

Though certain "developing importing countries" also export cotton textiles to the United States, they have not been subject to restraints, that is with the possible exception of Italy.

When the first meeting of the Cotton Textile Committee of GATT was held to review the operations of the LTA in December 1963, many of the participating countries expressed their fears over what they considered to be excessive recourse to Article 3.

The United States has also taken advantage of Article 4, which permits bilateral agreements "not inconsistent with the basic objectives" of the LTA.

Some nations believe that the United States has used the Article 3 authority to impose what amounts to unilateral quotas without consent of the exporting countries as a bargaining weapon to "negotiate" a number of so-called bilateral agreements.

In most cases, it appears that these bilateral agreements for quotas are far more all-inclusive than if the United States had imposed unilateral restraint levels on actual imports, for these two-country agreements establish groups, categories, and subcategories, not to mention specific textile items, for the purpose of an all-embracing, overall ceiling.

At the same time, the impression is given that the consent of the exporting nation was freely and willingly secured, though the fact of the matter is that the other country had no real choice, for the alternative was American reversion to invoking unilaterally Article 3 restraint levels.

The Tariff Commission notes that 30 nations are now signatories to the LTA, with the United States having bilateral agreements with 22 governments.

Some 90% of all cotton textiles entered into this country in 1966 were covered by these special quota arrangements and agreements.

Although the LTA was intended only as a temporary measure and was due to expire after five years on September 30, 1967, it was extended for another three years, to September 1970, as part of the Kennedy Round package deal which continued the original LTA with minor modifications. The "deal" also included a few modest reductions on various textiles agreed to in the Kennedy Round, a slight increase in the quotas for cotton textiles to be entered into the United States, and an effort to persuade the European Economic Community countries to liberalize their willingness to accept textiles into their respective nations.

As important as the political pressures that forced acceptance of the LTA are the careful structuring of the groups, categories, and subcategories of the various textile imports to prevent the entry in any significant volume of certain textile products in which the American industry has a substantial vested interest. And, to make doubly sure that certain cotton textiles will not be entered in any significant quantities, certain textiles are limited by specific reference, such as velveteens, certain fine cloth, and carded ginghams as far as the Japanese are concerned.

It is because of this special structuring of the several ceilings that in most years the exporting countries are unable to fulfill their quota allocations, even though their respective industries are aware in advance that the quantity of their exports are severely limited.

The record of cotton textile imports during the first LTA years indicates that the pledged five percent annual increase did not—in fact—always take place.

Cotton textile imports under LTA program

	<i>Millions of square yards</i>
First LTA Year (Oct. 1, 1962 to Sept. 30, 1963)	1, 122. 6
Second LTA Year (Oct. 1, 1963 to Sept. 30, 1964)	1, 035. 2
Third LTA Year (Oct. 1, 1964 to Sept. 30, 1965)	1, 232. 4
Fourth LTA Year (Oct. 1, 1965 to Sept. 30, 1966)	1, 724. 2
Fifth LTA Year (Oct. 1, 1966 to Sept. 30, 1967)	1, 578. 0

Although the LTA provided for an annual five percent increase in imports, in fact it is not applicable because restraint levels are not taken into account. And the data, though tabulated for each LTA year, really applies to imports under both the LTA and the several bilateral agreements negotiated by the United States.

In the Second LTA year, note that imports actually decreased from that of the first LTA year. Also, note that imports in the last, or fifth, LTA year were some 146.2 million square yards less than the import total for the fourth LTA year.