TRADE BARRIERS AND COMMERCIAL POLICIES

Revised Draft for Inclusion in the Study on Textiles

1. This revised draft of Chapter VI of the Study has been prepared by the secretariat in the light of comments and material received from governments during and since the October meeting of the Working Party. It supersedes the previous draft circulated in Spec(72)97. It is presented for discussion at the Working Party in December 1972.

2. In its present form this chapter contains the following sections:

   A. Import duties and preferences  
   B. Quantitative restrictions and restraints  
   C. Government policies relating to trade in textiles

Annex 1 - Ranges of Import Duty Rates
Annex 2 - General Preference Schemes - Exempted Items
Annex 3 - Restrictions, Restraints etc. on Cotton Textiles
Annex 4 - Restrictions, Restraints etc. on Wool and Man-made Fibre Textiles

3. For practical convenience these revised annexes are circulated separately as Spec(72)97/Rev.1/Add.1.
A. IMPORT DUTIES AND PREFERENCES

Levels of import duties

Textiles and textile products are generally subject to higher rates of import duty than other industrial products. The Kennedy Round trade negotiations led to substantial reductions in tariffs on most industrial products, but the reductions on textiles and garments were of more limited scope. Furthermore, the rates in this sector are widely dispersed according to the degree of processing. While raw fibres are, in most cases, exempt from duties, yarns and fabrics are subject to progressively higher rates of duties. In the case of finished textile items — such as clothing and household linen — and high quality fabrics the tariffs are often considerably higher.

In most countries the most-favoured-nation rates apply to the major part of their imports. Among the industrial countries the United Kingdom gives Commonwealth preference treatment either in the form of duty-free entry or lower duty rates for imports from Commonwealth countries, and the EEC provides preferential treatment to the associated States. The United States is in the process of reducing its preferential treatment to imports from the Philippines. Canada also has preferential rates in force for the Commonwealth countries.

The tables in Annex 1 to this Chapter provide a summary indication of post-Kennedy duty rates (fully in force as from 1 January 1972) on cotton, wool and man-made fibre textiles in the eleven major importing markets (the EEC, the United States, Canada, Japan, the United Kingdom, Sweden, Denmark, Norway, Finland, Switzerland and Austria). For fibres and fabrics the tabulation is based on information contained in the recently-concluded tariff study prepared in the GATT secretariat, but for made-up products and clothing, the data have been compiled from the national tariff schedules.

In most countries the tariff rates are expressed in ad valorem terms. In some cases, notably Denmark, Finland, Norway, Sweden, the United Kingdom and the United States, a varying number of items are subject to duties at specific, mixed or combined rates. In the case of Switzerland all rates are specific. For the purpose of the present Study, as in the general tariff study referred to above, specific, mixed or combined duty rates have been converted into ad valorem equivalents on the basis of import unit values in most-favoured-nation trade of 1967, 1968 or 1969.

Table 4 in Annex I gives more detailed information on the range of duties and the percentage value of imports in 1970 with regard to certain selected textile and clothing items. These ranges may not be comparable with those in the other tables in Annex I which were based on import unit values of most-favoured-nation trade of the preceding three years. Since the unit values of imports may differ widely between different countries and suppliers, the average of ad valorem equivalents shown may also not reflect the actual incidence applicable to any individual exporting country. For a more detailed breakdown of the range of duties and the percentage value of imports of the broad categories of the various textile products and clothing, reference may be made to Spec(72)97/Rev.1/Add.1.

1 A number of the industrial countries in Western Europe have, however, dismantled their tariff barriers in their mutual trade in the context of a common market or free-trade area arrangement.
(i) Cotton and Cotton Textiles

Table 1 on page 40 shows that cotton textile fibre and waste (BTN headings 55.01 to 55.04) are duty free in many of the countries under review. In the case of Japan, Norway and Denmark all the rates in this sector are zero. The duties in the EEC, Finland, Austria, Sweden and Canada range from 0 to 5 per cent. The United Kingdom's are also from 0 to 5 per cent, although only a small proportion enters duty free from the preferential area. In Canada, only cotton linters and waste are dutiable, at 5 per cent. The United States and Switzerland have averages ranging from 0 to 9 per cent and 0 to 11 per cent respectively.

As regards cotton yarns (55.05, 55.06), the rates range from 4 to 12 per cent in the EEC, from 4 to 20 per cent in Austria and the United States, from 10 to 18 per cent in Canada, from 7 to 14 per cent in the United Kingdom and Finland. Tariffs on cotton yarns in Japan range between 6 and 11 per cent, and 0 to 5 per cent in Norway and Denmark and 0-13 per cent in Sweden.

Tariffs on cotton gauze (55.07) were substantially reduced in the Kennedy Round in almost all countries. The post-Kennedy tariffs in the United States are 7 to 36 per cent, in Finland 21 to 33 per cent, Austria 18 to 26 per cent, Norway 18 to 25 per cent, Denmark 10 to 16 per cent, United Kingdom 10 to 15 per cent, Japan 7 to 14 per cent, Sweden 13 per cent, Switzerland and the EEC 9 per cent.

On woven fabrics and terry towelling (55.08, 55.09) substantial cuts in duties were made by the eleven countries under review. In spite of these cuts, however, duties remain at a fairly high level. Duties range between 10 to 48 per cent in the case of Finland, 7 to 36 per cent in the United States, 2 to 31 per cent in Norway, 15 to 28 per cent in Austria, 3 to 23 per cent in Canada, 13 to 30 per cent in Sweden, 5 to 21 per cent in Switzerland, 18 per cent in the United Kingdom, 7 to 18 per cent in Japan, 3 to 16 per cent in Denmark and 13 to 15 per cent in the EEC. Tariffs are generally somewhat lower on terry towelling (55.08) than on other woven fabrics (55.09).

On narrow woven fabrics, trimmings, tulle and embroidery (ex 58.05, ex 58.07, ex 58.08, ex 58.09 and ex 58.10) the incidence of duties ranges between 9 to 79 per cent in Norway. In Finland it is from 4 to 50 per cent, the United States 7 to 36 per cent, Canada 10 to 32 per cent, Austria 14 to 30 per cent, Japan 19.5 to 24.5 per cent, the EEC 7 to 14 per cent and Sweden 8 to 13 per cent. Knitted undergarments and outergarments (ex 60.01 to ex 60.06) are subject to relatively high duties in all the countries under review. The range for these products is 10 to 36 per cent in the United States, 10 to 35 per cent.
in Finland, 5 to 20 per cent in Switzerland, 22 to 30 per cent in Austria, 5 to 23 per cent in Denmark, 20 to 28 per cent in Canada, 17.5 to 25 per cent in the United Kingdom, 1 to 25 per cent in Norway, 10.5 to 24.5 per cent in Japan, 11 to 20 per cent in the EEC and 13 to 15 per cent in Sweden.

Woven undergarments and outer garments of cotton (ex 61.01 to ex 61.04) are subject to a comparable rate of duties in these countries. They range from 16 to 51 per cent in Austria, 33 to 107 per cent in Finland, 6 to 32 per cent in Switzerland, 5 to 30 per cent in Norway, 13 to 15 per cent in Sweden, 10 to 25 per cent in Canada, 10 to 23 per cent in Denmark, 14 to 21 per cent in Japan, 3 to 21 per cent in the United States, 20 per cent in the United Kingdom and 10.5 to 19 per cent in the EEC.

Other auxiliary items of clothing like corsets and gloves under BTN headings ex 61.09 and ex 61.10 have a similar range of duties which vary from 8.5 to 14.5 per cent in the EEC to 10 to 36 per cent in the United States.

Other cotton textiles like bed linen, tarpaulins and travelling rugs etc. (BTN headings ex 62.01 to 62.05) have a wide range of duties from 0 to 30 per cent in Sweden to 30-108 per cent in Finland.

(ii) Wool and Woollen Textiles

As in the case of raw cotton, there is small or no duty on wool (53.01, 53.03, 53.04, 53.05) in several countries under review. While Sweden, Denmark and Finland have zero duties, Switzerland and the EEC have 1 and 3 per cent respectively on the waste and carded wool. In the United States, however, duties range between 5 to 43 per cent, while Austria has between 2 and 18 per cent. In the United Kingdom and Canada, wool (carded or combed) and waste are subject to duties ranging between 5 and 10 per cent, whereas Japan has a 5 per cent duty on carded or combed wool as against a duty of 3 to 6 per cent in Norway on waste.

As regards woollen and worsted yarns (53.06, 53.07, 53.10), while tariffs are prominently higher in the United States, Austria and Canada, i.e. from 5 to 30 per cent, 8 to 17 per cent and 8 to 16 per cent respectively, the range in Denmark is from 0 to 5 per cent, and that in Sweden is 5 to 6 per cent and in Japan 5 to 7.5 per cent. Tariffs in the United Kingdom range between 8 and 13 per cent, closely followed by the EEC where the range is 5 to 11 per cent. In Norway and Switzerland, tariffs range from 4.6 to 8 per cent, while in Finland these vary from 6 to 12 per cent.

On woven fabrics of wool (53.11) tariffs are relatively higher in all the above countries. In the United States, duties on woollen fabrics range from 16 to 100 per cent as against 10 to 36 per cent in Canada, 22 to 27 per cent in Finland, 14 to 27 per cent in Sweden, 17 to 25 per cent in Norway, 18 to 24 per cent in Austria, 18 per cent in the United Kingdom and the EEC, 3 to 17 per cent in Switzerland and 10 to 16 per cent in Japan.
Tariffs on woven pile and chenille fabrics (ex 58.04) and narrow woven fabrics of wool (ex 58.05) range between 7 to 15 per cent in the EEC, 6 to 38 per cent in the United States, 10 to 32 per cent in Canada, 10 to 17.5 per cent in Japan, 4 to 28 per cent in Austria, 1 to 19 per cent in Switzerland, 4 to 24 per cent in Finland. The range in Norway is from 13.7 to 44 per cent as compared to 13 to 16 per cent in Denmark and 12 to 13 per cent in Sweden. In the United Kingdom, the rate of duty is 17.5 per cent. It ranges between 10 and 32 per cent in Canada.

Tariffs on trimmings, tulle and embroidery (ex 58.07, ex 58.08, ex 58.09, ex 58.10) were substantially reduced in the Kennedy Round. The post-Kennedy ranges are: Denmark 2 to 12 per cent, Sweden 9 to 13 per cent, Switzerland 1 to 13 per cent and the EEC 6.5 to 14 per cent. They are somewhat higher in Finland, Austria, Norway, Canada and the United States. In the United Kingdom, tariffs on most of these items were reduced to a level of 20 per cent from about 25 per cent. In Japan they range between 10 and 28 per cent.

Knitted clothing, gloves and fabrics made of wool (ex 60.01 to ex 60.06) are generally subject to rather high duties in many of the countries under review. The range of tariffs is 10 to 35 per cent in Finland, 6 to 64 per cent in the United States, 5 to 20 per cent in Switzerland, 22 to 30 per cent in Austria, 5 to 20 per cent in Denmark, 20 to 28 per cent Canada, 12 to 25 per cent in Norway, 17.5 to 20 per cent in the United Kingdom, 10 to 21 per cent in Japan, 10.5 to 20 per cent in the EEC and 13 to 15 per cent in Sweden.

Tariffs in the woven wool and worsted clothing sector (ex 61.01 to ex 61.04) are generally higher on undergarments than on outer garments. Average tariffs are quite high in countries under review. Austria shows a range between 23 and 29 per cent, the United States (11 to 43 per cent), Finland (30 to 40 per cent), Switzerland (6 to 32 per cent), Norway, (5 to 30 per cent), Canada (10 to 25 per cent), Denmark (0 to 25 per cent), Japan (10 to 21 per cent), the United Kingdom (20 per cent), the EEC (10.5 to 17 per cent) and Sweden (12 to 15 per cent).

Apparel articles like gloves, stockings, socks and braces containing wool (ex 61.09 and ex 61.10), bear tariffs between 8.5 to 14.5 per cent in the EEC, 2 to 9.5 per cent in Switzerland, 13 to 15 per cent in Sweden, 14 to 21 per cent in Japan, 7 to 23 per cent in Denmark, 15 to 20 per cent in the United Kingdom, 0 to 28 per cent in Canada, 13 to 35 per cent in Norway, 23 to 35 per cent in Austria and Finland, and 7 to 64 per cent in the United States.

Travelling rugs, bed and table linen, furnishings and other made-up textile items containing wool (ex 62.01 to ex 62.05) have a uniform tariff of 10 per cent in Japan. Sweden has a range between 0 to 14 per cent and Denmark has a range of 12 to 20 per cent, EEC 2 to 20 per cent, United Kingdom
20 per cent, Switzerland 2 to 26 per cent, Austria 20 to 32 per cent, Finland 30 to 35 per cent, United States 6 to 34 per cent, Canada 15 to 33 per cent and Norway 18 to 51 per cent.

(iii) Man-made Fibres and Fabrics

Table III shows that average tariffs on man-made fibres and fabrics are generally much higher than on other textile products. Tariffs on yarns of man-made fibres and monofil (continuous) (51.01, 51.02, 51.03) in the United States, range from 22 to 27 per cent on yarns (put up for retail sale) to 11 to 64 on yarns (not put up for retail sale) and to 83 per cent on monofil. Japan has a tariff range of 8 to 25 per cent for yarns put up for retail sale and 8 to 15 per cent for the other two items. Canada has tariffs ranging between 18 to 22 per cent for yarns (not put up for retail sale), and 0 for yarns (put up for retail sale). The range is between 6 and 25 per cent in Norway, 2 to 20 per cent in Finland, 0 to 14 per cent in Switzerland, 0 to 20 per cent in Austria, 7 to 16 per cent in Sweden, 2.5 to 11 per cent in the EEC and 13 per cent in the United Kingdom.

As regards man-made fibres and yarns of man-made fibres (discontinuous or waste) (56.01, 56.02, 56.03, 56.04, 56.05 and 56.06), tariffs range up to 54 per cent in Norway, and between 1 and 27 per cent in the United States. In the case of Japan rates range up to 13 per cent for yarns and 25 per cent for waste. They are from 7 to 15 per cent in the United Kingdom, 8 to 14 per cent in the EEC, 10 to 18 per cent on waste and zero on yarn in Canada, and 7 to 10 per cent on yarn and zero duty on waste in Sweden. In Switzerland, Finland and Austria they range between 2 to 20 per cent.

