REVISED SUMMARIES OF INFORMATION FROM PARTICIPATING COUNTRIES

This document contains revised and updated summaries of the information received from participating countries in the Arrangement, for the purposes of the Working Group on Adjustment Measures. It supersedes the earlier summaries presented in Part II of COM.TEX/16 and in COM.TEX/16/Rev.1.

In this document, country summaries are presented in alphabetical order as set out in the Table of Contents. Information on all aspects relating to each country is presented together on a country-by-country basis.

For the developed countries the information is presented under four headings, corresponding to the broad areas originally requested by the Working Group: I. Production, Employment, etc.; II. Developments in Trade; III. Adjustment Processes and Policies; IV. Market Access. For developing countries, the information is presented under two such broad headings: I. Status of the Industry; II. Government and other plans for the expansion or reorganization of the industry.

The information contained in these summaries is drawn from the following sources:

(a) The original submissions contained in COM.TEX/16 and Addenda¹;

(b) Supplementary information received from participating countries in the course of informal consultations between the secretariat and the delegations concerned, following the October meeting of the Textiles Committee, with a view to completing the information available on autonomous adjustment processes, government policies and measures, and plans for expansion or development of the industry;

(c) Additional information from countries which had not previously replied to the original questionnaires;

¹The original submissions made by participating countries are contained in COM.TEX/16 and Add.1 to 11, as listed in the Annex.
(d) Data on production and trade drawn, where relevant, from the documents prepared by the secretariat for the Survey of Demand, Production and Trade (COM.TEX/W/76, 77 and Rev.1, 78 and 84);

(e) Information on the evolution of restrictions under MFA I and MFA II, prepared by the secretariat in consultation with the delegations concerned, based on the documents prepared by the TSB for the Major Reviews of 1976 and 1980 (COM.TEX/SB/196 and 610). This information is contained in Section IV (Market Access), sub-section (a).

This document summarizes all the information made available to the secretariat on the subject. It is intended to provide a data base for the further analysis to be carried out by the Working Group, and for its report to the Textiles Committee.
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<td>United States</td>
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<td>Guatemala</td>
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<td>Uruguay</td>
<td>170</td>
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<tr>
<td>Hong Kong</td>
<td>90</td>
<td>Yugoslavia</td>
<td>171</td>
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</tbody>
</table>
ARGENTINA

I. Status of the industry

1. Production

   The production index of textiles and clothing (including footwear) increased from 100 in 1973 to 109 in 1975, and then declined regularly to 88 in 1978.\textsuperscript{1}

   Production of wool yarn has increased from 24,400 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.\textsuperscript{2}

2. Employment

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

3. Value added

   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.

4. International trade

   Exports of textiles and clothing fell from $54 million in 1973 to $14 million in 1975, and then increased to $122 million in 1978. The net trade of textiles and clothing followed more or less the same pattern. The share of clothing in the total exports of textiles and clothing rose from 7 per cent in 1973 to 26 per cent in 1978 (in value).

   From 1973 to 1978, the share of exports of textiles going to the developed area rose from 59 to 66 per cent, the share exported to the developing area falling from 38 per cent to 29 per cent. During the same period the share of clothing exports going to the developed area fell from 86 per cent to 19 per cent, the share exported to the developing area rising from 14 per cent to 81 per cent.

\textsuperscript{1/} COM.TEX/76, Table 1.
\textsuperscript{2/} COM.TEX/16/Rev.1.
The most rapidly growing exports were cotton yarn, clothing, household linens and other furnishing articles, wool fabrics, cotton fabrics while the exports of man-made fibre yarns, man-made fibre fabrics and knitted or crocheted clothes decreased.

II. Government and other plans for the expansion and/or re-organization of the industry

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.

1COM.TEX/W/76, Tables 18 to 30.
2COM.TEX/16/Rev.1.
I. Production, employment, etc.

Production

Production indices in the textiles sector fell from 100 in 1973 to 89 in 1979. This decline had been steady except for a marginal rise in 1977. In the clothing sector production indices rose from 100 in 1973 to 103 in 1979, after a decline between 1975 and 1978.\(^1\)

Production of yarns and fabrics moved in the same direction as indices for the textiles sector. In the clothing sector production of certain products (stockings, socks, pantyhose, shirts, dresses, trousers, jackets and overcoats) declined slightly, while other products (undergarments, blouses, jerseys, pullovers, skirts, coats for women, suits) remained steady or increased moderately.\(^2\)

Employment

Employment in the textiles sector declined by 26.8 per cent from 63,701 in 1973 to 46,626 in 1979. In the clothing sector employment declined by 13.9 per cent from 38,774 in 1973 to 33,370 in 1979.

Value added

Value added at current prices increased in both textiles (5 per cent) and clothing (20 per cent) sectors between 1973 and 1978, though there was a small decline in 1975-1976.\(^3\)

II. Developments in trade

The domestic share of supply to the market for textiles declined from 52 to 31 per cent between 1973 and 1979, that for clothing from 70 to 41 per cent in the same period.\(^4\)

As the table below indicates, the bulk of trade in both textiles and clothing consists of exchanges with developed countries which accounted for 85 per cent of imports in 1979. For textiles, the share of developing member countries increased from 3 per cent in 1973 to 5 per cent in 1979.

\(^1\)COM.TEX/W/84, Table 5
\(^2\)COM.TEX/W/77/Add.1, Table 5A
\(^3\)COM.TEX/W/77/Add.1, Table SD
\(^4\)COM.TEX/16
For clothing, however, this share, after having risen from 12 per cent in 1973 to 17 per cent in 1976, fell back to 12 per cent in 1979. On the export side, developed countries are also Austria's main partners; in clothing they account for more than 90 per cent of the total.\(^1\)

**AUSTRIA**

**AREA DISTRIBUTION OF TRADE, 1973-1979**

<table>
<thead>
<tr>
<th>Year</th>
<th>TEXTILES (million dollars)</th>
<th>CLOTHING (percentage shares)</th>
<th>TEXTILES (percentage shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>470</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1976</td>
<td>614</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1977</td>
<td>698</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1978</td>
<td>799 (88%)</td>
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<td></td>
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<tr>
<td>1979</td>
<td>998 (83%)</td>
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<tr>
<td></td>
<td>178 (80%)</td>
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<tr>
<td></td>
<td>371 (80%)</td>
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<td></td>
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<tr>
<td></td>
<td>484 (80%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>570 (80%)</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>732 (80%)</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>(million dollars)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IMPORTS Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developed area</td>
<td></td>
<td></td>
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<tr>
<td>Developed area members</td>
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<tr>
<td>Non-members</td>
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<td>Eastern trading area</td>
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<tr>
<td>EXPORTS Total</td>
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<td></td>
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<tr>
<td>Developed area</td>
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<td>Developed area members</td>
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<tr>
<td>Non-members</td>
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<td></td>
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<tr>
<td>Eastern trading area</td>
<td></td>
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<td></td>
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</tbody>
</table>

\(^1\) COM.TEX/W/84
Trends in imports of selected textile and clothing products (COM.TEX/W/78, Tables 5.1 to 5.36) show that the share of Austrian imports of cotton yarn from developing MFA members grew considerably between 1973 and 1979, from 9 per cent to 34 per cent of total imports, while developed countries remained the predominant sources of man-made fibre yarns (97 per cent in 1979). By contrast, the share of developing countries (including MFA members) fell from 19.2 to 17.7 per cent for cotton fabrics and, with the exception of increases in 1976 and 1978, tended to stagnate in man-made fabrics. Imports of woven outer garments from developing countries, after reaching 35 per cent of the total in 1976, fell back to 25 per cent in 1979; those of knitted outer garments fell from 24 to 19 per cent of the total between 1976 and 1979. While developing countries still accounted for the predominant share (73 per cent) of imports of woven undergarments in 1979, this share had also declined over time; similarly, imports from developing countries of knitted undergarments fell from 52 per cent of the total in 1973 to 35 per cent in 1976.

These data again show the strength of major European suppliers, particularly the EEC, on the Austrian market. In all main product groups, the Community was in 1979 the principal source of imports. Switzerland was the second largest supplier of cotton and man-made fibre yarns and fabrics to the Austrian industry; while Eastern trading area MFA members were important suppliers of fabrics, linens and furnishings.

The principal developing country member sources of main textile products included Brazil, Egypt, Argentina and Peru for cotton yarns; Korea, Thailand and Brazil for cotton fabrics; and in clothing Hong Kong, Korea, Singapore, Romania, Malaysia, Macao, Argentina, India and Yugoslavia.1/

III. Adjustment processes and policies

AUTONOMOUS ADJUSTMENT PROCESSES

1. Identification of autonomous adjustment processes

The decline in employment noted above, a decline from 710 to 578 in the number of factories in the textile sector and from 617 to 534 factories in the clothing industry between 1973 and 1979, and reductions in the shares of domestic output in home consumption from 52.4 per cent to 40.1 per cent in textiles, and from 70.3 per cent to 41.3 per cent in clothing, illustrate the autonomous adjustment which has taken place in the Austrian textile and clothing industries.2/

1/ COM.TEX/W/78
2/ COM.TEX/16 and informal replies
The process is further illustrated by the data for investment supplied to GATT:

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>840</td>
<td>1,237</td>
<td>1,093</td>
<td>1,142</td>
<td>1,297²/</td>
</tr>
<tr>
<td>Clothing</td>
<td>417</td>
<td>336</td>
<td>404</td>
<td>309</td>
<td>262²/</td>
</tr>
</tbody>
</table>

Within the framework of the industry, two research bodies, neither of which are State-supported, provide research and developmental activities for the textiles and clothing sector:

(a) Austrian Textile Research Institute: its activities include pure research and the entire area of technical testing, as well as counselling.

(b) Association for the Promotion of Research and Development in the Textile Industries: its activities include research and development in scientific, technical and economic fields of the textile and allied industries, as well as inter alia the editing of publications concerned with the promotion and development of these industries.³/

2. Attribution to changes in the international patterns of trade and comparative advantage

The decline in total investments made between 1976 and 1978 is attributable to the deteriorating earnings performance of the Austrian textile and clothing industries as a result of the high level of low-priced imports of textiles from various sources.³/

Within the framework of the adjustment measures taken by the textile and clothing industries themselves, efforts have been made to move into more viable lines of production, for example by curtailing production of products which are imported at low prices in increasing quantities, and by shifting the emphasis to products hitherto playing a less important role in the firms' overall production, but for which a ready consumer market still existed, or by including new products in the production programme.

¹/ At current prices
²/ Preliminary figures
³/ COM.TEX/W/65
Experience has shown, however, that in many cases where manufacturers had shifted production to products selling readily at the time the change-over was made, market conditions soon deteriorated because of substantial increases in low-priced imports of such products.\(^1\)

**GOVERNMENT MEASURES AND POLICIES**

**Scope, technical description and purpose of measures**

The textiles and clothing industries are entitled to the same benefits which the Austrian Government makes available to industry as a whole.\(^2\)

These measures include, inter alia, accelerated depreciation allowances, investment reserves, tax benefits, support of investment for development and re-equipment, support for small industries, active labour policies, and financing facilities.\(^2\)

In addition, as measures specifically directed towards the textile/clothing sector, special assistance has been provided to clothing firms in rural frontier areas, and grants have been extended to firms which are making efforts to move to production of high fashion and special quality products.\(^2\)

The purposes of the measures include, inter alia:

- Improvement of the viability of current lines of production through rationalization and improvement of productivity.
- Movement to more viable lines of production through moving out of products which are imported in substantial quantities from low-priced sources into products for which a ready consumer market still exists, including the development of new products, and the development of high quality and fashion production.\(^2\)

It should be noted that considerable difficulties have been faced by firms attempting to move out of the textile sector into other sectors of the economy and in many cases it has not been practicable to do so. Reasons for these difficulties include the cost of scrapping and re-equipment as well as the problems involved in retraining the largely less-skilled female workers who form the majority of the labour force. This problem has arisen particularly in the rural frontier areas. This is among the reasons why

\(^1\) COM.TEX/W/65
\(^2\) COM.TEX/16
the Government has promoted the development of high-quality and high-fashion products. Grants given by the Government to assist restructuring efforts of this kind are linked to an undertaking by the factories concerned to scrap outdated machinery.\(^1\)

Austria's policy takes particular account of the fact that a neutral country like Austria cannot abandon its textiles and clothing industry, for reasons of security of supply.\(^2\)

Amount and distribution of expenditure among these measures

No information available.

Description and purpose of any industry-specific comprehensive plans

See above for details of measures for the textile and clothing industries.

Effects of government measures

The measures are taken to assist the autonomous adjustment through the facilitation of new investment, the development, rationalization and improvement of the economy and the mobility of labour. No quantitative assessment of their effects is available.

IV. Market access

(a) Evolution of restrictions since the coming into force of MFA\(^3\)

Agreements concluded under MFA I and MFA II

MFA I

Under Article 2:1 Austria notified the maintenance of quotas under bilateral agreements with respect to imports from Czechoslovakia, Hungary, Poland and Romania; licensing under global quotas on imports from the Philippines and Thailand, and bilateral agreements with Egypt, India, Japan and Korea.

During MFA I Austria liberalized its restrictions on textile imports from Czechoslovakia, Hungary, the Philippines, Poland, Romania and Thailand. It concluded bilateral agreements with Egypt, Hong Kong, India, Japan, Korea, Macao, Pakistan and Singapore.

MFA II

During MFA II Austria terminated its agreements with Egypt and Pakistan, did not renew its agreements with Japan and Singapore, and concluded bilateral agreements with Brazil, Hong Kong, India, Korea and Macao.

\(^1\) COM.TEX/W/65
\(^2\) COM.TEX/16
\(^3\) Prepared by the secretariat in consultation with the delegations concerned on the basis of COM.TEX/SB/196 and 610.
Structure of bilateral agreements

Agreements concluded by Austria during MFA I were selective in nature, sometimes having several agreements valid for the same period, and with different product coverage with its exporting partner. Some agreements had just one product under restraint, others with one overall quota for several textile items. Base levels were considerably higher than past trade/restraint levels. Growth, where applicable, varied between 5 and 7 per cent (in one case 13 per cent), swing, where applicable, was 7 per cent and carryover and carry forward varied between 10 per cent/5 per cent and 12 per cent/6 per cent.

