Since there is a proviso that group quotas could not be exceeded by more than five percent, in actual fact, as Hickman Price, former Assistant Secretary of Commerce testified to congressional committees, Japan has "lived up" to her quota commitments and never exceeded any of the many quota ceilings.

With the exception of only one year in cotton fabrics and three years in cotton made-up goods, in 11 years Japan has not been able to fill its quota ceilings.

Beginning January 1, 1968, Japan and the United States entered into another three year Bilateral Agreement. For this year (1968), Japan may export a total of 373,077,000 square yards equivalent of cotton textiles to the United States—162,856,000 square yards in fabrics, 204,000 square yards equivalent in made-up goods, 144,040,000 square yards equivalent in apparels, and 12,977,000 square yards equivalent in other cotton textiles. Within the four groups, a number of specific item limitations are included, thereby restricting even more the more popular export merchandise.

The actual performance record for the past 11 years clearly evidences that the impact of Japanese cotton textiles is not so strong and compelling that its carefully rigged and structured quotas can be filled every year. Quite to the contrary, even when importers know that only a certain predetermined quantity of cotton textiles are available, they are not able to import that total because there is not that much demand in the United States for certain goods.

Before quota controls, Japan serviced about 70% of the United States cotton textile import market. Now, after 11 years of such artificial limitations, Japan's share of this same market is about 17%. And, the number of exporting countries has proliferated tremendously and many economists wonder whether the import market for cotton textiles would have been so great had Japan been allowed to remain the dominant supplier.

Diversification experience

After Japan began to export textiles to the United States after World War II, American textile industry leaders and U.S. government officials urged the Japanese to diversify their textile exports in order to avoid charges that it was concentrating on only a few items.

Japanese industry leaders and government officials recognized the wisdom in this suggestion, and acted accordingly.

Japan began to export cotton tapes, Wilton carpets, Typewriter ribbon cloth, tubular rugs, etc.

But whenever Japanese exports began to substantantially enter such specialized markets, the United States textile industry reacted strongly and complained that the Japanese were threatening to destroy their markets.

Economic restrictions on imports

While more than half of all Japan's textile exports to the United States are rigidly restricted by import quota agreements, the other half—wool, manmade, silk, and combination fibers—is largely restricted by competitive and economic considerations involving all Japanese textiles.

In addition to the usual and customary handicaps and hazards of the international trade in textiles, such as tariffs and nontariff barriers, ocean freight and insurance, long freight hauls, lead time, spot transactions, changes in fashions or demand, as well as domestic supply, and small profit margins, the American importer of Japanese textiles often has to face the additional gambles of communications difficulties, language gap, cultural difference, business practices, and prejudices against the "Made in Japan" label.

Moreover, the inexorable economics of comparative advantages dictate that only a relatively few Japanese textile products can be profitably exported to the United States.

In piece goods, for example, a sworn witness with more than 30 years experience selling Japanese fabrics testified to the Tariff Commission last November (1967) that, even if all the different constructions of cloth woven in the United States were available in Japan, only about five to eight percent of all the many constructions could be exported to this country and sold profitably. This realistic appraisal defines the very narrow limits of those textile fabrics—cotton, manmade, wool, silk, and mixes and blends—that may be entered economically into American competition from Japan.

In made-up goods, another sworn witness, this one with 33 years of experience as an importer and 27 years as an American textile manufacturer, testified that many lines are more expensive in Japan than in the United States. He declared that there are "peaks and valleys" as to the merchandise he could import from