Woven fabrics of continuous man-made fibres (51.04) are subject to tariffs amounting to 38 per cent in the United States, 32 per cent in Canada, 25 per cent in Japan, to 27 per cent in Sweden, 18 per cent in the United Kingdom, 16 per cent in Denmark and 15 per cent in the EEC. Norway has a range of tariffs between 23 and 108 per cent, while Austria has between 15 and 48 per cent, Finland 10 to 44 per cent and Switzerland 10 to 26 per cent. The pattern of tariffs on discontinuous woven fabrics (56.07) is more or less the same. Duties range between 13 to 38 per cent in the United States, 8 to 32 per cent in Canada, 8 to 25 per cent in Japan, 18 per cent in the United Kingdom, 13 to 17 per cent in Sweden, 15 to 16 per cent in the EEC, 13 to 16 per cent in Denmark, 15 to 31 per cent in Norway, 10 to 38 per cent in Finland, 6 to 17 per cent in Switzerland and 20 to 32 per cent in Austria.

Pile and chenille fabrics of synthetic and regenerated fibres (ex 58.04) have duties up to 38 per cent in the United States, 24 per cent...
in Finland and 4 to 25 per cent in Austria. The EEC and Denmark have duties at a uniform rate of 15 per cent, Canada has 20 to 25 per cent, United Kingdom 17.5 per cent, Sweden 15 per cent, Switzerland 11.5 per cent, Japan 7.5 to 12.5 per cent and Norway 4 per cent.

Articles of a specialized nature (58.05, 53.07, 58.08, 58.09, 58.10 and 65.07) in man-made fibres are subject to comparatively lower duties though Norway appears to have tariffs up to 79 per cent. In Canada duties range between 10 to 32 per cent. The range is 12 to 30 per cent for the United States, 8 to 30 per cent for Austria, 2.5 to 40 per cent for Finland, 10 to 26 per cent for Japan, 7.5 to 20 per cent for the United Kingdom, 0 to 15 per cent for Sweden and 5.8 to 16 per cent for the EEC, 9 to 16 per cent for Denmark and 1 to 19 per cent for Switzerland.

Tariffs on knitted garments made of man-made fibres (ex 60.01 to ex 60.06) range between 11 to 20 per cent in the EEC, 6 to 40 per cent in the United States, 20 to 26 per cent in Canada, 7.5 to 21 per cent in Japan, 17.5 to 25 per cent in the United Kingdom, 10 to 25 per cent in Sweden, 5 to 30 per cent in Denmark, 12 to 25 per cent in Norway, 10 to 35 per cent in Finland, 5 to 38 per cent in Switzerland and 22 to 32 per cent in Austria.

Other man-made fibre articles such as corsets, brassieres, garters and gloves, stockings covered under BTN headings 61.09 and 61.10 have a slightly lower range of duties in most of the countries under review. The range of tariffs in EEC is from 8.5 to 14.5 per cent, 0 to 20 per cent in Canada, 14 to 21 per cent in Japan, 20 to 25 per cent in United Kingdom, 10 to 17 per cent in Sweden, 7 to 24 per cent in Denmark, 23 to 30 per cent in Norway, 25 per cent in Finland, 5 to 32 per cent in Switzerland and 2 to 20.5 per cent in Austria. In the United States the duties range from 7 to 64 per cent.

Most of the countries under review gave some concessions in the Kennedy Round on garments made of man-made fibres (61.01, 61.02, 61.03, 61.04) but tariffs have remained high, they range from 15 to 43 per cent in the United States, 10 to 25 per cent in Canada, 14 to 21 per cent in Japan, 30 per cent in the United Kingdom, 10.5 to 17 per cent in the EEC, 13 to 17 per cent in Sweden, 0.22 to 5 per cent in Denmark, 5 to 30 per cent in Norway, 35 to 40 per cent in Finland, 5 to 32 per cent in Switzerland and 16 to 43 per cent in Austria.

Significant concessions in tariffs were made on certain made-up products of man-made fibres (BTN Nos. 62.01, 62.02, 62.03, 62.04 and 62.05), which in some cases amounted to almost 50 per cent. In the United States post Kennedy Round rates range between 3 to 37 per cent, in Canada 13 to 25 per cent, in Japan 7.5 to 10 per cent, in the EEC 8 to 20 per cent, in Sweden 0 to 20 per cent, in Denmark 12 to 18 per cent, in Norway 9 to 51 per cent, in Finland 3 to 40 per cent, in Switzerland 4 to 38 per cent and in Austria 20 to 32 per cent.
The generalized system of preferences

On 25 June 1971 the CONTRACTING PARTIES to GATT decided to waive the provisions of Article I of the General Agreement in order to permit developed countries to accord preferential tariff treatment to products originating in developing countries. Following this decision Austria, Denmark, the EEC, Finland, Ireland, Japan, New Zealand, Norway, Sweden, Switzerland and the United Kingdom have implemented their respective schemes of generalized preferences, each of which provide for the granting of preferential treatment to specified developing countries.

The following paragraphs summarize the main features of the schemes as relevant for the present study. A table appended to this Chapter (Annex 2) shows the textile items excluded from the preferential treatment in the various national schemes. Details of the schemes may be found in various GATT documents.

In the case of the EEC apart from textile raw materials which are in principle excluded from the generalized preferences and are moreover subject to zero duties or very low duties, the only items not yet covered by the Community's generalized scheme of preferences are jute and coconut products, the reason being that it has not yet been possible to conclude the prior arrangements with the Community's principal suppliers provided for in its offer.

Generalized Preferences for textile products were granted by the Community on 1 July 1971 to all the independent developing countries (i.e. those not associated with the Community) which in addition benefit from the Community's generalized preferences. Nevertheless, with respect to cotton textile products and a list of assimilated articles, the preferences have been limited in a first stage to developing countries that are signatories to the Long-Term Arrangement regarding International Trade in Cotton Textiles; the grant of preferences on these products will be extended to any new signatories of the LTA or to any developing country entering into similar commitments; it should be noted that the Community's "offer" of generalized preferences on cotton products and assimilated products is limited to the period of validity of the LTA.

As for other industrial products, exemption from duty in the textile sector is granted within the limit of maximum amounts; these are generally calculated by adding to the statistics for imports from beneficiary countries (at present on the basis of 1968 figures) 5 per cent of imports by the Community from other sources; for certain sensitive textile products, however, the maximum amounts have until now been calculated solely on the basis of imports in 1968 from the beneficiary countries. For certain textile products which are considered sensitive, observance of the maximum amounts is ensured by a procedure of tariff quotas which are administered by the member States and allocated according to the following breakdown: 37.5 per cent for the Federal Republic of Germany; 27.1 per cent for France, 20.3 per cent for Italy, 15.1 per cent for Benelux.

Any single beneficiary country may benefit from the preferences for a given product only to the extent of a certain proportion of the maximum amount. This proportion is generally established at 50 per cent of the maximum amount but is at present reduced to 30 or 20 per cent for certain textile products.

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1EEC L/3671, Denmark L/3649, Ireland L/3701, Norway L/3570, United Kingdom L/3658, Austria L/3697, Finland L/3694, Japan L/3559, Sweden L/3666, Switzerland L/3667, New Zealand L/3693.
In addition, for some years past, the Community has been opening two autonomous duty-free tariff quotas *erga omnes*, representing an amount of one million units of account each, for silk and cotton fabrics woven on hand looms.

**Denmark** implemented its scheme on 1 January 1972 which covers all textile goods.

**Ireland** effected its scheme on 1 January 1972 which excludes all textile items in Chapters 55, 60 and 61, and twenty other products falling within Chapters 50-54; 56-58. Preferential rates of one third below the most-favoured-nation rates are applied to all other textile items.

**Norway** put its duty-free treatment scheme into effect on 1 October 1971, which excludes twenty-four products falling within BTN tariff headings in Chapters 51; 53 to 56; 58; 60-62.

The **United Kingdom** implemented its scheme with effect from 1 January 1972. Ninety-four textile items (BTN 4-digit headings) are excluded. Duty-free entry applies to the remaining textile items.

**Austria**'s scheme, effective on 1 April 1972, excludes all tariff items covered by the Cotton Textiles Arrangement. Tariff rates on the remaining textiles items will be reduced, as a first stage, by 30 per cent.

**Finland**'s scheme, effective on 1 January 1972, excludes twenty-five textile products from preferential treatment (falling within Chapters 51; 53-58; 60-62). Eligible remaining textile items are accorded duty-free entry.

**Japan** implemented its scheme on 1 August 1971. Preferential treatment is granted to all textile products except raw silk (BTN No. 50.02) and woven fabrics therefrom (BTN 50.09). A 50 per cent tariff reduction is accorded for twenty-six products. Ceilings will be set for each group of products for each fiscal year, the preferential treatment will be suspended for any country whose exports to Japan exceed 50 per cent of the ceiling. The ceilings are based on actual imports from beneficiaries in 1968, increased by 10 per cent of imports from other sources of supply in the year dating back two years from the year for which the ceilings are being set. The ceilings are checked either on a daily or monthly basis.

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1 50.01; 50.04; 50.05; 51.04; 53.11; 55.05; 55.09; 56.07; 57.06; 57.10; 58.02; 58.04; 58.05; 58.10; 59.05; 60.01; 60.02; 60.03; 60.04; 60.05; 61.01; 61.02; 61.03; 61.05; 62.01; 62.02.
Sweden implemented its scheme on 1 January 1972. The exceptions in the area of textiles and ready-made clothes affect the following tariff numbers: 51.04, 55.05-06, 55.08, 55.09, 56.07, 57.10, 60.03-05, 61.01-04, 61.09, 62.01-02. Duty free is accorded to the remaining items.

Switzerland gave effect to its scheme as from 1 March 1972 which extends preferential treatment to all textile products without exception. A general reduction of 30 per cent was accorded as a first stage to all these products.

New Zealand put its scheme into effect on 1 January 1972, which excludes thirty-nine (4-digit) textile items falling within Chapters 50-57, and all but one item in Chapter 58, and all in Chapters 60-62. Preferential rates of duty equivalent to those payable under the British Preferential Tariff are accorded. In the case of seven textile items imports from beneficiary countries incur rates between the British preferential and most-favoured-nation rates.

It may be noted that outside and prior to the introduction of the GSP Australia had introduced, in 1966, a system of tariff preferences for developing countries on semi-manufactures and handicraft products. Duty-free treatment without any quota limitation is accorded to certain textile items¹ and hand-made traditional products of cottage industries. Preferential tariff quotas are also established in respect of certain textile items.² For details on the implementation of this scheme see L/3734.

¹50.09.90; 50.10.900; 51.01.200; 54.05.100; ex 55.05.100; 55.05.922; 55.06.100; 58.04.900; 58.07.900; 58.10.100; 59.07.000; 64.01.100; 64.02.100.
²53.08.000; ex 55.05.100; 60.03.100; 60.04.400; 60.03.400; 60.04.510; 61.05.000; 61.11.100; 61.11.900; 55.06.200; 65.06.900.
B. QUANTITATIVE RESTRICTIONS AND RESTRAINTS

I. COTTON TEXTILES

In the early 1950's imports of cotton textiles were subject to quantitative restrictions in most developed countries, particularly those of continental Europe, and these were justified on balance-of-payments grounds. With the improvement in their payments position in the later 1950's most countries began to dismantle their restrictions. Some of these countries, because of social and political pressures, continued to maintain import restrictions on many products, usually including cotton textile items, especially from developing countries and Japan: France continued to apply an almost complete restriction on imports of cotton textiles from most such countries; the Federal Republic of Germany also restricted imports of several important items; Italy and the Benelux countries restricted imports of most items from Japan, as did the Scandinavian countries; imports of cotton textiles into Austria from the developing countries were restricted; the United Kingdom concluded bilateral agreements with its major commonwealth suppliers, namely, India, Pakistan and Hong Kong, limiting their cotton textile exports to that country. The United States concluded a voluntary agreement with Japan concerning the limitation of Japanese cotton textile exports to its market.

In 1958, cotton textile manufacturers in Austria, Switzerland, Norway and the EEC countries concluded an agreement known as the Noordwigk Agreement to protect their domestic cotton industries. Under the terms of this Agreement they should restrict the re-export to each others' domestic market of fabrics that had been imported in the grey state, under the system of temporary duty-free admission, from Japan, the People's Republic of China, India, Pakistan and Hong Kong. In 1967 this Agreement was extended in scope to cover grey fabrics imported from Eastern Europe, it applies also in respect of grey cellulosic fabrics. This Agreement is no longer applicable for Switzerland and the EEC, neither between member States nor in the case of re-exportation to associated African countries.

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1 The Agreement covered at that time also re-exports to African countries associated with the EEC.

2 As from 1 January 1969

3 Since 1970
Since 1 October 1961 international trade in cotton textiles has been greatly influenced by actions taken under the provisions of the "arrangements" on cotton textiles concluded under the auspices of GATT. A short-term arrangement was in effect from 1 October 1961 to 30 September 1962, and this was followed by a longer-term arrangement (known as the Long-Term Arrangement Regarding International Trade in Cotton Textiles) which entered into force on 1 October 1962, initially for a period of five years. It was extended in 1967 for a further period of three years, and again extended in 1970 to be valid until 30 September 1973. The Arrangement has been adhered to by some thirty-three countries representing about three quarters of world trade in cotton textiles.

The basic objective of the Arrangement is to provide for growth in trade in cotton textiles, particularly for the developing countries possessing the necessary resources such as raw materials and technical skills, while avoiding disruptive effects in this sector of national economies in both developed and developing countries. The main operative provisions of the Arrangement are contained in Articles 2, 3 and 4.

Article 2 provides for the progressive relaxation of remaining restrictions inconsistent with the GATT and the expansion of access for cotton textile items hitherto restricted; the countries maintaining these restrictions undertook to relax them progressively and to expand by stages the access to their markets. An annex to the Arrangement specifies the percentages whereby Austria, EEC, Denmark, Norway and Sweden were to increase their quotas over the lifetime of the Arrangement. These percentages have been revised upon extension of the Arrangement.

