1. The attached is a revision of Section II of document COM.TEX/16 of 30 June 1980, which summarizes the submissions received from participating countries.

2. This summary takes account of the information supplied in reply to the letter sent by the Chairman of the Working Group to all participating countries, in July 1980, inviting them to provide any information relevant to paragraphs 10, 18, 19 and 20 of COM.TEX/16. The replies received to this letter from participating countries have been circulated in COM.TEX/16/Add.2-6. The summary also takes account of information received from Hungary, Poland and Singapore which was not previously summarized in Section II of COM.TEX/16.

3. In addition to the above-mentioned information, this summary includes, where relevant, information taken from the data provided by governments to the secretariat in the context of the regular statistical reporting scheme for textiles and clothing, which are contained in COM.TEX/W/76 to 78.

*This revision refers to Section II of document COM.TEX/16 only; the other sections of the document are not affected.*
SECTION II

Summary of Information Received from Participating Countries

Status of Replies

1. Information relevant to the following headings, for the following participating countries, is included in this section:

PART A. Status of the industry (pages 4-37)

1. A general statement on national textile industries (pages 4-7)

Brazil, Colombia, EEC, Hungary, India, Indonesia, Japan, Korea, Peru, Switzerland, United States.

2. Data on current state of production and trade in textile products (pages 7-25)

Argentina, Austria, Brazil, Canada, Colombia, EEC and member States, Egypt, El Salvador, Finland, Hong Kong, Hungary, India, Indonesia, Israel, Japan, Korea, Macao, Malaysia, Mexico, Pakistan, Peru, Poland, Singapore, Sweden, Switzerland, Turkey, United States.

3. Information on investment, productive capacity, employment, and such general information on prices, wages and other relevant indices as countries deem relevant (pages 25-37)

Argentina, Austria, Brazil, Canada, Colombia, EEC and member States, Egypt, Finland, Hong Kong, Hungary, India, Indonesia, Israel, Japan, Korea, Macao, Malaysia, Mexico, Pakistan, Poland, Singapore, Sweden, Switzerland, Turkey, United States, Yugoslavia.

PART B. Expansion and re-organization of the industry, and development of particular sectors (pages 38-48)

1. Government and other plans for the expansion of the textiles and clothing industry (pages 38-41)

Brazil, Colombia, Ireland, Hong Kong, Hungary, India, Indonesia, Israel, Korea, Malaysia, Turkey.

2. Any government schemes adopted or contemplated for re-organization, modernization or diversification of the industry: an assessment of their effect (pages 42-46)

Argentina, Egypt, Hungary, India, Macao, Poland, Turkey.

3. Extent to which governments plan to develop particular sectors of the textiles and clothing industries (pages 46-48)

Brazil, Egypt, Hungary, India, Malaysia, Peru, United States.
PART C. Adjustment measures and policies relevant to Article 1:4 (pages 49-63)

1. Autonomous adjustment processes (pages 49-52)

Austria, Canada, EEC and member States, Finland, Hungary, Japan, Sweden, Switzerland.

2. Government measures (pages 52-63)

(a) Description and purpose of adjustment measures and policies adopted by the governments to encourage business to (i) improve viability of current lines of production, (ii) move progressively into more viable lines of production, (iii) move out of the textile sector into other sectors of industry (pages 52-60)

Austria, Canada, EEC and member States, Finland, Japan, Sweden, Switzerland, United States.

(b) An assessment of their effects (pages 60-62)

EEC and member States, Finland, Japan, United States.

(c) Information on measures to deal with problems arising from closures, unemployment, etc. (pages 62-63)

Canada, EEC and member States, Finland, Sweden, United States.

PART D. Increasing access to the market (pages 64-66)

Austria, Canada, EEC, Finland, Japan, Sweden, Switzerland, United States.

It should be noted that in some cases countries have replied to certain of the questions put in the airgrams in a general manner which may cover more than one of the above-mentioned headings. In these cases the answer is not restated under different headings of this section, but a reference to the heading under which the answer is classified is given.
Part A. STATUS OF THE INDUSTRY

1. The relevant questions are as follows:

GATT/AIR/1611:3

Participating countries may also wish to make a general statement about their national textile industries, including the pursuit of appropriate economic and social policies, in a manner consistent with national laws and systems, required by changes in the pattern of trade in textiles and in the comparative advantage of participating countries.

GATT/AIR/1612:1A and 2

1. With a view to enabling the Textiles Committee to discharge its functions under Article 10:2 of the Arrangement Regarding International Trade in Textiles, all participating countries therein are invited to furnish detailed and up-to-date information on the current state of production and trade in textile products including any measures to facilitate adjustment as follows:

(A) Recent developments in investment, productive capacity, employment etc. for textiles and clothing.

2. Participating countries may also wish to make a general statement about their national textile industries in the context of international trade on textiles, including such information on prices, wages and other indices as they deem relevant.

2. A summary of the replies is given below as follows:

(1) A general statement on national textile industries

Statements were made by the following countries:

Brazil

The Brazilian textile industry is the fourth largest in the world in production terms, after those of India, Japan and the United States. Brazilian textile exports are expected to be approximately $1 billion in 1980. The present rhythm of development in this sector is expected to continue.

The growth of the industry in the last six years has been based essentially on the stability in the supply of cotton, which has been achieved thanks to careful planning and stockpile controls. While supplies of cotton may cause problems in the longer term, the short-term outlook is for a balance between domestic supply and demand to continue and for a surplus of around 20,000 tons in 1980.
A possible shortage of cotton could create certain problems in the rapidly growing synthetic fibre industry, which uses cotton for approximately 50 per cent of its raw material supplies. Brazil's balance-of-payments problems have also affected imports of textile machinery. This is reflected in a slowdown of new investment projects since 1973-74.

In general terms, the Brazilian textile industry is mainly oriented towards the domestic market. Exports form a relatively small part of overall output. The outlook for the industry is generally reassuring.

**Colombia**

Textiles represent the largest industrial sector in terms of employment, and the second largest in relation to value added. Cotton textile manufacturing and knitwear are the two largest industries in the sector.

**EEC**

The aim of EEC policy in the field of textiles and clothing is to establish in the Community a highly viable textile and clothing industry capable of facing up to international competition and of providing employment on a large scale for the long term. To this end, internal Community policy operates through the structural adjustment measures set out below and reflected in the statements by the member States. On the external front the aim is to integrate the sector fully into international trade, in relation both to exports and imports, and to make Community aims understood and accepted by the EEC's trading partners, developed and developing alike.

**Hungary**

The textile and clothing industry has a 9 per cent share of the global production value of the industry and accounts for 16.8 per cent of the total industrial employment. About 50 per cent of finished goods is intended for internal consumption, satisfying some 80 per cent of the demand in clothing. Although there has been a diversification of products and the quality of clothing provided for domestic consumption has improved, the home production of many items is constrained by the economies of scale.

**India**

Textiles constitute 19.61 per cent of Indian industrial production. The industry consists of large-scale (mill), and medium-scale (powerloom) and small-scale (handloom) production units. Cotton textiles forms the major part of the industry. However, India follows a multi-fibre policy and output of man-made fibre yarn and fabrics has been increasing.
Since 1973, the textile industry in India has stagnated, although recently there has been a slight revival in demand. The average rate of growth of fabric production has not kept pace with population increase. Investment in machine capacity has also remained virtually static and capacity has remained almost stagnant in the last few years.

**Indonesia**

Having become a member of the MFA as a low-cost producer, Indonesia as a new entrant in international textile trade has entered into negotiations with importing countries, bearing in mind Article 6 of the Arrangement.

**Japan**

The Japanese textiles industry has experienced long-term recession resulting from the rapidly changing circumstances after the oil crisis. Internally, it has been faced with stagnant growth in domestic demand and significant changes in consumers' tastes towards more diversified and higher quality products; externally it has lost its international competitiveness due to the rapid growth of textile industries in the neighbouring developing countries, as well as the sudden and sharp appreciation of the yen.

**Korea**

Textiles is a leading sector of the Korean economy and is likely to remain so for some time.

**Peru**

The textile industry has shown four main tendencies in the last six years: integration of production, modernization of equipment, development of production capacity and greater export orientation. These trends have been particularly marked in the cotton and wool sectors.

**Switzerland**

In 1979, the textile industry comprised 521 undertakings employing 36,682 wage-earners, i.e. 5.7 per cent of total undertakings and 5.4 per cent of total employment in the Swiss industry. The clothing industry comprised 657 undertakings employing a total of 28,969 wage-earners, i.e. 7.3 per cent of undertakings and 4.3 per cent of employment for Swiss industry as a whole.

The Swiss textiles and clothing industry is concentrated in the eastern part of the country where the textiles industry accounts for 20 per cent of the total employment in this region in 1980. An important part of the clothing industry is also located in the Ticino Canton where nearly 22.5 per cent of all wage-earners working in this branch are employed.
United States

Conditions in most sectors of the textile and apparel industries improved during 1979 and the first quarter of 1980. Notwithstanding the disparities between cost advances due to rising prices of the prime raw materials and relatively low increases in producer prices, the industry prospered in 1979. The industry entered 1980 in generally good condition with low and well managed inventories and well filled order books. Demand for cotton textiles continues buoyant and unfilled orders are high.

(2) Data on current state of production and trade in textile products

Argentina

Production of wool yarn has increased from 21,400 metric tons in 1973 to 28,200 metric tons in 1975 and decreased to 23,600 metric tons in 1978. Woven fabrics of woollen and worsted yarn stood at 33,850 metric tons in 1977. Output of cotton yarn decreased from 94,424 metric tons in 1977 to 83,600 tons in 1979, whereas yarn of man-made fibres increased from 29,871 metric tons to 34,782 tons and man-made staple, continuous filament tow and waste from 20,784 metric tons to 26,724 metric tons over the same period. The production of cotton yarn fabrics was 87,200 metric tons and knitted and crocheted fabrics 30,850 metric tons for the year 1977.

Austria

Between 1973 and 1979, textile production has declined by 22 per cent. The spinning sector has suffered a steady decline while there has been an improving trend in weaving during 1978 and 1979 except in the case of woollen fabrics which continues to decline. The clothing sector, during the same period, has shown an increase of 9 per cent in production, which does not appear to have been affected by the mid-decade recession. Woven shirts for men and boys and cover coats are the only lines which show decreases. The carpet sector has also improved in production, during the same period by 9 per cent.

Imports into Austria have increased from 48 to 69 per cent of the domestic market for textiles, and from 30 to 59 per cent of the domestic market for clothing, in 1973-79.

Brazil

Total production of textile fibres in Brazil in 1978 was 864,000 tons. Industrial consumption of textile fibres in the same year was 872,000 tons. Averaged out over the three years 1976-78, production was approximately 2 per cent above mill consumption (production = 860,000 tons average, consumption = 839,400 tons average). Compared with the period 1966-68, output had grown by 20 per cent.
Production of natural fibres, manufactures of which are included in the MFA (cotton and wool) has varied considerably from year to year. In 1978 the output of cotton was at approximately the same level as in 1963 (488,000 tons); maximum output was achieved in 1969 at 721,000 tons. Wool output in 1963 was 12,000 tons; maximum production in 1971 was 39,500 tons; in 1978 output was 26,900 tons.

Output of synthetic fibres has grown rapidly, particularly since 1972, reaching 218,200 tons, or 25 per cent of fibre output, in 1978. Output of artificial fibres has remained more or less static at between 45,000 and 55,000 tons.

In 1978, consumption of cotton exceeded domestic production for the first time.

In the period 1974-78 total exports of textiles, clothing and accessories from Brazil increased from 132,000 tons to 211,590 tons, or by 60 per cent. The most rapid increases were in cotton fibres (86 per cent growth), and in wool tops (162 per cent increase).

In the same period, imports have fallen from 96,000 to 28,500 tons, or by some 70 per cent. Imports of textiles have declined in every year since 1974. Fibre imports declined from 59,000 to 8,800 tons.

In value terms, the textile trade surplus of Brazil has improved from $236.7 million to $486.0 million in this period.

Canada

Production in the textiles spinning area declined by 15.6 per cent in 1978 from the levels of 1973. The weaving sector has, however, improved its output significantly. The production of woven woollen and man-made fibre fabrics increased by 310 and 90 per cent during the same period.

The production in the clothing sector increased by 29 per cent during the same period with hardly any appreciable impact of the mid-decade recession.

The production of machine-made carpets also increased by 31 per cent during this period.

Exports of textiles during 1973-79 increased by 41 per cent and of clothing declined by 28 per cent. The principal markets are the United State and the EEC with shares of 32 and 22 per cent respectively. The share of the developing countries, which is about 20 per cent, is slowly expanding.
Imports of textiles during the same period increased by 73 per cent and of clothing by 116 per cent. The principal suppliers in textiles are the United States and the EEC with shares of 56 and 17 per cent respectively. In clothing, the principal suppliers are Hong Kong (18 per cent) and Korea (16 per cent), closely followed by the United States (14 per cent) and the EEC (12 per cent). The trend of all the four main suppliers during the last three years is of a steady decline with a slight recovery by the United States in 1979.

**Colombia**

Production in the spinning section increased by 68 per cent during 1973-76. The increase was mainly in the cotton sector while the production in the woollen and man-made areas declined marginally.

By contrast, production in the weaving sector declined by 9 per cent during the same period, again mainly because of the reduction in the output of the cotton sector. The output of the other fibres showed modest growth.

The clothing sector as a whole declined by 1.5 per cent. The production of men's trousers, skirts, women's blouses showed an increase in output, while in the remaining lines, output either declined or stagnated.

Over the period 1976-1979 the value of Colombian exports of textiles and clothing grew by 34 per cent, from $226 million to $303 million. In the same period, imports of MFA textiles grew by 165 per cent, from $49.8 million to $132.3 million. In the same period, imports of textile machinery increased from $38.2 million to $83.0 million. Overall, therefore, Colombia's trade surplus in respect of textiles was $176 million in 1976 and $171 million in 1979: remaining virtually static. The surplus, when textile machinery is taken into account, fell from $138 million in 1976 to $87.7 million in 1979. Textile machinery imports therefore offset more than half of Colombia's textile trade surplus in the most recent year.

Imports of textiles into Colombia have been considerably liberalized since the mid-1970's. Earlier prohibitions on textile imports have been abolished. This liberalization is contrasted with the restrictions placed on Colombian exports in importing markets.

**EEC and member states**

**EEC**

At present, textiles and clothing account for approximately 8 per cent of the Community's GNP.

