The following information has been received from Thailand on adjustment assistance measures.

1. **Government measures to assist adjustment in the textile industry**

   In 1971 development of the textile industry in Thailand reached a significant level with the production capacity of four million dozen pieces of garments and 600 million square yards of fabrics. Consequently, the Board of Investment decided to suspend the promotion of the textile industry temporarily. However, around the middle of 1972 the demand in the world market began to rise again. The rapid increase in the demand which remained predominant until 1973 enhanced the textile industry in Thailand to reach its peak in production as well as exportation. During that time all of the factories were operated at full capacity. There were also requests for the Government to reconsider its policy in regard to the expansion of the textile industry. Finally, the Board of Investment agreed to permit the industry to expand at the maximum target of 500 million square yards. It is estimated that in 1977 Thailand will have a total capacity of 1,200 million square yards. Out of this amount, there will be about 374 million square yards of surplus for export.

   Ever since the textile booming period of 1973, the Board of Investment has suspended all applications of textile investment in spinning, weaving and bleaching mills. Furthermore, the Ministry of Industry issued announcement since February of 1976 prohibiting either the establishment or expansion of all kinds of weaving mills - with the exceptions of silk, socks, net fabric and blanket.
Other Government measures to assist textile industry include:

(i) The Bank of Thailand has offered the provision of rediscount rate on raw materials imported or the L/C received from exportation. This measure has been used from time to time whenever serious financial difficulties are anticipated. It should be noted in this connexion that last year the rediscount rate was put in effect twice. The first period was from June to August, and the subsequent period was from September to December. At present such measure of provision is activated from January to July of this year.

(ii) The Department of Customs has reduced its duty rate of certain chemicals used in textile industry from 30 per cent to 10 per cent. The Department also allows the use of bank guarantee for the payment of import duty on raw materials which are manufactured for export.

(iii) In cases where the mills have received promotional privileges from the Board of Investment, they are entitled to be exempted from business tax, export duty as well as import duty on machineries imported provided that they will be used for the manufacturing of exported products.

B. Government measures to assist industrial adjustment generally

Textile industry will also benefit from other measures and assistance which the Government has launched for the whole industrial sector in general as follows:

(i) A system of tax refund for the manufacturing products exported.

(ii) Available supervisory training and consultant services provided by the Ministry of Industry.

C. Measures taken by the textile industries

The Thai spinners and weavers have also endeavoured to keep the level of supply at an appropriate level relative to the demand. Although this effort is not entirely successful, it should be noted, however that they have agreed to reduce their production capacity so that it will remain at a level of only 35 per cent of surplus for export.