The forgoing analysis of the role of NTBs in international trade in cotton textiles reveals that a variety of NTBs have acted as major constraints on the growth of the developing countries' export trade.

The distribution of NTBs imposed on textiles (SITC 65) and clothing (SITC 84) imported into selected developed countries indicates that these two groups are subjected to several restrictions. NTBs cover over 95 per cent of the cotton textiles exports of developing countries. The magnitude of the NTBs on textiles and clothing confirms the view that the US and the EEC markets are equally restrictive. All the developed countries apply more than one NTB to cotton textile products.

The product coverage of NTBs reveals that 59 per cent of the products in the textile group and 96 per cent of the cotton woven fabrics are covered by the NTBs. The EEC (original six) imposes NTBs on a larger number of products as compared to the US and the UK within the textile and clothing groups.

Finished products are subject to more severe restrictions than the semi-finished ones. The actual volume of import of textiles and clothing subjected to NTBs reveals that 98 per cent of the US imports of textiles have been through NTBs, whereas it ranges between 78 and 93 per cent in the case of other countries.
Import competing domestic textile industries in the developed countries had to be protected for a variety of reasons and so the NTBs came to be applied in increasing measure. NTBs not only achieved the objective more effectively than tariffs, but had the additional advantage of a high degree of flexibility. While imports can jump tariff walls, they cannot escape the NTBs.

NTBs are the most flexible instruments of commercial policy and have built in advantages compared to tariff barriers. NTBs on imports of finished goods will increase the effective protection to the affected import-competing industry. Increased NTBs on semi-finished and raw materials on the other hand will not only raise the cost of the finished goods but also reduce the effective protection given to the import competing industry. An appropriate mix of NTBs on the various stages of the goods in process can provide the precise and desired amounts of protection to the import competing industry.

The 'voluntary export restraints' are far from voluntary. The expression 'voluntary' is justified only in the sense that faced with alternative measures like mandatory quotas, special duty, the exporting country prefers the lesser evil, viz., export restraints. Though the 'voluntary export restraints' differ from import quotas,
when they are backed up by the quantitative restrictions, they hardly differ in operation.

However, in practice, the VER (voluntary export restraints) differ in terms of the actual degree of restraint and the distributional effect. Experience shows that the VERs are inherently less effective in achieving import control than the quantitative restrictions (QRs).

VERs cover several categories within the product group, and so shifting among the categories and forward and backward carry overs are allowed. This advantage is specifically recognised by the VER agreements. On the other hand, a multiplicity of categorization and ceilings on the categories have resulted in loss of VER quotas to the exporting countries in the absence of product diversification. This is evident from the experience of India and Pakistan in the initial years of VER quota fulfilment in the UK, the US and the EEC markets. In other words, the VERs are more flexible as compared to import quotas.

By and large, it is the VER administrative control and the nature of the market that determine the distribution of the tariff-equivalent revenue. In cotton textile products, in most cases, the buyers dominate, because the buying side is concentrated and the selling side is diffused.
This places buyers in a better position and therefore, their gains are extremely high. This is evident from the US retail mark-up prices on cotton textile products.

Quotas under VER are allocated in most cases on the basis of past performance. The few dominant suppliers will be able to receive bigger a share of the market because of their past role. Over a period of time, even if the dominant suppliers lose their competitiveness, they can at least retain their original market share if not get an increased share by virtue of having been the main suppliers in the earlier period. In fact, the VER did provide shelter to the inefficient producers at the cost of the efficient and emerging suppliers who only get a small share of the market.

In short, the VER can breed inefficiency in the industries of the exporting countries. This is evident in the case of certain cotton textiles exported from India and Hong Kong in the 1970s. India and Hong Kong were able to carve out a large slice of the developed countries' cotton textile market by reason of their being the largest exporters at the time of the signing the LTA in 1962.

The restrictive impact of NTDs can be estimated, if one is able to obtain the exact height of the barriers. It requires the import and domestic price differential
created by each of the NTBs. Examining the various NTBs imposed on cotton textiles and clothing it seems that the impact of many cannot be expressed in numerical terms.

Quotas or any type of quantitative restrictions on a particular product can be expressed in terms of tariff equivalent by measuring the domestic import and price differential they create. However, it is impossible to separate what is solely attributable to quantitative restrictions from the rest of the domestic-import price-differential created by other import barriers of market imperfections. In the presence of several distorting effects on prices, it is difficult to quantify the impact of quotas in numerical terms. Besides, there are several kinds of subsidies which operate on the exporting and the importing sides on which adequate information is not available. Therefore, the quantification of such NTBs becomes highly complicated and imprecise.