Between 1973 and 1979, output declined, in terms of volume, by 3.5 per cent in the textile industry and by 1.7 per cent in the clothing industry.

Calculated at constant prices, productivity rose by 7.1 per cent in the textiles sector and by 22.4 per cent in the clothing sector between 1973 and 1977.
Between 1973 and 1979, imports of MFA products increased in volume by 105 per cent, whereas exports increased by only 21 per cent (the deficit in 1979 was equivalent to 579,000 tons). For the same period the penetration rate increased from 18.4 per cent to 38 per cent with peaks of nearly 70 per cent for specific products.

The data in terms of value confirm this trend:
- from EUA 3,900 million in 1973, imports increased to EUA 10,900 million in 1979 (+ 179 per cent);
- exports increased from EUA 5,000 million in 1973 to EUA 7,900 million in 1979 (+ 58 per cent);
- the trade balance moved from a surplus of EUA 1,100 million in 1973 to a deficit of EUA 3,000 million in 1979.

This progressive reduction of outlets together with appreciable import penetration has had a direct impact on production. Despite some recovery in 1979, the level of activity is still below what it was in 1973.

Belgium
Calculated in current prices (page 104 of COM.TEX/16), turnover in the textiles sector increased from BF 107,763 million in 1973 to BF 121,000 million in 1978 and to BF 133,955 million in 1979; in the clothing sector it rose from BF 32,966 million in 1973 to BF 38,000 million in 1978 and to BF 38,500 million in 1979. (In constant prices, the movement between 1973 and 1978 was from BF 107,763 million to BF 87,050 million, and from BF 32,996 million to BF 27,338 million, respectively; see page 105 of COM.TEX/16.

Gross value added, calculated in current prices (page 111 of COM.TEX/16), fell in the textile sector from BF 34,514 million in 1973 to BF 33,081 million in 1978; in the clothing sector it rose from BF 18,124 million to BF 23,970 million over the same period. (In constant prices, the movement was from BF 34,514 million to BF 23,799 million, and BF 18,124 million to BF 17,245 million, respectively; see page 112 of COM.TEX/16.

Denmark
Calculated in current prices (page 104 of COM.TEX/16), turnover in the textiles sector increased from DKr 2,830 million in 1973 to DKr 3,273 million in 1978 and to DKr 3,666 million in 1979; in the clothing sector it rose from DKr 1,501 million in 1973 to DKr 1,740 million in 1978 and to DKr 1,938 million in 1979. (In constant prices, the movement between 1973 and 1978 was from DKr 2,830 million to DKr 1,984 million, and from DKr 1,501 million to DKr 1,058 million, respectively.)
Gross value added, calculated at current prices (page 111 of COM.TEX/16), increased from DKr 903 million in 1973 to DKr 1,041 million in 1977 in the textiles sector; in the clothing sector, it rose from DKr 571 million in 1973 to DKr 737 million in 1977. (In constant prices, the movement between 1973 and 1977 was from DKr 903 million to DKr 694 million, and from DKr 571 million to DKr 491 million, respectively.)

**France**

Between 1973 and 1978, turnover in enterprises of six employees or more, calculated in current prices (page 104 of COM.TEX/16), rose from F 39,712 million to F 53,462 million in the textiles industry, and from F 16,672 million to F 27,598 million in the clothing industry. (In constant prices, the movement was from F 39,712 million to F 33,001 million, and from F 16,672 million to F 17,036 million, respectively.)

During the period 1973 to 1977, gross value added in such enterprises, calculated at current prices (page 111 of COM.TEX/16), rose from F 15,203 million to F 18,044 million in the textiles sector, and from F 6,929 million to F 10,755 million in the clothing sector. (In constant prices, the movement was from F 15,203 million to F 12,889 million, and from F 6,929 million to F 7,682 million, respectively.)

**Federal Republic of Germany**

Turnover, calculated in current prices (page 104 of COM.TEX/16), increased from DM 28,790 million in 1973 to DM 31,042 million in 1978 and to DM 32,279 million in 1979 in the textiles sector; from DM 17,971 million in 1973 to DM 19,337 million in 1978 and to DM 19,959 million in 1979. (In constant prices, the movement between 1973 and 1978 was from DM 28,790 million to DM 26,307 million, and from DM 17,971 million to DM 16,387 million respectively.)

Between 1973 and 1977, gross value added, calculated in current prices (page 111 of COM.TEX/16), rose from DM 9,620 million to DM 10,740 million in the textiles sector, and from DM 7,050 million to DM 7,680 million in the clothing sector. (In constant prices, movement was from DM 9,620 million to DM 9,589 million and from DM 7,050 million to DM 6,857 million, respectively.)

**Ireland**

Turnover, calculated in current prices (page 104 of COM.TEX/16), rose from £137 million in 1973 to £300 million in 1978 and to £320 million in 1979 in the textiles sector; in the clothing sector it rose from £59 million in 1973 to £104 million in 1978 and to £12 million in 1979. (In constant prices, the movement between 1973 and 1978 was from £137 million to £152 million, and from £59 million to £53 million, respectively.)
Gross value added, calculated in current prices (page 111 of COM.TEX/16), rose from £55 million in 1973 to £120 million in 1978 and to £128 million in 1979 in the textiles sector, and from £29 million in 1973 to £52 million in 1978 and to £60 million in 1979 in the clothing sector. (In constant prices, the movement between 1973 and 1978 was from £55 million to £61 million, and from £29 million to £26 million, respectively.)

Italy

Calculated in current prices (page 104 of COM.TEX/16), turnover in the textiles sector rose from Lit 3,699 billion in 1973 to Lit 8,781 billion in 1978, and to Lit 10,782 billion in 1979; in the clothing sector it rose from Lit 1,317 billion in 1973 to Lit 3,084 billion in 1978 and to Lit 4,100 billion in 1979. (In constant prices, the movement between 1973 and 1978 was from Lit 3,699 billion to Lit 3,903 billion and from Lit 1,317 billion to Lit 1,371 billion, respectively.)

Calculated in current prices (page 111 of COM.TEX/16), gross value added increased from Lit 1,479 billion in 1973 to Lit 3,198 billion in 1978 and to Lit 4,158 billion in 1979 for textiles and from Lit 544 billion in 1973 to Lit 1,199 billion in 1978 and to Lit 1,404 billion in 1979 for the clothing sector. (In constant prices, the movement between 1973 and 1978 was from Lit 1,479 billion to Lit 1,521 billion and from Lit 544 billion to Lit 533 billion, respectively.)

Luxembourg

The sector forms a small part of the total economy. The principal markets are the home market, Belgium and France.

In the face of outside competition, production has been falling since 1973. The production index fell by 7.5 per cent in 1976 and by 13.8 per cent in 1977.

Netherlands

Calculated in current prices (page 104 of COM.TEX/16), turnover moved from f. 4,390 million in 1973 to f. 4,348 million in 1978 and to f. 4,361 million in 1979 in the textiles sector; in the clothing sector, it moved from f. 2,210 million in 1973 to f. 1,882 million in 1978 and to f. 1,905 million in 1979. (In constant prices, the movement between 1973 and 1978 was from f. 4,390 million to f. 2,958 million and from f. 2,210 million to f. 1,280 million, respectively.)

Calculated in current prices (page 111 of COM.TEX/16), gross value added declined, between 1973 and 1978, from f. 1,355 million to f. 1,320 million in the textiles sector and from f. 802 million to f. 674 million in the clothing sector. (In constant prices, the movement was from f. 1,355 million to f. 898 million and from f. 802 million to f. 459 million respectively.)
United Kingdom

Calculated in current prices (page 104 of COM.TEX/16), turnover increased between 1973 and 1978 from £3,031 million in 1973 to £5,350 million in the textiles sector and from £1,120 million to £2,310 million in the clothing sector. (In constant prices the movement was from £3,031 million to £2,512 million and from £1,120 million to £1,085 million, respectively.)

Calculated in current prices (page 111 of COM.TEX/16), gross value added increased over the same period from £1,147 million to £1,980 million in the textiles sector and from £491 million to £970 million in the clothing sector. (In constant prices, the movement was from £1,147 million to £929 million and from £491 million to £455 million, respectively.)

Egypt

In the textile sector, production of cotton yarn and fabrics, which is the most important area of activity, increased by 20 per cent in 1979 compared to the levels of 1973. The production of man-made fibre yarn and fabrics declined by 18 and 37 per cent respectively during the same period.

The clothing industry, which is mainly engaged in the production of undergarments and night wear, expanded production by 18 per cent.

Egypt's exports of textiles have increased by 57 per cent in value during the period 1973-79. Exports of clothing have declined by 26 per cent. The major market for textiles continues to be the EEC which accounts for 26 per cent. The United States and Czechoslovakia each take about 5 per cent.

Imports of textiles, during the same period have risen by 162 per cent. The major suppliers continue to be the EEC (43 per cent) followed by the United States (18 per cent) and Korea (12 per cent).

El Salvador

Imports of textiles into El Salvador increased by 106.5 per cent and clothing imports by 152.5 per cent in value over the period 1973 to 1977. Their value was $32.2 million and $12.2 million, respectively, in 1977.
In the same year, El Salvador exported $49.6 million of textiles and $17.2 million of clothing items. This represented an increase of 66.5 per cent and 58.4 per cent for textiles and clothing respectively, between 1973 and 1977. Although the increase in exports over the period is less than the increase in imports, El Salvador was a net exporter of textiles and clothing items with a trade surplus of $22.4 million in 1977.

Finland

The textiles and clothing industries have declined relatively to the overall industrial sector. The share of textile and clothing industries in total gross value of industrial output fell from 6.5 per cent to 4.5 per cent between 1970 and 1978; in terms of added value, the industries' share fell from 7.5 to 5.7 per cent.

The volume index of textile manufacturing (based on 1975 = 100) fell to 87 in 1978, and recovered to 97 in 1979. The corresponding index of clothing manufacture, which had risen to 102 in 1976, fell to 99 in 1977 and 1978 and increased to 111 in 1979.

In exports of textiles and clothing, the latter is more important, consisting of 78 per cent of exports. The former has increased by 120 per cent during 1973-7 and the latter by 167 per cent. The principal market is Sweden which takes nearly half of clothing exports and two fifths of textiles. The EEC and the USSR are the other main markets with shares of some 25 and 15 per cent of textile and clothing exports respectively.

In imports of textiles and clothing, the former is more important in volume terms. Textile imports have increased by 104 per cent and clothing by 176 per cent. The main suppliers are developed countries of which the EEC and Sweden account for 55 and 11 per cent respectively, in textiles and 27 and 19 per cent in clothing. Next is Hong Kong with 9 per cent.

Hong Kong

Between 1977 and 1979 yarn production rose from 215 million kgs. to 239 million kgs., while production of piece-goods rose from 778 million square yards to 848 million square yards.


The share of clothing is more than four fifths of the combined total of textile and clothing exports. Clothing exports have grown by 178 per cent during 1973-79 and textiles by 68 per cent. The major markets are the EEC (39 per cent) and the United States (37 per cent). The clothing trade is directed entirely towards the developed countries while in the textile trade the developing countries have a sizeable share (39 per cent).

In imports, the share of textiles is 87 per cent. The imports during the above-mentioned period have grown by 136 per cent. The major suppliers are Japan (25 per cent), Korea (9 per cent) Pakistan (6 per cent) and EEC (5 per cent). Clothing imports have increased by 201 per cent with EEC (23 per cent) as the major supplier.
Hungary

Despite a decline in output of the textile industry in 1980 compared with 1979, global production in this sector has increased by about 7 per cent both in value and quantitative terms over the period 1975 to 1980. Clothing, knitwear, haberdashery, linen and hemp output has grown both in value and quantitative terms, whereas the value and volume of production of the cotton, silk and wool industries decreased. During the past five years, the production of the clothing industry has increased by 1 per cent yearly.

Exports to the rouble area, accounting for half of total exports, were made in a framework of long-term inter-state agreements which guarantee security of production and economies of scale for Hungarian textiles. The EEC is the main non-rouble area market with a 50 per cent share of exports in the convertible currency areas. Despite the increase of shipping expenses, application of MFN treatment by the United States to Hungary has improved the retail prices attainable by Hungarian exports in the United States market. Developing countries share about 20 per cent of Hungarian textile exports to convertible currency areas.

Over the period 1975 to 1978, Hungarian exports of finished cotton and cotton type fabrics, finished flax and hemp fabrics increased by 15 per cent in volume; but declined by 14 per cent in 1979. On the other hand, exports of hosiery, underwear and upperwear ready-made articles have increased considerably. Hungarian imports of principal raw materials such as scoured and combed wool, chemical fibres, combed artificial fibres, cotton and cotton type yarns have decreased in quantitative terms over the period 1975 to 1979.

India

In 1978-79, provisional figures show that yarn production was 1,272 million kgs; an increase of 14 per cent over the figure for 1974-75. Production of cotton yarn had fallen by 8 per cent in the period; that of man-made fibre staple spun yarn and blended yarn had increased to 360 per cent of the level in 1974-75.

The average annual rate of growth of fabrics production over the same period was about 1.5 per cent, and had not thus kept pace with population growth. Total cloth output in 1978-79 at 9,409 million metres was 10.8 per cent above the level in 1974-75; output of cotton cloth had declined while blended and man-made fabric production had increased.

In the nine years 1971-72 to 1979-80, Indian exports of textiles have grown five-fold in value. Since 1974-75 the value of exports has more than doubled. The share of textiles in total Indian exports has varied between 11.6 and 16.3 per cent during the nine-year period, accounting for 15 per cent in 1979-80. In quantity terms, however, exports have stagnated. This is ascribed by the government in large measure to protectionist measures taken by importing countries.
Clothing manufacturing is concentrated in the cottage sector. Output of garments for export has grown rapidly. The value of garment exports has risen threefold since 1974, to reach 3,430 million rupees in 1979.

Garment exports are concentrated on the markets of EEC, United States and Japan, and on a few popular lines (shirts, blouses, dresses, skirts, trousers). The rapid growth in exports noted above is expected by the Government to cease mainly because of the quotas on such products imposed by the main markets.

The limitations placed on Indian exports of textiles by developed markets are contrasted with the recent liberalization of Indian import policy on synthetic fibre and textile machinery imported from these same countries.

**Indonesia**

According to data submitted for the survey on production and trade, production of man-made fibres in Indonesia increased from 12,060 metric tons to 68,075 metric tons in the period of the Second Five-Year Plan (1975-79). Output of cotton yarn grew by 39 per cent between 1976 and 1979, to reach some 81,500 metric tons, while output of yarn of man-made fibre stood at some 89,500 metric tons in 1979. Fabric output increased by 64 per cent to 1,526 million metres in the period 1975-79. The most rapid growth was in output of knitted fabrics which increased their share of output from 16 to 18 per cent over the five years.