Article 3 provides for restraint actions in order to avoid disruptive effects on particular products in individual import markets. It makes it possible for those countries which do not apply import restrictions to take action or to cause action to be taken by the exporting country when market disruption exists or is threatened.

Article 4 permits the application of mutually acceptable arrangements which may be entered into between an importing and an exporting country providing for suitable levels of trade between them.

The following paragraphs summarize the actions taken under these articles since the inception of the Arrangement. Further details on the items involved, the levels of restraint, etc. are given on a country-by-country basis in Tables 1 to 12 in Annex 3 to this Chapter.

This information is based on the COT/- and COT/W/- series of documents.
Australia

In 1968, Australia requested consultations under Article 3, with Japan concerning certain cotton items, but no restraint action was taken. Similar consultations were held with Hong Kong, resulting in an export restraint on the latter's exports of cotton drills, other than grey, for a period of two years ending 30 June 1971. The level which was fixed at 950,000 square yards for the second year was increased by 5 per cent over the previous year's level (950,000 square yards). Hong Kong's exports of cotton denims have been restrained for the year ending 31 August 1973 to a limit of 5,600,000 square yards.

Austria

In 1962 Austria applied quotas on imports of certain cotton textile items from Egypt, Japan, India, Israel, Pakistan and Mexico. An additional quota was opened for the Republic of Korea in 1965. These quotas have been annually increased by 19 per cent in accordance with the commitment by Austria under the Arrangement. The quotas in respect of Egypt, India, Israel, Pakistan (since 1 October 1967) and the Republic of Korea (since 1 October 1970) have been replaced by bilateral agreements concluded under Article 4 of the Arrangement. These agreements (with the exception of that with Israel) are to continue in force until 30 September 1973.

Thus, only in respect of imports from Mexico and Japan has Austria continued to apply quota restrictions.

Canada

In the decade preceding the entry into force of the Arrangement, Canada had experienced a substantial contraction in cotton textile production. Imports of cotton textiles had increased considerably, particularly from the developing countries and Japan. Since 1962 Canada has negotiated restraint arrangements on cotton yarn with Israel, Portugal, Greece, Colombia, Mexico, Spain, Egypt, Brazil, Korea, Hong Kong, India and the People's Republic of China and on certain fabrics and apparel items with Hong Kong, Taiwan, Macao, Republic of Korea, Malaysia, Singapore, Poland, Romania and Trinidad and Tobago. The latter restraints covered a varied and selective range of specific products, some applying only to articles of cotton and others to articles of both cotton and other fibres. Canada also concluded an arrangement with Japan whereby that country unilaterally restrained a mixed range of products (with annual review between the two countries). While arrangements have been terminated with some countries, most continue in effect although the product coverage has changed and in aggregate has been reduced. Annual increases have been provided whenever warranted by conditions in the Canadian market, although Canada was exempted under the Arrangement from the obligation automatically to increase access to its market.
Prior to 25 May 1971, there was no legislation in Canada enabling the Government to limit imports in the manner and circumstances envisaged in Article 3 of the Arrangement. As from that date, the Export and Import Permits Act was amended to provide for quantitative import controls to be applied in case of serious injury or threat thereof as determined by the Textile and Clothing Board (see pages 37-40). Following an injury finding by the Board, certain types of cotton yarn were placed under import control from 1 October 1971. A general import permit was issued to allow importation of the restricted yarns from countries which had concluded bilateral arrangements with Canada or whose exports of cotton yarns normally created no problem. (As the range of yarns covered by the Board’s finding was narrower than that covered by prior restraint arrangements, these arrangements were renegotiated.) Imports from sources not included in the general import permit require individual permits. These permits were to be allocated up to an amount not exceeding 200,000 pounds for the year beginning 1 October 1971. Following a Board review the measure was extended for one year at a 3 per cent increase in level.

Denmark

In 1962 Denmark applied quotas on imports of certain cotton textile items from Japan, and of cotton yarn from Egypt. These quotas have been increased annually by 3 per cent in accordance with the commitment by Denmark under the Arrangement. In addition, licences were required for the importation of all cotton textile items from Egypt, Colombia, the Republic of Korea and Taiwan.

Imports from Colombia and Egypt have been completely liberalized since 1969, the quota restriction on Egyptian cotton yarn being abrogated in the process. The quota for Japan expired at the end of 1967, imports thereafter being regulated by liberal licensing. A quota was established in 1968 for imports of cotton textile items from the Republic of Korea. Since 1969 some items have been freed from the quota restriction and the remaining quotas have been increased annually. Imports from Taiwan have continued to be subject to licensing. Under the existing trade arrangements between Denmark and Poland a quota is fixed for imports of various textile products (cotton and other than cotton).

In 1970 Denmark had recourse to Article 3 of the Arrangement in respect of imports from the Republic of Korea of certain cotton textile items. This restraint action was continued in 1972, with an increase in the import levels. The restraint on some items has been discontinued.

European Economic Community

In 1962, the EEC countries were applying quotas totalling 6,383 tons a year for the cotton textile items subject to restrictions from Japan, India, Pakistan and Hong Kong. In compliance with the provisions of Article 2 of the Arrangement.
the EEC undertook to increase this total by 88 per cent over the following five years to reach a figure of 12,000 tons. Additional quotas were opened to Taiwan and Egypt in 1964, and to the Republic of Korea in 1965. Since 1962 a number of textile items have been taken off the restricted list by member States. When the Arrangement was extended in 1967 for a further period of three years the EEC undertook to raise this aggregate quota to 16,540 tons by the end of that period. The EEC also offered to negotiate with the exporting countries mutually acceptable agreements pursuant to Article 4 to replace the existing restrictions.

Accordingly, bilateral agreements were concluded in 1968 with India and Pakistan and, in 1969, with Japan. When the Arrangement was further extended in 1970 the EEC, having undertaken to proceed towards the conclusion of Article 4 bilaterals with all other exporting countries, considered that the modalities for the implementation of Article 2 were no longer relevant in its case.

The Federal Republic of Germany, Italy and the Benelux countries have taken action under Article 3 and secured restraints on exports of certain textile items from a number of exporting countries.

As at 30 September 1970 (i.e. before the entry into force of the second Protocol extending the Arrangement until 30 September 1973), imports of cotton textiles into all individual markets of the Community from Japan, India and Pakistan were regulated by bilateral agreements.

Imports from Hong Kong into the Federal Republic of Germany and the Benelux countries were also governed by bilateral agreements, while those into France continued to be subject to quota restrictions.

Imports from the Republic of Korea and Egypt into France and the Federal Republic of Germany continued to be controlled by means of quotas, likewise from Taiwan in respect of the German market.

As from 1 October 1970 the Community as such as accepted the second Protocol extending the Arrangement and has concluded bilateral agreements to supersede various controls applied to imports on cotton textiles from its exporting partners. These agreements, which are identically worded, apply for a period of three years¹ to all cotton textile items except yarn, and provide for annual total ceiling without growth. The total ceiling is subdivided into two main groups of categories, within which specific ceilings may be applied. There are provisions for the transfer among groups, as well as unused portions within the specific ceilings, carry-over and advanced deliveries of up to 10 per cent.

¹The agreements concluded with Egypt, Japan, India, Pakistan and Taiwan are valid until 30 September 1973 and those with Hong Kong and the Republic of Korea until 31 December 1973.
The actions taken by the member States of the Community since the entry into force of the Arrangement are summarized below country by country.

**Benelux countries**

In 1962, the Benelux countries maintained a quota on imports of specified cotton textile items from Japan. This quota was increased from 850 tons in 1962 to 1,263 tons in 1968. During the first year of the Arrangement the Netherlands liberalized imports of cotton textile items under the BTN No. 60.02. In July 1965 an information system was introduced by the Benelux countries known as "le control de prix" (price checking), with a view to collecting information on the specifications of the cotton textile items imported as well as their prices.

In 1969 a bilateral agreement between the Benelux countries and Japan, to be effective from 1 October 1969 to 30 September 1970, was concluded to replace the quota restriction.

The Benelux countries invoked Article 3 to limit imports of cotton shirts from Hong Kong for the calendar year 1966. Woven nightwear, handkerchiefs, bedlinen and household linen of terry cloth, as well as cotton shirts, were restricted for the twelve-month period beginning 1 October 1967. These limitations were superseded by an Article 4 bilateral agreement which was to apply from 1 July 1968 to 31 December 1969, but was further extended to cover the year 1970. During 1968 the Benelux countries concluded bilateral agreements with India, Pakistan for a period of three years beginning 1 January 1968, and with Japan for one year beginning 1 October 1969.

**France**

In 1962 France applied a quota of 3,000 tons on imports of specified cotton textiles from Japan, India, Pakistan and Hong Kong. Quotas were imposed in 1965 on imports from the Republic of Korea and Egypt, of 50 tons and 100 tons respectively. These quotas have been annually increased in accordance with the Arrangement. In addition, France has liberalized a number of cotton textile items subject to restrictions.

The quotas for India, Pakistan (as from 1 October 1967) and Japan (as from 1 October 1969) have been replaced by bilateral agreements concluded in accordance with Article 4, effective through 30 September 1970.
Federal Republic of Germany

In 1962, imports of cotton textile items subject to restrictions from Japan, India and Pakistan were limited to quotas totalling 2,359 tons. In subsequent years quotas were established for Taiwan, Egypt and the Republic of Korea. These quotas were increased annually in accordance with the Arrangement. During the first and the third year of the Arrangement a number of textile items were liberalized. The Federal Republic of Germany concluded bilateral agreements with India, Pakistan (1 January 1968) and Japan (1 October 1969) to replace the quota restrictions; the agreements with India and Pakistan were effective through 31 December 1970 and in the case of Japan the agreement expired on 30 September 1970.

Italy

In 1962 imports into Italy of specified cotton textile items from Japan were subject to a quota of 300 tons. This quota had been increased to 1,790 tons by 1968 and since 1 January 1969, a number of cotton textile items have been taken off the quota list and placed under an "all licence granted" system. The quota was superseded by a bilateral agreement to be in force from 1 October 1969 to 30 September 1970.

For certain textile items (cotton and other than cotton) imports from all sources are subject to ministerial licences. Under the Trade Protocol with Poland, quotas have been established for certain textile items.

At the beginning of 1965 Italy invoked Article 3 of the Arrangement with respect to grey and bleached fabric imported from the United States, Spain, Egypt, Hong Kong, Taiwan, India, Pakistan and Yugoslavia. These restraints were effective from 16 March 1965 until 31 December 1965, when they were temporarily discontinued. Towards the end of 1967, following consultations between Italy and Taiwan, the latter undertook to reduce its exports of grey and finished cotton fabrics to Italy during 1968. This exports restraint, for which no specific levels seem to have been fixed, was continued in 1969 and 1970. On 15 April 1968 a restraint was imposed on imports of the same items from Egypt. This was continued through 31 December 1970 with an increase in the levels.

In 1968 Italy concluded Article 4 bilateral agreements with India and Pakistan to continue in force through 31 December 1970.
Finland

The global quotas and other import restrictions which applied on cotton textiles have all been removed as from 1 January 1968. The restrictions, when in force, were justified under the GATT on balance-of-payments grounds, and required no sanction under the Cotton Textiles Arrangement. Imports from Poland are regulated and certain textiles are subject to individual licensing when imported from the Republic of Korea.

Norway

In 1962, Norway applied a quota on imports of certain cotton textile items from Japan. On 1 October 1965 a quota for imports of cotton fabrics was established for the Republic of Korea, replacing the previous import regulation. The quota in respect of Japan has been increased annually by 3 per cent in accordance with the undertaking given by Norway under the Arrangement, and a number of items have been liberalized. The same increases were made with regard to the quotas for the Republic of Korea, except in 1967 when they were substantially increased from a total of about $14,000 to $100,000. Since 1970, additional items have been included in the quota and the aggregate has been further increased.

Norway also applies quotas on imports of various textile products (cotton and non-cotton) from Bulgaria, Czechoslovakia, Democratic Republic of Germany, Hungary, Poland and Romania. Imports of cotton textiles from Albania, the People's Republic of China, Taiwan, Macao, Mongolia, North Korea, North Vietnam and USSR are subject to licensing.

In 1962, Norway concluded a bilateral agreement with Hong Kong concerning exports of certain types of cotton shirts and nightwear for a five-year period up to 30 September 1967. This was renewed for a further period of three years in respect only of cotton nightwear, and was amended in 1968 to include additional cotton apparel items. In 1970 a new agreement was entered into between the two governments to cover certain apparel items made of various fibre content for the period 1 November 1970 to 30 June 1972. These agreements provide for annual increases in the levels.
Since 1968 it has been agreed that during each period exports might exceed the limits for any category by 10 per cent provided that corresponding reductions were applied in other categories. Any short falls occurring in the first period could be used in the following period in a specific amount and manner stipulated in the agreement.

**Sweden**

Prior to the entry into force of the arrangement, Sweden maintained restrictions on imports of practically all textile items from Japan. Under the arrangement, a special quota was fixed for such cotton textiles as were to be subject to restrictions when imported into Sweden from Japan. This quota amounted to 3.5 million SKr. (US$700,000) for the year beginning 1 April 1963, including the increase pledged by Sweden under the arrangement. On 1 April 1964, certain modifications were introduced to the effect that cotton gauze and carpets other than knitted were freed from quota restriction, which valued US$100,000 in previous imports. This was done without any corresponding lowering of the total quota. This remained at this level throughout the period, but applied to a decreasing number of items.

Sweden has limited, as from 8 July 1966, imports from Japan of industrial sewing cotton initially to an annual level of thirty-four tons subject to annual increase. In 1968, Hong Kong agreed to limit its exports to Sweden of certain cotton garments for the year beginning 1 June 1968 and the restraint was extended late in 1968 to cover certain non-cotton garments made wholly or mainly of cotton, man-made fibres or wool. The restraint was continued for a further year, with increases in the levels for the existing items and changes in the product coverage. For the year beginning 1 July 1970, these restrictions were continued at higher levels. Under this arrangement, provisions are made for carry-over amounts equivalent to previous years' short falls.