During MFA II, Austria moved in the direction of concluding a single bilateral agreement valid for the same period with each of its exporting partner. The agreements continued to be selective in nature, and in some cases accompanied by the liberalization of certain products previously under restraint.

Some agreements had only one product under restraint, or one global quota for products under restraint; others had specific restraints applicable to different products. Base levels were higher than past restraint/trade levels. Growth, where applicable, was between 0.5 and 6 per cent, swing, where applicable, between 5 and 6 per cent (in one case limited to 3 per cent and in one agreement, no swing), carryover and carry forward was between 10 per cent/5 per cent and 11 per cent/6 per cent. In some agreements certain products were subject to agreed surveillance.

Types of products under specific restraint during MFA I and MFA II

Product coverage in agreements during MFA I included cotton products (yarns, fabrics, some garments and made-ups), and some products of synthetic fibres (shirts, blouses, socks). Agreements concluded during MFA II had fewer cotton products restraint. Restricted products included mostly garments and made-ups of cotton or man-made fibres. In one case (Korea) several items under restraint during the first half of MFA II, were subsequently liberalized.

(b) Country submission

As the steady increase in sales by foreign firms demonstrates, the Austrian import régime for textiles is extremely liberal. Imports have increased as follows: In 1973, textiles of a value of S 10,297 Mio. have been imported; this figure increased continuously since then and reached in 1979 a value of S 17,268 Mio. showing thereby an increase of 67.7 per cent. During the same period, imports of clothing increased from S 2,977 Mio. to S 8,472 Mio. or by 184.6 per cent over a period of six years.

1/ COM.TEX/16, pp. 54-55
Foreign trade in textiles and clothing shows a considerable import surplus which widened significantly during the last years. The deficit in foreign trade in textiles trade increased from S 723 Mio. in 1973 to S 2,267 Mio. in 1979. Even more marked is the increase of the import surplus for the clothing sector. The trade deficit increased from S 588 Mio. in 1973 to S 3,439 Mio. in 1979. These figures demonstrate that access to the Austrian market has been continuously facilitated for foreign suppliers.

The liberal character of the Austrian trade policy in this sector is best demonstrated by the fact that a number of quantitative restraints which were previously maintained in accordance with the MFA have been terminated over the last years. With respect to textiles, by 1 January 1978, all quantitative restraints vis-à-vis Egypt and Pakistan have been abolished. Furthermore, by 31 July 1979, the quantitative restraints on the following items have been abolished vis-à-vis the Republic of Korea: terry towelling and similar terry fabrics; other woven fabrics; gloves, mittens and mitts, knitted or crocheted, not elastic nor rubberized; stockings, under stockings, socks, ankle socks, sockettes and the like, knitted or crocheted, not elastic nor rubberized; undergarments, knitted or crocheted, not elastic nor rubberized; outergarments and other articles, knitted or crocheted, not elastic nor rubberized; men's and boys' woven outergarments; women's girls' and infants' woven undergarments, bed linen, table linen, toilet linen and kitchen linen; curtains and other furnishing articles.
I. Status of the industry

The Textile Industry in Bangladesh is under both public and private sectors. For management of Public Sector activities, a Corporation, namely Bangladesh Textile Mills Corporation (BTMC) has been created in March 1972. BTMC started formal functioning from 1 July 1972. The information below relates only to the BTMC.

Number of machinery

The present number of installed spindles and looms are 1,055 millions and 7,592 respectively.

Production

BTMC's production of yarn increased from 88.00 million lbs. of yarn (average count 32 single) in 1972/73 to 112.90 million lbs. of yarn (average count 32 single) in 1979/80 and that of cloth from 58.50 million yds. (54 picks av.) to 92.40 million yds. Cloths produced are of different varieties of which important varieties are markin, poplin, sharee, dhuti, shirting, etc.

Investment

During the eight years of its existence from July 1972 to June 1980, BTMC has invested an amount of total Tk 1376.00 million including foreign exchange component of Tk 545.60 million.

II. Government and other plans for the expansion and/or re-organization of the textile and clothing industry, and the development of particular sectors

Out of fifty-six running mills, machinery of about fifty mills have become very old, some of them being completely dilapidated and obsolete. These mills have therefore been taken up for a programme of Building Modernization and Rationalization (BMR). The BMR of the old mills will be implemented gradually phase by phase. The BMR programme when fully implemented will raise the production by about 38.30 million lbs. of yarn and 55.20 million yds. of cloth per year. The programme will require capital investment of about Tk 727.40 million in foreign exchange.

\(^1\)For original submission, see COM.TEX/16/Add.11.
The country wants to achieve self-sufficiency in cloth at the shortest possible time. With this end in view, the Second Five Year Plan (SFYP) for textiles which is now in draft form, has been formulated. The plan envisages to provide at least 12 yds. of cloth per capita at the end of 1984-85 to its estimated population of 100 million by that year. During the SFYP, BTMC aims in undertaking the Building Modernization and Rationalization of its old mills and install 0.425 million new spindles, besides completing the carry-over projects.

At the end of the terminal year total spindles will be 1.671 million. The estimated capital outlay of BTMC for the Second Five Year Plan is Tk 3943.00 million including foreign exchange component of Tk 2143.70 million. The plan sets for BTMC production target of 284.00 million lbs. of yarn and 163.80 million yds. of cloth by 1984-85, the terminal year of SFYP.

Raw materials

The Government of Bangladesh has already formed a Board, namely, Cotton Development Board for implementation of a programme for cotton cultivation.

In order to produce non-cotton fibre in the country one viscose staple fibre plant of 7,000 tons per year and a polyester plant of 12,000 tons per year is under consideration. If these plants materialize, it will reduce the dependence on imports to a considerable extent.

General policies

General policy of the Government is towards a more equitable distribution of the gains of economic growth. Textile industry is directed towards integration of the existing units and spread of location of new units to less-developed areas of the country.

Government objectives are to make quality cloth available at reasonable prices to the mass; to give priority to employment-oriented growth through decentralized handloom sector and to reduce the dependence on imported raw cotton by utilizing non-cotton fibre, such as, viscose and polyester staples.

BTMC, though a public sector organization, has been working as a supplement to private sector weaving industry so as to achieve harmonious growth of both public and private sectors in textiles in conformity with the policy of the Government.
I. Status of the industry

1. Production

The Brazilian textile industry is the fourth largest in the world in production terms, after those of India, Japan and the United States.

Total production of textile fibres in Brazil in 1978 was 864,000 tons. Industrial consumption of textile fibres in the same year was 878,000 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.\(^1\)

The production index of textiles rose from 100 in 1975 to 123 in 1979 almost regularly, excepting a short fall of growth in 1977. The production index of clothing (including footwear) rose from 100 in 1975 to 116 in 1979, after a decline between 1976 and 1977.\(^2\)

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.

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

\(^1\) COM.TEX/16/Rev.1
\(^2\) COM.TEX/W/76, Table 1
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 1973-74.1/

2. **Employment**

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 1975.1/

3. **Investment**

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 1973/74.1/

4. **International trade**

Brazilian textile exports are expected to be approximately $1 billion in 1980. The present rhythm of development in this sector is expected to continue.

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.\footnote{1}

In general terms, the Brazilian textile industry is mainly oriented towards the domestic market. Exports are, however, taking an increasing part of overall output. The outlook for the industry is generally reassuring.\footnote{1}

In the period 1973-1979, Brazilian exports of textiles and clothing increased in value from $297 million to $675 million, or by 127 per cent.\footnote{2}

In quantity terms, the most rapid increases were exports of household linens and other furnishing articles (90 per cent), cotton yarn (89 per cent), and man-made fibre fabrics (78 per cent), while wool yarn exports decreased by 78 per cent, wool fabrics exports by 64 per cent, knitted fabrics exports by 44 per cent, and clothing other than knitted exports by 42 per cent.\footnote{3}

During the same period, imports of textiles and clothing decreased slightly in value terms (from $77 million to $75 million), and considerably in terms of quantities, except for wool and man-made fibre fabrics for which imports increased.\footnote{3}

In value terms, net exports of textiles rose from $150 million in 1973 to $520 million in 1979, net exports to developed areas having risen from $90 million to $310 million. The share of exports of textiles going to developed areas declined from 69 per cent in 1973 to 61 per cent in 1979.\footnote{4}

II. Government and other plans for the expansion and/or reorganization of the industry and the development of particular sectors

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 MTN's 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.

\footnote{1}{COM.TEX/16/Rev.1} \footnote{2}{COM.TEX/W/78, page 51} \footnote{3}{COM.TEX/W/76, Tables 21 to 30} \footnote{4}{COM.TEX/W/84, page 31}
I. Production, employment, etc.

Production


The overall indices for the textiles sector do not reflect the variations in the production of different products. While shipments of wool and man-made fabric yarn rose again after a decline, those of cotton yarn fell between 1973 and 1975 and thereafter stagnated; shipments of woven fabrics of wool rose sharply in 1978, after a three-year unchanged period, while those of woven fabric of man-made fibres rose steadily between 1973 and 1978. In the clothing sector shipments of different products generally increased over the period 1973-79, though there was a decline in certain cases (coats, dresses, suits and costumes for women, girls and infants, and men's and boys' jackets).

Employment

Employment in the textiles sector declined from 77,200 in 1971 to 72,700 in 1977, while in the clothing sector it declined from 118,500 to 111,500 over the same period.

Investment

Investments in the textiles and clothing sector were as below:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>135</td>
<td>184</td>
<td>169</td>
<td>112</td>
<td>82</td>
</tr>
<tr>
<td>Plant</td>
<td>29</td>
<td>39</td>
<td>35</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>106</td>
<td>145</td>
<td>134</td>
<td>96</td>
<td>66</td>
</tr>
<tr>
<td>Clothing:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>24</td>
<td>16</td>
<td>17</td>
<td>24</td>
</tr>
<tr>
<td>Plant</td>
<td>10</td>
<td>9</td>
<td>5</td>
<td>3</td>
<td>9</td>
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<tr>
<td>Machinery and equipment</td>
<td>15</td>
<td>15</td>
<td>11</td>
<td>14</td>
<td>15</td>
</tr>
</tbody>
</table>

1/ COM.TEX/W/84 - Table 5
2/ COM.TEX/W/77/Add.1 - Table 4A.
Value added


II. Developments in trade

Canada's trade deficit in textiles increased from US$623 million to US$1.1 billion between 1973 and 1979. Imports into Canada increased by 73 per cent in value terms. The share of developed countries in textile imports was over 80 per cent during this period; developing countries' share rose slightly. The negative trade balance in clothing rose from US$223 million to US$612 million in the same period. Developing countries' share of imports rose from around 50 to around 60 per cent.

### CANADA

#### Area Distribution of Trade, 1973-1979

<table>
<thead>
<tr>
<th></th>
<th>TEXTILES</th>
<th></th>
<th></th>
<th></th>
<th>CLOTHING</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPORTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>771</td>
<td>1,018</td>
<td>987</td>
<td>1,048</td>
<td>1,322</td>
<td>313</td>
<td>668</td>
<td>569</td>
</tr>
<tr>
<td>Developed area</td>
<td>84</td>
<td>83</td>
<td>84</td>
<td>82</td>
<td>82</td>
<td>44</td>
<td>31</td>
<td>34</td>
</tr>
<tr>
<td>Developing area</td>
<td>11</td>
<td>12</td>
<td>12</td>
<td>13</td>
<td>12</td>
<td>50</td>
<td>62</td>
<td>59</td>
</tr>
<tr>
<td>Members</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>9</td>
<td>33</td>
<td>46</td>
<td>42</td>
</tr>
<tr>
<td>Non-members</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>16</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Eastern-trading area</td>
<td>5</td>
<td>5</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>7</td>
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<tr>
<td>EXPORTS</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>148</td>
<td>139</td>
<td>142</td>
<td>152</td>
<td>208</td>
<td>90</td>
<td>58</td>
<td>56</td>
</tr>
<tr>
<td>Developed area</td>
<td>82</td>
<td>79</td>
<td>78</td>
<td>78</td>
<td>79</td>
<td>95</td>
<td>89</td>
<td>90</td>
</tr>
<tr>
<td>Developing area</td>
<td>17</td>
<td>21</td>
<td>22</td>
<td>21</td>
<td>20</td>
<td>5</td>
<td>11</td>
<td>9</td>
</tr>
<tr>
<td>Members</td>
<td>9</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>8</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Non-members</td>
<td>8</td>
<td>11</td>
<td>12</td>
<td>11</td>
<td>11</td>
<td>4</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Eastern-trading area</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: COM.TEX/W/76, Tables 15 and 16.
Data on imports of selected textile and clothing products show that developing countries, particularly Egypt, Brazil, Colombia and Peru, took an increasing share of a growing import market for cotton yarn between 1973 and 1979. By contrast, the tonnage of cotton fabrics imported declined during this period; and developing countries' share fell from 1976 onwards. In man-made fibre fabrics, there is some indication from 1978 data of growth in developing countries' share of trade, while developed countries have maintained a high share in imports of knitted fabrics, which fell between 1976 and 1979.1/

Data for clothing imports are only available up to 1977; these show that developing countries accounted for over 70 per cent of imports in undergarments and around 60 per cent in outergarments. Korea and Hong Kong were in both groups the largest suppliers.1/

III. Adjustment processes and policies

AUTONOMOUS ADJUSTMENT PROCESSES

1. Identification of autonomous adjustment processes

(a) A number of manufacturers substantially reduced or vacated low-end production lines such as yarns, fabrics and apparel of cotton.

(b) Trend towards more product rationalization by concentrating production on long-run items to improve productivity.

(c) Trend towards increasing industry rationalization in certain sectors of the industry, e.g. man-made woven fabrics and knitting, middle high priced apparel.

Small establishments less capable of making adjustment to less-priced imports went out of business. Out of eighty-five textile firms which went out of business between 1971-77, a large number were producers of low-end cotton fabric line. Over the same period small clothing firms, employing less than fifty declined by 316. There was a consolidation of larger clothing producers and their number declined slightly by eleven.