The volume of clothing output increased by 37 per cent over the period. Production of knitted undergarments showed the most rapid increase.

Production at the end of the Second Five-Year Plan in 1979 stood as follows: synthetic and filament fibres - 68,075 tons; cotton yarn and blended yarn - 837,212 bales; textiles - 1,576 million metres; garments - 14.4 million dozen. Exports in 1979 stood at 37.5 million metres.

Exports of textiles in value terms grew rapidly in 1979 when the total value stood at $44.7 million. Rapid growth in exports of clothing is also shown from 1977 to 1979 when the value of exports increased from $4.8 million to $65.7 million.

In recent years imports of textiles into Indonesia have fluctuated between some $150 million and some $200 million. The most important sources of imports have been Japan and Korea.

**Israel**

The real increase in output in textiles in Israel between 1978 and 1979 was 3.7 per cent. The corresponding figure for apparel was 1.1 per cent. This compares with a figure for all industry (excluding diamonds) of 6.8 per cent.

Israel's import policy is liberal as a whole. Imports of textiles in 1978 amounted to some $180 million.
Japan

The production of the textile industries decreased sharply for the two consecutive years after the peak year of 1973. Although the production registered moderate growth in recent years, it still remains far below the 1973 level.

Data on production of selected textile products show falls of 3 and 4 per cent respectively in the output of man-made staple fibre and yarn in the period 1973-79. Within this period, output declined from 1973 to 1975 and rose once more from 1975 to 1979 without reaching 1973 levels. A similar trend is shown by man-made fabrics. Output of wool yarn and fabrics fell by 37 and 31 per cent in the period 1973-79; but over the period output of carpets grew by 58 per cent.

Clothing production declined by 4.3 per cent in total over the period 1973-79; between 1973 and 1975 output fell by 22 per cent, rising by 21.5 per cent from 1975 to 1979.

Japanese exports of textiles increased by 62 per cent in value between 1973 and 1979 to reach $3,879 million in 1979. Exports of clothing rose from $307 million to $460 million between 1974 and 1978, but fell back to $334 million in 1979. The main export markets for textiles were developing countries, notably other South-East Asian countries. The United States, the EEC and Hong Kong were principal outlets for clothing exports.

Imports of textiles into Japan, valued at $1,052 million in 1973, fell to $481 million in 1975 and since then increased to reach $1,498 million in 1979. The main sources mentioned in United Nations data were Korea, the EEC, the United States, Pakistan and Switzerland. Imports of clothing fell from $547 million to $486 million between 1973 and 1975 and have since risen to a value of $1,540 million in 1979. Main import sources for clothing are also Korea, the EEC, Hong Kong, the United States, India, the Philippines and Switzerland.

Korea

The man-made fibre and woollen sectors show the most dynamic growth in production over the period shown in the GATT survey (1973-79). Output of man-made staple increased by 470 per cent to reach 262,000 tonnes in 1979; and production of man-made fabrics doubled in the same period to reach 664 million square metres. As far as man-made fibre yarn output is concerned, the most rapid growth took place in 1973-75. Woollen fabric output rose by 582 per cent to reach 72 million square metres in 1979. By contrast, the output of cotton fabrics, although varying somewhat from year to year, stagnated during this period and was, in 1979, slightly lower than in 1973 at 331 million square metres.
The production index for clothing shows a rise of 143 per cent between 1974 and 1979. The output of textiles and clothing has, however, grown less rapidly than that of total manufacturing.

In the period 1970-78, the value of exports of textiles and clothing rose from $390 million to $3,980 million. In terms of percentage share of exports of manufactures, textiles fell from 39 to 31 per cent. The major markets are Japan, Hong Kong, the EEC, Singapore and the United States for textiles; the United States, the EEC, Japan, Canada, Sweden and Switzerland for clothing. Imports of textiles stood at $425 million in 1979 (45 per cent above the 1973 level). Japan was by far the largest source of imports in the period under review with 70 per cent of the total in 1979.

**Macao**

Data on selected textile and clothing products show that output of clothing rose by 76.6 per cent from 1973 to 1977 reaching 25,281 metric tons in 1977.

The value of exports of textiles increased from $4.5 million to $11.8 million between 1973 and 1978. In the same period clothing exports grew from $70.2 to $213.3 million. The main markets for clothing are the EEC, the United States and Hong Kong.

Imports of textiles, mainly from Hong Kong, increased from $51 million to $67 million between 1973 and 1976, but fell back to $46 million in 1978.

**Malaysia**

Production of textiles, particularly man-made fibre yarns and fabrics, rose between 1976 and 1978. Production of man-made fibre yarns rose by 76 per cent, that of natural fibre yarns by 7 per cent, and that of fabrics by 19 per cent. Production of clothing however, dropped by 2 per cent, though there was a rise in production of knitted socks and stockings by 72 per cent.

Between 1973 and 1977, according to United Nations statistics, the value of exports of textiles rose from $23 million to $66 million; that of clothing from $21 million to $61 million. The main markets are the EEC, Japan, Singapore, the United States, Sweden and Hong Kong for textiles; the EEC, the United States, and Sweden for clothing. The EEC and the United States together accounted for 56 per cent of exports of textiles and clothing combined.

Imports of textiles have fluctuated within the period under review between $120 and $154 million in value. The major sources of imports in 1977 were Japan, Hong Kong, the EEC, Singapore, the United States and India. In the same period imports of clothing — mainly from India, Hong Kong, Singapore, and other ASEAN countries — rose from $11.3 million to $23.3 million in value.
**Mexico**

In the period 1970-79, textiles accounted for some 5 per cent of gross domestic product with output of polyester, polypropylene and acrylic fibres growing rapidly. The majority of output was destined principally to satisfy the domestic market. Exports accounted for only some 3.2 per cent of production.

In 1979, production of cotton yarn accounted for some 56,600 tons and some 7,371 million pesos; that of synthetic fibre yarn for some 59,900 tons and some 10,371 million pesos.

Ninety-five per cent of the fibre requirements of the Mexican textile industry was supplied from domestic sources in 1979. Out of this total 42 per cent was natural fibres, and 58 per cent man-made fibres.

Exports of textiles from Mexico fell in value from $135 million in 1974 to $89 million in 1977. Exports of clothing declined from $62 million to $26 million between 1973 and 1977. The main export markets were the United States, the EEC, Canada, Switzerland, Sweden and Brazil.

Imports of textiles also declined in value from $54 million in 1974, to $22 million in 1977; and those of clothing from $56 million in 1973 to $29.11 in 1977.

**Pakistan**

Cotton yarn production fell by 6.3 per cent from 349.7 thousand tons in 1975/76 to 327.8 thousand tons in 1978/79. Synthetic yarn production moved from 5.1 thousand tons to 3.5 thousand tons. The production of mill made cloth was 339.4 million square metres in 1978/79 compared to 520.3 million square metres in 1975/76. Art silk rayon cloth output was around 15.6 million square metres in 1977/78. In addition, the non-mill sector produced about 1,200 million square metres of cloth.

Cotton textiles are a major source of foreign exchange earnings accounting for about 32 per cent of Pakistan's global exports during 1978/79. In value terms exports of these products have risen from $310.8 million in 1974/75 to $549.0 million in 1978/79, an increase of 77 per cent.

Exports of cotton yarn decreased both in value and volume terms over the period 1975-76 to 1977/78 from $144 million to $107 million and 110,490 tons to 99,955 tons. The share of Hong Kong in Pakistan's cotton yarn exports was 52.9 per cent in 1978/79. Exports of cotton fabrics increased from 464 million square metres to 532 million square metres in volume, and $137 million to $216 million in value terms, between 1975/76 and 1978/79.

Excluding shipments from bonded manufacturing plants.
Peru

The domestic market has declined in recent years. Production of textiles is therefore increasingly geared to exports, particularly in the cotton sector.

Poland

According to statistics on selected textile products supplied to GATT, cotton yarn output was 214,074 metric tons in 1974, i.e. an increase of 94.2 per cent between 1974 and 1979. On the other hand, cotton yarn woven fabrics increased by 4.7 per cent to 942.4 million square metres. Wool tops and wool yarn production was multiplied by approximately ten times over the period to 119.4 thousand metric tons whereas woven fabrics of wool yarn increased by 10.5 per cent to 185,000 square metres. Production of man-made fibre tops and staple, continuous filament tow and waste stood at 327,259 metric tons, an increase of 13.3 per cent over the period. Woven fabrics of man-made fibres underwent a considerable drop in 1974 from 778 to 190 thousand metric tons and fell by 5.9 per cent from 1975 to 1979. Knitted and crocheted fabrics increased steadily during the period from 39.8 to 149.6 thousand square metres. Production of machine-made carpets also increased by 54 per cent.

Clothing output in quantitative terms increased by 22 per cent from 716 to 874 thousand pieces over the period under consideration.

Singapore

Production indices for textiles show a drop in production in 1975 to 78 with the base level year 1973 as 100. There was a recovery in 1977 and 1978 followed by a further drop to 84 in 1979. Production of clothing also subsided in 1975 to 82 but regained the level of 101 in 1979. These fluctuations of the textiles and clothing production did not follow the rising trend in the manufacturing sector in general, the production indices of which reached the level of 161 in 1979.

Statistics supplied by Singapore give the output level for 1978 and 1979 as 352.9 and 367.6 million Singapore dollars for textiles and textile manufactures and 633.6 and 664.6 million Singapore dollars for wearing apparel.

Singapore's imports of textile products, amounting to $737.0 million in 1973, increased by 79.5 per cent between 1973 and 1979, despite a fall in these imports in 1974 and 1975. Imports of clothing items followed a steady rise over the period and tripled to $105.6 million in 1979. Exports of textiles and clothing amounted to $349 million and $369.9 million in 1979 representing an increase of 146.8 per cent and 185.2 per cent respectively, between 1973 and 1979. In 1979,
Singapore had a trade deficit of $124.7 million in the overall textiles sector. Japanese products accounted for 25 per cent of textiles imports by Singapore. Clothing imports were mainly shipped from Malaysia (26 per cent of the total) and Hong Kong (21 per cent of the total in 1979). Singapore's textile exports went mainly to the Malaysian market (25 per cent of the total in 1979) and to the EEC market (38 per cent of the total in 1979).

Sweden

The progressive decline in production within the Swedish textile and clothing industry became more marked after a pronounced fall in 1975. Between 1976 and 1977, production in the textile and clothing sector was reduced by 16 and 21 per cent respectively. During 1977-79 production decreased by 3 per cent in the textile sector and by 13 per cent in clothing.

Data on production of selected products shows that yarn production fell by 44 per cent, from some 23,000 metric tons to some 13,000 metric tons, between 1973 and 1979. Woollen, cotton and man-made fibre yarn output all declined. Fabric production also fell steadily during the period: production of cotton fabrics declined from 12,000 to 9,000 metric tons; that of woollen fabrics from 1,500 to 500 metric tons; and that of man-made fibre fabrics from 14,200 to 6,700 metric tons. Between 1978 and 1979 some improvement was shown in the production of woollen fabrics (up from 376 metric tons in 1978) and knitted fabrics (an increase of 15 per cent in 1978-79). Carpet production has fluctuated between 10.8 and 13.5 thousand metric tons during the period; in 1979 output was some 12,500 metric tons.

In the clothing sector, most branches of activity also declined during the period. Output of stockings, tights and socks fell by 36 per cent in the seven years. Production of undergarments declined by 60 per cent; that of shirts, by 40 per cent; and that of trousers and overalls by 50 per cent. The decline in trouser production was particularly sharp from 1977 onwards. Output of pullovers rose by 46 per cent to reach 8.3 million in 1976, but declined to 4.2 million in 1979. Production of blouses also rose by 55 per cent between 1973 and 1976 and fell back to 1.6 million, only 12 per cent above its 1973 level, in 1979.

Exports of textiles and clothing from Sweden rose in value from $300 million to $571 million in the period 1973-79. Major markets were the EEC, Finland, Switzerland, Yugoslavia and the United States. In the same period imports of textiles and clothing increased from $863 million to $1,911 million. Main sources of imports of textiles were the EEC, whose share of the market rose from 50 to around 54 per cent in the period; Finland, whose share rose from 4.7 to 6.5 per cent; Switzerland, Austria and the United States. In the clothing sector developed countries share of the market fell from 62 to 59.5 per cent between 1973 and 1976; but rose to 64.4 per cent in 1979. The share of the EEC rose to 30.9 per cent in 1979 and that of the United States from 1 per cent in 1973 to 3 per cent in 1979. Developing countries market share fell from 36.2 per cent in 1973 (38.6 per cent in 1976) to 33.5 per cent in 1979, Hong Kong's share of the market in these three years was 13.2, 15.6 and 12.3 per cent respectively.
Switzerland

The share of the textile and clothing industry in Switzerland's total industrial output (excluding construction and energy) remained around 8.5 per cent, over the period from 1970 to 1979. Production in the textile industry increased by 9 per cent while production in the clothing industry decreased by 2.5 per cent compared to an increase of 2.5 per cent in the output of the industry in general.

The relative importance of textile and clothing products in foreign trade has declined over the past decade to 7.3 per cent of total exports, and 9.6 per cent of the total imports in 1979. However, over the same period, the textile sector has become more export-oriented owing to a greater concentration and specialization in the manufacture of high-quality products in the textile industries and at present about 60 per cent of Switzerland's total textile output is exported. A similar trend can be discerned in the clothing sector although the nominal trade deficit in this sector almost trebled over the past decade reaching Sw F 1,942 million in 1979. The volume of imports of clothing articles increased by 43 per cent between 1973 and 1979.

Turkey

The data submitted for the study on Adjustment Measures state that production of yarn in Turkey in 1978 was 398,000 tons of which 335,000 was of cotton yarn. Planned production in 1980 is for 478,000 tons, an increase of 23 per cent. Production of fabrics in 1978 was 1,418 million metres, of which 1,363 million metres was of cotton fabrics. Planned production in 1980 is for 1,600 million metres, an increase of 12.8 per cent. Production of carpets, which stood at 6.6 million square metres in 1978, is to increase to 7.6 million square metres (an increase of 16 per cent) in 1980. Clothing output is planned to grow from 66,136 tons to 73,300 tons in 1980, an increase of 10.8 per cent. Production capacity is to move increasingly into high added-value lines such as carpets and clothing.

