A total of 64 different categories of cotton textile products—covering between them all such products—has been used by the United States in administering the LTA. In the most recent years, particularly in connection with bilateral agreements, the United States has merged various of these categories and allowed wider quota "swings" between categories by the exporting country as well.

Indeed, there is no bilateral which includes a specific level for each of the 64 categories. Thus, it is true to say that the negotiation of the bilaterals has, in effect, weakened the category structure.

Apart from category mergers, and even more serious, is the consolidation of groups of categories in a number of these bilaterals. For instance, yarn and fabric are combined in the Indian bilateral. Colombia and Israel have been granted a "free swing" into yarn from other product groups; indeed, if they so choose they can switch all their remaining annual quota over into yarn very late in the agreement year, with disruptive effects.

Negotiation of a bilateral agreement on cotton textile trade with Mexico illustrates many of the problems involved. When negotiations started in 1965 we were importing 14 million square yards of cotton textiles per year from Mexico. The terms of the bilateral were finally agreed effective May 1, 1967; the total quota was set as 75 million square yards per year with, of course, future growth built in. In 1966 and early 1967, a total of 185 million square yards poured in ahead of the May 1 control date.

There are six government agencies—the Departments of State, Treasury, Agriculture, Commerce and Labor plus the Trade Negotiator's Office—which administer the LTA for the United States. All basic policy decisions of this group must be unanimous. It frequently takes several months to arrive at agreed policy, during which period of time, of course, imports continue to rise. Because the LTA control formula specifies a base equal to imports in the first 12 of the 15 months immediately preceding the control action, delay can be extremely costly to the domestic industry.

The Mexican negotiating experience illustrates this problem, but it is by no means the only example in the history of LTA administration. Indeed, other import increases have arisen from failure of several of our bilateral partners to enforce agreed export controls.

The LTA statistical and administrative techniques developed, particularly in the Department of Commerce which chairs the Interagency Textile Administrative Committee, are most efficient. Given prompt policy determination, the LTA could work quite satisfactorily.

KENNEDY ROUND

The United States in the Kennedy Round reduced textile tariffs. As calculated by the Department of Commerce the depth of these cuts weighted by 1965 trade was as follows:

[In percent]

	Yarns	Fabric	Apparel	Made up	Miscellaneous	Total
Cotton	27.2	24.7	16.3	24.7	33.4	20.8
Man made	37.3	18.2	5.7	28.7	30.4	14.8
Wool	2.7	1.4	1.4	38.3	34.6	1.8

The first fifth of the agreed cuts went into effect January 1, 1968, Japan, Britain and the Common Market made the first two-fifths of their agreed cuts on July 1. Clearly, it is too early for any real appraisal of the effects of the Kennedy Round on U.S. textile trade; for one thing, additional cuts are scheduled for each of the next four Januarys. It is at least of interest, however, that in the first four months after the U.S. tariff reductions—January 1–April 30—U.S. imports of cotton, man-made fiber, and wool textiles and blends thereof jumped 15.2% over the same months of 1967 to a new all-time high annual rate of 3.2 billion square yards. At the same time, U.S. textile and apparel exports during the first quarter of 1968 were valued at $169 million as contrasted with $184 million during the same period of 1967—a reduction of $15 million.

In Europe, which has perhaps the greatest export potential for U.S. textiles, we anticipate no help from the Kennedy Round. It is non-tariff barriers—particularly the border tax—which are the greatest impediment to exporting U.S.