1/ COM.TEX/W/78, Part 2, tables 4.1 to 4.36.
Number of firms

Textiles: 998 - 1971
913 - 1977

Clothing: 1,590 - 1971
1,270 - 1977

913 - 1977

less than 50 employees

574 - 1971
561 - 1977

more than 50 employees

2. Attribution to changes in the international patterns of trade and comparative advantage

Since the first half of the 1970's there has been significant autonomous adjustment by industry in response to steady growth in import competition.

Government policies and measures

A. Scope of measures

Industry in general

(a) Enterprise Development Programme
(b) Industry Task Forces
(c) Labour Market Programmes
(d) Regional Development Incentives Programme

Textiles and clothing industries specifically

(a) National Textile Policy introduced in May 1970. Central feature of the Policy was the establishment of the Textile and Clothing Board, an independent body.

(b) Under the Textile Policy, the coverage of the Enterprise Development Programme was extended to textiles and clothing.

(c) Textile and Clothing Consultative Task Force (see E below).

(d) Adjustment Assistance Benefits Programme (for workers).

(e) Regional programmes for apparel industries.

(f) Fashion Design Assistance Programme.

B. Technical description of measures

Industry in general

See Textiles and Clothing Industries below.
Textiles and clothing industries specifically

The Textile and Clothing Board, an independent body is responsible to conduct enquiries regarding possible injury to companies or workers, and make recommendations consistent with international agreements, namely to link threat of injury to prospects of future viability of the firms concerned.

Enterprise Development Programme - Assistance is provided for approved restructuring plans through government insurance against risk of loss on loans; direct government loans and up to 50 per cent consultation fees, for firms requiring outside advice on restructuring proposals.

Regional Development and Federal Government incentive programmes - The Société de développement industriel de Québec, the Development Corporation of Ontario offer term loans, loans guarantees etc. Manitoba administers research and development assistance for new or improved products or processes. Federal and provincial research organizations such as the National Council, the Ontario Research Foundation, and the Quebec Centre for Industrial Research are equipped to help industries and individual firms with their R and D projects (see E below also).

Fashion Design Assistance Programme - Part of the 1970 textile policy and administered by Fashion Canada, financial assistance under the programme is provided to fashion designers and men's clothing designers. An image development project was initiated to promote sectors of the clothing industry.

The Apparel Design Professional Development Assistance Programme was established to encourage advanced study in design and related programmes. Programmes to maintain skills are provided in Quebec, Manitoba and Ontario.

A scholarship programme has been instituted to attract qualified people into the apparel industry.

C. Purposes of the measures

The Textile Policy which guides all government measures, has been to create conditions for the industry to

(a) foster development and efficiency;
(b) provide protection against serious threat of injury, only if firms have prospects of becoming viable;
(c) move to more viable lines of production, by concentrating on long-run items.
D. Amount and distribution of expenditure among these measures

Programme to assist textile workers: $8,288,378 over period 1971-79.
Annual expenditure to assist workers in clothing sector: about 1 million.
Share of clothing industry in total assistance provided under the Enterprise Development Programme: 28 per cent of total number of projects approved and 13 per cent of funds expended under the programme.

E. Description and purpose of any industry-specific comprehensive plans

The Textiles and Clothing Consultative Task Force has presented recommendations to Government on efficiency programmes, and fiscal, trade and competition policy.

A four-year incentive programme for clothing industries in Quebec was announced in May 1980, for industry to adopt new technology, improve competitiveness and move to more viable lines of production. A similar programme for Ontario has been introduced. The two provinces account for the majority of production and employment in textiles and clothing.

Programmes to improve domestic and world competitiveness are being developed in Quebec, Ontario and Manitoba. The programme in Manitoba is already operational.

F. Measures to deal with problems arising from closures, unemployment, etc.

In 1971 a programme was introduced to help workers who have lost jobs due to import competition or restructuring.

Labour market programmes, such as the Manpower Consultative Services, Canada Manpower Industrial Training Program, Canada Manpower Mobility Program, the Employment Tax Credit Program, are used to upgrade the skills of workers, increase geographic and occupational mobility, provide temporary income support, and in some cases generate direct employment.

G. Effects of government measures

1. Assessment of the effects

Due to the adjustment process, favourable conditions were created for Canada to replace GATT Article XIX global import quota by a series of bilateral agreements.

2. To what extent textiles and clothing industries had benefited from general as well as sectoral-related programmes?

Specific assistance has helped firms. Firms have been able to benefit from joint services, a number of which could not have been undertaken on an individual basis. Facilities have been established to meet specific needs of the industry.
IV. Market access

(a) Evolution of restrictions since the coming into force of MFA

Agreements concluded under MFA I and MFA II

MFA I. Under Article 2:1 Canada notified restraint quotas with respect to imports from a large number of supplying countries, and bilateral agreements with Hong Kong, Hungary, India, Japan, Korea, Malaysia, Poland, and Singapore. In addition it notified an agreement with the People's Republic of China and restrictions under GATT Article XIX with respect to shirts woven and knitted. During MFA I Canada eliminated its restraint quotas. It liberalized its agreements with Hungary, Malaysia and Romania, and concluded new agreements with Hong Kong (where all previous items under restraint were liberalized, whilst a new item was put under restraint), India, Japan, Korea (with two previously restrained items liberalized), Poland (one previously restrained item liberalized) and Singapore.

In 1976 Canada introduced global quotas under GATT Article XIX with respect to clothing items in addition to that notified under Article 2:1, double-knit fabrics and acrylic yarn. Most of these restrictions were terminated by end 1978 and the rest by June 1979.

Unilateral measures under Article 3:5 were taken in 1977 with respect to imports of two products from Hong Kong, one of which was covered by the Canadian Agreement with Hong Kong. These measures were terminated in March and July 1978.

MFA II. Canada did not sign the Protocol extending the Arrangement until 24 October 1978, and under MFA II notified agreements with Brazil, Hong Kong, India, Japan, Korea, Macao, Malaysia, Pakistan, the Philippines, Poland, Romania, Singapore, Sri Lanka and Thailand. The agreements were effective January 1979, though some restraints beginning 1978 were incorporated in the agreements. The agreements with India and Malaysia superseded unilateral measures taken under Article 3:5. In addition a unilateral measure under Article 3:6 was taken with regard to imports of one item from the Philippines, not covered by the bilateral agreement. Agreements with Bulgaria and the People's Republic of China were also notified. These bilateral agreements replaced Article XIX global quotas, with varying product coverage from agreement to agreement.

Structure of bilateral agreements

Agreements concluded during MFA I were either under Article 3 or Article 4, and very selective in product coverage. Some agreements were one-year agreements covering only one product, and a few others terminated.

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1/Prepared by the secretariat, in consultation with the delegations concerned, on the basis of COM.TEX/SB/196 and 610.
before 1977. In certain cases more than one agreement was concluded with
the same exporting country. Growth, where applicable, was 6 per cent, swing,
where applicable, 7 per cent, and carry-over and carry forward, where
applicable, 10 per cent/5 per cent. 1/

Agreements during MFA II continued to be selective, with differing
numbers of products under quotas. Base levels were negotiated upon
historical performance over a number of years. Growth varied between 1 and
15 per cent, swing between 1 and 10 per cent and carry-over and carry forward
between 1 per cent/ ½ per cent and 12 per cent/6 per cent. 2/

Product coverage of items under restraint

During 1974-77 products covered by agreements were fabrics (polyester
filament fabrics, filament rayon lining fabrics, worsted fabrics, double-knit
and warp-knit fabrics), filament cotton terry towels, bed-sheets and clothing
(trousers, structured suits and jackets). 3/

In the agreements concluded during MFA II product coverage included
those items which had been restricted under GATT Article XIX (i.e. acrylic
yarns, work gloves, winter outerwear garments, blouses and shirts, coats,
overcoats and raincoats, trousers, suits, dresses and skirts, nightwear,
swimwear), sweaters and pullovers, bed-sheets and terry towels. Most agree­
ments did not include all items; some included just one to three products. 4/

(b) Country submission

The bilateral export restraint agreements providing growth, swing,
carry-over and carry forward which replaced a GATT Article XIX global import
quota on acrylic yarn on 1 July 1978, and a GATT Article XIX global import
quota on clothing on 1 January 1979, resulted in increased access to the
Canadian market of imports from all unrestrained sources. On 9 October 1979
the Government also lifted a GATT Article XIX global import quota on double-
knit fabrics. This increased access to the Canadian market of imports is
best exemplified by the decreasing number of imports that are subject to
restraint. In 1979 slightly under 6 per cent of all imports of textiles were
under restraint. This compares to 14.8 per cent in 1977. 5/

1/ COM.TEX/SB/196
2/ COM.TEX/SB/196 and 610
3/ COM.TEX/16
COLOMBIA

I. Status of the industry

1. Production

Cotton textile manufacturing and knitwear are the two largest industries in the sector.

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.1/

2. Investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Textiles</th>
<th>Clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>million pesos</td>
<td>million US$</td>
</tr>
<tr>
<td>1973</td>
<td>1,377</td>
<td>58</td>
</tr>
<tr>
<td>1974</td>
<td>1,416</td>
<td>52</td>
</tr>
<tr>
<td>1975</td>
<td>1,424</td>
<td>46</td>
</tr>
<tr>
<td>1976</td>
<td>1,099</td>
<td>31</td>
</tr>
</tbody>
</table>

% change 73-76

- Textiles: 20% (-20%), 47% (-47%)
- Clothing: 37% (+37%), 13% (-13%)

Between 1976 and 1978, the installed capacity of spindles increased by 2.4 per cent to reach 970,000, while circular weaving and knitting machines increased by 9.1 per cent (1,640 machines in 1978). Flat-type weaving and knitting machines remained more or less at the same level (15,800 in 1978).3/

1/ COM.TEX/16/Rev.1
2/ COM.TEX/W/77, page 57
3/ COM.TEX/16
3. Value added

Textiles represent the second largest industrial sector in relation to value added\(^1\) (fourteen per cent of the total value added of the manufacturing sector.\(^2\))

<table>
<thead>
<tr>
<th>Value added by manufacturing</th>
<th>1973</th>
<th>1974</th>
<th>1975</th>
<th>1976</th>
<th>% change 73-76</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Million pesos</td>
<td>7,966</td>
<td>9,981</td>
<td>10,146</td>
<td>15,556</td>
<td>+95%</td>
</tr>
<tr>
<td>Million US$</td>
<td>335</td>
<td>368</td>
<td>325</td>
<td>445</td>
<td>+33%</td>
</tr>
<tr>
<td>Clothing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Million pesos</td>
<td>1,569</td>
<td>1,823</td>
<td>2,371</td>
<td>3,636</td>
<td>+132%</td>
</tr>
<tr>
<td>Million US$</td>
<td>66</td>
<td>67</td>
<td>76</td>
<td>104</td>
<td>+58%</td>
</tr>
</tbody>
</table>

4. Employment

Textiles represent the largest industrial sector in terms of employment.\(^1\) (In 1977, it employed 16.3 per cent of the total number employed in the manufacturing sector.\(^2\)) Total number employed in the textile sector increased by 12.7 per cent over the period 1970-1974. Thereafter the number employed fell back until in 1978 the total employment stood at 3 per cent below its 1970 level.\(^1\)

5. Prices

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.\(^1\)

6. International trade

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.\footnote{COM.TEX/16}

In terms of quantities exported, most of the sectors of the textile industry declined between 1973 and 1977, except household linens and other furnishing articles (155 per cent growth) and knitted and crocheted clothing (164 per cent growth).\footnote{COM.TEX/W/76}

In terms of value, clothing, which amounted to 20 per cent of Colombian exports of textiles in 1976, amounted to 53 per cent of textile exports in 1979.\footnote{COM.TEX/W/78, Table 14c.}

The share of Colombian exports of textiles and clothing going to the developed area fell from 72 per cent in 1973 to 55 per cent in 1977. The share going to the developing area rose from 28 per cent to 44 per cent.\footnote{COM.TEX/WRev.1}

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.\footnote{COM.TEX/16}

II. Government and other plans for the expansion and/or reorganization of the industry and the development of particular sectors\footnote{COM.TEX/16/Rev.1}

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.
EGYPT

I. Status of the industry

1. Production

   Production of cotton yarn and fabric, which is the most important area of activity in the textile sector, increased by 20 per cent in volume between 1973 and 1979.\(^1\) (180,000 metric tons of single cotton yarn were produced in 1973, 216,000 metric tons were produced in 1979).\(^2\) 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 nightwear, expanded its production by 18 per cent.\(^1\)

2. Employment

   Employment rose from 261,000 in 1973 to 289,000 in 1979. Data for the first quarter of 1980 show 293,000 persons employed.\(^1\)

3. Value added

   Value added by manufacturing in textiles rose from LE 122.6 million to LE 275.5 million between 1973 and 1977 or from 310 to 704 millions of US dollars.\(^1\)

4. International trade

   Exports of textiles have increased from 166 millions of US dollars in 1973 to 261 millions of US dollars in 1979, or by 57 per cent. The major market for textiles in 1979 was USSR, which accounted for 35 per cent (in value). EEC accounted for 26 per cent, the Democratic Republic of Germany for 11 per cent, the United States and Czechoslovakia accounting each for about 5 per cent.

   Exports of clothing declined from 27 millions of US dollars to 19 millions of US dollars in the same period, or by 28 per cent. In 1979, the main importers of Egyptian clothes were USSR (about 44 per cent in value), EEC (about 16 per cent), United States (9 per cent), Hungary (8 per cent) and Czechoslovakia (5 per cent).

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\(^1\) COM.TEX/16/Rev.1.

\(^2\) COM.TEX/W/77, Table 13A.
The most important exports are cotton yarn and fabrics. Exports of cotton yarn fell from 45,332 metric tons in 1973 to 31,855 metric tons in 1977 (with a slight increase in 1976), and then increased to 44,655 metric tons in 1979. In value, exports of cotton yarn increased from 112 millions of US dollars to 186 millions of US dollars from 1973 to 1979, or by 66 per cent.