The statistical information supplied to the survey on production and trade states that cotton yarn production increased by 1.3 per cent between 1973 and 1978 from 135,509 metric tons to 137,330 metric tons. However, the production was curtailed to 44,437 metric tons in 1979. Cotton fabric production amounting to 222,940 thousand metric tons in 1979 decreased from its level of 1974 by 41.5 per cent. Wool yarn production fell from 12,630 metric tons in 1973 to 5,795 metric tons in 1975, and to 3,541 metric tons in 1979, i.e. by 72 per cent between 1973 and 1979. Production of wool fabrics also decreased between 1973 and 1979 by 20.3 per cent from 7,707 to 6,139 thousand metres, despite a peak year production of 16,612 thousand metres in 1976. Continuous fibres woven fabrics output amounted to 5,771 thousand metres in 1979. Machine-made carpets increased from 971 to 4,943 thousand square metres between 1973 to 1979 i.e. by 409.1 per cent. For this product 1976 was the summit year with 22,050 thousand square metres of production.
As for clothing items taken together, production increased by around 1 per cent between 1973 and 1976 in volume. Among the selected items, there was an increase in the production of undergarments between 1973 and 1976 by 33.8 per cent from 1973 level of 6,791 thousand pieces to 9,087 thousand pieces in 1976. On the other hand, shirts and blouses production decreased by 79.3 per cent from 4,788 to 992 thousand pieces between 1973 and 1978.

Imports of textiles into Turkey increased by 35.9 per cent in value terms from $25.2 million in 1973 to $34.3 million in 1979. The value of imports reached $57.0 million in 1975. Imports of clothing were $20 thousand in 1979.

Turkey's exports of textiles increased from $97.3 million in 1973 to $321.4 million in 1979 i.e. by 228.8 per cent. The increase in value of exports was over 100 per cent between the years 1973 and 1976. For clothing, exports increased by 462.8 per cent from $10.0 million in 1973 to $56.2 million in 1979. The share of the EEC market in Turkey's exports of textiles and clothing were 77.5 per cent and 89.2 per cent respectively.

Turkey had a trade surplus of $343.3 millions for textiles and clothing products in 1979.

United States

The Federal Reserve Board production index for textile mill products was 148.2 (1967 = 100) seasonally adjusted, in January 1980, up 4.7 per cent from a year earlier. The index declined 1.4 per cent during the first six months of 1980 over 1979, with the textiles sector related to automobile and housing activities experiencing slack demand. The FRB production index for apparel products in January 1980, was 126.9, down 2.6 per cent from January 1979.

Total shipments of textile products during February 1980 amounted to $4,292 million, seasonally adjusted, up 19.5 per cent from a year earlier. The value of mill shipments during the first half of 1980 stood 7 per cent ahead compared with the same period in 1979.

Cotton, wool and man-made fibre broadwoven fabric production totalled 11.4 billion linear yards in 1978, slightly more than in 1977. 1979 production was down 5.9 per cent from a year earlier. Broadwoven fabric production amounted to 2.8 billion linear yards in the first quarter of 1980, an increase of 8 per cent over the previous quarter. Most of the first quarter production improvement occurred in wool and man-made fibre fabrics. Cotton broadwoven fabric production amounted to 4.0 million linear yards in 1978, down 8.5 per cent from a year earlier. Production during third quarter was up 2.6 per cent from same period in 1978. Wool broadwoven fabric output totalled 117 million linear yards in 1978, or 15 per cent more than a year earlier. Third quarter 1979 was down 9.7 per cent from year earlier. Man-made fibre broadwoven fabric production amounted to 6.6 million linear yards in 1978, up 6 per cent from a year earlier. Increase continued during 1979 with third quarter production up 3.3 per cent over same period in 1978.
Both the textile and apparel industries achieved improved import-export balances in 1979. Exports by both industries expanded sharply in 1979 on a value basis while imports were down slightly for textiles and up only slightly for apparel. The textile industry's balance of trade improved from a negative balance of $139 million in 1978 to a positive balance of $815 million in 1979. The apparel industry's negative balance was down marginally from $4.28 billion in 1978 to $4.24 billion in 1979, however, the improvement in 1979 was the first in the post-war period.

Imports of cotton, wool and man-made fibre textile and apparel products during 1979 totalled 4,648 million equivalent square yards, 19 per cent less than a year earlier. Cotton product imports were 1,891 million square yards, up 17.6 per cent from 1975 level. Man-made fibre product imports of 2,636 million square yards in 1979 were up 6.8 per cent between 1975 and 1979. Wool product imports were 122 million square yards, up 56.4 per cent.

The value of imports of cotton, wool and man-made fibre products during 1979 amounted to $6,307 million, virtually unchanged from a year earlier.

The value of exports of cotton, wool and man-made fibre products amounted to $3,324 million during 1979, up 14 per cent from 1978.

The import trade deficit in cotton, wool and man-made fibre products during 1979 amounted to $2,983 million, down 25 per cent from a year earlier.

**Yugoslavia**

In recent years the textiles industry accounted for about 9 per cent of overall industrial production. Yarns and fabrics and finished textile products share 51.5 per cent and 48.5 per cent of the global value of textiles, respectively.

Production indices for textiles and finished textile products indicate a steady growth between 1974 and 1979. As will be seen from the statistical data made available on Adjustment Measures, production of cotton yarn and wool yarn amounted to 163,286 tons in 1979. In 1979 production of cotton fabrics, woollen fabrics and artificial silk fabrics was 532 million m². Ready-made underwear and clothing showed an increase of 30 per cent between 1977 and 1979 to 301,076 thousand m² in 1979. The production of knitwear and stockings also increased from 24,717 to 29,074 tons and from 154,709 to 176,713 thousand pairs, respectively.

The textiles sector has a 3 per cent and 7.8 per cent share of the overall industrial and mining imports and exports, respectively.

According to United Nations statistics, imports of textiles by Yugoslavia increased between 1973 and 1979 by 65.8 per cent to $321.7 million. The increase in imports of clothing was 80.5 per cent, over the same period,
reaching $31.8 million in 1979. Yugoslav exports of textiles increased by 108.5 per cent from $133.9 to $279.1 million and of clothing items by 70.8 per cent from $123.7 to $228.6 million. Clothing items represented 45 per cent of textile sector's global exports. Clothing exports also accounted for the textiles trade surplus of $154.2 million in 1979.

(3) Information on investment, productive capacity, employment: and such general information on prices, wages and other relevant indices as participating countries deem relevant

Argentina

The number of employees in textiles increased from 91,900 in 1973 to 95,800 in 1978.

Value added in textiles, clothing and leather (I.S.I.C category 32) rose from 690 to 804 million pesos between 1973 and 1975 and fell to 656 million pesos by 1978, rising again to 679 million pesos in 1979.

Austria

Employment in the Austrian textile industry has fallen from 64,000 to 47,000 between 1973 and 1979; and in the clothing industry, from 39,000 to 33,000 in the same period.

The total number of textile factories declined from 710 to 578, and clothing factories from 617 to 534 in the period 1973-79.

Provisional data for 1979 show that investment in textiles in Austria totalled $1.023 million and in clothing, $251 million.

Brazil

Employment in textiles (excluding made-up articles and clothing) has not grown. In the period 1962-68 average employment was some 340,000. In 1969-70 employment fell to under 300,000, recovering to a peak of 371,400 in 1973. In 1975, the latest year for which statistics were supplied, employment in the section was 355,800, i.e. a decrease of 4.2 per cent between 1973 and 1975.

Fixed investment in the Brazilian textile industry (counted in terms of projects approved by the Industrial Development Council) peaked in 1973/74. Largest investments were in the field of man-made fibres, since 1974, and new investment has fallen off to a share (in current price terms) of 3 per cent of the value in 1973/74.

Canada

Employment declined steadily over the period 1973 to 1977 from 102.7 to 86.1 thousand, i.e. about 16.2 per cent. In the clothing sector, the decrease was from 104.3 to 97.9 thousand, i.e. 9.0 per cent. The average hours worked per week per employee remained the same both for textiles (40 hours) and clothing (38 hours) over the period.
Total number of establishments declined from 998 to 913 in the textiles industry between 1971 and 1977. A large number of those that closed down were low-end cotton fabric manufacturers. During the same period the number of establishments in the clothing industry with less than fifty employees declined from 1,590 to 1,274, and those with more than fifty employees declined from 574 to 563.

Value added in the textiles industry increased from Can$970 million in 1973 to Can$1,570 million in 1977. For clothing the increase was from Can$1,129 to Can$1,310.

Investment has declined considerably in the textiles sector from Can$135 million to Can$82 million, but remained at the level of Can$25 million in the clothing sector in 1977 as in 1973.

Colombia

Total numbers employed in the textile sector increased by 12.7 per cent over the period 1970-1974. Thereafter the numbers employed fell back until in 1978 the total employment stood at 3 per cent below its 1970 level.

Textile prices have increased less rapidly than the pace of general price inflation in Colombia. The rate of general price increase over the period 1974-1978 was 23.1 per cent per annum; the rate of inflation for items entering into workers' consumption was 23.6 per cent; the corresponding rate for textiles was 14.6 per cent.

EEC and member States

Employment fell by 422,000 in the textiles sector and by 278,000 in the clothing sector between 1973 and 1978. In the same period labour costs rose by 43 and 46 per cent in the two sectors.

Investment in fixed assets remained unchanged in the textile sector between 1973 and 1978 and rose by about 33 per cent in clothing. Per person employed, investment rose by 30 per cent in textiles and by 74 per cent in clothing. The number of enterprises fell by about 4,200 in the period.

Belgium

Investment in fixed assets fell from BF 4,253 million in 1973 to BF 3,002 million in 1978 in the textiles sector, and from BF 767 million to BF 739 million in the clothing sector. The number of enterprises with twenty or more employees fell from 1,395 to 1,052 in the textiles sector and from 1,195 to 887 in the clothing sector.
Between 1973 and 1979 employment in enterprises employing more than twenty fell from 107,064 to 67,157 in the textiles sector and from 66,665 to 42,136 in the clothing sector. Labour costs rose between 1973 and 1978 from BF 18,376 million to BF 20,645 million in the textiles sector, and from BF 10,793 million to BF 11,998 million in the clothing sector.

**Denmark**

Investment in fixed assets declined from DKr 150 million in 1973 to DKr 103 million in 1979 in the textiles sector compared to an increase from DKr 36 million to DKr 51 million in the clothing sector. On the other hand, the number of enterprises with twenty or more employees fell in both sectors between 1973 and 1978, from 236 to 203 in the textiles sector and from 236 to 201 in the clothing sector.

Over the period 1973 to 1979, the number of persons occupied in enterprises employing twenty or more fell by 36 per cent from 16,744 to 10,400 in the textiles sector, and by 64 per cent from 13,758 to 4,900 in the clothing sector, whereas labour costs rose from DKr 675 million to DKr 992 million in the textiles sector, and from DKr 486 million to DKr 714 million in the clothing sector.

**France**

Investment in the textiles sector between 1974 and 1978 fell from F 1,545 million (enterprises of ten employees or more) to F 1,525 million and rose in the clothing sector from F 314 million (employing ten persons or more) to F 493 million.

The number of enterprises over the same period fell from 3,796 (employing ten persons or more) to 3,197 in the textiles sector. The relevant figures in the clothing sector are 4,080 (estimate) and 3,660.

Between 1974 and 1978, total employment in firms employing ten persons or more fell from 408,600 to 328,600 in textiles, and from 313,600 to 271,100 in clothing. The total wage bill rose from F 8,332 million to F 11,200 million (estimated) in textiles and from F 4,429 million to F 7,130 million (estimated) in clothing in the same period.

**Federal Republic of Germany**

Investment in fixed assets in the textiles sector fell between 1973 and 1978 from DM 1,310 million to DM 1,120 million (estimate) and in the clothing sector from DM 332 million to DM 320 million (estimate). The number of enterprises employing more than twenty employees fell in the textiles sector from 2,857 in 1973 to 2,309 in 1979, and in the clothing sector from 4,308 to 3,296.
Employment fell from 432,221 to 310,622 between 1973 and 1979 in the textiles sector and from 363,841 to 256,718 in the clothing sector. Labour costs in enterprises of twenty or more employees rose from DM 6,853 million in 1973 to DM 7,486 million in 1979 in the textiles sector. The relevant figures in the clothing sector are DM 4,408 million and DM 4,918 million. The index of productivity per man hour (1970 = 100) rose from 126.3 in 1973 to 174.0 in 1978 in the textile sector, and from 111.2 to 133.2 in the clothing sector.

Ireland

Investment in fixed assets between 1973 and 1979 rose from £5 million (enterprises employing twenty or more) to £53 million, and from £2 million (enterprises employing twenty or more) to £4 million in the textiles and clothing sectors respectively. Over the same period the number of enterprises in the textiles sector fell from 246 to 195, and from 510 to 368 in the clothing sector. Employment fell from 25,712 to 21,155 in the textiles sector, and from 16,616 to 13,054 in the clothing sector. Labour costs however, rose from £30 million to £71 million in the textiles sector and from £16 million to £38 million in the clothing sector.

Italy

Over the period 1973 to 1979, investment in fixed assets rose from Lit 264 billion to Lit 557 billion in the textiles sector, and from Lit 38 billion to Lit 65 billion in the clothing sector. However, enterprises with twenty or more employees fell from 3,493 to 3,150 and from 1,876 to 1,610 respectively, in these two sectors. Between 1973 and 1979, total number of persons occupied in enterprises employing twenty or more fell from 379,755 to 308,700 in the textiles sector, and from 187,422 to 161,850 in the clothing sector, whereas labour costs rose from Lit 1,072 billion to Lit 2,842 billion in the textiles sector, and from Lit 431 billion to Lit 1,235 billion in the clothing sector, over the same period.

Luxembourg

No information available.

Netherlands

Investment in fixed assets between 1973 and 1978 fell from f. 201 million (enterprises employing ten or more) to f. 150 million in the textiles sector, and increased from f. 33 million (enterprises employing ten or more) to f. 48 million in the clothing sector. Over the same period the number of enterprises employing ten or more in the textiles sector increased from 316 to 329, and fell from 446 to 349 in the clothing sector.
Employment in enterprises with ten or more persons fell by 40 per cent from 58,700 to 35,200 in the textiles sector, and by 52 per cent from 40,900 to 19,800 in the clothing sector. Labour costs, however, rose from f. 884 million in 1973 to f. 962 million in 1978 in the textiles sector and fell from f. 585 million to f. 504 million in the clothing sector.

