

24 March 1960

Committee III - Expansion of TradeDRAFT REPORTCOTTON MANUFACTURES

1. The Committee, in conducting its further examination of the points raised in the second report of the Committee in relation to this commodity, had in mind that the Committee had noted in its second report that some less-developed countries were able to produce efficiently some manufactured goods and that the Committee had recommended that contracting parties, particularly industrialized countries, should urgently consider lowering barriers to the development of the export of such goods.
2. The Committee carried out a detailed investigation with a number of countries regarding the nature of their textile industries and the tariff and non-tariff measures being applied to the cotton textile trade; for this purpose they divided the wide field of cotton manufactures into two sub-groups, i.e. cloth and made-up articles. The Committee felt that such a detailed study on concrete problems arising from the production and trade in cotton manufactures might facilitate its efforts to find practical measures which could enable the less-developed countries to attain an expansion of their export earnings through an increasing trade in cotton textiles.
3. The Committee found that a number of industrialized countries had attempted to maintain relatively free trade in cotton textiles. They recognized that the present surplus world production of cotton textiles was to a large extent due to the fact that through the development of cotton industries in their territories many less-developed countries which had been importers had become exporters of cotton textiles. The growth of the world production capacity for cotton textiles was further intensified by the trend in many countries to achieve a high degree of self-sufficiency in such goods which had in many cases resulted in the erection of obstacles to international trade in these products. On the other hand, the world-wide increase in the production capacity for cotton manufactures had partially been counterbalanced or at least weakened by the restrictions on production in countries like the United States of America and the United Kingdom which nevertheless maintained freedom of imports of cotton textiles.

4. The Committee noted the high levels of tariffs on cotton manufactures in operation in many countries and that in some cases these tariff levels were accompanied by severe quantitative restrictions. They noted also the levels of internal taxes operating in certain countries and the view of the less-developed countries that even though these taxes were applied equally to home produced and imported goods, nevertheless the total incidence on imported goods of the tariff and the internal tax constituted an additional obstacle to exports from less-developed countries. The Committee noted that barriers against the exports of less-developed countries appeared to be particularly severe in the case of France and Germany and that there still remained a large element of discrimination in the administration of quantitative restrictions.

5. The Committee recognized that relaxation or removal of barriers to the exports of less-developed countries would not immediately and automatically accrue to the benefit of those countries but could not accept this as a justification for retention of barriers since the less-developed countries should be enabled to have equality of opportunity to compete for the trade. The Committee also recognized that unless progress was made in opening markets which were at present restricted, particularly by quantitative restrictions, pressures for imposition of restrictions could be built up in markets which were not restricted or not so severely restricted, which despite the best intentions of governments, might prove irresistible.

6. The Committee found that per capita consumption of cotton textiles appeared to indicate that there were considerable possibilities for less-developed countries to trade with one another, but noted that many less-developed countries had high tariffs and non-tariff measures which impeded the expansion of such trade.