry serves as a kind of rallying point for those who wish to postpone placing responsibility for remedial action where it should lie, which is exactly on their own shoulders.

This does not mean to say that we do not recognize some sociological and political difficulties which certain industrial countries are experiencing, and as the Pakistan Minister said on 27 November, we are prepared to co-operate with the industrialized countries in dealing with their problems in a considerate and co-operative manner.

It was in the hope of participating in an international and multilateral arrangement which would serve to expand international trade that we have been taking very great interest indeed in these talks. But as things stand at this stage, after the drafting of the long-term arrangement, we find the situation rather disappointing. We are already members of an international agreement, the GATT, and for very good reasons too. I am asking myself what increased access to markets the draft arrangement grants or promises to exporting countries, over and above what we may already regard as promised by member countries to the GATT. Also, we find certain aspects particularly depressing coming as they do when we had reason to believe that there was a new look or a new climate prevailing for realization of exports from less-developed countries.

Very recently there crystallized an awareness that all was not going well in the overall view of international economy, and in consequence there took place a meeting of forty-four Ministers or ministerial representatives, representing a large section of the world in which our interests lie. As I have just indicated, we had hopes of a new look, of a new impetus, in economic actions, which would spring from the Ministers' meeting, serving the interests of the less-developed countries no less than those of the industrialized countries and the interests of the industrialized countries no less than those of the less-developed countries.

The principles to which the Ministers drew specific attention in their Declaration included the speedy removal of those quantitative import restrictions which affect the export trade of less-developed countries. Where these must be maintained, in accordance with GATT provisions they should be applied in a non-discriminatory manner. In the conclusions which they adopted, Ministers agreed that contracting parties should take immediate steps to establish specific programmes of action and, where feasible, target terminal dates, for progressive relaxation and elimination of barriers to the exports of less-developed countries. They also agreed that the CONTRACTING PARTIES should be requested to draw up procedures for notifying and reviewing action taken by contracting parties in accordance with the programmes so established or otherwise taken by contracting parties to improve market opportunities for the exports of less-developed countries.
In the face of this new look for the removal of restrictions we find in the draft Article 3, dealing specifically with countries having clean hands in our context, in other words those not applying import restrictions, special allowance that they may apply such restrictions, by whatever name these may be called.

In Committee III we have become familiar with and have been making slow headway against the restrictions which we do know. Now we find the new devil, market disruption, achieving a constitutional position.

Whether we shall in the light of events subscribe to a long-term arrangement is, of course, for us to decide, but whatever this may be, the Cotton Textiles Arrangement has gone a long way in its drafting. If I am asked why I am saying all this, it is because I think it should be known that when we sit down in Committee III we do so with no illusions. It is all very discouraging. At least we may now understand in Committee III what we may expect to find in our endeavours to increase our foreign exchange earnings. Also, if we have to put up with a bad job, let us do it for the shortest decent time and let us have to live with the arrangement for the shortest decent time, say three years, not five, at the end of which let us hope that market disruption comes no more to plague anyone.

Then, Mr. Chairman, there is the United States Agricultural Adjustment Act, Section 22, cotton textile import fee matter. I feel, Mr. Chairman, that we are being expected to be more than human, or perhaps it is less than human, if we are expected entirely to forget during our current discussions that this exercise remains outstanding.

Thank you, Mr. Chairman.