**United Kingdom**

Investment in fixed assets increased from £159 million in 1973 to £228 million in 1978 and from £28 million to £65 million in the textiles and clothing sectors, respectively. On the other hand, the number of enterprises with twenty or more employees fell in both sectors between 1973 and 1978, from 2,408 to 2,150 in the textiles sector and from 2,647 to 2,400 in the clothing sector.

Over the period 1973 to 1978, employment fell from 486,700 to 405,800 in the textiles sector, and from 313,600 to 278,100 in the clothing sector, whereas labour costs almost doubled from £715 million to £1,350 million in the textiles sector, and from £337 million to £676 million in the clothing sector.

**Egypt**

Employment rose from 261,000 to 289,000 from 1973 to 1979. Data for the first quarter of 1980 show 293,000 persons employed.

Value added by manufacturing in textiles rose from LE 122.6 million to LE 275.5 million between 1973 and 1977.

**Finland**

Employment in the textile and clothing industries fell from 60,900 to 54,800 between 1970 and 1978. Their share of total industrial employment fell from 12.5 to 10.7 per cent.

Investment in new textile plant and machinery was abnormally low in the years 1975, 1976 and 1977, reflecting the overall economic recession in those years. Consequently the improving economic situation in 1978 and 1979 was accompanied by increasing investment activity. The investment figures for 1973 to 1978 were as follows:

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The textile and clothing industries' share of total industrial employment fell from 12.5 per cent to 10.4 per cent between 1970 and 1978.

Between 1973 and 1978 investment in textiles increased from Fmk 138 to 163 million despite a drop to Fmk 86 million in 1977. Investment in clothing increased from Fmk 60 million to Fmk 99 million.

Value added in textiles increased by 75.5 per cent, and in clothing by 91.4 per cent to Fmk 1,295 million and Fmk 1,340 million, respectively.

**Hong Kong**

Between 1977 and 1979 employment in the spinning sector fell from 23,130 to 21,081, while in the weaving and clothing sectors rose from 29,210 to 32,832 and from 239,058 to 260,615 respectively. Numbers employed in other textile sectors fell from 50,060 to 46,912. As a percentage of total work force, employment in the spinning, weaving, clothing and other textile sectors fell from 3.1 to 2.4, from 3.9 to 3.8, from 31.7 to 29.9 and from 6.6 to 5.4.

The index (July 1973-June 1974 = 100) of average daily wages in the textiles, garments and glove sectors moved as follows:

- Textiles - 128 in March 1977 to 185 in September 1979;
- Garments - 129 in March 1977 to 182 in September 1979;

The number of establishments in the spinning sector declined from 289 in 1977 to 273 in 1979, entailing a fall in the number of spindles installed from 893,000 to 866,000. During the same period the number of installed looms increased from 30,000 to 32,000, and the number of establishments in the weaving sector rose from 644 to 739. In the clothing sector the number of establishments rose from 8,047 to 8,796. In other textile sectors the number of establishments fell from 2,788 to 2,645.

Investment figures for the textiles sector in 1976 and 1977 were HK$704 million and HK$343 million respectively. Corresponding figures for clothing were HK$362 and HK$361 million.

Value added in textiles was HK$3,222 million in 1976 and HK$2,813 million in 1977. In clothing the corresponding figures were HK$4,597 and HK$4,785 million.

**Hungary**

In the mid-seventies the labour force decreased by 1 to 1.5 per cent yearly. In Budapest, the labour force declined by over 5 to 6 per cent a year. New machine capacity has, in many instances, served to make up for the decline in manpower.
Between the years 1975 to 1978, value added in textiles increased from Ft 10,749 to 11,454 million and in clothing from Ft 4,851 to 5,290 million.

In the early seventies altogether Ft 30,000 million were allocated to investment over a period of ten years. Approximately Ft 18,000 million were invested over the period 1976 to 1980 in establishing up-to-date equipment, in creating new capacity and on the modernization of the means of production. Some 30 per cent of the amount invested had been spent for purposes other than production, including improving of social security provisions, the shifting of some enterprises to the provinces for environment protection. The amounts allocated for investments had been exhausted by the end of 1978. Due to unfavourable conditions on the world market, profits have fallen and, therefore, funds available for self-financing of further development by enterprises have declined.

Wages in the textile industry are centrally regulated as in other industries, and the wage level is the same as the average wage level of the industry in general. The textile industry is not granted any preferences regarding taxes, payments to the budget and profit formation.

India

Machine capacity installed has been almost stagnant. While the number of spindles installed has risen by some 4 per cent between 1976 and 1979, the number of looms has fallen slightly. The mill sector represents a minor proportion of India's output capacity; only 21 per cent of looms installed overall are automatic looms. The largest proportion of production in Indian textiles comes from the handloom and cotton/artsilk powerloom sectors. The cotton/artsilk powerloom sector is based on small enterprises, while handloom textile manufacturing is the most important cottage industry in India, employing over ten million people directly and a similar number in related services. Khadi cloth, spun by hand and woven on handlooms, forms a small sub-sector of the handloom industry. Wool textiles are a marginal textile activity.

Employment in the textile industry has grown slowly from 1.0 to 1.16 million during the period 1973-79.

Indonesia

The textile and clothing industries employed some 633,000 in the first quarter of 1980. Since 1977, employment has increased by some 57,000 or approximately 10 per cent.

Employment is estimated at 350,000 employed in the machine/mechanical sector and about 350,000 in the hand-operated sector (including batik).
The value added by manufacturing in textiles and clothing industries grew by 39 per cent between 1976 and 1979.

**Israel**

Gross investment in textiles increased by 6.1 per cent between 1978 and 1979; in clothing, by 10 per cent. The growth of all industrial investment in the same period (excluding diamonds) was 5.9 per cent. The number of employees in textiles was 23,900 in 1979; in clothing, 33,100.

**Japan**

About 20 per cent of surplus facilities have been disposed of in all sectors of the textile industry. Furthermore, bankruptcies registered a record figure of 1,328 in 1977, involving a total amount of debt of ¥ 390 billion, and are continuing to increase in number.

There has been a continuing decline in the textiles industry employment, amounting to 300,000 persons or 16 per cent over the period 1970 to 1979.

Data are available only for the years 1973-77, during which the annual level of new investment in both textiles and clothing declined by 40 per cent.

**Korea**

In 1978 the number employed in the textile industry stood at 725,000 or 23.9 per cent of total industrial employment of 3 million.

Employment in the textiles and clothing sector has grown from 385,000 to 763,000 in the period 1973-79.

**Macao**

Between 1973 and 1975 employment fell from 17,400 to 13,600. Since 1975 it has risen to a figure of 24,000 in 1978 and fell to 21,700 in 1979.

In 1978 a total of 748 enterprises, of which 653 in the clothing sector, were registered.

Investment in 1978 was some $2.4 million in the textiles sector and some $4.1 million in clothing.

Total gross value of production in 1979 stood at $232.6 million. Gross value added in textiles was $60.3 million.
Malaysia

Investment in the textiles and clothing sector rose from M$570 million in 1976 to M$841 million in 1978. During the period 1976 to 1978 employment rose by 55 per cent from 33,092 to 51,441.

Mexico

In 1979, total employment in the textile industry was some 242,000. Over the period 1970-79, employment had grown at an average rate of some 2.5 per cent per annum.

Investment in the textile industry in 1979 was some 50,403 million pesos. Investment had grown at an annual rate of some 17.2 per cent over the period 1970 to 1979, leading to a 2 per cent growth in installed spinning capacity and 1 per cent in weaving.

Pakistan

Employment in the textiles industry was 208,441 in 1978 against 194,624 in 1979, i.e. a 7 per cent increase. However, the share of the textile industry in total employment has remained around 38 per cent.

The share of cotton textiles manufacturing (spinning and weaving) in the total value added of large scale manufacturing has decreased from 26.9 per cent in 1969/70 to 18.2 per cent in 1979/80. On the other hand, the relative share of cotton fabrics in total value added of textiles has declined from 48.4 per cent in 1969/70 to 26.9 per cent in 1979/80.

Investment in textiles sanctioned by the Investment Promotion Bureau, the Industrial Development Bank of Pakistan and the Pakistan Industrial Credit and Investment Corporation has increased by 59.8 per cent from 438.6 to 700.7 million rupees over the period 1974/75 to 1978/79. The share of textile investment in total industrial investment was 11.1 per cent in 1974/75 and 17.1 per cent in 1978/79 compared to 40.0 and 43.9 per cent in 1975/76 and 1976/77.

The cotton textile industry, the largest industry of Pakistan in terms of investment and employment, comprises 186 mills, of which 66 are composite, 118 spinning and 2 weaving. The installed capacity in the cotton textile industry (mill sector) is 3.97 million spindles and 26,744 looms, out of which 2.75 million spindles and 14,113 looms are working. Capacity utilization therefore in the spinning sector is 69.3 per cent as against 52.8 per cent in the weaving sector. The unskilled capacity of cotton power loom is 60,000.

Peru

No Information given.
Poland

The average number of employees in textiles sector increased to around 482,000 between 1974 to 1976 from the level of 471,000 in 1973 and dropped to 452,000 in 1979. In the clothing sector there was a rise in employment level from 194 to 202 thousand with the peak level of around 208,000 in 1977 and 1978.

Average hours worked per year per worker decreased constantly in the textiles sector from 1,207 to 1,831 whereas in the clothing sector, despite the fall over the period, it regained the 1973 level of 1,977 hours in 1979.

Value added increased by 63 per cent and 54 per cent respectively in the textiles and clothing sector reaching 114.3 billion zlotys for textiles and 23.2 billion zlotys for clothing. Investment in textiles fell from 13.1 to 7.0 billion zlotys between 1974 and 1979 whereas clothing investment remained stable around 1.1 billion zlotys.

Singapore

The number of employees in the textiles sector decreased by 38.2 per cent from 14,103 in 1973 to 8,716 in 1979. There was an opposite trend in the clothing sector where employment increased by 30.9 per cent from 20,909 to 27,375, over the same period.

Compared to the decline in value added of the textiles sector which went down from 121.7 to 115.4 million Singapore dollars between 1973 and 1978, value added in the clothing sector increased by 150.8 per cent from 82.4 to 206.5 million Singapore dollars.

Despite massive investment levels of 1974 and 1975, textiles investment decreased by 54 per cent in the period 1973 to 1978. Investment in clothing also rose rapidly in 1974 but fell back in the following years. The investment level of 23.5 million Singapore dollars in 1978 was still below the 1974 level of 30.4 million Singapore dollars.

The number of establishments increased from 80 in 1978 to 83 in 1979 in the textiles sector and from 345 to 379 in the clothing sector.

Sweden

The number of employees within the Swedish textile and clothing industry fell from 114,000 in 1950 and 67,500 in 1970 to around 38,000 in 1979.

Total value added of textile and clothing production rose from 2,725 million kroner to 3,280 million kroner in the period 1973-77. 1976 was the peak year of this period.

Switzerland

Production capacity has declined appreciably in the textile sector in the period 1977 to 1979, the largest reduction being in respect of looms by approximately 15 per cent. Thirty-five undertakings of all branches of the textiles industry ceased production in the same period.

Over the past decade, there has been a decline in the level of employment by 30 per cent in the textile industry, and by 34 per cent in the clothing industry. Whereas these two sectors used to account for 12 to 13 per cent of total employment in the Swiss industry in 1970 their share has now fallen to less than 10 per cent. In this respect, a reduction of 3,640 wage-earners in the textiles industry between 1977 and 1979 accounted for 90 per cent of the reduction of employment in Swiss industry as a whole.

In 1979, the textile industry comprised 521 undertakings employing 36,682 wage-earners, i.e. 557 per cent of total undertakings and 5.4 per cent of total employment in the Swiss industry. The clothing industry comprised 657 undertakings employing a total of 28,969 wage-earners, i.e. 7.3 per cent of undertakings and 4.3 per cent of employment for Swiss industry as a whole. The number of wage-earners decreased by 8.5 per cent and 10.7 per cent in the textiles and clothing industry respectively between 1977 and 1979.

Turkey

The number of employees in textiles increased steadily from 142,500 in 1973 to 169,100 in 1976, i.e. by 18.7 per cent. Over these four years, employment in the clothing industry fell by 12.7 per cent to some 5,500 employees in 1979.

Between 1973 and 1976, the value added in the textiles industry increased from 8,270 to 17,291 million liras. For clothing the rise was from 261 to 835 million liras.

The submission by Turkey on adjustment measures states that during the implementation period of the Development Plan 24.7 billion liras (at 1978 prices) will be invested in the textiles sector. Within the public sector 8,300 million liras is foreseen as investment expenditure over the plan period for the modernization and reorganization of the sector in order to increase its productivity and competitiveness.

Investment in the textiles sector increased by 78.1 per cent from 1,894 to 3,374 billion liras between 1973 and 1976. Over the same period, investment in the clothing sector increased from 62 million liras to 81 million liras.
**United States**

Total employment in the textile and apparel industries was 2,208,000, seasonally adjusted, in March 1980, down 0.6 per cent from a year earlier. Textile mill employment in the first half of 1980 averaged 878,300, down 4 per cent from the comparable 1979 period. Apparel industry employment averaged 1,114,700 production workers compared with 1,134,900 a year earlier.

Between 1975 and March 1980, total employment of the sector increased by 3.3 per cent, textiles employment by 2.9 per cent and apparel employment by 5.8 per cent.

The textiles industry unemployment rate for the first half of 1980 averaged 7.8 per cent compared with 7.7 per cent in 1979. The annual unemployment rate for 1979 was 6.4 per cent. Average weekly hours worked in the first half of 1980 were 40.4 compared with 40.0 in 1979. Average unemployment in the apparel industry was 10.4 per cent in the three months ending March 1980, and 10.0 per cent a year earlier. Average weekly hours worked in 1979 were 40.3 for textiles and 35.2 hours for clothing. Average weekly hours worked increased to 41.2 hours for textiles and 35.8 hours for apparel in February 1980.

Capital expenditures for new plant and equipment for the textile industry in 1979 were $1.06 billion, 2 per cent higher than the $1.04 billion spent in 1978. Expenditures are projected at a rate of $930 million for the first quarter of 1980. Capital expenditures increased by 60.6 per cent between 1975 and 1979.

Producer's price index for selected textile products was 121.1 (1975 = 100) in March 1980, up 8.5 per cent from March 1979. The producers' price index for apparel products was 168.3 (1967 = 100) in March 1980, up 6.5 per cent from a year earlier. These increases were on a smaller scale compared with increases of the indexes of the industrial commodities in general. The consumer price index for apparel products in February 1980 was 161.8 (1967 = 100) up 5.0 per cent from a year earlier.

