STATEMENT BY COUNSELLOR TETSUTARO SUZUKI, REPRESENTING THE JAPANESE DELEGATION, AT THE MEETING OF 5 JUNE 1973

1. This delegation has listened with great interest to the statements made so far in this working party regarding the question of solutions to textile trade problems. I would like to take this opportunity to expose some preliminary views of this delegation on this subject.

2. The work of this working party has clearly shown that the problems facing international textile trade are very complex ones. For example, many of the countries involved in textile trade, both developed and developing countries, are exporters as well as importers of textiles. The complexity of textile trade alone demonstrates that any discussion about solutions is not a simple thing.

3. At the same time, we should not lose sight of the fact that the problems facing textile trade, although complex, are not unique, and that other sectors in international trade also face similar problems. This point was raised by this delegation in our last meeting, and further developed in an admirable manner by our Swiss colleague.

4. How should these complex but not necessarily unique problems be dealt with? This delegation would venture to propose that one possible solution would be to handle the problem within the general context of the GATT. For example, if agreement is reached in the coming multilateral trade talks on how to phase out existing quota restrictions and on the safeguard system, these agreements could be applied to the textile sector. Under such an arrangement, a special solution applying only to textiles would not be necessary.

5. Having said that this delegation is also aware that international textile trade today already is faced with a long list of trade restrictive measures, and that there is a risk that more restrictive measures taken without going through normal GATT procedures would be added to that list. We also note that many structural changes are taking place in world textile trade including the changing position of Japan.

From this standpoint, this delegation is prepared to join in discussing with other delegations of this working party with regard to the appropriateness of multilateral arrangements for textiles, although we would still prefer to obtain a solution applicable to all sectors based upon general GATT principles.
6. In discussing a multilateral solution for textiles, this delegation thinks it important that,

(1) it is based upon GATT principles and aims at the liberalization of textile trade;

(2) it is temporary in nature; and

(3) product coverage is limited.

7. It appears that some delegations think it desirable to reach a new agreement covering all fibres based on the existing Long-Term Arrangement. This delegation has a serious doubt as to the wisdom of such multifibre agreement. While many things can be said of Long-Term Arrangement, such remarks would be inadequate if the following two points are missed. Firstly, the Long-Term Arrangement was started with the promise that it is temporary. This was confirmed at the time of its prolongation in 1970. Secondly, there is an express provision in Long-Term Arrangement to the effect that it will not lend itself to application to other fields. It follows that the idea of the extension of Long-Term Arrangement itself or simple modification thereof to include other textiles is inconsistent with the original wording, and that there is a risk of protection of cotton products being indefinitely continued under a new cover.

Unexpectedly, international trade in cotton textiles has been carried on under the Long-Term Arrangement for twelve years. We see the feasibility of the abolition of the Long-Term Arrangement in the near future, if not immediately. On the other hand, textiles other than cotton have been without special agreement. Synthetic fibres, in particular, are new and still in rapid technological progress; they are entirely different from cotton textiles in nature. It is a very superficial view to look only at the fact that man-made fibres and cotton textiles have common uses.

New things should be accommodated in a new container, while old things should be contained in the old form until it fades away.

It is the view of this delegation, therefore, that in possible solutions we should treat cotton and non-cotton textiles separately. In other words, this delegation is not in favour of the so-called multifibre multilateral agreement.
8. At the last meeting, many delegations pointed out the fact that extensive quantitative restrictions exist in the international trade in textiles. Since this is one of the problems identified, the natural solution would be to phase out such restrictions. A new agreement, if any, should be designed to reduce quantitative restrictions rather than to facilitate increasing them. Although the Long-Term Arrangement in its Article 2 provides for procedure for phasing out quantitative restrictions, this is an abstract and inadequate provision, and a possible new agreement should stipulate concrete programmes to phase out such restrictions. In this context, we should note that Working Group 4 of CTIP is discussing how to deal with quantitative restrictions in the industrial sector, and we expect that this matter will be solved in the MTN. Therefore, we should give proper attention to the relation between the solution of quantitative restrictions in the textile sector and that in the industrial products in general.

9. Many delegations, at the last meeting, touched upon high tariffs on textile products. The solution would be to reduce high tariffs. Here, too, we should give careful consideration to the possible link between the reduction of high tariffs on textiles and the general tariff negotiation expected in the MTN.

10. At the last meeting, many developing countries expressed their desire for increased access. This delegation sympathizes with this desire. I wish to stress that this increased access is possible only through liberalization of imports. As regards my country, as I explained at the last meeting, Japan is free from any quantitative restrictions on textile imports, tariff rates are generally low and general preferences apply to textiles. The fact that textile exporting developing countries enjoy free access to the Japanese market is borne out by the very rapid increase of textile imports from those countries and by the high ratio of textile imports from developing countries in total textile imports of Japan.

