1. At the meeting of the Committee held on 22-27 October 1980, it was agreed that statements by individual delegations wishing their observations to be reproduced in full would be included in Annex II to the Committee's report (see COM.TEX/19, paragraph 3).

2. Accordingly, this supplement to Annex II contains the statement by the representative of Austria.

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1/ Annex I contains a statement made by Colombia on behalf of developing countries, see COM.TEX/19.
STATEMENT BY THE REPRESENTATIVE OF AUSTRIA

The other day and this morning we have heard a great variety of statements which sometimes showed considerable divergence of opinions expressed.

There was, however, one element common with all the statements made so far: no delegation was fully satisfied with the situation in the textile and clothing industries and with the MFA itself.

In the view of my delegation this fact does not give cause for drawing too pessimistic conclusions.

Since the coming into force of the first MFA the textiles and clothing industries were faced with difficult economic problems.

This was, however, not due simply to a bad functioning of the MFA but this must be seen in the broader context of the general development of the world economy as a whole over the past years taking into account the special nature of the textiles sector where general economic set-backs are felt earlier and stronger than may be the case in other sectors.

We do not have the problems in the textiles sector because of the MFA, but we have the MFA because of the problems prevailing in that area.

It is evident that under the difficult situation we are living now textiles exporters try to get greater shares for their products in the export markets whereas domestic industries in importing countries tend to ask for better protection against such imports.

As yesterday has been pointed out very rightly by one delegation under such circumstances it is up to all partners concerned to act in a spirit of understanding and co-operation in order to find appropriate solutions to the problems we are faced with.

In the view of my delegation despite all shortcomings, which we do not deny, the MFA and its Protocol of Extension have served also in the past as a basis in the search of solutions.

In this connexion I would like to comment on the view expressed earlier by some delegations as regards the reasonable departure clause.

Although my country so far has not invoked that clause I could not accept an interpretation that this clause should be open only to one major party.
One of the fundamental principles in GATT is that of the non-discriminatory application of its provisions and in my opinion this holds also true with respect to the MFA. We could not accept, that the application of some of its provisions should be reserved only to certain privileged countries.

Having said this I should like to turn now to the operation of the MFA as far as Austria is concerned.

Over the period from 1973 to 1979 the Austrian textiles and clothing industry stood under increasing import pressure. In 1973, 52.42 per cent of the Austrian market were supplied by the domestic textiles industry. On account of increasing import competition this share went down to 31.4 per cent in 1979. The share of the domestic clothing industry in the Austrian market in 1973 was 70.3 per cent which fell down in 1979 to 41.3 per cent.

Over the same period textiles imports have increased by 67 per cent while imports of clothing rose by more than 184 per cent. The deficit in the trade balance of textiles increased from S 723 million in 1973 to S 2.2 million in 1979. Even more marked was the increase in the clothing sector where the deficit rose from S 588 million to S 3.4 million in the same period.

At the end of 1973 some 63,000 persons were employed in the textiles industry. At the end of 1979 this figure decreased to some 46,000 persons, which was a decrease of 27 per cent. The decrease of persons employed in the clothing industry was over the same period 24 per cent.

A similar tendency exists also with respect to the number of factories. From 1973 to 1979 the number of factories in the Austrian textiles industry went down by 18.6 per cent and the number of factories of the clothing factories fell by 20 per cent.

Since at the same time there was a slight increase of nominal production one can draw the conclusion that there was some improvement of productivity.

Despite the heavy pressure upon the Austrian textiles and clothing industry I have just referred to Austria has continued to resort to the safeguard provisions of the MFA only sparingly and only for precise products causing or threatening to cause market disruption. So far Austria has concluded restraint agreements only with five exporting countries. Five other restraint agreements have been terminated and a number of products have been liberalized. Austria will also in the future, as far as circumstances will permit, stick to a selective approach as regards countries and products.
Before concluding I would like to comment also briefly upon the work concerning adjustment measures. I welcome the additional notifications submitted recently which rounds up the available informations. My delegation can support the proposal that the working party on adjustment measures should continue its activity and report to the next meeting of the Textiles Committee.