Hourly earnings for production workers averaged US$4.90 for the textile industry and US$4.44 for the apparel industry in January 1980. There was an increase of 8.4 per cent and 6.5 per cent for textile and apparel industry respectively, compared to a year earlier. However, the average hourly earnings for production workers in the textiles and apparel industries remained below those of manufacturing industry in general.

Other relevant indices which may be noted are that: Sales of textile mill products in the first three quarters of 1979 were US$30.6 billion, 11.5 per cent up from the same period in 1978. Corporate profits in the textiles industry in the third quarter of 1979 as a percentage of sales and of equity were up by 19 per cent and 18 per cent respectively from 1978 averages. Total shipments of textile products during February 1980 amounted to US$4,292 million, 19.5 per cent up from a year earlier. Total inventories
of textile products at the end of February 1980 totalled US$5,935 million, 3.6 per cent up from a year earlier. Inventories of cotton, wool and man- made fibre grey goods at the weaving mill level, at the end of November 1979 totalled 876 million linear yards, unchanged from a year earlier. Unfilled orders for cotton and man-made fibre grey goods at the weaving mill level totalled 2.9 billion linear yards at the end of 1979, also unchanged from a year earlier.

Yugoslavia

The textiles industry accounted for 16 per cent of the global employment in industry and mining in 1979. The number of employees in textiles increased by 27.8 per cent from 264,600 in 1972 to 338,200 in 1978. The number of employees in the clothing sector was 114,000 in 1977, 20 per cent up from the 1973 level. Average hours worked per year per worker remained stable between 1973 and 1977 amounting to around 1,800 tons both in textiles and clothing sector.

The number of production units was 1,146 in 1977, 798 of which was for finished textile products.

Value added of textiles and clothing industry increased by 61.5 per cent and 78.6 per cent, respectively, over the period 1973 to 1976. Value added in textiles was 22,224 million dinars and in clothing 7,346 million dinars.

Investment in the textiles industry increased 2.7 times in the period 1973 to 1978, however, its share in investment of industry in general decreased from 9 per cent to 4.8 per cent.
Part B. EXPANSION AND RE-ORGANIZATION OF THE INDUSTRY
AND DEVELOPMENT OF PARTICULAR SECTORS

1. The relevant question is as follows:

GATT/AIR/1612:1B

1 (B) Government and other plans for the expansion of the textile and clothing industry, including aids for the realization of such plans. Any government schemes adopted or contemplated for re-organization, modernization or diversification of the industry and an assessment of their effect. Extent to which governments plan to develop particular sectors of the textile and clothing industries:
- for supply to traditional export markets
- for supply to new export markets
- for domestic consumption

2. A summary of the replies is given below as follows:

(1) Government and other plans for the expansion of the textile and clothing industry

Austria

Not applicable: relevant information in Part C.

Brazil

Export subsidies given through tax exemptions have been eliminated under a unilateral decision of the Brazilian Government taken after the earlier GATT commitment under the MTNs to phase-out such subsidies over time. No special policy exists for the textile industry as such. The Brazilian textile industry, however, benefits from general industrial development measures taken by the Government as well as regional development schemes aimed at the advancement of the most backward regions.

Canada

Not applicable; relevant information in Part C.

Colombia

The Government of Colombia applies measures aimed at promoting exports of its domestic industries. The textiles industry benefits from such measures.
The Export Promotion Fund (PROEXPO) has established financing programmes designed to modernize equipment and promote the production and export of articles with an increased added-value content. In addition, an insurance scheme gives assistance in this field to exporters, inter alia, by covering risks of insolvency of foreign importers. Moreover, PROEXPO sponsors and finances market research programmes for textile and clothing products and collaborates in the acquisition of know-how.

**EEC**

Belgium, Denmark, France, Federal Republic of Germany, Italy, Luxembourg, United Kingdom.

Not applicable, relevant information in Part C.

Ireland

Overseas companies were attracted to the country to establish projects in those lines of production which were considered as having a viable future. A large element of new investment in the textiles sector was devoted to the establishment of a man-made fibre industry, which is capital-intensive, and using the most modern machinery.

Egypt

See 2 below.

Finland

Not applicable: relevant information in Part C.

Hong-Kong

Other than providing infra-structural and other essential facilities for the development of industry and trade generally, the Government, which pursues a policy of free enterprise and free trade, does not have any plans to aid the expansion or re-organization of the textiles and clothing industries.

Hungary

There is no central planning for the development of the textiles industry. In factories working individually, profitability is the one criterion of the development of production and exports. The Ministry of Light Industry guides and controls the scales of production in the individual sub-branches. Since profitability is the decisive factor at present, less efficient sub-branches are not granted financial or any other means of support which brings about a reduction of production.
India

Government objectives are to make larger quantities of quality cloth available at reasonable prices to the masses; to give priority to employment-orientated growth through the decentralized handloom and khadi sectors; and to bring about a balance between cotton and non-cotton fibres. In regard to the woollen industry, the Government has delicensed the expansion of shoddy/woollen/worsted spindleage. Raw materials like raw wool, shoddy, woollen rags, etc. can now be imported under the Open General Licensing System.

Indonesia

The general policy of government is towards a more equitable distribution of the gains of economic growth. The textiles industry is directed towards integration of existing units and spreading of location to the outer islands.

Incentives for investment are formulated in the "Priority Scale List", with variable tax incentives and credit facilities.

The third Five-Year Plan has for its target that production should increase by 1984 to the levels given below:

- synthetic and filament fibres: 157,500 tons
- cotton yarn and blended yarn: 1,540,000 bales
- textiles: 2,500 million metres
- garments: 23,000,000 dozen

The exports are planned to reach the equivalent of 280 million metres by 1984. "Bonded areas" or export processing zones are envisaged to facilitate exports.

Israel

No official government planning vis-à-vis the textile industry exists, and there is no special government policy concerning encouragement of this sector applicable.

Japan

Not applicable: relevant information in Part C.

Korea

In 1967 the Provisional Law for the Adjustment of Textile Facilities was passed, aimed at helping to achieve balanced development and international competitiveness through orderly adjustment and the replacement of outworn equipment.
The Law for Promoting the Modernization of the Textile Industry, passed in 1979, establishes a special fund for the textile industry, encourages the formation of industrial inter-relationships and specialization among textile industries, and aims to promote new technological development and training of manpower. The emphasis is to be placed on improvement in the quality of textile products rather than on quantitative expansion.

No special tax or financial concessions are given to the textile industry.

Macao
See 2 below.

Malaysia
Selected sections are still being promoted; these include projects for the production of synthetic woven filament fabrics and high quality knitted fabrics and garments.

Peru
No information available.

Sweden
Not applicable: relevant information in Part C.

Switzerland
Not applicable: relevant information in Part C.

Turkey
In order to reach the production targets set out in the Fourth Five-Year Development Plan (1979-1983) and annual programmes; assistance will be provided to the textile sector to renovate, improve and enlarge the established capacity both in the private and public sectors, as well as creating new capacities on those production lines with the highest value added (e.g. carpets and clothing). In the public sector, where traditionally textile products have a prominent place, seven new production units of ready-wear apparel are expected to enter into production in 1980.

United States
Not applicable: see Part B:3 and Part C.
(2) Any government schemes adopted or contemplated for re-organization, modernization or diversification of the industry: an assessment of their effect

Argentina

Tax exemptions and reductions

(a) Tax reductions on profits and capital taxes over a ten-year period, applied on a decreasing percentage scale from 100 per cent in the first five years to 10 per cent in the last year;

(b) Exemption from stamp duty for ten years;

(c) Reductions in value added tax over a fifteen-year period, on a decreasing percentage scale from 100 per cent in the first five years to 10 per cent in the last year;

(d) Exemption from duties on the import of machinery and inputs.

Benefits for investors in the enterprises established

(a) Reduction in profit taxes on the sums invested;

(b) Postponement of payment of profit taxes, value added taxes and wealth taxes, on the capital of the enterprises and on unimproved lands.

Austria

Not applicable: see Part C.

Brazil

See Part B:1.

Canada

Not applicable: relevant information in Part C.

Colombia

No information available

EEC and member States

Not applicable: relevant information in Part C.
Egypt

Government and other plans may be summarized as:

(i) Semi-governmental bodies provide testing facilities, and technical consultants to help develop new products and processes.

(ii) Moves to diversify lines of production by developing the garment industry.

(iii) Loans from international bodies and government credit guarantees are made available for modernization and replacement plans.

(iv) The Egyptian Act. No. 43, 1974, has resulted in joint ventures with foreign investment particularly in the knitting and ready-made garment sectors. The above projects need the approval of the General Organization for Arab and Foreign Investment and Free Zones.

Increased and diversified production has led to a need to assure a regular supply of raw cotton, yarns and fabrics to meet the requirements of the processing sectors of the industry.

Finland

Not applicable: relevant information in Part C.

Hong Kong

See Part B:1.

Hungary

The objective in developing production is to incorporate a higher level of technology and servicing to the manufacturing of the goods supplied. In various fields of the textiles and clothing industry, possibilities of co-operation are being researched for the development of preparing as well as finishing capacities for cotton and woollen fibres. Special attention is attached to buying know-how and production patterns.

Central assistance is of a supplementary nature in financing the development of the textiles industry. The proportion of credit and budgetary assistance will be reduced to 40 per cent and 15 per cent, respectively, of the total funds for investment.

Conditions of credit for the textiles industry are the same as in other branches of the industry. The bank supplying the credit has to agree with the company concerned on the planned increase of production capacity, the improvement in efficiency and the volume of export sales.
India

The measures undertaken to achieve the objectives mentioned in Part B:1 include Government assistance to the expansion of the handloom sector, while the decentralized powerloom sector is to be limited to present levels of output; regulation of synthetic fibre used to safeguard the interests of cotton growers; Government permission for unrestricted expansion of spinning capacity up to plant size of 50,000 spindles in cotton and man-made fibres; free import of basic raw materials under open general licence; import permission for high-technology machinery for the mill sector; soft loans for rehabilitation and modernization of textile mills; takeovers of uneconomic mills by the National Textile Corporation for reorganization and to stabilize employment; expansion of woollen industry through delicensing of operations.

Indonesia

See Part B:1.

Israel

See Part B:1.

Japan

Not applicable: relevant information in Part C.

Korea

See Part B:1.

Macao

Rationalization measures taken include controls on investment permits which are related to the number of existing establishments, the value of investments, and the prospective quality of production; special concessions for basic industries in the spinning and weaving sectors for land acquisition; financial credits for the improvement of production quality; and the establishment of an Industrial and Commercial Development Fund for the diversification and reorganization of the industry.

Malaysia

See Part B:1.

Peru

No information available.
Poland

Output of the textile industry branches in Poland, comprising spinning and weaving (including knitting) and clothing is intended mainly for the internal market and partly for exports. Investments made over the current five-year plan period, effecting the modernization of existing lines of production, have expanded the production potential of the textiles industry. Changes have also taken place concerning the structure and modernization of textile products. Manufacturing of these products has been improved by the application of appropriate mixtures of raw materials and multifunctional finishes. In the cotton and wool sector, the use of mixed or blended synthetic and man-made fibres is being increased in the manufacture of new kinds of apparel fabrics, with modern finish. Technology of production of silk knitted fabrics has been developed in the manufacture of tapestry and silk fabrics designed for outergarments, underwear, lining and other products. Production of interior furnishing articles such as carpets and carpeting, moquette and other floor finish, curtains and woven and knitted fabrics for covering of furniture will also expand. In the knitting and stocking sector, new kinds of articles are manufactured from mixtures of synthetic raw materials with natural fibres or yarn. The stocking industry is equipped with modern multisystem automatic machines. Over the plan period 1975-80, the production of clothing industry is expected to increase by 48 per cent. In this sector, modern designs have been introduced and efforts are also made to apply modern methods of finishing in order to attain the high level of quality and fashion of apparel articles, knitted and stocking goods in accordance with the structure of demand in the internal market.

The textile industry makes full use of domestic new materials and research institutes systematically explore possibilities of utilization of regenerated raw materials. However, about 50 per cent of the raw materials are imported, including such natural raw materials as cotton, wool, sisal and jute. The share of synthetic fibres in the total consumption of textile fibres rose from 46.9 per cent in 1970 to 62 per cent in 1980 while that of natural fibres declined from 53.1 per cent to 38.0 per cent over the same period. There has been a shift in the use of natural raw materials from manufactures for industrial purposes and furnishing articles to clothing.

Sweden

Not applicable: relevant information in Part C.
Switzerland

Not applicable: relevant information in Part C.

Turkey

The Government's main encouragement measures presently implemented within the textiles sector include facilities for payment of customs duties on investment goods, reduction in income tax base and promoting financial assistance to obtain loans from commercial banks.

In connexion with the modernization and re-organization efforts within the sector towards increasing its productivity and its competitiveness in the world market, the World Bank has contributed credit facilities which would be used to overcome the bottlenecks encountered in the sector due to foreign exchange shortages.

United States

Not applicable: see Part B :3 and Part C.

(3) Extent to which governments plan to develop particular sectors of the textile and clothing industries:

- for supply to traditional export markets
- for supply to new export markets
- for domestic consumption

Austria

Not applicable: relevant information in Part C.

Brazil

See Part B :1. The development of the Brazilian textile industry stems mainly from the growth of domestic demand: exports constitute a relatively minor share of production.

Canada

Not applicable: relevant information in Part C.

Colombia

No information available.
EEC and member States

Not applicable: relevant information in Part C.

Egypt

More attention is being given to the development of exports.

Finland

Not applicable: relevant information in Part C.

Hong Kong

See Part B:1.

Hungary

Trends to be expected in the development of production structure in various branches of textile industry are as follows: in the cotton industry, development is aimed at producing basic materials for leisure garments such as coloured woven heddle fabrics, corduroy, burberry, twill, duffel and different sorts of poplin. In the silk industry progress is to be expected in producing up-to-date lining materials. The production of coloured woven bulk yarn will also be increased, both for home consumption and for export markets. Goods made of pure wool being most in demand, development in the wool industry is tending towards the processing of natural basic materials in the case of worsted fabrics and carded materials. As to the linen and hemp industry, household textiles, technical fabrics, polyolein fibres, strings, ropes, sacks are planned to be produced of synthetics for the most part, in addition to linen damask, jacquard fabrics and fashion textiles. The haberdashery industry is to make progress in producing accessories for ready-to-wear industry and in producing curtains and sanitary products. Fashion in the knitting industry varies towards preferring flat, circular or chain-knitted fabrics. However, a shift to utilizing non-synthetic basic materials is to be expected in this field.