**United Kingdom**

With the lapse of arrangements previously made with the exporting countries at the industry level, the United Kingdom Government entered into a number of arrangements with foreign governments in the early 1960's to regulate the import of cotton textiles. As of 1965, such arrangements were in existence with Hong Kong, India, Ireland, Israel, Japan, Malaysia, Spain, Yugoslavia, Eastern area countries.

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1. These restraints have been renewed to cover the period from 1 July 1971 to 30 June 1972, but up to the present time no details have been made available as to the items restrained or the levels applied.
and the Peoples's Republic of China. The United Kingdom also placed annual quotas on imports of cotton textiles from Pakistan and Taiwan. In addition, imports of certain cotton textile items from Brazil, Colombia, Greece, Macao, Mexico, South Korea, Turkey, Egypt and Yugoslavia were subject to import licensing pending the conclusion of similar arrangements with them.

Mainly owing to difficulties in concluding arrangements with certain exporting countries, the United Kingdom authorities introduced a new scheme effective from 1 January 1966, which provided for separate country quotas for India and Hong Kong, and a global quota for all other countries excluding the developed countries, Hong Kong, India and the Eastern Area countries of which one half was subdivided into country quotas. The scheme was intended to limit, for the following five years, imports of cotton textiles into the United Kingdom market from the countries under restriction to the 1962-64 average, with 1 per cent increase per year. It is to be noted, however, that the United Kingdom was one of the countries exempted from the annual increase obligation in the Cotton Textiles Arrangement.

The United Kingdom Government intended to discontinue this system at the end of 1971 and to introduce a tariff on cotton textiles from the Commonwealth countries as from 1 January 1972. The abolition of quota controls was not to have applied to Eastern European countries or the People's Republic of China. In the event the United Kingdom Government found it necessary to retain in 1972 the existing system although the new tariff on Commonwealth Preference Area countries was introduced as planned.

United States

Before the entry into force of the Arrangement the United States market for cotton textiles was open to imports. Only those from Japan were covered by a voluntary restraint agreement as from 1957. In 1962 the United States had recourse to the provisions of Articles 3 and 6(c) of the Arrangement to restrain imports of certain cotton textile items from a large number of countries, namely Colombia, Greece, Hong Kong, India, Israel, Jamaica, Mexico, Pakistan, Poland, Portugal, Taiwan, Republic of Korea, Republic of the Philippines, Spain, Turkey, Egypt and Yugoslavia. These restraints which varied from one category in the case of some countries to thirty categories for others, covered in total forty-nine categories. In cases where some of these restraints remained in force for more than one year, the levels were increased on the succeeding years.

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1 The United States grouped cotton textile products under sixty-four categories. These categories relate to: yarns (1-24); fabrics (25-27); made-up articles (28-38 and 64); and clothing (39-63).
As from the second year of the Arrangement comprehensive bilateral agreements in terms of Article 4 of the Arrangement have been entered into between the United States and the above-mentioned countries one by one to replace the short-term restraint measures in specific categories under Article 3. These bilateral agreements usually covered all trade in cotton textiles for a period of several years. Some agreements were amended to alleviate certain difficulties in their implementation, or to provide for additional quantities to the aggregate ceilings fixed therein, or to incorporate more favourable terms for exporting countries.

On the other hand, at one time or another, imports of certain cotton textile items from other sources have been placed under Article 3 restraints. The countries involved include: Argentina, Brazil, Ceylon, Haiti, Hungary, Malaysia, Nicaragua, Romania, Singapore, Thailand, Trinidad and Tobago, Tunisia, USSR. These restraints, according to the United States authorities, have been imposed to prevent disruption of the United States market and to preserve a measure of equity for other supplying countries whose exports were regulated by bilateral agreements. Over this period, all but one of these restraints were terminated. Most were replaced by bilateral agreements. When a restraint is continued after the first twelve-month period, a growth factor is added.

At present only six countries are maintaining Article 3 restraints on exports to the United States of specific items of cotton textiles and the United States has Article 4 type of bilateral agreements with thirty countries. These agreements provide for an annual aggregate limit on exports of all cotton textiles to the United States. The limit for each subsequent year is to be increased by 5 per cent over the preceding year’s level. The aggregate limit is generally subdivided into a few main groups each with a group ceiling as well as specific ceilings for individual items. The limits for the groups and the specific ceilings may be exceeded by up to 10 per cent. For any agreement year immediately following a year with short falls, a carry-over is permitted in specific amounts and manner. For the duration of an agreement the United States agrees not to invoke the provisions of Article 3 or 6(c).
II. WOOL AND MAN-MADE FIBRE TEXTILES

Information on import restrictions on wool and man-made fibre textiles is far less complete than that relating to cotton textiles which are subject to constant review under the Cotton Textiles Arrangement. The following is a brief summary of such restrictions applied by certain importing countries prepared on the basis of information available from different sources, as well as notifications received by the GATT secretariat. It is not intended to be exhaustive or to have complete country coverage. (See Annex 4 to this Chapter.)

Austria

There are no import restrictions, export restraints or bilateral agreements affecting trade in textiles (other than those notified under the Long-Term Arrangement) vis-à-vis those countries to which Austria is required to grant liberalization in accord with the provisions of GATT.

Under the trade agreement concluded with Japan in 1966 and extended until the end of 1972, the liberalization accorded to the other GATT-countries has in principle also been granted to Japan. Only for a small number of items Austria has reserved the possibility of restraining imports, provided that this should be absolutely necessary in view of the economic conditions prevailing in Austria.

Austria has trade agreements with a number of Eastern European countries, i.e. Albania, Bulgaria, Czechoslovakia, Poland, Hungary and Romania. The quotas fixed under these agreements for non-liberalized textile and apparel items of all fibres represent guiding values, up to which import licences are at any rate issued.

Under the intergovernmental trade agreement concluded with the People's Republic of Mongolia a few items meant to become hard cores in the foreign trade between the two countries are listed. Under the intergovernmental trade agreement with the People's Republic of China to be signed at the end of October 1972 no quotas will be established.

"Cotton textiles" as defined by the Arrangement includes yarns, piece-goods, made-up articles, garments and other textile manufactured products in which cotton represents more than 50 per cent by weight (of the fibre contained).
Benelux Countries

In accordance with the trade agreements between the Benelux countries and Hungary, Poland, Czechoslovakia, Bulgaria and Romania specific quotas are fixed for importation into the Benelux of certain wool and man-made fibre fabrics and man-made fibre clothing. Under these agreements, which extend for several years, the Benelux countries agreed to aim at the progressive elimination of discriminatory quantitative restrictions.

Imports of certain items for which no quota is established in these agreements are subject to individual approval. A trade agreement exists also between the Benelux and the USSR without specific quotas, imports are subject to individual approval.

Imports into the Netherlands of certain wool and man-made fibre products from the Democratic Republic of Germany are regulated in accordance with the terms of a private commercial agreement. Imports from Japan into the Benelux countries are subject to licensing as an administrative measure necessitated by the possible need to apply a safeguarding clause agreed with Japan. The Benelux countries have a bilateral agreement with Japan which provides quotas for imports of certain wool and man-made fibre products falling within BTN Nos. 51.04, ex 56.05, ex 56.07, ex 58.05, 06, 07, 09, ex 59.13, ex 60.05, ex 61.02, ex 61.03, ex 61.05, ex 61.06, ex 62.05. The agreement provides also for the suspension of imports under consultation procedure.

Canada

As mentioned in the previous section the textiles arrangements concluded by Canada cover a number of products made of both cotton and other fibres and, in certain cases, of all fibres. Some also cover products made exclusively of man-made fibres and of wool. Detailed information on the latter restraints, is given in the tables in the Appendix to this Chapter. (See Tables 1-3.)

Denmark

At present Denmark applies import control on five tariff items of textile imports from the Republic of Korea (60.05; 60.03; 61.04; 60.04; 61.05). Prior to 14 August 1972 reliance was placed on export restraints undertaken by Korea with respect to the four last-mentioned items, but this arrangement has been replaced by their import control as from that date.
Only one item of textile imports from Japan is subject to import control (60.05), but the Danish authorities have indicated that the import of this item will not be restricted provided the volume and growth of the trade in it is kept within reasonable limits. Imports of other textile goods from Japan have been liberalized on the condition that the Japanese authorities maintain control to prevent sudden increases in exports of individual items.

Under the terms of the trade agreements concluded with Bulgaria, Czechoslovakia, Hungary, People's Republic of China, Poland, Romania and USSR certain limits are to be applied on imports into Denmark of some wool and man-made fibre textile and apparel items. Some of these agreements extend over several years. (Detailed information on specific quotas applied on exports from Poland, Romania, Hungary and Czechoslovakia is given in Table 4 in the Appendix to this Chapter.)

There is also a private agreement between the Chamber of Commerce of the Democratic Republic of Germany and certain trade associations in Denmark. In accordance with this agreement imports of certain textile and apparel items are limited to a specific ceiling.

The Federal Republic of Germany

The importation into the Federal Republic of Germany of a few products from certain countries are subject to quantitative restrictions. In these cases, the volume of imports is based on bilateral agreements.

France

France maintains quantitative restrictions on imports of textile products of wool or man-made fibres originating in certain countries for products falling within the following tariff headings: 51.04, 53.07, 53.11, 56.07, 58.02, 60.05, 61.01, 61.02, 61.03 and 62.03.

The restrictions are applied as a general rule to all non-OECD countries except Japan.

In addition to these products, headings Nos. 51.01, ex 56.01, ex 56.05, 60.02 and 60.04 are not liberalized vis-à-vis Poland and Czechoslovakia.

Lastly, France maintains quantitative restrictions vis-à-vis Hong Kong for the products listed in the first paragraph as well as for heading Nos. 60.02, ex 60.04, 61.06 and ex 62.02.

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1 For textiles other than cotton, the items concerned are: BTN Nos. 51.04, 53.07, ex 53.10, ex 53.11, ex 56.07, ex 60.05 and ex 61.02.

2 These countries are: Japan, Taiwan, South Korea, Singapore, India, Pakistan, Egypt, Yugoslavia, Bulgaria, Czechoslovakia, Hungary, Romania and Poland.

3 Argentina, Australia, Brazil, Burma, Ceylon, Chile, Cuba, Czechoslovakia, Dominican Republic, Haiti, India, Indonesia, Israel, Japan, South Korea, New Zealand, Nicaragua, Pakistan, Peru, Poland, South Africa, Uruguay.
Specific quotas are established for certain products under the trade agreement signed with these countries. Where no specific quotas are provided, imports can be effected under the procedure of quotas for "miscellaneous products" established under the agreement, or under the "global quotas" procedure under which the product may be imported from any country subject to certain limitations.

**Italy**

Quantitative restrictions are applied on imports of certain textile products from Japan. On the basis of the "agreed minutes" of the joint Italian-Japanese Commission in 1969 (which were not renewed after 1971), Italy has opened quotas on a unilateral basis for the following tariff headings: ex 51.04, 53.07, 53.11, 56.07, ex 58.04, ex 58.05, ex 60.05, ex 61.02, ex 61.05, ex 62.02.

Italy applies quota restrictions on certain wool products imported from Albania, Czechoslovakia, Democratic Republic of Germany and Poland. Imports of certain man-made fibre products from these countries, as well as from Bulgaria, Hungary, Romania and USSR, are also subject to quotas.

**Norway**

Under the trade agreement with Japan ceilings are applied on exports to Norway of certain items of wool and man-made fibre falling within BTN Nos: 53.11; ex 56.07; ex 58.05; ex 59.13; ex 60.01, .03-.05; ex 61.01-.04, .09 and ex 62.02.

Licences are required for imports from the Republic of Korea of yarn and fabric (other than cotton, hemp and jute), made-up articles and clothing of all fibres. Licences are issued within specific ceilings. Imports from Portugal and Macao of certain wool and man-made fibre textile items are subject to quotas.

As mentioned above, the cotton bilateral agreement concluded with Hong Kong provides for limits to be applied on exports from Hong Kong of certain wool or man-made fibre apparel items.

Norway has bilateral agreements with some Eastern European countries (Bulgaria, Czechoslovakia, Hungary, Poland, Romania and USSR) in accordance with which licences are required for imports of certain cotton textiles and other than cotton, to enforce the quotas established.

(Detailed information concerning these restraints is given in Table 5 in the Appendix to this Chapter.)
Sweden

Under the textiles agreement reached with Hong Kong limits on exports to Sweden of certain wool and man-made fibre apparel products were applied for the twelve-month period beginning 1 July 1972.

Imports into Sweden from Japan of certain wool and man-made fibre items are subject to quantitative restrictions. The quota items provided in this agreement are as follows: BTN Nos: 51.04; 53.10-.13; 56.06; ex 56.07; ex 58.04-.06; 58.08, ex 59.03; ex 59.04, .05, .07, .09, .11-.13, .15-.17; ex 60.01-.06; ex 61.01-.04, .06, .10; ex 62.01-.02, .05.

Under the Swedish/Portuguese agreement quotas are established for exports from Portugal and Macao of certain textile items of wool and man-made fibres. Imports from Taiwan of textile products are regulated by licences, and specific ceilings are in force for certain items.

A Swedish-Singapore agreement in force from 1 March 1972 limits the latter's exports to Sweden of shirts during a twelve-month period.

Sweden maintains trade agreements with Bulgaria, Czechoslovakia, Hungary, Poland, Romania and USSR. Under these agreements as well as for imports from East Germany, quotas are generally established for textiles of all fibres. Licences are required for imports from other Eastern area countries, and specific ceilings are fixed when necessary.

Sweden also has a trade agreement with the Republic of Korea under which specific quotas are established for exports of certain apparel items of wool or man-made fibres from the Republic of Korea.