Exports of cotton fabrics fell from 17,564 metric tons in 1973 to 8,926 metric tons in 1975, and then rose 16,728 metric tons in 1979. In value, exports of cotton fabrics increased from 42 millions of US dollars in 1973 to 59 millions of US dollars in 1979, or by 40 per cent.

Imports of textiles and clothing increased from 16 millions of US dollars in 1973 to 46 millions of US dollars in 1979, or by 188 per cent. In 1979, the main suppliers were EEC, USA and Korea for textiles (mostly man-made fibre yarns and fabrics), and for clothing the People's Republic of China, the Democratic Republic of Germany, the Democratic People's Republic of Korea.¹

II. Government and other plans for the expansion and/or reorganization of the industry and the development of particular sectors.²

Government and other plans may be summarized as:

(i) Semi-goverment 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.

More attention is being given to the development of exports.

¹COM.TEX/W/76, COM.TEX/W/78, UN Statistics, Series D.
²COM.TEX/16/Rev.1.
I. Production, employment, etc.

Production

Production as measured by the Index of Production in both the textiles and clothing sectors declined during the period 1973-1979 (1973 = 100). It declined rapidly in 1974-1975 to reach 88.4 (textiles) and 94.4 (clothing) in 1975, rose in 1976 and again in 1979 to reach 96.5 (textiles) and 98.3 (clothing), after another decline in the two intervening years. In 1980, the positive trend of 1979 continued only in the first quarter; since then, production has again declined to 92.2 for textiles and 93.3 for clothing in the third quarter of 1980.

Production of yarns and fabrics during 1973-1978 changed in a similar pattern to the changes in production indices in the textiles sector. On the basis of limited available information for the period 1973-1978 production of certain clothing items (e.g. dresses) followed the pattern as indicated by the clothing production indices, in other cases (pantyhose, stockings, skirts, trousers for men and boys) production after a second fall in 1977, rose again in 1978; in the case of blouses there was a rise in production during 1974 and 1975 to be followed by two years where production fell, but recovered again in 1978; production of trousers for women and girls remained steady between 1973-1975, rose in 1976, but fell again in 1977-78. Where information is available only for 1976-1978, production of certain items (pyjamas etc., overcoats and jackets for men and boys) remained unchanged, for other items (undergarments, jerseys and pullovers, skirts) production declined.1

Employment


1COM.TEX/W/78 - Table 1A.
Investment

Investment at 1970 prices in the textiles and clothing sectors was as below.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,271</td>
<td>1,181</td>
<td>905</td>
<td>919</td>
<td>836</td>
</tr>
<tr>
<td>Buildings</td>
<td>247</td>
<td>247</td>
<td>166</td>
<td>160</td>
<td>138</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>1,023</td>
<td>934</td>
<td>739</td>
<td>759</td>
<td>698</td>
</tr>
<tr>
<td>Clothing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>292</td>
<td>240</td>
<td>201</td>
<td>215</td>
<td>219</td>
</tr>
<tr>
<td>Buildings</td>
<td>108</td>
<td>86</td>
<td>58</td>
<td>57</td>
<td>53</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>184</td>
<td>154</td>
<td>143</td>
<td>158</td>
<td>163</td>
</tr>
</tbody>
</table>

II. Developments in trade

Between 1973 and 1979, total imports of MFA products increased in volume by 105 per cent; in the same period, exports increased in volume by only 21 per cent. The trade deficit in 1979 was equivalent to 579,000 tons. For the same period the import penetration rate increased from 18.4 to 38 per cent with peaks of nearly 70 per cent for specific products.1/

The total value of imports of textiles and clothing combined into the Community increased from $4.8 billion in 1973 to $9.6 billion in 1977, and to $15.6 billion in 1979. The Community's export surplus in textiles fell from $2.0 billion in 1973 to $1.5 billion in 1977, and to $546 million in 1979; while its trade deficit in clothing grew from $757 million in 1973 to $2.3 billion in 1977 and $4.2 billion in 1979.2/

1/ COM.TEX/16.
2/ COM.TEX/W/84.
The share of imports of textiles into the Community from developing countries rose from 54 to 56 per cent between 1973 and 1977, and thereafter declined to 54 per cent in 1979. Out of this total share of developing countries, that of MFA members increased from 25 to 31 per cent between 1973 and 1977 and declined to 29 per cent by 1979; while that of non-MFA members fell from 28 to 24 per cent between 1973 and 1976, and thereafter fluctuated between 25 and 27 per cent of total imports.1/

In the same period, the share of developing countries in exports of textiles from the Community increased from 35 to 42 per cent between 1973 and 1977, and fell to 41 per cent between 1977 and 1979. The share of MFA members fell from 13 to 11 per cent between 1973 and 1977, subsequently rising to 12 per cent; that of non-MFA members rose from 28 to 32 per cent by 1977 and declined to 29 per cent in 1979.1/

In relation to clothing, developing countries' share of imports increased from 74 to 79 per cent between 1973 and 1976 and thereafter stabilized at 78 per cent. However, within this total the share of MFA members, which had risen from 56 to 59 per cent between 1973 and 1976, declined to 53 per cent by 1979, while that of non-MFA members rose steadily from 18 to 20 per cent between 1973 and 1976 and to 25 per cent in 1979.1/

Developing countries increased their share of the Community's exports of clothing from 24 to 31 per cent between 1973 and 1977; thereafter it declined to 29 per cent. Non-MFA members accounted throughout the period for the major part of this share (17 per cent in 1973, 25 per cent in 1977, 22 per cent in 1979).1/

Data on imports of selected textile and clothing products (COM.TEX/W/78, Part II, tables 1.1 to 1.36) show that although developing countries remain the principal suppliers of cotton yarn and fabrics, with over 90 per cent of imports of yarn and around 80 per cent of imports of fabrics in the years 1973 to 1979, developed countries' share has tended to increase, especially in 1979, while those of non-MFA developing countries and the Eastern trading area countries has declined. Over the same period, the share of imports of man-made fibre yarn and fabrics coming from developing country members has grown, while that of developed countries had declined somewhat. Developed countries and non-MFA developing countries have both, by contrast, increased their shares of imports of household linens. In relation to clothing items, figures for 1974-79 show marked increases in the share of imports of outer-garments supplied by developing non-MFA members, and relative declines in the share of trade from MFA developing countries; while in undergarments the share of imports coming from developed countries, still relatively small, has increased over the period.

1/ COM.TEX/W/84.
## EUROPEAN COMMUNITIES

### AREA DISTRIBUTION OF TRADE, 1973-1979

<table>
<thead>
<tr>
<th></th>
<th>TEXTILES</th>
<th>CLOTHING</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPORTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,633</td>
<td>4,064</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developed area</td>
<td>39</td>
<td>37</td>
</tr>
<tr>
<td>Developing area</td>
<td>54</td>
<td>55</td>
</tr>
<tr>
<td>Members</td>
<td>25</td>
<td>31</td>
</tr>
<tr>
<td>Non-members</td>
<td>28</td>
<td>24</td>
</tr>
<tr>
<td>Eastern trading area</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>EXPORTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>4,624</td>
<td>5,359</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developed area</td>
<td>52</td>
<td>45</td>
</tr>
<tr>
<td>Developing area</td>
<td>35</td>
<td>39</td>
</tr>
<tr>
<td>Members</td>
<td>13</td>
<td>11</td>
</tr>
<tr>
<td>Non-members</td>
<td>23</td>
<td>28</td>
</tr>
<tr>
<td>Eastern trading area</td>
<td>11</td>
<td>12</td>
</tr>
</tbody>
</table>

Source: COM.TEX/W/76, Tables 15-16.
III. Adjustment processes and measures

AUTONOMOUS ADJUSTMENT PROCESSES

1. Identification of autonomous adjustment processes

In a market economy such as the European Community, industrial adjustments result more from an economic autonomous mechanism than from directives issued by public authorities.¹

The objectives of autonomous adjustment have been twofold:

(a) On the one hand, to improve performance of enterprises in sectors experiencing difficulty so as to ensure the maintenance of the widest possible range of activities on Community territory;

(b) On the other hand, to foster innovation as a means of meeting new market needs, and to that end to keep in the forefront of new techniques and technologies.¹

During the period of the MFA, the textiles and clothing industries have pursued their efforts toward modernizing, restructuring, rationalizing and transferring production ranges to take account of strong foreign competition. A considerable reduction in employment has resulted; between 1973 and 1980, employment in textiles in the EEC has fallen by some 478,000 workers and that in clothing by some 317,000. Between 1973 and 1978, moreover, some 4,200 undertakings were closed down. This process is particularly keenly felt in regions which are concentrated on one industry, often employing mainly female workers with very limited alternative employment possibilities.¹

Data on total investment in textiles and clothing in the Community show that in the Community, the value of fixed investment in constant prices fell sharply in 1974 and 1975 and in 1977 was one third below its level in 1973 for textiles and one quarter lower in the case of clothing. The share of textiles in total fixed investment in manufacturing declined throughout the whole period, whereas investment in clothing generally maintained its share.²

The investment effort made by enterprises in the sector has focused on modernization and has excluded any global expansion of capacity.¹

¹COM.TEX/16 and Rev.1.
²COM.TEX/W/84.
In relation to investment per person employed, although the return on capital invested has been extremely low in recent years, the amount of investment per person employed increased between 1973 and 1979 from EUA 833 to EUA 1,080 at current prices for the textile industry and from EUA 240 to EUA 417 for the clothing industry.\textsuperscript{1}

2. Attribution to changes in international patterns of trade and comparative advantage

The autonomous adjustment processes described above are attributed to three main causes:

- the impact of imports which, despite an export drive, have had a negative impact on the trade balance;
- improved productivity;
- changes in the pattern of household expenditures, in particular a decline in the share of textile expenditure in the household budget.\textsuperscript{2}

Productivity in the clothing sector (in terms of average annual turnover per employee) increased in current price terms from EUA 10,700 in 1973 to EUA 19,600 in 1978; in the textiles sector, from EUA 16,300 in 1973 to EUA 28,600 in 1978.\textsuperscript{3}

"Implied productivity" data derived from production and employment indices by the GATT secretariat indicate annual productivity growth of between 4 and 4\textperthousand per cent in the Community over the period 1973 to 1979. While this cannot be regarded as a precise assessment of productivity gains, it is estimated that the production levels needed to maintain production at 1973 levels in 1979 would have had to be about 30 per cent above the actual levels.\textsuperscript{4}

The EEC Commission has not analyzed the relative effects on employment of imports and productivity. The Commission is aware, however, that the analysis is not a simple one. It shares the view expressed by the GATT secretariat in COM.TEX/W/84\textsuperscript{4} that "these studies have encountered a number of problems relating to methodology and data. In many cases no allowance has been made for the fact that changes in demand, productivity and imports may be interrelated".

\textsuperscript{1}COM.TEX/16 and Rev.1.
\textsuperscript{2}COM.TEX/16
\textsuperscript{3}COM.TEX/W/84, paragraphs 25-26 (see also below).
\textsuperscript{4}COM.TEX/W/84, paragraph 27. In this document, the GATT secretariat has also noted that recent empirical literature on the sources of job displacement in developed countries has generally found that changes in labour productivity and demand have had a greater impact on employment than import growth.
OFFICIAL MEASURES AND POLICIES

General considerations

Assistance to the textiles and clothing sectors at Community level is extended by the EEC Commission within the framework of guidelines first laid down in 1971 and supplemented in 1977. These guidelines also form a framework within which the Commission reviews sectoral aids to the textiles and clothing industries by member States.

The main concerns in the Commission's approach are to avoid any aid being given in cases of over-capacity, to orient the efforts of the industry toward adapting itself, in a balanced manner, to the restructuring and conversion necessary because of international competition, and to ensure that all decisions taken for the same sector, branch or undertaking, whether involving national or Community assistance, are mutually compatible and consistent. In this latter context, the Commission examines all assistance to the textile or clothing industry, whatever the form, in the light of the economic situation throughout the Community, within the sector or branch of activity concerned.

Scope, technical description and aims of measures

Measures taken at national and Community level which fall within the guidelines mentioned above are those 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 productive 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.

At Community level, the following measures have been undertaken:

(a) European Regional Development Fund and European Investment Bank have extended grants, loans and credits for the benefit of regions where textile employment plays an important role. These interventions are intended almost exclusively for projects in sectors other than textiles and clothing, in order to promote diversification of industrial activity in those regions.

(b) Within the European Social Fund a special budget has been established for workers in the textiles/clothing sector. Priority is given to activities in favour of (i) workers who are moving out of the textile sector to take up an activity in another economic sector; (ii) those who, following the implementation of adjustment measures, are being retrained within the sector in a branch offering, in the long term, prospects of viability at Community level.
The proportion of applications for such European Social Fund assistance by workers leaving the textile sector rose from 15 per cent in 1978 to 44 per cent in 1979.

Training operations which lead directly to employment in branches considered particularly sensitive because of the high level of market penetration by low-cost imports (Groups I and II products), or for which a critical situation is recognized on the basis of the internal Community market (in particular, man-made fibres, stockings and tights, and worsted yarn), can only be considered in so far as the products involved are capable of achieving satisfactory competitiveness particularly as regards average costs.

(c) In the context of activities to encourage industrial restructuring and reconversion, the Community has extended assistance to the synthetic fibres sector. Most of the assistance provided has been allocated to reconversion or diversification projects.

Amount and distribution of expenditure among measures

(1) European Regional Development Fund.

UA 451.4 million was granted between 1975 and 1979 for regions where textile employment plays an important rôle. This was distributed as follows among member States:

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount (UA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>2.55 million</td>
</tr>
<tr>
<td>Germany, F.R.</td>
<td>35.61 million</td>
</tr>
<tr>
<td>France</td>
<td>96.42 million</td>
</tr>
<tr>
<td>Netherlands</td>
<td>30.51 million</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>132.07 million</td>
</tr>
<tr>
<td>Ireland</td>
<td>151.07 million</td>
</tr>
<tr>
<td>Italy</td>
<td>2.67 million</td>
</tr>
</tbody>
</table>

(2) European Investment Bank

Between 1977 and 1979, UA 100.1 million was extended in individual loans: UA 34.7 million in credits for global loans for the benefit of investment projects in seriously affected regions.