India

Emphasis in the development of the textile industry is placed on domestic consumption. Export growth to traditional developed markets is stagnant, largely because of protectionist measures taken by importing countries.

Indonesia

See Part B:1.

Israel

See Part B:1.

Japan

Not applicable: relevant information in Part C.
Korea
See Part B:1.

Macao

No information available.

Malaysia

The sectors encouraged are basically to cater to non-quota restricted countries. Production of synthetic woven filament fabrics is, however, also being encouraged for domestic consumption.

Peru

The major orientation of production is towards exports, given the serious recession in internal consumption.

Sweden

Not applicable: relevant information in Part C.

Switzerland

Not applicable: relevant information in Part C.

Turkey

No information available.

United States

An export expansion programme for textile and apparel products, inaugurated in early 1979, is being implemented by the Office of Textiles and Apparel in the Department of Commerce in co-operation with Commerce's Bureau of Export Development, Promotional Campaigns. Specific projects underway, in this connexion, include a global market survey on the foreign sales potential of United States textiles and apparel, a series of export seminars tailored to the needs of manufacturers of textile and apparel products, a series of industry-organized government-approved apparel trade missions, and participation in textile and apparel shows. Other initiatives designed to improve the competitive environment for actual and potential exporters of textile products include an examination of the viability of entry of small companies into export trading and a concerted attack on foreign barriers to United States exports of textile and apparel products, in the light of the MTN results. In this connexion the Office of Textiles and Apparel has recently established a special Trade Facilitation Staff, designed exclusively to pursue non-tariff barriers and other trade problems which United States textile exporters are experiencing. Export financing is another important issue being considered by the Commerce Department in response to suggestions and recommendations made by textile industry representatives.
Part C. ADJUSTMENT MEASURES AND POLICIES RELEVANT TO ARTICLE 1.4

1. The relevant questions are as follows:

GATT/AIR/1611

2 (A) Autonomous adjustment processes

What autonomous adjustment processes have been identified in the textile industry? To what extent can they be attributed to changes in the international patterns of trade in textiles and comparative advantage?

(B) Government measures

List adjustment measures and policies adopted by the governments to encourage business to:

(i) improve viability of current lines of production;
(ii) move progressively into more viable lines of production;
(iii) move out of the textile sector into other sectors of industry.

Information relevant to these measures might include a technical description of the measures, their purpose and an assessment of their effects. Information on measures to deal with problems arising from closures, unemployment, etc. would also be relevant.

2. A summary of the replies is given below as follows:

(1) Autonomous adjustment processes

Austria

Information on the results of autonomous adjustment processes, i.e. decline in employment and number of enterprises engaged in the textiles and clothing industries, has been given in Part A above.

Canada

(a) Processes identified with industry

In the textiles industry the processes have been identified as:

(i) concentration of production on long-run items to improve productivity;
(ii) rationalization in certain sectors, e.g. man-made woven fabrics and knitting; and

(iii) move away from low-end production, e.g. cotton spinning.

In the clothing industry manufacturers have moved from low-priced to middle and high-priced lines of production and introduced newer technology.

(b) Processes attributed to changes in international patterns of trade in textiles and comparative advantage

The adjustments mentioned above were undertaken in response to increased import competition in the domestic market, and due to the fact that protective measures were invoked for a limited number of products.

EEC

The adjustment measures have mainly been undertaken by industry. They include modernization, rationalization, introduction of new technology and moves to more viable lines of production and efforts to increase exports. These have resulted in a number of enterprises closing down, in loss in employment and consequent changes in investment per person employed, as shown in Part A.

These changes have resulted directly from increased imports, fall in consumption growth and improved productivity.

For the member States see Part A, paragraphs 2 and 3 and the individual submissions.

Finland

In Finland, the industry itself is responsible for taking measures in favour of continuous adjustment to changing market conditions in order to ensure the effective functioning of the national economy, heavily dependent on foreign trade. In the textiles sector, these autonomous processes include cutting down unprofitable lines of products by raising the degree of processing and promoting product design.

Hungary

The development of the Hungarian textile industry is effected in the microstructure of the individual enterprises. With the objective of increasing the volume of production, the flexibility of enterprises is an important factor in adopting their production to the changing demands of the market.
In the process of reconstruction as from 1973, internal and external factors alike induced a shift towards a more rational production system and products pattern. The processing of cotton and natural fibres such as linen and hemp decreased due to insufficient crops production and partly because there was labour force scarcity in producing natural fibres. These traditional branches of plant cultivation are losing their importance more and more, and there is a switch-over at an increasing pace to the processing of synthetic fibres. The introduction of additional profiles and the utilization of new primary materials is specific to other sub-branches of the industry as well: in the production of woollen cloth, basic materials containing viscose fibres are used; in silk and hosiery industry the utilization of cotton yarn is increased; there has been a change-over from shirt production to producing more profitable ladies' blouses and dresses. However considerable the results are, reconstruction in the textiles industry is insufficient.

Fast, dynamic changes are hampered to a great extent by the lack of liquid assets on the home market and the envisaged amounts have proved to be insufficient due to increasing prices for equipment.

Japan

The Japanese textile industries have been making efforts to meet the decline in production and enhance their international competitiveness by promoting the joint disposal of redundant facilities, as well as by strengthening their information-intensive capacity, fully taking into account international division of labour in the textiles sector, and avoidance of unnecessary competition with the textiles industries in the neighbouring countries.

Sweden

As a result of changing market conditions, it has been necessary to carry out adjustment measures such as product development, design, marketing, finance, education etc., but also in the form of close downs or amalgamations. In view of the decline in Swedish textile and clothing production which has taken place during the last decade, it seems doubtful if adjustment in forms which would imply a further decrease in the production and productive capacity of the industries concerned would be consistent with the objective of avoiding damage to the minimum viable production, as well as of securing the supply of essential textile and clothing products.

Switzerland

In Switzerland, the progressive adaptation of the textile and clothing industry to the changing condition of the world economy is deliberately left to the responsibility of the private enterprises and induced by the market forces. Data on changes in employment, investment, etc., are given in Part A.
(2) Government measures

(a) Description and purpose of adjustment measures and policies adopted by the governments to encourage business to:

(i) improve viability of current lines of production

(ii) move progressively into more viable lines of production

(iii) move out of the textile sector into other sectors of industry

Austria

The textiles and clothing industries benefit from general government measures towards industry which are intended to facilitate new investment and structural adjustment and to develop, rationalize and improve the productivity of the economy and the mobility of labour. These include, inter alia, accelerated depreciation allowances, investment reserves, various tax benefits, the support of investment for development and re-equipment, special support for small industries and trades, active labour policies, and financing facilities. These measures are not limited to the textiles and clothing industry.

It has not been practicable for firms to move out of textiles into other industrial sectors. Particular problems have arisen, inter alia, with the restructuring of clothing industries in rural frontier areas. The emphasis of government policy is therefore to assist the industry to move to special quality and high fashion production. Austria, as a neutral country, cannot abandon its textiles and clothing industry.

Canada

A national Textile Policy was introduced in 1970, to create conditions for the textiles and clothing industries to become more viable and increasingly competitive in the international market.

The central feature of the Policy was the establishment of the Textiles and Clothing Board. An independent body, it makes recommendations for protective measures only if proven injury is linked to evidence of prospective viability of domestic producers. Assistance to such domestic producers is given under different programmes of the government. These include:

(i) The Enterprise Development Programme (EDP), a general assistance programme, which includes the General Adjustment Assistance Programme (GAAP). This latter programme provides assistance in cases of injury, in the form of insurance against risk of loss on loans; direct loans in special cases; grants up to 50 per cent of cost for outside consulting assistance to developed restructuring proposals;
(ii) The Regional Development Incentive Programme which encourages modernization of manufacturing or processing operations in certain designated areas through grants or loan guarantees;

(iii) The Fashion Design Assistance Programme under which assistance is provided to professionals and students in fashion and fashion design;

(iv) Incentive programmes for textile and clothing industries in Quebec, Ontario and Manitoba, for adoption of new technology and for a move to more viable lines of production. These have been introduced under the Federal Government Incentive Programmes and Trade Policy, with a view to encourage improved productivity, provide joint services, and establish facilities which a large number of companies are unable to afford on an individual basis.

In encouraging the adjustment process, the Government has placed significant emphasis on direct communication with the industry. In this context, the Government established a Textiles and Clothing Task Force, which has considered, inter alia, efficiency improvement programmes and fiscal, trade and competition policy.

SEC

It is not easy to draw a clear borderline between the effects of government measures and the impact of autonomous adjustment processes. Since the early 1970s it has been clear that member States were going to have to adjust to the major changes resulting from the opening up of the Community market. The Community has spelt out the conditions which such measures must observe, which are consistent with the commitments entered into in the context of the MFA.

The main concerns of the member States and the Community are to avoid any problem of over capacity and to orient the industry's activity towards a balanced adjustment. Measures used are aimed at restructuring through, inter alia, research, innovation, and the improvement of productivity; modernization of production units, particularly small or medium ones without any increase in production capacity; promoting investments designed to save energy and preserve the environment; and favouring undertakings in the sector that switch to new activities outside the sector in specific regions.

In this context, the European Regional Development Fund (ERDF) has spent 451.4 millions of units of account between 1975 and 1979 in assistance to textile producing regions. Similarly, the European Investment Bank (EIB) has granted 100 millions of units of account in individual loans and 34.7 millions of units of account in global credits between 1977 and 1979 in favour of investment projects in seriously affected regions. These payments are almost
entirely destined to projects in non-textile sectors, in order to encourage diversification. In addition, the European Social Fund has given priority, in the context of a special budget for textile and clothing workers, to assisting workers who are required to move out of the sector or who are re-training themselves within more viable branches of the industry. In 1979 this activity accounted for 14.6 million units of account.

The Community has also spent some 14 million units of account in 1979 on the synthetic fibre sector. 57.5 per cent of this sum was attributed to projects of reconversion outside the textile sector, the rest was destined to the improvement of the situation of firms within the sector and diversification towards artificial fibres.

Belgium

Under existing legislation on economic expansion, the Government has encouraged investments for reconstruction of the textiles and clothing sectors, even where it entailed reduced capacity and employment. Two specific financial measures have been introduced under the Royal Decrees of 14 May 1977 and 20 December 1977, to assist enterprises to adapt to changing market conditions.

Denmark

Enterprises in the textiles and clothing sector can benefit from the general system of development aids allocated to industry in general. General schemes for re-training of unemployed people are also applicable to the textiles industry.

Denmark has not adopted official adjustment measures specially designed for the textiles and clothing sector, whether for improving competitiveness, changing lines of production, or facilitating reconversion.

France

Government measures financed by quasi-fiscal levy, are channelled through the Textile Industry Structural and Commercial Modernization Committee (CIRIT). Assistance takes the form of:

(i) financing non-productive costs arising from re-grouping of small- and medium-sized enterprises;
(ii) paying redundant personnel arising from closures;
(iii) financing collective projects such as the Economic Trends Observation Centre, fashion organizations etc;
(iv) modernization of small units, without increasing overall capacity;
(v) financing research programmes conducted by the Textiles Institute of France and the Technical Studies Centre of the Clothing Industries on new products, new technologies, automation, etc.
In addition, the Government has assisted certain limited sectors (cotton, combed wool, throwing, texturization) for restructurization and improved productivity. Some assistance has also been provided on a case-by-case basis to encourage enterprises in difficulty.

**Federal Republic of Germany**

Measures to assist industry may be summarized as:

(i) assistance to enterprises establishing in such areas as Berlin or the Zonenrandgebiet;

(ii) access to information stemming from industrial research encouraged by the Federal and State governments. (This research is partially financed by industry).

**Italy**

Act No.1101 of 1971 which provided for financial and fiscal aids to the sector, was revoked by Act No.675 of 12 August 1977.

**Ireland**

In the early 70's the Government adopted as its official policy the findings of a study of the Woollen and Worsted Industry, on rationalization and restructurization of the sector necessary to meet changing conditions in world trade. Grants have been given for re-equipment, research and development, feasibility studies, moves out of unviable lines of production, or into higher quality products.

**Luxembourg**

No specific measures available.

**Netherlands**

Government measures in view of safeguarding the competitive position of the textiles and clothing industry in the Netherlands are designed to improve planning and efficiency of production, to strengthen the structure of assets, to improve profitability and to upgrade the production range through the adaptation and renewal of firms involved in the industry. Incentives for market research are also provided, together with certain facilities aimed at encouraging a common approach among enterprises towards exports.
At present sectoral aids are allocated to spinning, weaving and processing sectors, knitted and crocheted goods, ready-to-wear and cotton, rayon and linen industries, in the form of credits, investment premium schemes, subordinated loans and subsidies. The purpose of these aids includes strengthening the financial position of undertakings, restructuring the productive capacity by transfer of production installations and retraining of redundant personnel for other activities, improving information on sectors and markets, and promoting management and organization in the industry by software projects.

United Kingdom

Government measures of general support for modernization and rationalization relevant to the textiles and clothing industry are:

(i) Government regional financial assistance has supported eligible textiles and clothing firms. Projects will have to be more cost-effective, have to prove the absolute need for assistance, and will have to meet the efficiency test as being most likely to strengthen the regional and national economy, and promote more productive and secure jobs.

(ii) The Temporary Employment Subsidy was replaced in 1979 by a general Temporary Short-time Working Compensation Scheme. Not confined to textiles and clothing, this scheme, under certain circumstances, provides employers who introduce short-time working as an alternative to redundancy with compensation for the payments they make to the workers concerned.

(iii) The Selective Investment Facility first introduced in 1976, provides revenue grants to projects which lead to identifiable improvements in performance. Since June 1979 stricter criteria are used for eligibility.

The following sectoral assistance schemes have been directed to wool textiles and clothing:

(i) Wool textiles - In order to achieve restructuring and rationalization without overall increase in capacity the first wool textile scheme was introduced in July 1973. Assistance under this scheme covered re-equipment, re-building, rationalization and amalgamation. It also provided redundancy payments for closures. A second scheme designed for further rationalization was introduced in November 1976. This took the form of loans at concessionary rates of interest, interest relief grants on national loans and grants to partially finance new machinery and building and partially to meet the consultancy fees of firms with less than 500 employees seeking improved productivity and efficiency.
(ii) Clothing - The Clothing Industry Scheme introduced in October 1975, was designed to encourage greater efficiency without an overall increase in capacity. Support was available for consultancy fees, for investment projects and for restructuring or reorganization.