United Kingdom

In accordance with the Anglo-Japanese commercial agreement Japan restrains its exports of certain wool and man-made fibre fabrics to specific quotas. These quotas, however, apply only to imports for retention in the United Kingdom market. The items subject to restraint are BTN Nos: 51.04; 52.01, .02; 53.11; 56.05, .07; ex 58.04, .05; ex 59.13; ex 60.03-.05; 61.01, .02, .05, .06 and 61.02.
The United Kingdom maintains bilateral trade agreements with Bulgaria, Czechoslovakia, Hungary, Poland, Romania and the USSR. Under these agreements quotas are established for imports into the United Kingdom of certain wool and man-made fibre products. In some cases specific import licences are used to administer the quotas. The quota items in respect of Poland are BTN Nos: 51.04; 53.11; 56.07; 60.01; 60.05, ex 62.01; 62.02, ex 62.05.

Under the terms of an agreement concluded between the United Kingdom industry and the Chamber of Commerce in the Democratic Republic of Germany, specific ceilings are applied on exports of certain wool and man-made fibre items to the United Kingdom.

The trade agreement with the People's Republic of China provides for ceilings on United Kingdom imports of certain wool and man-made fibre products.

(Detailed information on these restraints is given in Tables 6 to 8 in the Appendix to this Chapter.)

United States

In late December 1971 and early January 1972, bilateral agreements covering trade in textile products of wool and man-made fibre were signed between the United States and Hong Kong, the Republic of Korea, Japan and Taiwan. A summary of main provisions follows:

1. Effective date: 1 October 1971

2. Term: Five (5) years, except for Japan which is three (3) years with further extension to be considered.

3. Annual average growth rate: For wool - 1 per cent; for man-mades:

   Japan - 5 per cent, Hong Kong - 7 per cent for specifically limited categories and 7% per cent for others, Korea and Taiwan - 7% per cent each.

4. Category controls:

   Japan: For categories not given specific ceilings, consultation mechanism based on specified trigger limits is provided as method of establishing additional category ceilings as needed.

   Hong Kong: Consultation mechanism provided for categories not given specific ceilings originally, with no export licences to be granted pending satisfactory conclusion of consultations.

1 The first such man-made fibre and wool textiles bilateral was signed in 1970 with Malaysia. It is a comprehensive agreement with a four-year term that began 1 September 1970.
Taiwan and Korea: Exporting countries must notify the United States of anticipated exports for the coming year of man-made fibre and wool products not in specified categories. This is to be done by 15 August prior to the beginning of each bilateral year on 1 October. At this time the United States can accept, reject or modify the anticipated level of exports in any given category. After these levels are set, the exporting country is not allowed to exceed this limit without prior approval of the United States.

5. Product coverage of the bilaterals is comprehensive.

6. At the time bilateral agreements covering exports of man-made fibre and wool textile products were signed with Korea, Taiwan and Hong Kong, a multilateral agreement was also signed covering trade in man-made fibre and wool textile products. The multilateral agreement provides that each participating country will take measures to ensure that exports of articles subject to each respective bilateral agreement are afforded market access in each participating country on terms no less favourable than those applied to similar articles exported under similar circumstances from non-participating countries and, in any case in which such exports of any non-participating country are causing or threatening to cause market disruption, to take such steps and impose such limitations as may be necessary to eliminate such disruption or the threat of disruption.

The multilateral agreement is for five years, until 30 September 1976. By further agreement of the participating countries, this multilateral agreement may be replaced by another multilateral agreement of broader international participation. (For detailed information see document L/3668 and Table 9 in the Appendix to this Chapter.)
III. OTHER RESTRICTIONS AND MEASURES

1. Article XIX action

(a) Australia

Quantitative restrictions maintained by Australia\(^1\) apply to the following items:

- ex 60.04, certain knitted shirts (Australian Tariff No. 60.04.1 and 60.05.4)
- ex 60.05, knitted coats, and the like (Australian Tariff No. 60.05.12)

The restrictions on the importation of these goods were imposed temporarily in 1967 (ex 60.05), and in 1969 (ex 60.04). However, following a report by the Australian Tariff Board, the Government has decided that these restrictions will continue for a further period. It is the intention of the Government to maintain trade at existing levels and not to reduce it.

(b) Canada

On 2 June 1970, the Canadian Government imposed a surtax on the imports of shirts (men’s and boy’s work, dress and sport) made from woven fabrics, not subject, when shipped to Canada, to export restraints or intergovernmental agreements. This action\(^2\) was taken under Section 7(1(a)) of the Canadian customs tariff for a duration of six months. Quantitative exemptions were established for countries having a substantial interest in the Canadian market and the surtax was imposed on the remaining imports. This measure was extended until 29 November 1971.

On 30 November 1971 the Canadian Government placed a global quota on imports\(^3\) from all countries of shirts made from woven or knitted fabrics. The quota for the twelve-month period beginning 30 November 1971 was fixed at 1,215,000 dozen. Country reserves within the global quota were established for those suppliers who had been restraining exports of shirts to Canada, and the remaining portion was open to all countries both with reserves and new entrants. The duration of this measure was three years, subject to possible extension or earlier termination, depending on the recommendation by the Textiles and Clothing Board subsequent to its annual review.

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\(^1\) See documents L/2957 and L/3217
\(^2\) See document L/3402
\(^3\) See documents L/3613 and Add.1
2. Non-tariff barriers

In addition to the specific obstacles to trade in textiles mentioned above, many of the non-tariff barriers of a general nature, which have been notified to GATT in other contexts, might also affect imports of textiles. Among these are marking and labelling requirements, industrial standards, health and safety standards and other standards concerning product content, anti-dumping duties, samples requirements, valuation and associated problems of assessment of duty, import documentation requirements, consular formalities and licensing. Information on these measures and the work being done in GATT in this regard is given in various other GATT documents, notably those pertaining to the Industrial Committee and its sub-groups (e.g. COM.IND/W/64 and 82 and L/3496).

3. Other measures

Switzerland

Swiss legislation provides for a price surveillance system which can be applied at the discretion of the authorities, to textile imports from a specified country or countries under this system, if the difference between the price of the products imported from a country declared to be subject to the regulation, and the corresponding Swiss article exceeds a certain margin, the Swiss authorities may, on the advice of an expert panel, refuse to grant the importer the required import licence. The margins are 10 per cent for cotton fabrics, 12 per cent for wool fabrics, 20 per cent for finished textile articles. As long as the supplier country observes these price margins, it is free to ship to Switzerland any quantity of the textile item in question. The purpose of this system is to keep the truly low-priced goods that cause or threaten to cause market disruption out of the Swiss market.
C. COMMERCIAL POLICIES

The factual analyses of the measures and policies contained in some of the preceding chapters, especially those on the Importance of Textile Industry to National Economies and on Governmental Adjustment Assistance Measures, will have provided some indication of the policy objective which some countries are pursuing and the preoccupations they have with regard to international trade in textiles. For purposes of this study governments were also asked to supply the Working Party with statements on their basic policies regarding their textile industry and foreign trade in textiles. Where measures are in existence affecting the free flow of imports or the growth rate of imports from particular sources they were also invited to inform the Working Party of the considerations and causes behind them. All such statements received will be reproduced in substance as part of this section of the study.

The following are the full texts of, or extracts from, such statements so far received.

Argentina

Government policy with regard to the textile industry has become more clearly defined in recent years. A point of some importance is that steps were taken some time ago to encourage decentralization, particularly in the direction of the province of Tucumán, in the north of the country, and south of the 42nd parallel, in the Patagonian region.
Although Argentina does not have a surplus of installed equipment in relation to domestic demand and although a part of the industry is relatively new, there has been a steady decline in the number of firms engaged in the manufacture of textiles, especially in the case of spinning and shuttle-weaving. Another point worth noting is the need for better and cheaper supplies of raw material and above all, medium-staple cotton. As to location, it would be desirable that the industry, which is at present over-concentrated in the Greater Buenos Aires area, be decentralized.

The main aims of the National Development and Security Plan, 1971-1975, may be summarized as follows:

(a) to encourage and facilitate the equipment of the textile industry, so as to increase profitability;

(b) to facilitate the achievement of minimum economic scales of production so as to bring about a decrease in relative costs and prices, with a view to the expansion of the domestic market and the need to operate on an international scale;

(c) to improve the arrangements for the export promotion of textiles, taking into account the value added percentage, to ensure that the quality of exported goods conforms to contract requirements, and to improve the system for detecting infringements;

(d) to encourage the installation of new factories and the investment of new domestic or foreign capital in the areas where the raw materials are produced.

These aims will of course make it necessary to take a number of additional measures with a view to achieving: optimum quality standards in the local textile machinery industry, as a result of consultations between users and producers; the revision of the import tariffs on textile machinery in the case of the equipment, fittings, spare parts and auxiliary appliances not made in the country, so that immediate re-equipment will not be delayed pending the development of national technology; a more effective promotion of technological research based on the country’s needs; the integration of the financial policy through the banking system, so as to facilitate the purchase of raw materials and new equipment, the installation of factories in development areas and the expansion of exports, particular attention being drawn to the fact that, in cases where credits are granted for re-equipment, the displaced machinery must entirely cease to form part of the national production process; the promotion of research into the best way of utilizing the raw materials that are produced or may be produced in the country and of ensuring that they are of the highest quality; and, if considered desirable, the drawing up of special development plans through the National Development Bank such as the issue of preferred shares, debentures, special loans at reduced rates of interest, etc. On the other hand, there are so far no plans
for making non-refundable grants to the textile industry for such purposes as cessation of business, the payment of compensation to workers and employees, contributions to the renewal of equipment or towards the construction of new buildings, etc., as has been done in other countries.

Within the context set out above, it is anticipated that the plans now being prepared will be directed towards changing the structure of production by diminishing the fragmentation of the market and ensuring that the installed capacity of enterprises is adapted to technical conditions (scale and integration of processes) and to economic conditions (thus making it possible to adopt co-ordinated trade and financial policies). It is also expected that the modernization of the equipment will be without effect on total productive capacity, in the light of the fact that much of the structural capacity of this sector is lying idle. Indeed, the elimination of this idle capacity is one of the aims pursued, in so far as the practical possibilities of the industry allow it. For this reason it is considered inadvisable at the present moment to increase productive capacity, especially in the cotton and woollen industries; it is thought preferable to adapt products to the new modalities and tastes of the domestic and international markets.

In view of the place occupied by the sector in national industry, the amount of labour it employs and its importance to domestic - and perhaps foreign - manufacturers of equipment, to the country's agriculture from which it obtains its raw materials and to the chemical industry supplying the man-made fibres, it is calculated that reconversion will involve an investment in the 1971-75 period of US$200,258,000. Of this, $115,768,000 will be for the cotton industry, $62,490,000 for the woollen industry and $22 million for the knitting industry. These figures do not include the other sectors - man-made fibres, hard fibres, wide fibres, etc.

**Australia**

Australia considers that the problem of established textile industries not being able to compete against low-cost countries is not unique to Australia. A high proportion of developed countries has found it necessary to impose quota restrictions or to negotiate voluntary restraints with low-cost countries to manage a sharing of their internal markets between imports and domestic production.

Australia is a party to the Long-Term Cotton Textile Arrangement. However, Australia has had occasion to use the provisions of the L.T.A. only on three occasions since its inception. This was in relation to imports of dyed or coloured cotton drills in 1969 and 1970 and cotton denims in 1972. In all cases the arrangement was with Hong Kong.

While Australia has not employed restraint arrangements on textile products extensively, it has supported the types of arrangements which allow orderly marketing in international trade.
In this respect the Australian Government in September 1971 decided to enter into negotiations for voluntary restraint arrangements with the principal low cost supplying countries of knitted shirts and outer garments and woven shirts. Although it has not been feasible to conclude arrangements uniformly acceptable both to the countries concerned and Australia, the Government remains willing to examine with the countries concerned mutually acceptable arrangements as an alternative to tariff measures which had to be subsequently taken.

The Government accepts that there is both scope and need for rationalisation and reorganisation of various sectors of the textile and apparel industries and in fact has encouraged such moves on several occasions. However, since these are substantial industries, involving significant employment and activity in many areas throughout the country, the Government has also on several occasions endorsed the concept of interim arrangements to ensure an orderly and successful transition to a new basis of operation.

It should be noted that apart from the decentralised nature of Australia's textile industry, the restricted range of its production, the smallness of its market and its location in the southern hemisphere generate problems which sometimes call for special consideration in formulating policy in relation to trade in textiles.

**Austria**

The Austrian textile and clothing industry is one of the basic industries providing employment to a larger number of employees than any other segment of industry. The mills of the most important branches of the textile and clothing industry are located in areas having virtually no other industries, and in depressed regions.

Severe losses in plant and equipment were sustained during the war, so that high investments including loans extended by the Government had to be made to achieve the necessary reconstruction. At present the Austrian textile and clothing industry is ranking among the leading segments of industry not only in terms of the number of employees but in terms of the value of its production.

**Canada**

Canada announced a national textile policy in 1970. Its basic aims are:

(1) To create conditions under which the Canadian textile and clothing industries can continue to move progressively towards viable lines of production on an increasingly competitive basis internationally and domestically.
(2) To accord special measures of protection against imports in instances of formal determinations by the Textile and Clothing Board of serious injury or threat of various injury conditional upon presentation of suitable adjustment plans by domestic producers to improve their competitiveness.

(3) To join with other countries in seeking liberalization of international trade in textiles.

(4) To assist Canadian manufacturers and their workers to meet the problems of changing trading conditions through the provision of adjustment assistance and programmes to improve productivity and marketing capability.

The new Canadian textile policy was contained in a statement by the Minister of Industry, Trade and Commerce to the House of Commons on 14 May 1970 and was presented and explained at the meeting of the Cotton Textiles Committee on 27 May 1970 (COT/W/129). (A copy of the minister's statement is attached.) The principal elements of the textile policy were incorporated into law under the Textile and Clothing Board Act which was assented to on 19 May 1971.

An essential feature of Canada's new textile policy was the creation of the Textile and Clothing Board. It was established as an independent body to investigate situations involving injury to Canadian firms and workers in selected product sectors and to examine the suitability of rationalization and adjustment plans submitted by companies affected. Where it is satisfied that there is injury or threat thereof and that plans are acceptable, it may recommend special measures of protection. Following submission of a Board report, the Government decides what action to take with respect to any recommendations which the Board has made.