(3) European Social Fund

The following amounts were granted for vocational retraining of workers in the sector:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (UA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>3.5</td>
</tr>
<tr>
<td>1974</td>
<td>5.8</td>
</tr>
<tr>
<td>1975</td>
<td>5.8</td>
</tr>
<tr>
<td>1976</td>
<td>16.6</td>
</tr>
<tr>
<td>1977</td>
<td>19.7</td>
</tr>
<tr>
<td>1978</td>
<td>21.6</td>
</tr>
<tr>
<td>1979</td>
<td>14.6</td>
</tr>
</tbody>
</table>
(4) Measures in favour of synthetic fibres industry

In 1979, UA 14 million was spent in this area of adjustment assistance.

Description and purpose of any industry-specific comprehensive plans

Guidelines laid down by the Commission for assistance to the textiles sector (see "General Considerations" above) have been supplemented by:

(a) Commission Communication concerning the criteria for assessing the intervention of the various financial instruments and of certain community policies in the textile and clothing sector;

(b) Commission Recommendation to member States concerning the tights and stockings sub-sector;

(c) Letter of 19 July 1977 to member States on stopping aids to the synthetic fibres industry.¹

Effects of measures

It is not easy to draw a clear borderline between the effects of Government measures and the impact of autonomous adjustment processes. Government measures have helped to activate the reorientation process in the sector both from the technical aspect of increased productivity and in respect of the selection of articles less vulnerable to competition.

IV. Market access

(a) Evolution of restrictions since the coming into force of MFA²

Agreements concluded under MFA I and MFA II

MFA I - Under the terms of Article 2:1 of the Arrangement the EEC notified the pre-MFA restrictions maintained by member States affecting imports from a large number of exporting countries. It also notified its LTA agreements with Egypt, India, Japan, Korea, Pakistan and Yugoslavia. The EEC brought its pre-MFA restrictions into conformity with the Arrangement by (a) concluding bilateral agreements with Brazil, Colombia, Hong Kong, India, Japan, Korea, Macao, Malaysia³, Pakistan, Romania, Singapore³, Thailand, Yugoslavia⁴ and a consultation agreement with Egypt, and terminating, in stages, all residual restrictions with respect to these countries under its phase-out programme by 31 March 1977; and (b) by terminating all restrictions with respect to other countries under its phase-out programme. Pending conclusion of agreements with Hungary and Poland, the EEC maintained a status quo of restrictions with respect to imports from these sources.

¹COM.TEX/W/65.
²Prepared by the secretariat in consultation with the delegations concerned, on the basis of COM.TEX/SB/196 and 610.
³Applied on a de facto basis.
⁴Applied on a de facto basis, not notified to the TSB (COM.TEX/SB/196, page 17).
The Community had to harmonize action between all member States which delayed the conclusion of its bilateral agreements. Some agreements became effective 1 January 1975, others 1 January 1976, and one on 1 January 1977.

During MFA I the EEC took several unilateral measures under Article 3 of the Arrangement. Some of these were interim measures pending the conclusion of agreements, others, were either terminated, or those taken in 1977 were superseded by bilateral agreements effective 1 January 1978. Countries affected by the Article 3 measures were Colombia, Egypt, India, Korea, Macao, Mexico, Pakistan, the Philippines and Spain.

MFA II - The Community negotiated with its MFA trading partners and concluded bilateral agreements under MFA II with Argentina, Brazil, Colombia, Egypt, Hong Kong, Hungary, India, Korea, Macao, Malaysia, Mexico, Pakistan, Peru, the Philippines, Poland, Romania, Singapore, Sri Lanka, Thailand and Yugoslavia, and consultation agreements with Bangladesh, Guatemala, Haiti, Indonesia and Uruguay (for Indonesia and Uruguay see also below).

Structure of bilateral agreements

During MFA I bilateral agreements concluded under Article 4 were selective, covering a limited range of textile products. Some of these products were under restraint at the Community level, while the rest were subject to a consultation clause. Under the terms of this clause agreed restraints were introduced with respect to exports of certain products to particular member States.

In 1978, the Community introduced a new category system covering all MFA products, in 114 categories divided into five groups according to their sensitivity in the Community market. Agreements concluded during MFA II have been comprehensive (the agreement with Egypt has only cotton coverage), where restraint levels were fixed at the Community level, (and allocated to member States) with respect to a certain number of categories, whilst the remaining categories have been subject to consultation under the so-called "exit from the basket" procedure. From the notifications received up to the end of 1980, the procedure has been used eighty-nine times, most frequently on a regional basis (only sixteen occasions at the Community level). These include restraints established with respect to exports from two countries (Indonesia and Uruguay) with which the Community had concluded consultation agreements.

Base levels in agreements during the period 1975/76-77 were higher than past trade. Provision for growth in overall terms of items under restraint was 6 per cent and over. Provision for swing of 7 per cent, carry-over 10 per cent and carry forward 10 per cent was limited in most agreements by the cumulative use of flexibility to 15 per cent.

1 The measure taken with respect to Spain lapsed on 31 December 1977 (COM.TEX/SB/365).
Due to the introduction of the new system of categorization no adequate comparison could be made between the old and new categories. Furthermore, due to unavailability of statistics for a later period at the time of negotiations, base levels for agreements concluded for the period covered by MFA II were calculated on the basis of 1976 trade levels. On the basis of information subsequently submitted by the Community, and using later reconstructions of 1976 and 1977 trade data, in some cases the 1978 restraint levels involved reductions on both 1976 trade and 1977 restraint levels (Hong Kong and Korea). In most cases, the 1978 base levels constituted increases (and, in some cases, substantial increases) over 1976 trade levels or what might have been the roll-back levels. Growth varied according to category, generally lower than 6 per cent if included in Groups I and II, and between 6 and 8 per cent if included in Groups III-V. The agreements have provided for 5 per cent swing (3.5 per cent in Group I for Hong Kong, Korea, Hungary, Poland and Romania) with certain restrictions within Group I (Categories 1-8), 5 per cent carry-over and 5 per cent carry forward. Cumulative use of the flexibility provisions had been limited to 11 per cent for categories in Group I and 12.5 per cent for categories in other Groups, in the agreements with Hong Kong, Korea, Hungary, Poland and Romania.

Base levels for categories brought under restraint by utilization of the exit from the basket procedure have been based on past trade performance, and have generally been much higher than the relevant threshold levels. Growth for these categories has varied, in some cases below 6 per cent, (generally categories in Groups I and II), and in others 6 per cent or above (generally categories in Groups III-V). All flexibility provisions of the relevant agreement have applied to these restraints.

Types of products under specific restraint during MFA I and MFA II

The number of products under restraint varied from agreement to agreement during both MFA periods. Products under restraint in most MFA I agreements were woven fabrics and household linen. A few agreements had one or two clothing products under restraint. Two agreements had a larger number of clothing items under restraint (shirts, blouses, T-shirts, jerseys and pullovers, nightgarments, trousers, suits and jackets, coats and raincoats).

Of the twenty-two MFA II bilateral agreements containing categories under restraint, nine had less than ten categories, seven with less than twenty categories, and six with over twenty categories under restraint. Most of the categories under restraint have been from Groups I and II, and include cotton and man-made fibre yarns and fabrics, terry fabrics, T-shirts, shirts and blouses, trousers, jerseys and pullovers, suits and jackets, dresses and skirts, coats and raincoats, gloves, stockings, nightgarments, anoraks and bed-linen.
(b) **Country submission**

Between 1973 and 1979, imports of MFA products increased in volume by 105 per cent, whereas exports increased by only 16 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 4,100 million in 1973, imports increased to EUA 10,900 million in 1979 (+ 166 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.
I. Production, employment, etc.

Production

Calculated in current prices, turnover in the textiles sector increased from BF 107,763 million in 1973 to BF 121,000 million in 1978 and to BF 133,855 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.)

Gross value added, calculated in current prices 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.)

The number of enterprises (employing over twenty persons) engaged in textile production fell from 1,395 in 1973 to 1,052 in 1979, in clothing production the number fell from 1,195 in 1973 to 887 in 1979.

Employment

The number of persons employed in the textile sector has been dropping steadily. In 1973 a total of 107,064 persons was employed; in 1978 this figure was 69,142 and in 1979 67,157. In the clothing sector the trend is similar (1973 = 66,665, 1978 = 44,996, and 1979 = 42,136).

Investment

Investment in fixed assets (in million Belgian Francs)\(^1\) was as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>4,253</td>
<td>4,461</td>
<td>3,423</td>
<td>2,850</td>
<td>3,004</td>
<td>3,002</td>
</tr>
<tr>
<td>Clothing</td>
<td>767</td>
<td>724</td>
<td>612</td>
<td>629</td>
<td>633</td>
<td>739</td>
</tr>
</tbody>
</table>

\(^1\)At current prices.
II. Adjustment processes and policies

AUTONOMOUS ADJUSTMENT PROCESSES

1. Identification of autonomous adjustment processes

Although earlier voluntary conventions financed by the cotton and substitute fibre spinning mills, providing for the scrapping and replacement of obsolete equipment without affording any new production capacity, have expired, the sector as a whole is observing a tacit rule of restraint by making only rationalization investments which are combined with progressive and continuing reductions in productive capacity.

2. Attribution to changes in the international patterns of trade and comparative advantage.

(see EEC submission)

GOVERNMENT MEASURES AND POLICIES

A. Scope of measures

(1) Industry in general

In measures taken under legislation for economic expansion special attention has been given to restructuring, reconversion and reorientation investments in the textile sector, including investments involving reductions in textile capacity and reduced employment.

(2) Textiles and clothing industries specifically

Specific financial measures aiming to assist enterprises to adapt to changing market conditions have been introduced under Royal Decrees of 14 May 1976 and 20 December 1977.

B. Technical description and purposes of measures

(1) Industry in general

No detailed information available.

(2) Textiles and Clothing Industries specifically

(a) The Royal Decree of 14 May 1976 grants non-interest bearing, recoverable loans to clothing industry and certain sectors of the knitted and crocheted goods industry. The recipient industry
must undertake to follow the restructuring guidelines indicated by public authorities, to keep for at least one year 90 per cent of the labour force they employed in 1975, and to repay the loan when due.

(b) The Royal Decree of 20 December 1977, governs the granting of a limited credit, with interest paid by the State applicable to enterprises in the textiles sector as well as to certain enterprises of the clothing sector, the knitted and crocheted goods sector, and enterprises within the province of the Linen Fibres Paritary Committee. Credit is up to 3F 20,000 per full-time employee. The enterprise had to keep 90 per cent of workers employed full-time during September 1977. The credit is granted under the condition that the recipient enterprise agrees to co-operate in studies undertaken or to be undertaken with the view to the restructuration of their sector as well as to the realization of such restructuring.

(c) An extensive study has been undertaken by the Government on the situation of the textiles and clothing sector, on its future prospects and on all the general restructure, reconvention and reorientation measures that need to be imposed or encouraged in order to make the above-mentioned measures most effective.

(d) A new research centre, replacing the former "Scientific and Technical Centre for the Belgian Textile Industry" (CENTEXBEL) has been established. Initial establishment costs were partly subsidized by the State, while operating costs are covered entirely by the industry.

DENMARK

I. Production, employment, etc.

Production

Calculated in current prices, 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 1,983 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, 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.)
The number of enterprises engaged in the textile and clothing sector have declined (textiles, 1973 = 236, 1978 = 203; clothing, 1973 = 236, 1978 = 201.)

### Employment

<table>
<thead>
<tr>
<th>Year</th>
<th>Textiles</th>
<th>Clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>16,744</td>
<td>13,758</td>
</tr>
<tr>
<td>1974</td>
<td>14,505</td>
<td>11,389</td>
</tr>
<tr>
<td>1975</td>
<td>12,478</td>
<td>10,633</td>
</tr>
<tr>
<td>1976</td>
<td>12,928</td>
<td>11,723</td>
</tr>
<tr>
<td>1977</td>
<td>12,145</td>
<td>10,771</td>
</tr>
<tr>
<td>1978</td>
<td>9,953</td>
<td>10,070</td>
</tr>
<tr>
<td>1979</td>
<td>10,400</td>
<td>4,900</td>
</tr>
</tbody>
</table>

(Enterprises employing over twenty persons)

### Investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Textiles</th>
<th>Clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>150</td>
<td>36</td>
</tr>
<tr>
<td>1974</td>
<td>171</td>
<td>34</td>
</tr>
<tr>
<td>1975</td>
<td>99</td>
<td>28</td>
</tr>
<tr>
<td>1976</td>
<td>221</td>
<td>84</td>
</tr>
<tr>
<td>1977</td>
<td>152</td>
<td>60</td>
</tr>
<tr>
<td>1978</td>
<td>103</td>
<td>51</td>
</tr>
<tr>
<td>1979</td>
<td>103</td>
<td>51</td>
</tr>
</tbody>
</table>

(In million DKr. in fixed assets.)

### II. Adjustment Processes and Policies

#### AUTONOMOUS ADJUSTMENT PROCESSES

1. Identification of autonomous adjustment processes

The figures shown above for investment, changes in employment, and changes in the number of enterprises illustrate the degree of adjustment which has taken place in the Danish textile and clothing industries.

#### GOVERNMENT POLICIES AND MEASURES

Denmark has as yet never adopted official adjustment measures specially designed for the textile and clothing sector, whether for improving competitiveness, changing lines of production, or facilitating reconversion.

Enterprises in these sectors can, however, take advantage of the general system of development aids instituted by the Danish Government. Unemployed textile and clothing workers also have access to general schemes for retraining and relocation of the unemployed.

---

1/ At current prices.
State aid in Denmark has been granted under Law No. 219 of 7 June 1972 on regional development; Law No. 452 of 1975 on State aid for new building and improvements to industrial buildings\(^1\); Law No. 682 of 1975 on aid for environmental investments; Law No. 423 of 1976 on energy-saving measures in industrial premises; Law No. 261 of 1977 on energy-saving measures in connexion with industrial processes; and Law No. 470 of 1977 on subsidies for industrial development.

**FRANCE**

I. Production, employment, etc.

Production

Between 1973 and 1978, turnover in enterprises of six employees or more calculated in current prices, 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, 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.)