A Clothing Industry Productivity Resources Agency has been established with Government assistance to help improve the industry's productivity.

In addition, Government finance is available to support cost-shared research and development projects in the industry and with research associations/institutes. For further details see United Kingdom submission in Section III.

Finland

A special governmental committee, with the task of examining problems in the Finnish textile and clothing industries, which had experienced severe difficulties in the early 1970s, gave its report in 1978. Most of its proposals were aimed at assisting adjustment by product development and other measures. Its recommendations are yet to be implemented and for the time being there is no specific comprehensive State programme of adjustment assistance for the sector.

The textiles sector benefits from general government programmes. These include support for research and development, and regional development finance programmes, through loans and interest rate subsidies, for industries in the northern and eastern regions of Finland. These programmes take into account the prospective international competitiveness of firms applying for assistance.

Finland does not follow traditional research and development activities in textiles and clothing industry. The technology developed in other industrialized countries is adopted at a relatively low cost. However, importance is given to development of materials, upgrading of products and product design. The share of the governmental support to research and development in the textiles sector has been about 1 per cent of the total amount granted to research and development in the industrial sector in general over the 1970's.

Investment assistance, starting assistance and training assistance are granted to textiles activity in the developing areas. In these areas, the demand for credit of the industries is also met by a specialized credit institution called the Regional Development Fund. Textiles and clothing sector has shared one tenth of the totality of funds allocated to industry under such terms of aid in the second half of the 1970's.

No specific measures have been taken to move firms from the textiles sector into other areas of the economy.
Hungary

Relevant information in Part B:1.

Japan

The Government has been assisting small and medium-sized enterprises to secure the necessary funds for the implementation of the structural reorganization programmes approved by the Ministry of International Trade and Industry in accordance with the Law for Temporary Measures Concerning Structural Reorganization of the Textile Industry enacted in July 1974, and in force until May 1984.

In accordance with this law, the Government has been taking action to strengthen the information-intensive capacity of the industry and to accelerate its structural reorganization. Such measures are implemented to assist the industry in its efforts for the development of new manufacturing techniques of producing textile goods oriented to changing consumer tastes.

In order to emphasize the leading role of the apparel industry in connexion with the strengthening of the information-intensive capacity of the textile industry in general, the Government has been taking measures to promote the education of the personnel employed in the apparel industry.

In addition, the Government has taken special monetary and tax measures to support the business conversion programmes of the enterprises in the textiles industry. These programmes are approved by the Ministry of International Trade and Industry in accordance with the Act on Provisional Measures for Business Conversion of Small- and Medium-Sized Enterprises. Furthermore, Government-related financial agencies provide loans to support the surplus disposal programmes jointly undertaken by small- and medium-sized enterprises. Under this scheme, approximately 20 per cent of the total facilities have been disposed of in the total textile sector.

Sweden

Government measures to assist integration, concentration, rationalization and adjustment in the textile and clothing industries have been in operation since 1970/71. One principal aim of such measures is to encourage companies to concentrate production in areas where they have possibilities of being competitive. They are not intended as a means of preserving companies which cannot compete without governmental support in the form of trade policy or other measures.

The government measures taken include: conversion support aimed at stimulating expanding enterprises to investigate all possibilities of amalgamation with less viable firms, co-operation between enterprises and structural adjustments within the enterprises; management education and
development programmes; and export promotion programmes covering a part of costs for market analyses, market planning, product adjustment, and such collective activities as fashion displays. For fiscal year 1979/80 SKr 44 million have been set aside for such programmes; the programmes are to continue until the end of fiscal year 1981/82.

The government gives credit support measures in the form of depreciation loans. The aims of these credit support facilities include the maintenance of necessary supply capacity under agreements with the National Board of Economic Defence; and a special programme of rationalization within the ready-made clothing industry through the introduction of new production techniques and increased research and development. In granting such loans, special attention is given to the possibilities of long-term and stable access to markets for the products concerned. Up to the end of fiscal year 1978/79, SKr 35 million had been granted in the form of such loans.

In addition, in 1977/78, special credit guarantees, given on condition that concrete rationalization plans have been established and aimed at stimulating structural changes, were established for the textile and clothing industries. The scope of such guarantees is SKr 72.5 million.

The textile sector has also been able to benefit from general financial assistance given by the National Investment Bank, the Board of Technical Development, and from governmental credit guarantees for small- and medium-sized enterprises.

In 1977, a Special Council for the Textile and Clothing Industry was established to follow developments and study their consequences for the sector. A Special Board - a consultative body - was also established in 1978 to advise the Government on restructuring policy and programmes in the sector.

Sweden pursues an active general labour and regional policy designed to assist business in abandoning non-profitable sectors and in moving into more profitable sectors of the economy. No specific assessment has been made of the effects of this policy in the textiles and clothing sector. The Government is offering re-location support to companies from other sectors which are willing to establish themselves in areas affected by the decline in employment in the textile and clothing industries.

Switzerland

There is no specific government policy for structural adjustment as such in the textile and clothing industry. Nevertheless, in recent years, some temporary measures have been taken with a view to alleviating the effects of successive revaluations of the Swiss franc on exports of this sector. Under a convention concluded in 1975 with the National Bank, Swiss
banks discount bills of exchange at favourable rates for textile industries as a measure of export financing. The price advantage given by this measure, which has been progressively reduced, is now of the order of 1 per cent. The convention is due to expire on 31 October 1980. In this same context, measures adopted in October 1978, established a credit of about Sw F 3 million to support collective publicity by the Swiss textile and clothing industries abroad until the end of 1981.

United States

(a) United States Government and other measures for adjustments in the textile and apparel industries

Trade adjustment assistance for firms and workers was established by the Trade Act of 1974 to provide adjustment assistance for firms that have had adverse effects on their business because of increased imports and to help workers who become totally or partially unemployed as a result of increased imports. The objective of the Act is to facilitate the orderly transfer of resources to alternative uses and help in making an adjustment to new conditions of competition.

Certifications of eligibility for adjustment assistance to industrial firms and workers are issued, respectively, by the Secretary of Commerce and the Secretary of Labour. A firm will receive technical assistance and/or financial assistance in the form of direct loans or loan guarantees. Workers will receive weekly payments and will be assigned to regain satisfactory employment.

(b) Co-operative measures by the United States Government and various elements of the United States apparel industry

During the past two years, the Commerce Department's Economic Development Administration and the United States Department of Labour have made a number of grants to industry associations and educational institutions with the purposes of, inter alia, improving productivity, fostering technological innovations, maintaining stable employment and identifying new management practices, business methods and marketing strategies in the apparel industry.

(2) Government measures

(b) An assessment of their effects

Austria

See (2)(a): no information available.

Canada

No information available.
The effects can be seen in detail in (2)(a) above and it should be noted that it is not easy to draw a clear borderline between the effects of government measures and the impact of autonomous adjustment processes. The results achieved are attributable to the continuing investment effort made by undertakings, which was focused on modernization and has excluded any expansion of capacity.

Finland

A quantitative evaluation of the effects of programmes mentioned above has not been found possible.
Japan

Under the joint disposal programmes for surplus facilities, the total size of the textile sector has been reduced by about 20 per cent.

Sweden

No information available.

Switzerland

No information available.

United States

The precise effects in quantitative terms of these various adjustment measures have not been calculated. In general qualitative terms, however, the measures are judged to be helping firms in the apparel industry to better assess their current competitive status and future potential in terms of both the United States domestic market and various export markets.

(c) Information on measures to deal with problems arising from closures, unemployment, etc.

Austria

No specific information given (but see Part C:(2)(a)).

Canada

The Adjustment Assistance Benefits Programme was established in 1971 to assist workers whose jobs are lost due to import competition or re-structuring. Expenditures under this programme average almost $1 million annually, having a total of $8,285,378 as of 31 August 1979, for 770 workers, of whom 464 are presently receiving benefits.

EEC and member States

Programmes for retraining the unemployed are being jointly financed by the European Social Fund and national governments. Efforts have also been made to create alternative sources of employment, particularly in regions most hit. These have been financed by the European Regional Fund, and in some instances by national governments. For additional details see Section III.
Finland

During the economic recession in the mid-1970s, when unemployment reached a record level in Finland and when several closures took place in the textiles and clothing industry, the Government of Finland decided to buy certain firms threatened by closures. This decision was taken in order to smoothen the adjustment process and let it happen in socially acceptable conditions. As a result of these purchases a State-owned firm Valvilla Ltd. was established. Today there is a programme for the gradual phasing out of the unprofitable entities and lines of production of this firm.

A programme for the retraining of unemployed workers is also operated for industries generally, covering thus also the textiles and clothing sector.

Japan

No information available.

Sweden

Government measures taken in this context include grants for the retraining of employees threatened with layoff, as well as temporary employment grants to companies employing persons above the age of fifty within the textile and clothing industry.

Switzerland

No information available.

United States

Trade adjustment assistance under the Trade Act of 1974 may be made available to any firm, group of workers or their authorized representative, which is certified as eligible for benefits by the Secretary of Commerce (for firms) or the Secretary of Labour (for workers). Criteria for eligibility relate to threat of or actual unemployment to a significant number or proportion of workers in a firm or sub-division; absolute decline in sales, or production, or both, of a firm or sub-division; and to the fact that increases in imports of competing articles contributed importantly to such problems.

Loan guarantees to firms and technical assistance are made available through the Economic Development Administration, working through federal agencies or private firms, individuals and institutions.

Eligible workers may receive weekly payments which, together with any State Unemployment Assistance payments entitlements, equal 70 per cent of the previous weekly wage. The maximum allowance can, however, be no greater than the national average weekly wage in manufacturing. Workers may receive such allowances for up to fifty-two weeks, except for workers over sixty years of age who may receive the allowances for an additional twenty-six weeks.
Part D. INCREASING ACCESS TO THE MARKET

1. The relevant question is as follows:

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Information in regard to increased access to the market (e.g. liberalization of quantitative or other restrictions) by year, made possible by the impact of the above-mentioned autonomous adjustment processes as well as official adjustment measures and policies.

2. A summary of the replies is given below as follows:

Austria

Imports of textiles increased from S 10,297 million to S 17,263 million between 1973 and 1979. In the same period, imports of clothing grew from S 2,977 million to S 8,472 million. The foreign trade deficit in respect of textiles widened from S 723 million to S 2,267 million, and that for clothing from S 588 million to S 3,439 million.

Quantitative restraints previously maintained under the MFA against a number of countries have been terminated. No restrictions currently exist against Egypt and Pakistan, and a large number of articles imported from Korea have been freed from quantitative limitation.

Canada

GATT Article XIX global import quotas on acrylic yarn have been replaced by bilateral export restraint agreements under the MFA with major low-cost suppliers of clothing. Article XIX action on double-knit fabrics have also been lifted. These moves have resulted in an increase of access to the Canadian market for all de-restricted sources. In 1979 under 6 per cent of all imports of textiles were under restraint, as against 14.8 per cent in 1977.

These changes were made possible by the favourable conditions created by the adjustment processes mentioned in Part C above.

EEC

Between 1973 and 1979, imports of MFA products increased in volume by 105 per cent, whereas exports increased by only 21 per cent (the deficit in 1979 was equivalent to 579,000 tons). For the same period the penetration rate increased from 18.4 per cent to 38 per cent with peaks of nearly 70 per cent for specific products.
The data in terms of value confirm this trend:

- from EUA 3,900 million in 1973, imports increased to EUA 10,900 million in 1979 (+ 179 per cent);

- exports increased from EUA 5,000 million in 1973 to EUA 7,900 million in 1979 (+ 58 per cent);

- the trade balance moved from a surplus of EUA 1,100 million in 1973 to a deficit of EUA 3,000 million in 1979.

This progressive reduction of outlets together with appreciable import penetration has had a direct impact on production. Despite some recovery in 1979, the level of activity is still below what it was in 1973.

**Finland**

Textile and clothing imports are generally free from quantitative restrictions. Previous quantitative restrictions against Poland and Korea have been liberalized, the former in 1978 in the context of a free-trade area agreement between Finland and Poland, and the latter in 1980 when Finland and Korea concluded a bilateral agreement under the MFA.

Finland also grants GSP treatment to certain textile products imported from developing countries.

Developing countries have doubled their share of total textile and clothing imports in the 1970s, and even imports of products under restraint have increased considerably.

**Hungary**

Relevant information on Part A:2.

**Japan**

At present, Japan does not impose any restrictive measures on textile products covered by the Multi-Fibre Arrangement. Imports increased sharply in 1978 to a level of 71.3 per cent above the previous year in volume. The growth continued in 1979, with an increase of 23.7 per cent.

**Sweden**

Whereas production within the Swedish textile and clothing industry has decreased substantially over the 1970s, imports of such products increased from SKr 3.9 billion in 1973 to SKr 8.6 billion in 1979. Imports of clothing products accounted for almost 80 per cent of the total supply in the clothing sector.
With imports of clothing products from developing countries amounting to 33 per cent of the total clothing imports in quantitative terms, Sweden remains the main importer per capita of such products from developing countries in 1979.

Switzerland

Switzerland has not had recourse to import restrictions in order to protect its domestic market from the effects of substantial revaluation of the Swiss franc and the resulting improvement in the competitive position of the exporting countries. As a result, the share of imports in domestic consumption of textiles and clothing has increased appreciably in recent years.

United States

The United States Government has provided increased access to its market from developing countries by allowing apparel imports to increase substantially within the network of quotas negotiated with exporting countries and by reducing progressively the number of quotas in effect on the imports of textiles. In this latter respect only ten of the twenty-one bilateral agreements in force in 1980 set ceilings on non-apparel products, and these are substantially above the levels of trade. Nine other bilateral agreements provide consultation mechanisms in place of market problems relating to non-apparel categories, but only one has been invoked in the last two years.

Furthermore, the United States actions under the MFA have permitted the exporting countries to benefit from market growth of cotton, wool and man-made fibre apparel items. This is reflected by the compounded annual growth rates of 13.4 per cent and 3.7 per cent, respectively, for imports and domestic production of outerwear apparel items between the first year of the MFA and 1978. The ratio of imports to production of non-outerwear apparel has increased from 13.4 per cent in 1974 to 34.9 per cent in 1978. In value terms, imports of apparel products indicated a compounded annual growth rate of 19.1 per cent between 1974 and 1979, i.e. more than twice the quantity growth rate of apparel imports. The major portion of the value growth is attributable to exporting countries upgrading of apparel items, given the fact that the United States restraints have been assessed on a quantitative basis.