The terms of reference of the Textile and Clothing Board in conducting injury investigations and the instruments designed to implement Board recommendations are fully consistent with the principles relating to serious injury and market disruption contained in the General Agreement on Tariffs and Trade and the Arrangement Regarding International Trade in Cotton Textiles, respectively. Any special measures of protection must be linked not only to proven serious injury or threat thereof, but also to evidence that domestic producers have prospects of becoming internationally competitive in the Canadian market.

With specific reference to the mechanisms used to implement special measures of protection, Canada's textile policy envisages continued reliance in the first instance on negotiated restraint arrangements with supplying countries. However, in cases where the problem does not lend itself to a negotiated solution, import quotas may be applied.
Since the introduction of the new textile policy, the Government has acted upon five reports of the Textile and Clothing Board - cotton and polyester cotton yarns, shirts, sweaters, acrylic yarn and double knit and warp knit fabrics. The Board found serious injury or threat thereof and recommended special measures of protection in respect of certain cotton yarns, shirts, acrylic yarn and double knit and warp knit fabrics.

In the case of cotton yarns, the specified types of cotton yarns were placed under import control. Provision was made for unimpeded access under general permit for imports under the terms of existing restraint arrangements as well as for imports from suppliers who were not found to be disruptive. A residual quota was provided for imports from all other sources. With regard to shirts, where it was not considered practicable to negotiate restraints with all potential suppliers a non-discriminatory global quota was announced with country reserves for previously restraining suppliers amounting to 75 per cent of the quota. In the case of imports of acrylic yarn, restraint arrangements were negotiated with the two major suppliers. Restraint arrangements were also negotiated with two suppliers of double knit and warp knit fabrics.

The Board found no injury in the case of sweaters, cardigans and pullovers and the Government subsequently terminated all relevant restraint arrangements. With respect to polyester cotton yarns, the Board found that imports were insufficient to constitute serious injury or threat thereof. The Board is currently conducting inquiries into the impact of imports of filament polyester fabrics and filament polyester yarn on Canadian production and employment.

In the case of those restrained textile and clothing products which have not yet been reviewed by the Textile and Clothing Board, the Government is continuing, where necessary, to negotiate or renegotiate export restraint arrangements on selected items under the market disruption provisions of the CTA* in the case of cotton and substitutable man-made products, and under bilateral arrangements utilizing the principles of the CTA* in so far as certain other man-made and woollen textile products are concerned.

Canada's textile trade policy is selective with respect to limits on imports, affecting only a relatively narrow range of specific products which have caused or threatened to cause serious injury to domestic producers and consists mainly of bilaterally negotiated export restraint arrangements on individual items. Within the context of this selective approach to the question of export restraints, the arrangements which have been entered into by Canada with various supplying countries involve a total of only twenty-one textile and clothing products. Nine suppliers restrain only one product while eight others restrain two or more. Most of these restraints are of one year's duration.

*Cotton Textiles Arrangement
Two distinctive changes have been incorporated in the Canadian Government's import policy on textiles with the adoption of the textile policy announced on 14 May 1970. The first was the establishing of the Textile and Clothing Board whose functions have been previously described. The second change involves an amendment to the Export and Import Permits Act of 25 May 1971 which provides for the first time, legislative authority to limit imports on a quantitative basis in situations of proven serious injury or threat thereof, and an amendment to the Customs Act which permits the Government to prohibit or otherwise regulate the entry of goods which circumvent a restraint arrangement between Canada and an exporting country. So far recourse to the latter authority has not proven necessary. Prior to May 1970, recourse to emergency action by Canada was only available under Section 40A (7)(c) of the Customs Act (as noted in Annex E of the CTA) through fixed or special values for duty up to 1968, and thereafter through surtax under Section 7(1a), now 8(2), of the Customs Tariff.

As regards the criteria used in controlling import it might be useful to note the requirements, established under Section 18 of the Textile and Clothing Board Act, to which the Textile and Clothing Board is bound when considering any question relating to injury. These are:

1. any relevant manpower and regional considerations and any programme or service provided by a department or agency of the Government of Canada that deals therewith;

2. the provisions of the General Agreement on Tariffs and Trade, of the Arrangement Regarding International Trade in Cotton Textiles and of any other relevant international agreement;

3. the probable effect of any proposed special measures of protection on various classes of consumers;

4. the principle that special measures of protection are not to be implemented for the purpose of encouraging the maintenance of lines of production that have no prospects of becoming competitive with foreign goods in the market in Canada if the only protection to be provided is that provided at any time by rates of duties of customs; and

5. the conditions prevailing in international trade relevant to textile and clothing goods.
Denmark

Denmark has pursued a liberal commercial policy and taken an active part in international efforts to remove the barriers in international trade.

In keeping with this policy, the Danish tariff policy is also very liberal. Raw materials are normally not subject to customs duty, and the tariff rates applied to manufacturers are very moderate.

Imports of textile goods were liberalized at a very early stage with the result that the Danish textile industry has had to adapt itself to current changes in world markets.

Another indication of liberal Danish policies is that the preferential arrangement adopted in Denmark for imports from developing countries does not exclude textile goods. It was, however, a condition for the textile industry's acceptance of this liberal import policy, that provision was made for intervention in the event of sudden and massive increases in imports of any particular product in order to leave domestic producers reasonable time to undertake necessary adjustments.

European Economic Community

The Community's commercial policy with respect to textiles and clothing is not yet entirely completed.

While some major components of that policy, for example, tariff policy (in particular generalized preferences), anti-dumping policy, the export system, have been made uniform, and while furthermore the basic regulations, instruments and procedures of the Community have been implemented in the field of liberalization as well as in respect of the administration of quantitative import and export quotas; while, lastly, any trade negotiations in the textile sector with third countries may be conducted only by the Community, it nevertheless remains that a substantial part of the commercial policy, in particular that part which concerns the import regime for products of man-made fibres and of wool, still has to be made uniform.

1 Regulation (EEC) No. 459/68 of the Council
3 Regulation (EEC) No. 1025/70 and 109/70 of the Council establishing a common system applicable to imports from third countries and from State-trading countries.
5 Article 113 of the Rome Treaty and Decision of the Council of 16 December 1969
6 In the cotton textiles sector, since the Community as such has become a party to the LTA, this multilateral arrangement which is due to expire on 30 September 1973 is now uniformly applied by the Community as a whole both as regards the negotiation of mutually acceptable arrangements on the basis of Article 4 of the LTA and as regards any recourse to the safeguard clause in Article 3.
This delay is due to the fact that until recently the Community authorities considered that it would be premature to harmonize this last part of the common commercial policy, in the non-cotton sector, until such time as, on the one hand, the new members of the Community could participate in its formulation and, on the other hand, the situation at world level, which has been very unstable and confused in recent years, had been sufficiently clarified.

Studies are now underway in the competent organs of the Community with a view to completing the harmonization of the commercial policies of member States in this sector and progressively eliminating existing disparities by bringing together the various measures in force in the member States, as has been the case for cotton textiles, in order to complete the common commercial policy. The situation as at present in the member States of the Community, which is described in detail in part (d) of this chapter, must therefore be considered as transitional.

The common commercial policy pursues the two-fold objective of progressive liberalization of trade, in particular in respect of less-developed countries, while avoiding any market disruption in the Community. Of course, in achieving this liberalization account must be taken:

- of the adaptation requirements of the Community textiles industry;
- of the need to ensure normal competitive conditions at world level;
- of the attitudes of other trade partners.

Furthermore, the achievement of the common commercial policy in the textiles sector would make more effective the Community's contribution to the work of GATT.

The textile industry at present plays an important rôle overall in the enlarged Community, and this rôle is of vital importance in certain regions where the industry is particularly concentrated, employing up to 80 per cent of the active labour force. Many of these regions depend on a single industry and the economic and social function of their textile industry will continue to be essential for overall equilibrium so long as the structures of these areas have not evolved.

The maintenance by the Community of certain restrictions on international trade in textiles is primarily attributable to the fact that, for an economic sector which is of considerable importance in its economic and social aspects, the Community cannot eliminate these restrictions so long as the conditions of competition prevailing in world trade remain abnormal.

Moreover, while healthy competition no doubt plays an essential incentive rôle in the adjustment of enterprises that are seeking optimum dimensions and conditions for achieving adequate productivity, it is likewise true that excessive pressure on selling prices, because of imports, can jeopardize any adjustment that is in progress. This is all the more true when imports are concentrated on specific products and are effected at abnormally low prices.
As a result, in the opening up of their market, the Community and the member States have, in addition, had to take account of the adaptation periods relating to industrial adjustment at the enterprise level and have therefore had to bring about the opening of the market gradually.

The European Community and its member States continue to subscribe to the objective laid down in the Treaty of Rome, namely to promote the expansion of world trade. This is borne out by, among other things, the low level of tariff protection, the granting to developing countries of generalized preferences for all products without exception and the more liberal attitude towards the State-trading countries.

As regards textiles and clothing, the Community has been obliged to adopt a rather cautious attitude because of the disruption of the market caused by the rapid increase in very cheap imports from certain producing areas and their concentration on a comparatively limited range of articles.

The goods responsible for this market disruption come mainly from certain Far Eastern countries and from European State-trading countries.

Between 1960 and 1971, the share of the past-mentioned group of countries as a whole in the total value of the Community's imports\(^1\) rose from:

- 26.2 per cent to 46.6 per cent for manufactured textile goods (yarns, fabrics, made-up articles and related products) (SITC 65).

- 35 per cent to 72.5 per cent for woven or knitted clothing, (SITC 841).

In 1971, supplies from these countries amounted to more than $1,000 million of which clothing accounted for $537 million and textiles for $477 million. A detailed study of the composition of those imports shows that they cover about a hundred items of the NIXEXE Nomenclature, mostly knitted and crocheted goods and clothing, for which the proportion of deliveries from the areas mentioned above amounted to between 72 and 96 per cent of the total, as is shown in the attached summary table.

For most knitted and crocheted goods and clothing, Japan, Hong Kong, Taiwan, Korea and Yugoslavia, which are the main suppliers\(^2\), virtually eliminated all other countries from the Community market.

This preponderance of a small number of producing countries, whose sales, moreover, are in most cases rapidly increasing, must be attributed to the large discrepancy between the price of their goods and the prices current in the Community and in most industrialized countries.

\(^1\) Excluding intra-Six trade.

\(^2\) In 1970, the share of these five countries accounted for over 70 per cent of the total for all the countries mentioned.
By way of illustration, the following table reproduces, for certain articles, the results of an inquiry among the member States of the Community.

The prices given in this table* are:

- in the case of the Community: prices at factory before VAT
- in the case of the exporting countries: c.i.f. prices, plus customs duty.

<table>
<thead>
<tr>
<th>NIMEXE No.</th>
<th>Description of the article</th>
<th>Price within Community</th>
<th>Import price</th>
<th>Difference in per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>55.05.41</td>
<td>Cotton yarn, single, unbleached, 14,000 to 40,000 m/kg.</td>
<td>BF 66.90</td>
<td>40.39</td>
<td>39.6</td>
</tr>
<tr>
<td>55.05.67</td>
<td>Cotton yarn, multiple, unbleached, 14,000 to 40,000 m/kg.</td>
<td>BF 76.40</td>
<td>33.61</td>
<td>43.0</td>
</tr>
<tr>
<td>56.05.24</td>
<td>Yarn other than single, unbleached or bleached, containing 85 per cent or more of man-made fibres, measuring as single yarn more than 14,000 m/kg.</td>
<td>DM 12.24</td>
<td>DM 8.17</td>
<td>34.03</td>
</tr>
<tr>
<td>55.09.16</td>
<td>Unbleached fabrics, plain weave, containing 85 per cent or more of cotton, of a weight exceeding 130 to 200 g/m² inclusive, and a width of more than 115 to 165 cm. inclusive.</td>
<td>DM 1.18</td>
<td>DM 0.76</td>
<td>35.6</td>
</tr>
<tr>
<td>ex 56.07A</td>
<td>Mixed fabrics of man-made fibres and cotton</td>
<td>FF 1.76</td>
<td>FF 1.35</td>
<td>23</td>
</tr>
<tr>
<td></td>
<td>Mixed fabrics of polyester/cotton with a width of 106/107 cm, classic designs. Unbleached gabardine fabrics, 67 per cent polyester, 33 per cent cotton, with a width of 130 cm, metric count No. 34.</td>
<td>FF 7.50</td>
<td>FF 5</td>
<td>20</td>
</tr>
<tr>
<td>60.02.70</td>
<td>Knitted or crocheted gloves of cotton</td>
<td>FF 2</td>
<td>FF 0.44</td>
<td>78</td>
</tr>
<tr>
<td>60.03.27</td>
<td>Stockings, understockings, socks, ankle-socks, sockettes and the like, of man-made fibre, but excluding women's stockings</td>
<td>DM 1.77</td>
<td>DM 0.98</td>
<td>46.6</td>
</tr>
<tr>
<td>60.04</td>
<td>Knitted or crocheted undergarments of man-made fibres</td>
<td>FF 12</td>
<td>FF 4.10</td>
<td>65</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>5.43</td>
<td>55</td>
</tr>
<tr>
<td>60.05.32</td>
<td>Women's, girls' and infants' pullovers of man-made fibres</td>
<td>DM 11.49</td>
<td>DM 8.14</td>
<td>29.2</td>
</tr>
</tbody>
</table>

*The prices shown are for goods originating mainly in the chief exporting countries in the Far East.
<table>
<thead>
<tr>
<th>NIMEXE No.</th>
<th>Description of the article</th>
<th>Price within Community</th>
<th>Import price</th>
<th>Difference in per cent</th>
</tr>
</thead>
<tbody>
<tr>
<td>61.01.63</td>
<td>Men's trousers and shorts, of synthetic fibres</td>
<td>FF 24</td>
<td>FF 8</td>
<td>66</td>
</tr>
<tr>
<td>61.01.67</td>
<td>Men's trousers and shorts of cotton</td>
<td>DM 13.03</td>
<td>DM 6.52</td>
<td>50</td>
</tr>
<tr>
<td>61.02.65</td>
<td>Frocks of man-made textile fibres</td>
<td>DM 23.6</td>
<td>DM 8.11</td>
<td>65.6</td>
</tr>
<tr>
<td>61.03.11</td>
<td>Shirts of man-made fibres</td>
<td>DM 9.60</td>
<td>DM 6.48</td>
<td>32.5</td>
</tr>
<tr>
<td>61.03.15</td>
<td>Cotton shirts</td>
<td>DM 9.27</td>
<td>DM 5.91</td>
<td>36.3</td>
</tr>
<tr>
<td>61.03.31</td>
<td>Men's pyjamas of man-made fibres</td>
<td>FF 22.5</td>
<td>FF 13.5</td>
<td>40</td>
</tr>
<tr>
<td>61.03.35</td>
<td>Normal-type pyjamas of polyester and cotton</td>
<td>FF 17</td>
<td>FF 10.5</td>
<td>38</td>
</tr>
</tbody>
</table>
## IMPORTS OF TEXTILE ARTICLES AND CLOTHING INTO THE EUROPEAN COMMUNITY