Employment

(Enterprises of ten or more persons.)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>427,259</td>
<td>408,609</td>
<td>373,462</td>
<td>365,204</td>
<td>344,590</td>
<td>328,649</td>
</tr>
<tr>
<td>Clothing</td>
<td>332,331</td>
<td>313,623</td>
<td>288,168</td>
<td>287,463</td>
<td>278,329</td>
<td>271,082</td>
</tr>
</tbody>
</table>

Investment

(In fixed assets) in million FF\(^2\) in enterprises of six or more persons

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>1,897</td>
<td>1,545</td>
<td>1,441</td>
<td>1,807</td>
<td>1,455</td>
<td>1,525</td>
</tr>
<tr>
<td>Clothing</td>
<td>412</td>
<td>314</td>
<td>339</td>
<td>436</td>
<td>430</td>
<td>493</td>
</tr>
</tbody>
</table>

---

\(^1\) This Law lapsed in 1977

\(^2\) At current prices.
II. Adjustment processes and policies

AUTONOMOUS ADJUSTMENT PROCESSES

1. Identification of autonomous adjustment processes

These are shown in the figures on investment, employment and number of enterprises presented above.

2. To what extent can they be attributed to changes in the international patterns of trade and comparative advantage?

(See EEC submission.)

GOVERNMENT MEASURES AND POLICIES

Scope, technical description and purposes of measures

1. Industry in general

By means of loans from the Economic and Social Development Fund, French authorities may intervene in the sector in difficulties. Loans are granted on a case-by-case basis to enterprises to help them in restructuring. These measures also apply to the textiles and clothing sector.

2. Textiles and clothing industries specifically

Direct assistance to the textiles and clothing sector has been financed (a) by a quasi-fiscal levy and (b), to a lesser extent, by funds from the Budget.

(a) Specific measures financed by quasi-fiscal levy on textiles.

1. Assistance through CIRIT (Le Comité interprofessionel de renovation des structures industrielles et commerciales de l'industries textile)

CIRIT receives 5/7ths of the annual receipts from the quasi-fiscal levy on textiles (0.44 per cent of the value of textile products). From these funds it grants allocations destined for structural adjustment in textiles and clothing industries. There are the following types of assistance:

(i) Since 1966, CIRIT has been assuming part of non-productive costs occasioned by restructuring consisting of the regrouping of mostly small and medium-sized undertakings.
(ii) Since the same period, it has been assisting with payments of compensation to redundant personnel and contributing to the costs of retraining, where marginal production units were closed.

(iii) It assists in the modernization of small or medium-sized units.

(iv) It gives assistance in the financing of certain collective projects such as the Economic Trends Observation Centre, fashion co-ordination organizations and certain studies of a general character.

2. The research programmes in the fields of innovation and improvement of productivity are conducted and administered by the Textile Institute of France and the Technical Studies Centre of the Clothing Industries.

(b) Specific measures financed from the Budget.

Certain special programmes of aid for restructuring and improvement of productivity in the cotton, wool and texturization industries. The aid has been granted in the form of subsidies not exceeding 10 per cent of the value of the programme administered.

The purpose of the above-mentioned assistance is organized rationalization, and where necessary, reduction of production capacities, and their adjustment to the market.

Measures to deal with problems arising from closures, unemployment, etc.

The French authorities have financed programmes for the retraining of workers and have made grants to enterprises starting new non-textile operations.

Effects of government measures

Measures, performed both under the autonomous adjustment process as well as the government measures have accelerated the process of change in technological terms, towards better productivity and innovation.

FEDERAL REPUBLIC OF GERMANY

I. Production, employment, etc.

Turnover, calculated in current prices 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 17,974 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 17,974 million to DM 16,387 million respectively.)
Between 1973 and 1977, gross value added, calculated in current prices 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.)

**Number of enterprises**


**Employment**

(Enterprises of 20 or more persons)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>432,221</td>
<td>393,350</td>
<td>356,826</td>
<td>343,575</td>
<td>331,720</td>
<td>329,697</td>
<td>310,622</td>
</tr>
<tr>
<td>Clothing</td>
<td>363,841</td>
<td>314,278</td>
<td>291,832</td>
<td>274,056</td>
<td>264,576</td>
<td>259,529</td>
<td>256,718</td>
</tr>
</tbody>
</table>

**Investment**

(In fixed assets in million DM)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>1,310</td>
<td>1,069</td>
<td>981</td>
<td>1,165</td>
<td>1,138</td>
<td>1,120</td>
<td></td>
</tr>
<tr>
<td>Clothing</td>
<td>332</td>
<td>217</td>
<td>269</td>
<td>329</td>
<td>321</td>
<td>320</td>
<td></td>
</tr>
</tbody>
</table>

**II. Adjustment processes and policies**

**AUTONOMOUS ADJUSTMENT PROCESSES**

In the Federal Republic, the primary responsibility for adjustment is taken by the industry itself. Some indications of the degree of adjustment which has taken place are given by the figures for investment, employment and number of enterprises shown above.

Productivity, as measured by the index of output per worker/hour (1970 = 100) rose from 126.3 in 1973 to 174.0 in 1979 in textiles and from 111 to 133.2 in the clothing industry. The increase in productivity in the textile industry is considerably greater than that in manufacturing industry as a whole.

1 At current prices.
The structure of the German textile and clothing industries has not, however, become more concentrated. Between 1970 and 1977, the share of large enterprises (employing 500 or over) in the total number of firms fell from 3.5 to 2.2 per cent, and their share of employment from 29.1 to 20.2 per cent. The industries are composed mainly of small or medium-sized businesses and this is one of the main reasons for their adaptability and competitiveness.

GOVERNMENT MEASURES AND POLICIES

1. Scope, technical description and purposes of measures

Within the framework of general and regional economic promotion, certain aids are given to the textile and clothing industries from both the Federal Government and the Länder.

The principal measures involved are as follows:

(a) Enterprises installed in specified development zones are entitled to benefit from special credit facilities in the framework of the "Programme for the Improvement of the Regional Economic Structure". Funds under this programme, which has been in existence since 1972, are available both from the Federal and Länder Governments. Regional promotion funds are designed to compensate for disadvantages of geographical location.

(b) Fiscal incentives are available for the replacement of outdated plant and equipment. No data are available on the extent to which the textile and clothing industries have benefited from such tax reliefs.

(c) Firms in the textiles and clothing sector may have access to the results of the joint industrial research encouraged by the Federal Republic and the Länder. Such joint industrial research has been subsidized to the extent of some DM 15 million a year, spread over all branches of the industry. It is not possible to quantify the role of subsidized research in assisting the modernization or improvement of products or production processes. The industry bears half the cost of such joint research.

(d) The Board for the Rationalization of the German Economy, jointly formed by trade unions and enterprises with contributions from the Government, promotes industrial rationalization schemes.

(e) The main purposes of the assistance, mentioned above, are to maintain and improve the competitiveness of existing lines of production, and to move into more viable lines of production.
2. **Amount and distribution of expenditure**

The total value of grants extended by the Federal Government and Länder combined to the textiles and clothing industries amounted to DM 25.9 million in 1977 and DM 30.3 million in 1978. The total value of loans from the authorities in the same years amounted to DM 84.5 million and 122.8 million respectively. The overall total of assistance by the Government was some 7.5 per cent of total investment by the textiles and clothing industries in 1977.

3. **Industry-specific comprehensive plans**

No governmental restructuring plans, nor direct assistance expressly aimed at the textiles or clothing industries, exist in the Federal Republic.

4. **Measures to deal with problems arising from closures, unemployment, etc.**

In structurally weaker regions where the textiles and clothing industries are preponderant, the rapid decline in the number of jobs available has led to serious unemployment problems. The social effects of such a deterioration of employment conditions have been mitigated through the help of the Law for the Promotion of Employment, which deals mainly with the relocation and retraining of older workers or those difficult to place as a result of technological progress. However, no statistics are available on the number of workers who have benefited from this law or have been retrained for other employment.

5. **Effects of government measures**

It is probable that government-aid programmes have contributed to restructuring but the effects of such general programmes should not be overestimated, for,

- regional promotion is designed solely to compensate the disadvantage of geographical location (for example, Berlin or areas bordering East Germany (the Zonenrandgebiet));

- the volume of financial aid is relatively modest when compared to the total investments of the sector;

- the sector bears half the cost of joint research, in addition to the entire cost of research and development by individual enterprises.
IRELAND

I. Production, employment, etc.

Turnover, calculated in current prices, rose from £Ir137 million in 1973 to £Ir300 million in 1978 and £Ir320 million in 1979 in the textiles sector; in the clothing sector it rose from £Ir59 million in 1973 to £Ir104 million in 1978 and to £Ir120 million in 1979. (In constant prices, the movement between 1973 and 1978 was from £Ir137 million to £152 million, and from £Ir59 million to £Ir53 million, respectively.)

Gross value added, calculated in current prices, rose from £Ir55 million in 1973 to £Ir120 million in 1978 and to £Ir128 million in 1979 in the textiles sector, and from £Ir29 million in 1973 to £Ir52 million in 1978 and to £Ir60 million in 1979 in the clothing sector. (In constant prices, the movement between 1973 and 1978 was from £Ir55 million to £Ir61 million, and from £Ir29 million to £Ir26 million, respectively.)

Number of enterprises

The number of enterprises in both the textile and clothing sector has declined (textiles, 1973 = 246, 1978 = 197, 1979 = 195; clothing, 1973 = 510, 1978 = 389, 1979 = 368.)

Employment

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>25,712</td>
<td>24,588</td>
<td>21,133</td>
<td>20,323</td>
<td>21,139</td>
<td>30,802</td>
<td>21,455</td>
</tr>
<tr>
<td>Clothing</td>
<td>16,616</td>
<td>16,198</td>
<td>15,500</td>
<td>15,116</td>
<td>13,223</td>
<td>13,059</td>
<td>13,050</td>
</tr>
</tbody>
</table>

Resulting from the policy of directing new investment into certain areas of the textiles and clothing industries which were considered to have a viable future, employment in a number of sectors decreased significantly during the period 1973 to 1979. This can best be illustrated by the following tables:
<table>
<thead>
<tr>
<th>Sector</th>
<th>1973</th>
<th>1976</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men's and boys' clothing</td>
<td>5,200</td>
<td>3,650</td>
<td>3,000</td>
</tr>
<tr>
<td>Women's and girls' clothing</td>
<td>7,425</td>
<td>6,300</td>
<td>6,100</td>
</tr>
<tr>
<td>Hosiery and knitwear</td>
<td>8,260</td>
<td>6,800</td>
<td>6,600</td>
</tr>
<tr>
<td>Cotton</td>
<td>2,620</td>
<td>1,900</td>
<td>1,700</td>
</tr>
<tr>
<td>Woollen and worsted (excluding clothing)</td>
<td>6,340</td>
<td>4,875</td>
<td>4,600</td>
</tr>
</tbody>
</table>

**Investment**

Value at constant prices of investment in the textiles and clothing industries:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles industry</td>
<td>41.0</td>
<td>27.5</td>
<td>20.0</td>
<td>32.5</td>
</tr>
<tr>
<td>Clothing industry</td>
<td>2.0</td>
<td>2.5</td>
<td>3.0</td>
<td>2.5</td>
</tr>
</tbody>
</table>

**II. Adjustment processes and policies**

**AUTONOMOUS ADJUSTMENT PROCESSES**

The textiles and clothing sector in the member States of the Community has taken account of strong foreign competition in its efforts toward restructuring, modernizing, rationalizing, and transferring production ranges.

**GOVERNMENT MEASURES AND POLICIES**

A. Scope, technical description and purpose of measures

1. Measures applicable to industry in general

Under the Industrial Development Acts 1969-1977 a large number of general policy measures were adopted for all manufacturing sectors.

(a) Subsidies for setting up firms

Subsidies of 25 or 40 per cent of investment cost to the establishment of firms, depending on the area; may be increased by 20 points for investment aimed at job creation, use of local resources, or with particular technological value or growth potential.
(b) **Subsidies for re-equipment, modernization and improvement or extension**

Subsidies of 25 or 35 per cent of investment cost for re-equipment, modernization, improvement or extension of industrial firms. Such subsidies have a maximum of £1.25 million per project, subject to government waiver (in which case the percentage limit applies).

(c) **Interest-rate subsidies**

Interest-rate subsidies for establishment of firms: may be determined by the Minister for Industry, Commerce and Energy.

(d) **State guarantees**

State guarantees may also be combined with such subsidies; conditions on which these guarantees might be provided are laid down by order of the Minister for Industry, Commerce and Energy.

(e) **State holdings**

The Industrial Development Authority (IDA) may acquire shares in the capital of individual firms on behalf of the Minister for Finance.

(f) **Accelerated depreciation**

Accelerated depreciation of 100 per cent in the first year on buildings, machinery and equipment; where IDA grants are given, initial allowances of 50 per cent with annual allowances of 4 per cent on the depreciation amounts net of IDA grants.

(g) **Relief from local authority taxes**

In designated areas, local property tax may be reduced by two thirds for a period of ten years.

(h) **Shannon Free Airport Development Acts**

Rental at cost of industrial properties; subsidies averaging 35 per cent on new plant and machinery; and full wage-cost subsidies for training of workers.

(i) **Gaeltacht Industries Act**

Rent subsidies; grants of up to £Ir100,000; share participation in the case of grants over £Ir100,000.
(j) **Export relief under Income Tax Act 1967 and the Finance Act 1965**

Income tax relief (up to 1990) on profits derived from export of goods made in Ireland. (Scheme expires on 31 December 1980.)

(k) **Credit facilities**

(i) **Industrial Credit Company** - may acquire shares, grant loans at market rates (up to 2 million) and engage in hire purchase transactions. Also operates two-tiered loan system under which principal, and in some cases interest, repayments may be partially deferred.

(ii) **Fóir Teoranta** - grants longer-term loans and guarantees to industrial firms. The company is financed by borrowing from the Exchequer.

(l) **Technical assistance**

Grants up to 33 1/3 per cent (maximum £Ir10,000) of costs of consultancy services for production improvement and market research; and of cost of sending staff on study visits. In addition, 50 per cent of course fees may be given for management and supervisory training courses. Available to all industries.