11. At the last meeting of this Working Party, many delegations referred to the arbitrary introduction and operation of restrictions on trade in textiles. This indicates the need for effective multilateral surveillance. Long-Term Arrangement provides for the Cotton Textiles Committee as a surveillance machinery, and Article 23 of the GATT can be utilized for cotton and other textiles. But it appears that such existent surveillance machinery is inadequate. It is the view of this delegation that surveillance by a panel of independent experts would be more effective and desirable.
12. Some of the problems raised at the last meeting of this Working Party may be susceptible to bilateral solution. This delegation recognizes this point. At the same time, we should not lose sight of the risk in leaving too many problems to bilateral solution. If we agree that arbitrary unilateral actions should be placed under multilateral control, then, likewise, multilateral control should extend to arbitrary bilateral measures.

13. At the last meeting of this Working Party, delegations from developed countries pointed out substantial increase of imports of textiles in their market and the resultant domestic difficulties. This delegation is not blind to this problem in considering possible solutions. This fact indicates the need for a reasonable safeguard clause. In this connexion, however, if one says that without a new agreement on textiles the situation will become chaotic because of unilateral actions, this is a questionable statement, for, even if a new agreement is not reached, we are bound by the provisions of the General Agreement, in particular, Article 19. If we are to agree on a new safeguard clause, it must give discipline in the application of safeguard measures, it must not give room for loose interpretation, and it must contain effective surveillance mechanism. On this point, too, we should note that a working party on safeguards has been established under the Committee on Trade in Industrial Products. It is expected that the results will bear fruits in the coming MTN. If we work for a new safeguard clause for textiles, we should give proper consideration to the relation between this and the general safeguard clause.

14. On the second day of the last meeting of this Working Party last month, I commented, among other things, on the diversity among various textile products - diversity in terms of fibre, production process and end-uses. I believe it important for us to bear in mind this diversity of textiles in the process of working on possible solutions.

The factual study of the first working party on textiles last year excluded silk, jute and flax as well as materials for textiles, and therefore I will not mention those products. But some other textile products which I am going to refer to are different from what we have in mind as typical textile products, and I wish to call the attention of the members of this Working Party to this fact.
Firstly, diversity by fibre. International trade in some textiles are limited in scope and cannot be considered as products of worldwide trade. The examples of such products are wool yarn and other wool products, as well as silk or flax. According to the OECD study, more than half of world trade in wool yarn in 1971 was intraregional trade among EEC countries and intra-regional trade among EFTA countries. More precisely, total trade in wool yarn in this period was 95,000 tons; out of this, intraregional trades of EEC and EFTA accounted for 54,000 tons, leaving only 41,000 tons to other international trade, including trade between EEC and EFTA countries. In any case, it is hard to conceive that wool yarn exports are the cause of market disruption, in view of the fact that trade in that sector remained stagnant for the past decade. Moreover, in the case of wool fabrics, it is clear that total trade in that sector is in a declining trend.

I wish to assert that the situation concerning woollen products other than yarn and fabrics is also similar, although it is difficult to substantiate this because of the limited availability of statistics.

Secondly, diversity by production process. Here, we should note that some textile products are produced by chemical process in highly capital-intensive plants of large-scale enterprises. Often, production of those products utilizes new technological processes. The examples are continuous yarns of man-made fibres (both artificial and synthetic), which include mono-filament, and textured yarns.

Also, bonded fibre fabrics, as textile products, are still very new, and their uses have not yet been fully established. They are produced in a very limited number of countries.

Thirdly, diversity by end-uses. Here we should note that some textile products are for industrial use; they are sold to limited customers on order basis. Tyrecord fabrics are such examples. The uses of tyrecord are limited to automotive industry, and business is conducted on the basis of industrial orders with special quality specified by auto manufacturers. Some other similar examples are: hose piping and similar tubing transmissions, conveyor or elevator belts or belting of textile materials; tarpaulins, tents, awnings, sails and other made-up canvas goods; felts and felt articles, including piano hammers; tracing cloth and prepared painting canvas; cordage cable ropes and twines and manufactured goods thereof, such as fishing nets and rope makers wares.
Glass fibre is also special. Glass fibre is mostly used as materials for reinforcing plastics, fishing rods and others rather than as textile products as such. Fabrics for typewriter ribbons are also special.

I am afraid that I might have gone too technical, but my intention is that those products which I mentioned are somewhat different from the ordinary textile products and that in working on possible solutions we should give proper consideration to such diversity in products which are usually classified as textiles.

15. Finally, I wish to state that this delegation has prepared a solution embodying the points stated above, and I am prepared to submit this in written form at the appropriate time.