With this background, our industry could hardly be expected to have any faith or any interest whatsoever in an Escape Clause concept of relief. By its nature it will always be too little and too late. We favor instead a trade policy that will preserve the overall health of the American textile industry and thus avoid creating problems of the sort contemplated by the Adjustment Assistance approach.

TITLE IV—NONTARIFF BARRIERS TO TRADE

This Title would eliminate the American Selling Price system where presently used by the Bureau of Customs in valuing imports for duty purposes. Benzenoid chemicals—the major products affected—encompass dyestuffs used in large volume by U.S. textile mills, and we are highly interested in the maintenance of a healthy dyestuff industry here at home.

Great technological innovation has taken place in the textile industry. Forty percent of its products on the market today had not been developed twenty years ago. Processes such as soil release, permanent press, and resistance to mildew are of very recent origin. Much of this progress is due to new developments in the finishing of textiles involving highly sophisticated and complex chemical products. In addition, these finishing techniques require expanded research in the development and application of dyestuffs. As such, the textile industry is increasingly dependent upon the nation's chemical industry. It is essential to our efforts to achieve at least temporary technical superiority that a strong and resourceful chemical industry, including its benzenoid sector, be encouraged in order to continually provide the textile industry the new products which it will need.

The American Selling Price was originally established to assure that U.S. users of benzenoid chemicals, among which the textile industry is very prominent, would not again be at the mercy of foreign monopoly suppliers. We think that ASP is continuing to serve the essential purpose for which it was originally instituted, and we are, therefore, opposed to its abolition.

TITLE V—ADJUSTMENT ASSISTANCE TO FIRMS AND WORKERS IN AUTOMOTIVE INDUSTRY

We have no changes to suggest in Title V.

ADMINISTRATION OF THE LONG-TERM COTTON TEXTILE ARRANGEMENT (LTA)

As pointed out in my prepared statement, cotton textile imports have doubled since the GATT control mechanism was developed in 1961. While the GATT Long Term Arrangement for Cotton Textile Trade (LTA) contemplated a 5% growth in imports, actual import growth under it has been in excess of 10% per year. This has been due primarily to the failure of the United States government to promptly administer its rights and responsibilities under the LTA in the best interests of our nation.

The LTA protocol provides that when a country finds its cotton textile market being disrupted by shipments from another country, it may request the other country to restrain its exports. However, the restraint level requested cannot be lower than actual imports of the product from the second country in the first 12 of the 15 months immediately preceding the request. In most instances the restraints cover a period of 12 months.

If the exporting country refuses to honor the restraint request, then the importing country is authorized to restrict imports to that base level. Because the mechanism has 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 to reduce market disruption, there has been increasing reliance upon bilateral agreements under the Long-Term Arrangement. Article IV of the Arrangement specifically authorizes such bilaterals. We now have them with 22 countries. In every instance they cover 100% of the import trade; *i.e.* all categories of cotton textile products.

So far as restraint requests are concerned, there has been much import growth due to failure of the U.S. government to invoke restraints promptly; hence, the authorized base level has grown unnecessarily prior to invocation of the restraint by our government. Where bilateral agreements have been the instrument of control, too many negotiating plums have been granted in the shape of larger than necessary quotas to induce signature of the bilateral by the other country even though we have been granting them a share of our market.