(m) **The Institute for Industrial Research and Standards**

The Institute is a statutory State-governed organization which provides technical aid at subsidized rates to industries (including textiles and clothing) in the form of testing, consulting and product and process development services.

(n) Information on the share of total assistance under all the above measures provided to the textile and clothing industries is not readily available. Available data is given below.

<table>
<thead>
<tr>
<th>Year</th>
<th>Textiles</th>
<th>Clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>7%</td>
<td>(Only combined figure available)</td>
</tr>
<tr>
<td>1977</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>1978</td>
<td>6.9%</td>
<td>6.5%</td>
</tr>
</tbody>
</table>
2. Measures applicable to the textiles and clothing industries specifically

In the early 1970's the Irish Government commissioned a firm of consultants to undertake a study of the woollen and worsted industry in Ireland. The findings of this survey which included the suggested rationalization/restructuring of the industry were adopted as the official government policy towards this sector. It was also, at this juncture, seen as necessary, in the context of an overall appraisal of the textiles and clothing industry, that the industry restructure and adapt itself to conditions of world trade. To this purpose, firms in these sectors were encouraged to embark on schemes of rationalization. To facilitate the realization of this objective, grants were and continue to be made available for:

- re-equipment/restructuring;
- research and development projects;
- feasibility studies relating to new products/markets; and
- consultancy assignments involving the employing of outside technical expertise to study and advise on various aspects of companies' operations which were, until recently, also eligible for grant assistance.

A large measure of the indigenous textiles and clothing companies did undertake, with State assistance, such programmes which entailed a:

- rationalization of production in many cases through purchase of new machinery and the scrapping of that which had become obsolete; and
- diversification out of non-viable product ranges either into different lines of production or into the manufacture of higher-quality products in the same range.

In the case of certain areas of the textiles and clothing industry that were considered as having a viable future, new investment was directed towards these sectors. Certain overseas companies were attracted to the country to establish projects in these lines of production which were seen as having a healthy future; these companies installed for use only the most technologically-advanced machinery. Furthermore, it was decided at that time (the early 1970's) to establish a man-made fibres industry in Ireland. A large element of new
investment in the textiles sector in the period under consideration consequently went towards establishing man-made fibre projects which:

- are capital intensive; and
- use the most modern machinery available anywhere.

Measures to deal with closures, unemployment, etc.

A significant number of textiles and clothing enterprises in Ireland went out of business in the period under review (1973-1979). In fact, the number is greater than is ostensibly apparent, because closures, in the textiles area in particular, are camouflaged by the commencement of operation of new firms in the more viable areas of this sector, both of which developments occurred in parallel. These were, in the main, companies which:

- did not rationalize their operations; and/or
- were unable to cope with competing imports on the Irish market from low-cost sources; and/or
- lost their overseas markets due to competition on these markets from low-cost sources.

Measures taken in cases of threatened closures consist of:

(i). an attempt to find an alternative proprietor to take over the company (about to, or gone out of, business) in cases where the new proprietor proposes to carry on a more viable operation in lines which are competitive;

(ii) encouraging the revival of a replacement industry (not necessarily in the textiles business) through grants towards eligible fixed assets.

In cases of cut-backs by textiles and clothing companies which lead to redundancies, endeavours are made (by the National Manpower Service) to identify suitable alternative employment for the persons made redundant.

The Finance Act 1978 and Amending Act 1979, which expired in March 1980, provided an employment maintenance scheme relating to the textiles (excluding synthetic fibres), clothing, footwear (including tannery) industries. According to it, eligible employers received payments of £10 per worker per week, but only up to 50 per cent of the labour force. This scheme was terminated on 31 March 1980. In 1979/80, 6,600 employees in the textiles industry and 6,500 employees in the clothing industry benefited under the scheme. Those benefiting represented 31 per cent of total employment in textiles and 50 per cent of total employment in clothing.
Industrial Training Authority (ANCO) for textiles, clothing, footwear

Statutory levy (1 per cent of total wages) except for firms whose total wage bills are less than stated amounts in textiles, clothing, footwear. Participating firms may recoup up to 90 per cent of levy paid for training programmes.

Industrial Development Act also permits grants to finance part of the cost of training labour, and for research and technical assistance.

Effects of policies and measures

Resulting from the policy of directing new investment into certain areas of the textiles and clothing industries which were considered to have a viable future, employment in a number of sectors decreased significantly during the period 1973 to 1979. This can best be illustrated by the following table:

<table>
<thead>
<tr>
<th>Sector</th>
<th>1973</th>
<th>1976</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men's and boys' clothing</td>
<td>5,200</td>
<td>3,650</td>
<td>3,000</td>
</tr>
<tr>
<td>Women's and girls' clothing</td>
<td>7,425</td>
<td>6,300</td>
<td>6,100</td>
</tr>
<tr>
<td>Hosiery and knitwear</td>
<td>8,260</td>
<td>6,800</td>
<td>6,600</td>
</tr>
<tr>
<td>Cotton</td>
<td>2,620</td>
<td>1,900</td>
<td>1,700</td>
</tr>
<tr>
<td>Woollen and worsted (excluding clothing)</td>
<td>6,340</td>
<td>4,875</td>
<td>4,600</td>
</tr>
</tbody>
</table>

While the domestic industry has been encouraged to adapt its structure in line with changes in consumer tastes, it is not possible to quantify the extent to which this has happened.
ITALY

I. Production, employment, etc.

Calculated in current prices, 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, 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 1,421 billion and from Lit 544 billion to Lit 533 billion, respectively.)

Number of enterprises


Employment

<table>
<thead>
<tr>
<th>enterprises employing more than 20 persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles 379,755</td>
</tr>
<tr>
<td>Clothing 187,422</td>
</tr>
</tbody>
</table>

Investments

<table>
<thead>
<tr>
<th>At 1973 prices in billion Lira</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles 263.6</td>
</tr>
<tr>
<td>Clothing 39.1</td>
</tr>
</tbody>
</table>
II. Adjustment processes and policies

AUTONOMOUS ADJUSTMENT PROCESSES

1. Some indication of autonomous adjustment is given by the above-mentioned data on investment in fixed assets by the industry.

2. Attribution to changes in international patterns of trade and comparative advantage.

The Italian textile and clothing industry is moving steadily towards specialization in higher value-added production ranges, while at the same time showing a growing tendency to decentralization and greater productivity. This movement is in order to resist ever-growing external competition and to keep ahead of the new demands of the market. The sector is of fundamental importance for Italy; together with mechanical engineering, it is the only industrial sector showing a significant trade surplus. In 1980 the trade surplus of the sector would have covered half the Italian oil deficit.

GOVERNMENT MEASURES AND POLICIES

Scope, technical description and purposes of measures

Law No. 1101 of 1971, known as the "Textile Act" was applicable to all sectors of the textile and clothing industry. It allowed for finance for restructuring anywhere in the country, and, in specific regions declared to be "predominantly textile", financial assistance for complete reconversion and new installations, including in industries other than textiles, which could absorb the surplus labour. Under this Law and its successive amendments, 865 requests for assistance valued at some Lit 516 billion were approved.

Law No. 1101 was replaced by Law No. 675 of 1977. Under this Act financial assistance may be made available to support restructuring and conversion plans established following the lines of sectoral programmes approved by an ad hoc ministerial committee. One of these programmes concerns the textiles/clothing sector.

Amount and distribution of expenditure

No information available.

Description and purpose of any industry-specific comprehensive plans

No such plans exist. The Italian industry is becoming increasingly specialized in branches of higher value added and reducing its share in sectors more subject to foreign competition, such as those of cotton yarn and fabrics where import penetration rates already vary between 50 to 60 per cent.
LUXEMBOURG

As regards the current state of production and trade in textile products, the sector concerned, which is very small in Luxembourg's economy, is declining steadily.

The index declined by 7.5 per cent in 1976 and 13.8 per cent in 1977. This sector is having increasing difficulty in maintaining its position in the face of imports from low-wage countries, resulting in a continuing decline in production and in redundancies.

There are no specific programmes or measures for recovery and adjustment. The Economic Expansion Law of 28 July 1973 is applicable in theory, but its application is subject to constraints deriving from the special provisions in force in the context of the European Communities.

The principal markets are still the Grand Duchy of Luxembourg, Belgium and France. More than 97 per cent of sales are in the Grand Duchy.

NETHERLANDS

I. Production, employment, etc.

Production

Calculated in current prices, 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, 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.)

Number of enterprises


In the clothing sector for the years 1974-76 there was a rise in the number of enterprises, but in 1977-79 this figure declined (1973 = 446, 1974 = 594, 1975 = 514, 1976 = 490, 1977 = 415, 1978 = 387, 1979 = 349).
Employment

(In enterprises employing more than ten persons)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>58,700</td>
<td>55,100</td>
<td>48,600</td>
<td>46,100</td>
<td>41,800</td>
<td>37,800</td>
<td>35,200</td>
</tr>
<tr>
<td>Clothing</td>
<td>40,900</td>
<td>33,100</td>
<td>27,100</td>
<td>24,900</td>
<td>22,200</td>
<td>20,900</td>
<td>19,800</td>
</tr>
</tbody>
</table>

Investment

Gross investment in fixed assets in current prices in million guilders.

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textile</td>
<td>172</td>
<td>165</td>
<td>150</td>
<td>32</td>
<td>36</td>
<td>43</td>
<td></td>
</tr>
<tr>
<td>Plant</td>
<td>31</td>
<td>27</td>
<td>24</td>
<td>8</td>
<td>14</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Machinery</td>
<td>130</td>
<td>127</td>
<td>111</td>
<td>18</td>
<td>15</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>11</td>
<td>11</td>
<td>15</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Clothing</td>
<td>32</td>
<td>36</td>
<td>43</td>
<td>8</td>
<td>14</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Plant</td>
<td>31</td>
<td>27</td>
<td>24</td>
<td>8</td>
<td>13</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Machinery</td>
<td>130</td>
<td>127</td>
<td>111</td>
<td>18</td>
<td>15</td>
<td>22</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>11</td>
<td>11</td>
<td>15</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>

II. Adjustment processes and policies

GOVERNMENT POLICIES AND MEASURES

Government measures were designed:

- to encourage investment in equipment in order to improve the programming and efficiency of production;

- to contribute to valorize the production range. It is generally recognized that mass-consumption goods can no longer, or hardly at all, be produced in the Netherlands. The industry must therefore shift toward high-quality products;

- to foster market research efforts;

- to strengthen the structure of assets;

- to achieve a lasting improvement in profitability.
Accordingly what has been achieved, or is the objective, is:

- greater profitability of the traditional production range, not including mass-consumption goods, through improved efficiency;

- adaptation and renewal of the production range through research, so that the undertaking as a whole can offer a better selection of goods and safeguard its competitive position;

- in cases where the possibilities of a given production line are found to be exhausted, active efforts to diversify production, if need be outside the textile field as such.

Within the context of a particular measure, there are incentives to market research and to improvement of the positions of undertakings in traditional markets outside the Community and, in parallel, certain facilities designed to encourage a common approach by several undertakings in the context of "group export drives".

I. SECTORAL AIDS

A. Cotton, rayon and Linen industry (c.r.l.)

Title: Supplementary assistance scheme for the c.r.l. industry
Purpose: To strengthen the financial position of undertakings and encourage the industry.
Aid: In 1976, credits totalled f. 30 million. Until the end of 1978, these credits may be converted into investment premiums (up to 20 per cent of the amount invested).
Validity: Until the end of 1980.

Title: "Netherlands Spinning" project
Purpose: To reduce production capacity by 30 per cent in one year or to restructure capacity.
Aid: Subordinated loan to finance movement of machinery and retraining of redundant personnel for other tasks.

Title: Restructuring of the c.r.l. weaving and processing sector
Purpose: To reduce or restructure production capacity.
Aid: f. 30 million for the transfer of redundant personnel to other activities.


Title: Scheme for the restructuring of financing costs in the c.r.l. weaving and processing sector

Purpose: To transfer and adapt production installations.

Aid: f. 18 million


Title: c.r.l. credit scheme

Purpose: To strengthen the financial position of undertakings.

Aid: Credits (partially) guaranteed by the State with a rate of interest equivalent to the market rate plus a premium for the guarantee by the State.

Validity: The scheme entered into force on 1 January 1968 and has been regularly extended, most recently in 1978.

B. Knitted and crocheted goods

Title: General provisions regarding the knitted and crocheted goods industry

Purpose: To improve information systems concerning the sector and markets.

Aid: Subsidies to the extent of 66 2/3 per cent for group efforts in this field for the benefit of the sector as a whole. f. 1.2 million have been earmarked for this purpose.


Title: Investment premium scheme for the socks industry

Purpose: To encourage investments in machinery so as to contribute to structural improvement in the socks industry.

Aid: A subsidy of up to 20 per cent of the investment cost. f. 1 million have been earmarked for this purpose.

Title: Overall scheme for the knitted and crocheted goods industry

See "Overall scheme for the ready-to-wear industry".

C. Ready-to-wear industry

Title: 1977-80 multi-annual programme for the ready-to-wear industry.

Purpose: Structural improvement of the ready-to-wear industry with a view to attaining long-term profitability in 1980.

Aid: The following instruments have been brought into operation for reaching the objectives of the multi-annual programme.

(a) Overall scheme for the ready-to-wear industry

Under this scheme, a subsidy of up to 20 per cent of the cost of investments in certain machinery is granted, and in addition there is the possibility of credit guaranteed by the State (at the market rate of interest).

(b) Plan of action for ready-to-wear industries

Under this scheme, undertakings can obtain State intervention in expenditure to improve information, management, organization, efficiency or flexibility of production in the undertaking. This project is therefore in the field of software.

f. 11.5 million have been earmarked for this purpose.

(c) Joint actions

In particular in the field of promoting research, improving market prospection, etc. undertaken for the benefit of the market as a whole and carried out under the auspices of the STRUCON Foundation which was established with the principal aim of improving, restricting and intensifying co-operation.

f. 7 million have been earmarked for this purpose (including the equipment costs of the STRUCON Foundation).

