

PUBLIC ACCOUNTS COMMITTEE
EIGHTYTHIRD REPORT

SHRI SONAVANE (Pandharpur) : I present the Eighty-third Report of the public Accounts Committee on Excesses Over Voted Grants and Charged Appropriations disclosed in the Appropriation Accounts (Civil), (Post and Telegraphs), (Railways) and (Defence Services) for the year 1969-68 and action taken by Government on the recommendations of the Public Accounts Committee contained in their Thirty-first Report.

15 hrs.

STATEMENT RE : IMPOSITION OF
TARIFF ON TEXTILES BY U.K.

THE MINISTER OF FOREIGN TRADE
AND SUPPLY (SHRI B. R. BHAGAT) :
This is a 5½ page statement.

MR. DEPUTY-SPEAKER : He may lay it on the Table.

SHRI B. R. BHAGAT : I lay it on the Table of the House.

श्री शिव चन्द्र भा (मधुवनी) : उपाध्यक्ष महोदय, इस स्टेटमेंट पर मेरा पायंट ऑफ़ आर्डर है।

MR. DEPUTY SPEAKER : He has laid it on the Table of the House. I shall listen to you later on ; you give me notice.

Statement

Mr. Speaker, Sir, with your permission, I rise to make a statement on the announcement made on the 22nd July, 1969 in the British House of Commons by the Honourable Mr. Anthony Crosland, President of the Board of Trade, regarding the action proposed to be taken by the United Kingdom Government on the Report submitted by the British Textile Council. This announcement has naturally caused great concern to the Hon. Members of this House.

2. It appears from the statement made by the President, Board of Trade, that while the U.K. Government have not accepted some of the recommendations relating to

financial assistance to their textile industry, they have accepted the recommendation to introduce, as from January 1, 1972, a tariff on imports of cotton textiles from the Commonwealth Preference Area. On cotton cloth, the main item of trade, the duty would be 15%. From that date, the existing general quota system would be terminated and the U.K. Government would consider the use of quotas only on particular products under the long-term cotton arrangement of on GATT, and only if total imports of cotton textiles rose significantly above the present level and caused disruption to the market in those particular products. We are distressed to find that a conclusion on the treatment of such an important product in our trade with the U.K. as cotton textiles should have been reached without prior consultations with us.

3. As the Honourable Members are aware, the trade between India and the U.K. is regulated by the Indo-U.K. Trade Agreement of 1939. Under this Agreement Indian cotton textiles are entitled to a duty-free entry and a guaranteed margin of preference in the U.K. market. It also provides that any proposal to vary its terms should be the subject of consultations between the two Governments.

4. In 1959, when the U.K. proposed to become a member of the European Free Trade Area, the British Government approached us for releasing them from the operation of certain provisions of the Indo-U.K. Trade Agreement of 1939 to be able to reduce and finally eliminate duties on imports from EFTA countries. At that time the view of the Board of Trade was that U. K.'s membership of the EFTA would not materially affect India's interests. The Board of Trade recognised that if, following the reduction or elimination of Commonwealth Preferences one or the other EFTA countries should build up a new trade in the U.K. such as would cause material injury to India's established trade interests, the Government of India should have the right to reopen the matter. The Government of India agreed to give the release asked for by the U.K. Government with, *inter alia*, the following understanding and reservations :

“(a) “the elimination of the contractual preferences *vis-a-vis* European Free