<table>
<thead>
<tr>
<th>CCT or NIMEXE No.</th>
<th>Description of article</th>
<th>Imports from the areas surveyed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Volume (tons) % of total</td>
</tr>
<tr>
<td><strong>I. Worsted yarns</strong></td>
<td></td>
<td>62</td>
</tr>
<tr>
<td>53.05.21</td>
<td>Slivers of combed wool</td>
<td>5,920</td>
</tr>
<tr>
<td><strong>II. Yarn</strong></td>
<td></td>
<td>67.5</td>
</tr>
<tr>
<td>55.05.41</td>
<td>Single cotton yarn, unbleached, measuring 14,000 to 40,000 m/kgs.</td>
<td>10,575</td>
</tr>
<tr>
<td>55.05.67</td>
<td>Multiple cotton yarn, unbleached, measuring 14,000 to 40,000 m/kgs.</td>
<td>5,885</td>
</tr>
<tr>
<td>56.05A</td>
<td>Yarn of man-made fibres, discontinuous</td>
<td>9,948</td>
</tr>
<tr>
<td>56.05.24</td>
<td>Yarn other than single, unbleached or bleached, measuring more than 14,000 m/kgs.</td>
<td>1,449</td>
</tr>
<tr>
<td>56.05.33</td>
<td>Single yarn, other than unbleached or bleached, measuring more than 14,000 m/kgs.</td>
<td>5,032</td>
</tr>
<tr>
<td><strong>III. Fabrics</strong></td>
<td></td>
<td>62</td>
</tr>
<tr>
<td>55.09A</td>
<td>Woven fabrics of cotton containing 85 per cent or more by weight of cotton</td>
<td>52,931</td>
</tr>
<tr>
<td>56.07A</td>
<td>Woven fabrics of man-made fibres</td>
<td>4,802</td>
</tr>
<tr>
<td>56.07.17</td>
<td>Woven fabrics of man-made fibres, unbleached or bleached</td>
<td>2,300</td>
</tr>
<tr>
<td>56.07B</td>
<td>Woven fabrics of regenerated fibres</td>
<td>10,600</td>
</tr>
<tr>
<td>56.07.42</td>
<td>Woven fabrics of regenerated fibres, unbleached or bleached</td>
<td>6,198</td>
</tr>
</tbody>
</table>

¹/ Japan + developing countries + State trading countries + Yugoslavia

²/ Uruguay: 1970 - 4,911; 1971 - 6,875
### OCT or NIMEXE No.

<table>
<thead>
<tr>
<th>CCT or NIMEXE No.</th>
<th>Description of article</th>
<th>Imports from the areas surveyed 1/</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Volume (tons)</td>
</tr>
<tr>
<td>IV. Knitted and crocheted goods</td>
<td>Gloves, knitted or crocheted</td>
<td>1,493</td>
</tr>
<tr>
<td>60.02</td>
<td></td>
<td></td>
</tr>
<tr>
<td>60.03</td>
<td>Stockings, under stockings, socks</td>
<td>2,184</td>
</tr>
<tr>
<td>60.04.29</td>
<td>Cotton undergarments, knitted or crocheted, other than for infants</td>
<td>3,899</td>
</tr>
<tr>
<td>60.05</td>
<td>Outergarments</td>
<td>11,295</td>
</tr>
<tr>
<td>including 60.05.24</td>
<td>Woollen pullovers for men</td>
<td>2,142</td>
</tr>
<tr>
<td>60.05.32</td>
<td>Pullovers of man-made fibres for women</td>
<td>2,023</td>
</tr>
<tr>
<td>V. Articles of apparel of textile fabric</td>
<td>Men's outergarments</td>
<td>16,105</td>
</tr>
<tr>
<td>61.01</td>
<td></td>
<td></td>
</tr>
<tr>
<td>including 63.67</td>
<td>Trousers of cotton and man-made fibres</td>
<td>5,656</td>
</tr>
<tr>
<td>73</td>
<td>Jackets of man-made fibres</td>
<td>1,952</td>
</tr>
<tr>
<td>61.02</td>
<td>Women's outergarments</td>
<td>9,145</td>
</tr>
<tr>
<td>including 43</td>
<td>Coats and jackets of man-made fibres</td>
<td>1,470</td>
</tr>
<tr>
<td>65 and 67</td>
<td>Frocks of cotton and man-made fibres</td>
<td>1,315</td>
</tr>
<tr>
<td>61.03</td>
<td>Men's undergarments</td>
<td>10,516</td>
</tr>
<tr>
<td>including 11 and 15</td>
<td>Shirts of cotton and man-made fibres</td>
<td>6,872</td>
</tr>
<tr>
<td>35</td>
<td>Cotton undergarments other than shirts and under-vests</td>
<td>2,769</td>
</tr>
<tr>
<td>61.04</td>
<td>Women's undergarments</td>
<td>1,488</td>
</tr>
</tbody>
</table>

1/ Japan + developing countries + State trading countries + Yugoslavia
Egypt

The textile industry in the Arab Republic of Egypt, based on the domestic production of Egyptian cotton, has expanded at a great speed in recent years, thereby enabling it to enter the international market.

However, the manufacturers in Egypt are under an obligation to use domestic high quality cotton in producing the same yarn counts produced in other countries with a lower quality cotton, which, therefore, puts the Egyptian exporter in an unfavourable position as regards the cost of raw material. In order to provide an incentive by making the export price of yarn competitive in the international market, the government pays to the exporter the difference between the high domestic price of cotton and the prices prevailing abroad for different types of cotton used in producing similar yarns.

Finland

The liberal nature of the Finnish import system is shown by the fact that imports of textile and clothing products from most countries of the world are free from any restrictions. In a few cases where textile imports, mostly for practical reasons, are subject to licensing, licences are in most cases granted automatically. Generally, imports from socialist countries are governed by bilateral agreements and therefore partly regulated by mutually agreed quotas. As the quotas have, for many years, mostly been sufficiently large, they do not in practice restrict imports. Finland has so far never invoked any article of the LTA in order to restrict imports.

It has already been stated (see Chapter IV) that imports of textiles and clothing into Finland have reached a very high level. It has also been shown that the employment of the textile and clothing industries is of considerable importance to the economy of the country. The economy of Finland is, therefore, very vulnerable in regard to market distortions due to exceptionally large or low-priced textile imports. This vulnerability has grown considerably since the international competition in the textile field changed from primarily cotton textiles to textiles of all fibres.

These facts have led the Government of Finland to recognize the importance of multilateral agreements which would permit the international trade in textiles and clothing of all fibres to develop as freely as possible, yet in an orderly manner, and which at the same time would allow producing and consuming countries to protect their economy against serious distortions caused within any textile or clothing sector by an abnormal influx of goods.

Hong Kong

As all Hong Kong industries, including the textiles industry, operate within a free port and free enterprise system, the industries which have developed in scope, scale and sophistication are those whose products have been able to withstand international competition, and those which are geared to servicing the manufacture of such products. There is no subsidy or protection, and the only assistance as such which the government has provided is the creation of a climate in Hong Kong favourable for the development of a sound infrastructure such as a highly developed communication network and of a sound system of banking, insurance and shipping. These have facilitated and promoted the development of the manufacturing industries of today. It follows that the Government has no "plans for expansion" of its own for the textiles industry; rather the textiles industry, together with any other industry in Hong Kong, has to stand on its own feet and make plans for itself.
India

The Long-Term Arrangement Regarding International Trade in Cotton Textiles was designed to promote the trade of the less-developed countries possessing the necessary raw materials and skills and to develop the trade in cotton textiles in a reasonable and orderly manner so as to avoid disruptive effects in both importing and exporting countries. Article 2 enjoined upon the participating countries to relax the existing restrictions progressively and to refrain from introducing new import restrictions or intensifying the existing restrictions. The experience of a decade of operation of the Arrangement, however, shows that the expectations have not been fulfilled in substantial measure in the different markets. The Government of India view with concern the increasing number of new restrictions and obstacles placed on her trade in both hemispheres during the past few years. It is also their experience that many of the importing countries, in the administration of the restrictions, have not paid due regard to the special needs and situations of the less-developed countries. Very few countries have included textiles in their offer of the Generalized Scheme of Preferences.

The Government of India have maintained on their part the obligations under the bilateral agreements fully. Their commercial policies are not designed to disrupt the markets of the importing countries. They have lived with the quota régimes despite heavy difficulties. They find, however, that the developed countries have not pursued vigorously the adjustment measures necessary to reorganize the production structure in their countries during the interregnum provided by the Long-Term Arrangement.

Our experience with the present quota system has not been a happy one. The excessive categorization in the levels of quotas has prevented their full utilization. The operation of the quotas has not been sufficiently flexible. It is also felt that there is no justification for the continued maintenance of tariff barriers of importing countries in addition to the protection afforded to their domestic industries by quantitative restrictions.

The Government of India is disturbed at the barriers being placed on her trade in handloom products. The handloom fabrics, by their very nature, do not lend themselves to the conversion processes of the developed countries. These products do not compete with the domestic production or disrupt the market of the importing countries. The consumer demand for these products fluctuates with the prevailing trends in fashion. There appears no justification for the imposition of any barriers on such products which should be allowed entry without any tariff or quota restraints.
The Government of India would also urge a more liberal régime for the importation of clothing and made-up products in the markets of the developed countries.

They would not view with favour any attempt to impose new restrictions on her export of textiles made from man-made fibres since there is no evidence that her exports have caused any disruption in any market.

**Jamaica**

The textile trade policy of the Government of Jamaica involves the use of quantitative restrictions to protect textiles produced locally and within the CARIFTA region. It should be noted that this involves only a narrow range of fabrics which the local and regional industry can produce.

The objective of Jamaica's policy is to promote the growth of a viable textile industry in Jamaica and the CARIFTA region. This is particularly important as this industry is noted for its labour-intensive nature and thus provides opportunities for increased employment.

**Japan**

The Japanese Government, together with the rest of the members of the GATT, considers that the expansion of world trade in accordance with the spirit and the principles of GATT is the basis of the development, not only of its own economy, but also of the economy of the world. In this context, the Japanese Government has made positive efforts in the textile sector to increase imports as well as exports of textile goods and also to implement structural reforms including adjustment assistance and modernization of equipment.

Japan does not maintain any quantitative restrictions with regard to textile and textile products.

Her tariff rates on the average for these commodities stand at a comparatively low level.

In August 1971, GSP for textile and textile products was put into effect by the Government. Japan's import of these commodities is increasing remarkably in recent years with an average annual growth rate of 41.5 per cent for the last five years. Import consumption ratio has reached 6.2 per cent in 1971, against 3.2 per cent in 1969 and 4.5 per cent in 1970. This tendency of rapid increase in imports is predicted to continue for the foreseeable future.
As stated above, Japan subscribed to the principle of free trade in the textile sector in spite of rapidly increasing imports. Notwithstanding the fact that Japan restrains its exports of a wide range of textile products at the request of importing countries, it is the policy of the Japanese Government to try to realize free trade in textile products with the co-operation and understanding of countries concerned.

Import restrictions, export restraints and bilateral agreements affecting trade in textiles.

Exports restraints are effected as follows:

<table>
<thead>
<tr>
<th>Requesting country</th>
<th>Items</th>
<th>Basis for restraints</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>All woollen and man-made</td>
<td>United States-Japan arrangement concerning trade in wool</td>
</tr>
<tr>
<td></td>
<td>textiles</td>
<td>and man-made textiles</td>
</tr>
<tr>
<td>Canada</td>
<td>Cotton and man-made textiles</td>
<td>Unilateral restraint (with annual review between Canada</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and Japan)</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Cotton and man-made textiles</td>
<td>Protocol exchanged in 1963</td>
</tr>
<tr>
<td>Germany</td>
<td>Wool and man-made textiles</td>
<td>Agreed minutes signed in October 1969</td>
</tr>
</tbody>
</table>

The Japanese Government took special relief measures to alleviate the acute predicament met by the textile industries mainly as a result of the export restraint. The measures include purchase supported partially by the Government fund of production equipment of textiles falling into surplus as the result of export restraint and financing of longer-term as well as short-term loans.

These relief measures, which are to be carried out from 1971 to 1973 include:

(i) Government expenditure totalling 48.8 billion (about $158.5 million) for the support of the purchase of the surplus equipment.

(ii) Financing facilities to be made available by the Government supported banking institutions totalling 153.1 billion (about $497 million) for the financing of current fund.
Korea

Neither governmental nor private measures have been taken to promote export of any goods manufactured, assembled or produced, except for such measures as the exemption of customs duties on imported material for export purposes and the extension of short-term credit for those who hold export letters of credit at a fixed rate to a United States dollar value. Furthermore there is no specific promotional assistance to particular industries such as textile, electronics, etc. These governmental policies are aimed at keeping the world market a fair, competitive and orderly one.

There are no other governmental measures specifically applied to imports or exports of textiles.

Norway

Norway has pursued a liberal commercial policy concerning textile products. As a result Norway has today a higher per capita level of low-price textile imports than most other industrialized countries. The development of the low-price imports can be seen from the following figures: from a level of $3.10 per capita in 1962 these imports have increased to $6.18 in 1965, $10.38 in 1970 and $11.20 in 1971.