A close observation of the developed countries' trade policies of the early 1960s indicate that the options opened to the developing countries were limited. The choice for them was between the unilateral import quotas or the voluntary export restraints. The voluntary export restraints under the LTA appeared liberal so the developing countries accepted this choice.
The provisions of the LTA were drawn highly in favour of the developed countries. The developing countries received very little favour under the agreement. The quota system applied under the bilateral agreements were highly restrictive from the point of view of the developing countries. The product categorisations and ceiling on individual items among the various categories of cotton textile items were rigid. The developed countries in fixing quotas paid scant attention to the requirements of the individual developing countries' export potential in each of the product groups. The growth provision of 5 per cent for all categories of products was too meagre.

The EEC's set formula on the quota distribution among the member states completely overlooked the demand conditions of their individual member countries. This resulted in the non-utilisation of the allotted quotas in several cases. The EEC did not allow liberal transfer of quota from one member to another. These in-built rigidities worked against the interest of the exporting countries. Further, it has been observed that the implementation of the agreements was also tardy.

During the LTA period, the participating developing countries' exports to the US and the UK increased at a slow rate as compared to the pre-LTA period. Their exports to EEC countries have increased much faster than the pre-LTA period.
The product category and sub-category ceilings did adversely affect India to a large extent because of the lack of product diversification. However, the overall quota size fixed was not restrictive. The prices in terms of unit value also indicated that India's prices were relatively higher as compared to Pakistan's and the Republic of Korea's. However, prices were not the important factor in the off-take of cotton textile products to the high income countries. This has been amply demonstrated with the experiences of Hong Kong and Japan.

Compared to India, her competitors such as Hong Kong, the Republic of Korea and Pakistan have achieved better utilisation of the allotted quotas. The reason for their superior performance varies in each case. In the case of Hong Kong, it is product-diversification, product mix, quality and sophistication, besides prompt delivery and market intelligence. On the other hand, Pakistan had an edge over India with respect to price in most of the markets. An objective view of India's performance indicates that the hurdles did not lie in the importing markets. The constraints originated in the domestic economy itself.

It would be wrong to conclude that NTBs are solely responsible for the different export performance of the developing countries. An assessment of the internal and the external constraints reveals that it is the former like
raw-material cost, production cost, lack of modernization etc., which are more responsible especially in the case of India.

An attempt has been made to evolve an import function with the help of nominal market assessment framework, for measurement of trade restrictiveness with regard to cotton woven fabrics. With the help of multiple regression and correlation method the import demand price elasticity for the selected importing countries was arrived at by testing relevant economic variables which influence the demand side of the cotton woven fabrics. This method is simple and best suited for assessing the nominal impact of any specific quantifiable non-tariff barrier. This technique provides an answer to the question "what would have been the imports had there not existed tariff and non-tariff trade barriers?" This was found to be consistent with the findings of the UNCTAD study.

However, the technique applied failed to capture the quota effect on the import demand. For that matter, imposition of the quota or any other NTB distorts the domestic prices and relative prices of substitutes vis-a-vis the import competing products. These are some of the limitations which restrict the validity of the estimates. Even with these limitations, the estimate was thought to
be acceptable because it provides a broad magnitude of the impact of trade restrictive barriers, particularly quota restrictions.

Import estimates of cotton woven fabrics into the UK, the USA and West Germany for the years 1974 and 1975 show that the volume of import reduction are high due to quantitative restrictions. The tariff restrictions are no longer severe.

Estimates indicate that the West Germany's market is more restrictive than the other two markets from the point of view of the developing countries as a whole. However, the difference between the West Germany and the U.S. is marginal. the UK appeared to be more liberal.

The impact of the restrictiveness imposed on the exporting country may differ from market to market. For example, in the case of India and Hong Kong, the West German market appeared to be more restrictive. The quantitative restrictions seem to be more severe when the volume of export is large and the degree of product diversification is high. This fact is borne out of the experiences of Hong Kong. This is contrary to the general belief.

The regressive effects of the quantitative restrictions are far higher than those of the tariff restrictions. In spite of the rigid restrictions, the developing countries
did somewhat better in their export performance of cotton woven fabrics. In terms of quantum, the increase in exports was hardly 5 per cent per annum during the LTA period. It can thus be said that the quota system functioned satisfactorily from the viewpoint of the importing countries.

The analysis based on import-demand price elasticities has certain limitations. These are: (a) the data used with regard to domestic prices in the importing countries are distorted as the imposition of import restrictions tend to push up the domestic prices; (b) the quantitative restrictions also push up the import prices, and (c) the excess demand in the domestic markets and the resultant higher prices also push up the prices of close substitutes, namely synthetics. In this situation, the synthetic industry in the developed countries also received a certain degree of protection. The all-round distortion of prices pose serious problems in calculating the precise import demand price elasticities with regard to cotton woven fabrics in the importing countries.

The analysis based on the consumption gap method has also some limitations. Any statistical estimate of supply elasticities need to be severely qualified. Because it is difficult to define the average cost of a particular
firm for different hypothetical outputs. This is on account of the existence of specialised resources. So, it is all the more difficult to estimate the supply response of the whole industry. Further, the paucity of the statistical data imposes severe constraints in applying any statistical technique.

