

THE REMEDY MUST BE INDUSTRYWIDE

The rise of fiber blends and the fact that the products of various fibers compete for the same end-use markets mean that an effective import remedy must be an industrywide remedy. The history of U.S. Government efforts to develop a viable textile trade policy validates this conclusion.

The Government's seven point textile program enunciated on May 2, 1961, dealt with textile industry problems as a whole, and without regard to fiber distinction insofar as international trade matters were concerned. An internationally approved mechanism for dealing with market-disruptive cotton textile imports was negotiated in 1961-62 at GATT headquarters in Geneva. Several abortive international conferences on wool textile imports have been held since that time.

In its administration of the GATT cotton textile controls, the U.S. Government over the past 6 years has developed the statistical and administrative experience and techniques needed to carry out an all-fiber program.

Because cotton textile import limitation actions have been mutually agreed on in the GATT Cotton Textiles Committee, no compensation or retaliation is involved, as would be required under escape clause action, for example.

For mutual ease of administration and market stability, there has been increasing reliance upon bilateral agreements. Article IV of the GATT cotton textile agreement specifically authorizes such bilaterals. We now have them with 22 countries. In virtually every instance they cover 100 percent of the import trade, that is to say, all categories of cotton textile products.

As a matter of fact, a so-called voluntary undertaking on the part of Japan some years ago to control its exports of cotton textile products to the United States was in many respects a forerunner of the existing GATT-approved bilaterals. This earlier Japanese arrangement had many of the earmarks of a bilateral agreement, including joint announcement by the two governments, and it was in fact hammered out in months of hard and detailed negotiations during the latter part of 1956. The Japanese export control arrangements covered all cotton textile trade with the U.S.A. for the 5 years 1957-61. The agreed level of limitation was somewhat higher than the then existing level—an all-time high up to that point—and there were some subsequent upward adjustments during the 5-year period.

This early Japanese-United States experience also pointed up the importance of establishing an over-all country quota and then subdividing it by product lines. Import impact, when total shipments are known and when spread over many product lines, is much less disruptive of markets than a smaller volume of shipments highly concentrated in a few product lines. There was developed in the GATT cotton textile negotiations in 1961, therefore, a system of 64 categories of products covering between them all cotton items, which the United States has used in administering its responsibilities under the arrangement.