It is in Norway's interest to support co-operative and constructive action in the international trade in textiles in such a way that the development of this trade proceeds in a reasonable and orderly manner. From the Norwegian point of view, the international trade in cotton textiles has shown a satisfactory development. However, the development in the textile sector seems to indicate that the distinction between cotton and other textile fibres is becoming increasingly diffuse. The international trade in non-cotton textiles is considered to be out of equilibrium. Therefore it is considered appropriate that an appraisal of the long-term development in the textile sector includes both cotton and other textiles.

The rapid technological development in machinery and raw materials, and the coming up of new low-cost exporting countries, have caused problems in the textile sector in Norway, like in most other industrialized countries. The number of persons employed in the textile industry has decreased steadily during the last years. Most of the Norwegian textile industry is concentrated in regions where there are few possibilities for alternative employment. The Norwegian Government therefore has the problems in the textile industry under continuous consideration. The restrictions imposed on the import of textile products must be seen as a measure to help the Norwegian textile industry adjust itself to the changing market conditions. In this way the restrictions can reduce the serious damage that otherwise would have been caused to domestic producers by the influx of low-price products. The restrictions are therefore meant to be temporary and will be abolished as soon as the market conditions permit.
Poland

It is estimated that the value of exports of textile and clothing products will rise from about $220.7 million in 1970 to about $423.5 million in 1975.

About 70 per cent of these exports are to be directed to the socialist countries, about 20 per cent to the developed market economy countries, the rest going to the less-developed countries.

The only measures to promote exports comprise investments for new plants and equipment in order to improve the competitive position of Polish textile products on the world markets.

In order to meet the growing domestic demand for imported articles and to promote greater international division of labour, imports of textile and apparel products are to become an important feature of the commercial policy of Poland in the coming years. It is estimated that the yearly growth of imports in the period 1971-1975 will be 11.6 per cent whereas the yearly increase of exports in the same period should not exceed 11 per cent.

Portugal

The main aims of government action have been to co-ordinate and regulate the production and marketing of textile fibres and the articles made from them; to ensure regularity of supply of the goods produced as a result of this co-ordination; to carry out technical and economic research on the sector and the raw materials and products concerned; and to guarantee the origin and quality of the products.

The importance of this sector to the country's economy imposes requirements which are a consequence of the process of economic development at present taking place in Portugal; for this reason it forms part of an extensive programme for reviewing the conditions affecting the development of industrial activities, to be carried out in close accord with the industrial development policy already laid down by the Government.

Singapore

One of the measures taken by the Singapore Government to assist the exports of local textiles is to encourage local manufacturers to participate in trade fairs and exhibitions. The Government also sends trade missions overseas.

A nominal rate of duty is imposed on imported textiles so as to protect our local textile industry which is still relatively young. But because Singapore has a very small domestic base here industries have to be export-oriented in order to remain viable.
Spain

Imports

The most striking feature of Spanish policy on the textile trade has been the progressive liberalization of imports, which up to 1959 were all subject to a strict system of licences issued at the discretion of the authorities. The import liberalization process began in 1959 and affected practically all the tariff headings relating to products of the textile industry. At present, import licences issued at the discretion of the authorities exist only in the case of old clothing in bulk under tariff heading 63.01.

Imports of most textile products, including all textiles of wool and man-made fibres, have been completely liberalized. This applies to goods falling under the following chapter headings:


In the case of some products, however, a liberal, non-discriminatory quota system is maintained; its continued existence is due mainly to the need to protect the residual branches of agriculture producing the raw materials concerned. The products subject to quota are silk (tariff headings 50.02 to 50.10) and cotton yarn and woven fabrics of cotton (tariff headings 55.05 to 55.09).

Imports of some hard-fibre yarns and fabrics (Chapter 57) and of certain goods manufactured from them are also subject to global quotas. On the other hand yarns and fabrics of true hemp, Manila hemp, henequen and sisal have been liberalized.

The textile products included in Chapters 58 to 62 inclusive have been liberalized, with the exception of those manufactured from the raw materials which have not been liberalized. The following products falling within the chapters just mentioned are also subject to a global régime: carpets, carpeting and rugs (tariff headings 58.01 to 58.03), tulle and lace (tariff headings 58.08 and 58.09), wadding and articles of wadding, textile flock and dust and mill neps (tariff heading 59.01), bonded fibre fabrics, similar bonded yarn fabrics, and articles of such fabrics (tariff heading 59.03) and the special fabrics coming under tariff heading 59.07.

It should be noted that the global quotas referred to are fixed at a high level and that very often the set ceilings are considerably exceeded in practice.
Under the Protocol Relating to Trade Negotiations among Developing Countries, Spain granted a 20 per cent preference on imports of raw Manila hemp (tariff heading 57.02 A) and a 37.5 per cent preference on "Kelem", "Schumacks" and "Karamanie" rugs and the like even if manufactured under tariff heading 58.02 B.

The Agreement of 29 June 1970 between Spain and the European Economic Community provides for a series of staged reductions affecting various textiles; these are set out in Lists A, B and C of the Agreement (see document L/3427 of 7 September 1970).

Imports of textiles from Japan are partially excluded from the liberalization régime under the trade agreement between Spain and Japan of 22 February 1966, the validity of which has been extended until the present time.

Exports

The Spanish Government has no special policy for promoting or subsidizing textile exports; it merely applies the usual policies in force for all sectors, such as assistance in connexion with participation in fairs and trade missions, processing traffic, etc., in accordance with internationally-accepted procedures.

Spanish exports of cotton textiles are affected by a number of restrictions based on the Long-Term Arrangement, as a result of bilateral agreements concluded with the United States and the United Kingdom; these are of a general nature and include yarn, fabrics and made-up textile articles. There is likewise an agreement with Canada, also based on the Long-Term Arrangement, under which restrictions are imposed on Spanish exports of cotton yarn to that country.

The Spanish authorities have repeatedly expressed their dissatisfaction with the Arrangement and have submitted proposals that would make it more flexible, more liberal and less restrictive. They hope that future developments in international trade relations will remedy this state of affairs through greater liberalization of international trade in textile goods.

SWEDEN

By participating in the work of GATT, EFTA and other international organizations, Sweden assumed a number of obligations in the field of trade policies. Relying on certain safeguard clauses in these agreements, Sweden has found it necessary in a number of cases to deviate to some extent from its basic free-trade policy. These deviations are intended as temporary and they have been implemented over the last few years in situations of sudden and serious market disturbances, usually in connexion with rapid increases in imports of certain textiles from partly new producer countries in South and East Europe and Asia.
Such developments have seriously complicated the gradual adjustment of national business corporations to a new competitive situation and have jeopardized the continued existence even of the viable parts of the business of vital importance for the country and the national security. With this background in mind, the Swedish Government has taken measures to restrict imports in a few cases but these measures have been preceded whenever possible, by consultations with the country involved.

On various occasions, the Swedish Government has pointed out that measures which constitute a deviation from the principle of a free international exchange of goods, if implemented over a long period of time, have an undesirable, negative effect on the resource allocation and the price level for consumer goods within the country as well as on the industrialization efforts in the exporting countries. Therefore, the Government has emphasized that the measures are intended to be limited in time and to be replaced in the long run by measures, which stimulate the business rather than protect it from competition. Furthermore, the Government has made it clear that its industrial policies are not intended as a means of preserving industries which cannot compete without support from the Government in the form of trade policy measures or other supporting measures. The goal should be that of stimulating the development of efficient and, in the long run, internationally competitive firms. The transformation which may be necessary must, however, take place in a manner and at a pace which reduce the difficulties encountered by the employees.

It has been characteristic of the measures deviating from the basic free-trade policy which Sweden has implemented in the field of textiles, that they have been limited to certain special goods. The measures have mainly concerned the importation of ready-made clothes and affect at the time in addition to the State trading countries - Yugoslavia, Portugal, Macao, Taiwan, Hong Kong, Japan, South Korea and Singapore. The methods employed have varied depending on the goods and the exporting countries, for which the measures were intended. Generally, the control over imports has been achieved by negotiations with the exporting country involved, which has agreed to keep its exports of textiles and clothing temporarily within specially defined limits. In a few cases the control has been achieved by Swedish restrictions on imports.

Other governmental measures specifically applied to imports and exports of textiles

As a part of the labour market and the regional policies pursued by the Swedish Government, a program of export stimulating measures has been introduced for the textile and clothing industries along with educational efforts within these industries. In addition, a program of adjustment subsidies is being implemented in these industries. The program of export stimulation is designed in the following way.
Eligibility criteria. The export promotion programme shall be concentrated on progressive enterprises. Projects which promote a better structure of the industry should, if possible, be given priority, for example joint export actions. The size of a company is not decisive for the support. However, support for export projects can only be considered for covering threshold expenses of a direct initiatory character. In this context grants can principally be paid to cover costs for market analyses, marketing planning and product adjustments.

Grants are also available for collective actions like the participating of a group of companies in a trade fair.

Credit guarantees are available in order to finance other threshold expenses such as investments in stock and capital equipment caused by an increasing export.

Levels of assistance. Grants are with few exceptions paid to cover not more than 50 per cent of the total costs of an export project. The size of the grants vary from some thousand to a few hundred thousand SKr depending on the size of the export project.

Terms and conditions, repayment. Grants are paid out in arrears. Repayment liability exists only if the company has been giving misleading or false information. The loan guarantee is granted for loans which shall be amortized within five years.

Administrative structure. The promotion programme is administered by the Board of Commerce.

GOVERNMENTAL FUNDS PROVIDED. NUMBER OF PARTICIPATING FIRMS

<table>
<thead>
<tr>
<th>Year</th>
<th>Budgeted</th>
<th>Total</th>
<th>Textile</th>
<th>Knitting</th>
<th>Clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1 July-</td>
<td>4.8</td>
<td>3.82(47)</td>
<td>1.32(18)</td>
<td>0.82(8)</td>
<td>1.72(21)</td>
</tr>
<tr>
<td>30 June)</td>
<td>6.5</td>
<td>2.52</td>
<td>1.22</td>
<td>0.52</td>
<td>0.82</td>
</tr>
<tr>
<td>1972/73</td>
<td>4.2 (6.5)</td>
<td>0.52</td>
<td>0.52</td>
<td>0.52</td>
<td>0.52</td>
</tr>
<tr>
<td>1973/74</td>
<td>4.0</td>
<td>0.52</td>
<td>0.52</td>
<td>0.52</td>
<td>0.52</td>
</tr>
</tbody>
</table>

1/ The figures within paranthesis indicate the number of companies and export groups that have been supported.
2/ Granted until the last of January 1972.
3/ Suggested budget, not yet decided upon.
(b) **Credit guarantees**

<table>
<thead>
<tr>
<th>Year</th>
<th>Limit</th>
<th>Granted</th>
<th>Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970/71</td>
<td>7,500,000 Skr</td>
<td>900,000 Skr</td>
<td>3</td>
</tr>
<tr>
<td>1971/72</td>
<td>15,000,000 Skr</td>
<td>1,910,000 Skr</td>
<td>6</td>
</tr>
</tbody>
</table>

(Accumulated figures.)

As to the economic and social reasons and objectives of the restrictive trade measures mentioned earlier, the reader is referred to what has already been said concerning Swedish trade policies in the field of textiles. In addition it should be noted that the sizable increases in imports and the reduction in the degree of self-sufficiency have given rise to fears that Sweden would not be able to maintain a satisfactory supply of textiles and clothing in case of a blockade.

A Government Commission has been formed to examine, among other things, the question of how prepared the Swedish textile and clothing industries are for an emergency situation. The Swedish Parliament is expected to consider the matter within the near future.

**Switzerland**

Switzerland does not apply any quantitative restrictions with regard to textiles and clothing.

The price surveyance system, as described under section BIII works out, for Swiss importers and their foreign trading partners, as a liberal measure in practice. As a rule, only a few shipments have been denied entry in any given year.

Switzerland has also enacted legislation allowing for duty-free entry of handloom fabrics supplied by countries whose governments issue certificates of origin accepted by the Swiss authorities.

**United Kingdom**

The United Kingdom Government's policy is to encourage the development of a fully efficient, internationally competitive national textile industry. The Government recognizes that a further period of restructuring and reorganization will be necessary before this objective is achieved but is concerned to ensure that the process of change does not give rise to unacceptable social and economic consequences. Because of these considerations and particularly because of the serious deterioration in the employment situation in some major United Kingdom
textile sectors together with the high levels of import penetration, it has been necessary to retain quantitative restrictions on cotton textiles and to seek restraints on polyester cotton fabrics and made-up articles from some supplying countries.

The United Kingdom considers that import restrictions should not be regarded in the long run as a permanent form of protection for the domestic industry, whose needs must be dealt with both selectively and flexibly.

Apart from the foregoing general considerations, the United Kingdom's textile trade policy is conditioned by the imminence of entry into the European Economic Community and the need for harmonization with the policies of the Community.

United States

The economic well-being of the textile and apparel industry in the United States is of vital concern to the United States Government.

The United States is willing to allow all suppliers to share equitably in growing domestic demand. However, the United States cannot permit disruption of its markets by unrestrained, rapidly-growing textile imports.

The United States does not have any unilateral import restrictions. It has negotiated five bilateral agreements covering trade in wool and man-made fibre textiles.

The United States is concerned about the impact of unrestrained growth of imports on the domestic textile and apparel industry.

The textile and apparel industry employs approximately 2.3 million workers; the industry is the largest employer of labour in manufacturing. Textile and apparel plants are located in all of the fifty states. In many cases, these plants are situated in small communities where they provide the only source of employment or in urban centres where they are a major source of employment for the disadvantaged. Because of their location and relatively small size, textile and apparel operations are extremely sensitive to disruptive market forces, especially those created by substantial and uncontrolled growth of imports.
The textile and apparel industry is also unique in the increasing opportunities it offers for the unskilled and semi-skilled, youthful workers and minority group members to find an entrée to the industrial economy. When the industry suffers economic hardship, these workers suffer the most. This not only causes severe human dislocation, it also fuels demands for legislated unilateral action.

In addition, the rapid build-up of textile and apparel imports has been a major factor in the serious deterioration of the United States trade deficit.

Although the United States is willing to permit textile imports to share in the growth of its domestic market, it cannot permit disruption of its market by unrestrained growth of textile and apparel product imports.