The pattern of the international trade has also changed with the emergence of the transnational companies and their trading policies. Their buying and selling policies have severely restricted the role of the price mechanism in international trade.

The assumption made in the analysis with regard to export supply response to import demand is valid to a great extent. It is found that most of the developing countries have provided enough scope and incentive to their cotton textile industry to expand export markets. Absence of the requisite data makes the estimation of meaningful export supply response a problem. But whatever the estimates are presented, it provides enough indications of the impact of the quantitative restrictions applied in the selected importing countries.

The assumption of infinite supply elasticity to any given price in the importing country has also been closely examined. An observation of the various forces operating
in the Indian textile industry and the international environment suggests that the Indian cotton woven fabrics exports was able to remain at the present level because of the shelter it received under the Market Sharing Arrangement of the LTA. The various incentives provided by the Government also helped the textile exports to some extent. In the absence of these facilities and support, India would have lost a large slice of the export market. This inference seems to be valid in the context of the present day competition from the new suppliers in several importing markets. In effect, the quota system helped India to retain her existing share of the cotton textile market in many importing countries. In the light of these, it is difficult to assume that infinite supply elasticity for any given export seems to be a non-conformity in the case of India.

The assumption of the infinite supply response to any given export price appears to be valid in the case of Hong Kong. In fact, the quota system did adversely affect Hong Kong's growth of exports to the developed countries. Hong Kong's quota performance in the various countries has been highly satisfactory. The competitive power, product diversification and product adaptability indicate that the assumed hypothesis is valid in her case. By and
large, the assumption of infinite supply response to any given price in the importing countries is valid in the case of the developing countries as a whole, though there may be slight individual variations.

Quotas on textile products have had an adverse effect on the importing countries and as well as on the exporting countries. In the first instance, quotas accentuate the prices of the textile products in the importing countries, resulting in consumer cost increases. Studies on this aspect in the developed countries have indicated such instances. The developing countries suffered by the imposition of quota as it placed limits on their export markets.

It was found that the market sharing arrangement did not disrupt the domestic production in the importing countries. The rise in the consumer prices of cotton textile product stimulated the growth of the synthetics industries. As a consequence the production of cotton textile industry declined during the LTA tenure. The restrictions on cotton textile products and decline in the domestic production set in motion the increased imports of synthetics into the developed countries. It was found that the imports of cotton textiles from the developing countries was not a major factor leading to the contraction of the cotton textile industry in the importing developed countries.
During the pre-LTA period, the developing countries' exports of cotton textiles were concentrated in a few developed markets, namely, the US, and the UK. The LTA opened new export markets for the developing countries, besides enlarging some of the existing ones, such as the EEC markets. In short, it could be said that the LTA did curtail to an extent the spread of protectionism in the 1960s. This is a positive contribution of the LTA.

The vague interpretation of the 'market disruption' and the consequent imposition of the quotas did perpetuate the system of quantitative restrictions. The developed countries used the bilateral agreements under the LTA to their advantage. However, the concept of 'market disruption' has remained imaginary and imprecise throughout the LTA tenure.

The argument advanced by the developed importing countries about growing unemployment in the textile industry due to the impact of the cheap imports from the developing countries has been found not to be in conformity with facts to a large extent.

It was found that the several cotton textile exporting developing countries did provide various forms of subsidies. In fact, the Indian Government gave the highest number of subsidies to export of cotton textiles, but this
has not improved the competitive position of the Indian textile products in the world market. Countries like Hong Kong and Taiwan offered the minimum assistance to their textile exports as compared to India and Pakistan, and they continue to be more competitive in the world market than India and Pakistan. This confirms that subsidies or assistance resulted in inefficiency. The adjustment assistance or production incentives given by the developed countries did not arrest the deteriorating conditions of the textile industry. On the other hand, the various forms of subsidies only hindered the healthy growth of the textile industry.

On the whole, the LTA and the MFA provided a shelter for inefficiency through its market sharing arrangement both in the developing and developed countries.

The MFA is not totally different from the LTA. The set objectives are the same, with the coverage extending to all products of the textile industry. However, the MFA defines import restrictions more rigidly than the LTA. It has provided 6 per cent rate of growth in imports as against the 5 per cent of the LTA. The product categorisation is also more clearly defined. These appear to be the positive points of the MFA as compared to the LTA.
However, in practice the implementation of the MFA has been tardy because the developed importing countries violated the provisions according to their needs. The Textile Surveillance Body did not achieve much success in implementing the rules of the agreement. The experience of the developing countries with MFA has not been better than that of the LTA. The developed countries gained much by the MFA as compared to the LTA. Indeed, the MFA has increased the area of quantitative restrictions. In other words, the MFA has resulted in strengthening and perpetuation of the so-called 'market sharing arrangements' which in reality shelters the inefficient exporting countries at the cost of the efficient one.