Validity: For (a), (b) and (c): up to the end of 1980.

General

The sectoral aid schemes that have been set up have had as their aim the encouragement of investment in new equipment and building and the reconstruction of production processes and upgrading of quality.
In relation to projects for the transfer of redundant personnel and adaptation of production installations, no plans have existed or are foreseen to shift workers from the textile and clothing to alternative industries. The development of alternative industries and sectors goes on independently of eventual transfer schemes.

It is very difficult to assess the effects of the measures restructuring the knitted and crocheted goods and ready-to-wear industry. However, the last known figures from 1978 show that for instance, unemployment in the industries that benefited from the aid schemes increased less than in the sector as a whole.

II. REGIONAL AIDS FOR THE TEXTILE AND CLOTHING INDUSTRY

In practice, such measures are rather rare for the textile and clothing industry. Sectoral allocation of regional aids is not generally known.

In three regions (Tilburg, Helmond and Twenthe) in the late sixties and mid-seventies, various types of new industries were established. The Government had no influence on the type of industry established.

Conclusion

A tremendous number of employees, by far the highest in the E.C., have become redundant in the textile and clothing industry. The figures for 1980 will show a further 10-15 per cent reduction. This development which caused production capacities to disappear quicker than foreseen, have caused structural changes.

In general the reconstruction has been concentrated on upgrading (quality, fashion) and a tendency to quit production of bulk goods. The textile and clothing industry in this movement towards upgrading has to follow closely not only fashion, but also consumer trends. Survival in textile and clothing depends greatly on following changes in consumer tastes.

The export of the textile industry amounts to 45 per cent and of the clothing and knitting industry to 20 per cent of the total turnover.

The production programme compared with ten years ago, is different. The sensitive areas of production of that time have for the greater part disappeared.
UNITED KINGDOM

I. Production, employment, etc.

Production

Calculated in current prices 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, 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, respectively.)


Employment

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>486,700</td>
<td>475,500</td>
<td>438,900</td>
<td>421,500</td>
<td>424,500</td>
<td>405,800</td>
</tr>
<tr>
<td>Clothing</td>
<td>313,600</td>
<td>320,500</td>
<td>303,600</td>
<td>291,200</td>
<td>290,460</td>
<td>278,100</td>
</tr>
</tbody>
</table>

Changes in productivity, defined as an index of production divided by an index of employment, are as follows:

These figures are only approximate as they do not take into account changes in the average number of hours worked.
<table>
<thead>
<tr>
<th>Year</th>
<th>Textiles</th>
<th>Per cent change</th>
<th>Clothing</th>
<th>Per cent change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Productivity 1975 = 100</td>
<td></td>
<td>Productivity 1975 = 100</td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>105.6</td>
<td>-7.8</td>
<td>92.8</td>
<td>+1.7</td>
</tr>
<tr>
<td>1974</td>
<td>97.4</td>
<td>+2.7</td>
<td>94.4</td>
<td>+5.9</td>
</tr>
<tr>
<td>1975</td>
<td>100.0</td>
<td>+5.3</td>
<td>100.0</td>
<td>+2.3</td>
</tr>
<tr>
<td>1976</td>
<td>104.6</td>
<td>-0.7</td>
<td>102.3</td>
<td>+4.6</td>
</tr>
<tr>
<td>1977</td>
<td>105.3</td>
<td>+0.7</td>
<td>107.0</td>
<td>+5.7</td>
</tr>
<tr>
<td>1978</td>
<td>105.1</td>
<td>-0.2</td>
<td>113.1</td>
<td>+2.1</td>
</tr>
</tbody>
</table>

**Investment**

Investment in fixed assets: enterprises employing twenty persons or more: ¹

£ million (1975 prices)

<table>
<thead>
<tr>
<th>Year</th>
<th>Textiles</th>
<th>Clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1973</td>
<td>218</td>
<td>38</td>
</tr>
<tr>
<td>1974</td>
<td>220</td>
<td>39</td>
</tr>
<tr>
<td>1975</td>
<td>160</td>
<td>30</td>
</tr>
<tr>
<td>1976</td>
<td>122</td>
<td>28</td>
</tr>
<tr>
<td>1977</td>
<td>98</td>
<td>23</td>
</tr>
<tr>
<td>1978</td>
<td>137 (P)</td>
<td>39 (P)</td>
</tr>
</tbody>
</table>

P - provisional

Net capital expenditure on plant and machinery (acquisitions less disposals) was about 75 per cent of total net capital expenditure for the textiles industry and about 60 per cent for clothing. Within total textiles investment in fixed assets in 1977 about a quarter was accounted for by the woollen and worsted industry and about a fifth by the hosiery and other knitted goods industry.

¹The figures have been calculated using the implied deflator for capital expenditure of the textiles, leather, clothing and footwear industries (all assets) as a whole, no disaggregated deflator being available.
II. Adjustment processes and policies

AUTONOMOUS ADJUSTMENT PROCESSES

In a market economy such as the United Kingdom's the processes of adjustment derive from market forces rather than from Government action. It is not possible to distinguish between measures to improve viability of existing lines of textile production and those designed to encourage a move into more viable lines of production. Moves to other industrial sectors have taken place autonomously, but regional policy, for example and other measures of general support (see below) will have played a part in assisting the creation of alternative jobs in other industries in textiles areas and elsewhere. Redundancy payments - financed by employers generally - to those workers in textiles and clothing (as in other industries) losing their jobs will have helped some of the displaced workers make the transition to new jobs.

Essentially it has been the textile and clothing industry itself which has been responsible for the adjustment and restructuring which has taken place, and which has decided on the necessary steps to make itself viable and competitive. There have however been specific sectoral schemes of support for rationalization and modernization in the clothing and wool textiles sectors, aimed at encouraging and assisting the process of adaptation which has been brought about by market forces.

Estimates of investment by the industries at constant prices is set out in the table above.

GOVERNMENT MEASURES

Most of the Government measures have been of the "pump-priming" type, and have contributed to the considerable restructuring, rationalization and investment in new equipment that has taken place in many sectors of the textiles and clothing industry, and supported moves into new product lines.

(i) Regional assistance

Although essentially designed to achieve regional objectives, Government Regional Financial Assistance has played a part in the adjustment process for those textiles and clothing firms eligible for this form of support. In July 1979 the Government announced important changes in regional assistance. A strong regional industrial policy is to be maintained broadly along the lines of past policy but is to be made more selective.
The areas eligible for regional assistance are to be reduced and will cover about 25 per cent of the employment of the country compared with just over 40 per cent at present.\footnote{This will come into effect as from 1 August 1982.} Important areas for cotton and allied textiles, woollen and worsted textiles, and clothing will cease to be eligible for regional assistance. The financial assistance in the form of regional development grants is to be reduced; Government factory building will continue but with a greater element of self-financing; and the criteria for regional selective financial assistance for viable investment projects with a clear benefit to employment have been tightened to make the scheme more cost-effective. Applicants now have to demonstrate clearly that regional selective financial assistance is necessary to enable a project to go ahead. A test of efficiency is also applied so that the projects supported are those most likely to strengthen the regional and national economy and thereby to promote more productive and secure jobs.

The regions which contain the largest concentration of textile and clothing industries and for which regional assistance is available are:

- Scotland
- Wales
- Northern Ireland
- North West Region
- Yorkshire and Humberside

In 1977 the total employment in textiles (defined as Order XIII of the Standard Industrial Classification and not NACE category 43) and clothing (defined as Order XV, clothing and footwear, and not NACE category 453) as a percentage of all employees in areas covered by regional assistance was as follows:

- Scotland: 4.4
- Wales: 2.8
- Northern Ireland: N/A
- North West: 6.8\footnote{Most of these two regions are due to lose their Assisted Area Status on 1 August 1982.}
- Yorkshire and Humberside: 7.2

In a few travel-to-work areas within these regions the percentages rise to 20 per cent or more.
The criteria laid down for defining areas for regional assistance are all the circumstances actual and expected, including the state of employment and unemployment, population changes, migration and the objectives of regional policies.

The criteria for giving regional assistance within the Assisted Area are laid down by Section 7 of the Industry Act 1972, which empowers the Secretary of State to provide financial assistance for various purposes where this is likely to provide, maintain or safeguard employment in the Assisted Areas.

Regional Development Grants are paid to firms engaged wholly or mainly in manufacturing activities in the Development and Special Development Areas. Grant is made on new building and works, and plant and machinery at the rates of 22 per cent (Special Development Areas) 15 per cent (Development Area) subject to continued use of the assets on qualifying premises for at least four years.

(ii) Employment measures

In April 1978 restrictions were placed on the amount of Temporary Employment Subsidy which firms in textiles and clothing could receive, and approval of applications from firms in these sectors for TES for more than 125 people for over six months was made conditional on approval of a restructuring plan. The TES scheme closed for applications on 31 March 1980, which means that no firm received the subsidy beyond April 1980.

A scheme of support for short-time working in textiles, clothing and footwear was introduced in May 1978 to protect jobs which would otherwise be at risk of redundancy as a result of the limitations on the use of the TES scheme. In April 1979 this was replaced by a general Temporary Short-time Working Compensation Scheme (not confined to textiles, clothing and footwear). Employers who are prepared to introduce short-time working as an alternative to redundancy may under certain circumstances receive compensation for six months for the payments which they make to the employees concerned.

Gii) Selective investment facility

First introduced in December 1976, this is designed to promote projects which lead to identifiable improvements in industrial performance. From June 1979 stricter criteria are being applied. Assistance is normally in the form of revenue grants. The facility is available on a selective basis to industry generally, not just textiles and clothing.
This assistance is given under Section 8 of the Industry Act 1972 and is available for major projects which are in the national interest. Sectoral schemes have been set up under the Act at various times, including the Wool Textile Scheme and the Clothing Industry Scheme, details of which are set out in following paragraphs. Others are non-sectoral e.g. the Accelerated Projects Scheme (which ran from 1975 to 1976), the Selective Investment Scheme (1976 to 1979) and the Energy Conservation Scheme (1978-1980). Details are given below of projects in the textile and clothing industries which have been offered (or paid) assistance under any of the Section 8 schemes during the eight and a half years, April 1972 to November 1980. (The figures include some assistance (unquantifiable) to the footwear industry.)

<table>
<thead>
<tr>
<th>No. of offers made</th>
<th>Value of offers made</th>
<th>Actual payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,454</td>
<td>£49.8m</td>
<td>£35.4m</td>
</tr>
</tbody>
</table>

(iv) Sectoral assistance schemes in textiles and clothing

A. Wool textiles

Under the sectoral scheme of assistance for wool textiles — one of the more fragmented sectors in textiles — one of the aims was to achieve restructuring and rationalization without an overall increase in capacity. Structural change was seen as taking two forms: a reduction in the number of establishments (rationalization of products and a reduction in the number of organizations (take-overs, mergers)). The scheme was announced in July 1973 and applications had to be received by 31 December 1975. Applicants had until 31 December 1977 to complete approved projects. A second more limited scheme was announced in November 1976 with the aim of further encouraging rationalization and restructuring in order to secure the fullest benefit from the investment generated under the first stage scheme. Applications had to be received by 31 December 1977 but firms had until 31 December 1979 to complete their projects.

Assistance under the first stage Wool Textile Scheme was broken down into four categories. The first category covered re-equipment, the second category re-equipment and re-building and category 3 covered more comprehensive expenditure on rationalization or amalgamation. The fourth category made assistance available in the form of redundancy payment for closure of companies or production units.

The main result of the first stage Wool Textile Scheme has been the modernization of plant, machinery and buildings, bringing about investment of some £59 million in plant and machinery and £22 million in building works over the period 1974-1977. Total Government expenditure under this first stage Wool Textile Scheme in respect of capital investment will amount to about £16 million.
The second stage of the Wool Textile Scheme was announced in November 1976. This was principally concerned with further rationalization of capacity. Applications had to be submitted by 31 December 1977 and projects to be completed by 31 December 1979 if they were to be eligible for support. Expenditure on the second stage scheme is not expected to exceed £7.5 million.

Assistance under the scheme was designed to encourage modernization linked with internal rationalization or external merger, by providing assistance in the form of loans at concessionary rates of interest, or, preferably, interest relief grants on national loans, for up to 50 per cent of the qualifying expenditure; plus grants for investment in new machinery and building as an integral part of such a project at the rate of 20 and 30 per cent respectively. The scheme was also designed to help firms employing fewer than 500 by providing a 50 per cent grant for the use of consultants to examine ways and means of improving productivity and efficiency generally.

B. Clothing

The Clothing Industry Scheme was designed to improve efficiency and productivity and to encourage the industry to rationalize and restructure into more efficient units, without an overall increase in the capacity of the industry.

The scheme was announced in October 1975. It closed to applications at the end of 1977 and projects must be completed by 31 December 1979 in order to qualify for assistance. Support was available for consultancy fees, for investment projects and for restructuring or reorganization. Approaching £20 million Government assistance was committed under the scheme.

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

(v) Research in textiles and clothing

Research in the United Kingdom industry has been encouraged through levies (in some sectors) to research associations which also do consultancy work for firms on a consultancy basis. Some Government finance is available to support cost-shared research and development projects in the industry and with textile and clothing research associations/institutes. Scientific research levies are collected for the wool textile and hosiery and knitwear industries. The orders under which these are collected specify that funds may be used to finance research "in connexion with the industry".

Recent projects have included spinning and weaving developments and improvements, environmental and pollution hazards and dyeing techniques.
(vi) Training

Industrial Training Boards cover most sectors of the textiles and clothing industry, mainly self-financed from levies on firms. Where shortfalls in required skills are perceived and where the resources of the ITBs are insufficient to provide them, proposals may be submitted to the Manpower Services Commission for Government support under its Training for Skills programme, provided the appropriate criteria are met.

The Department of Employment may agree to a sponsored training programme with any employer where spare facilities for instruction are available at one of the skill centres provided by the Government as a service to industry. A further scheme provides for speculative retraining for occupations not specific to any particular industry: for example, an individual might acquire engineering skills under such arrangements and might then apply these skills in any one of a number of industries.
I. Production, employment, etc.

Production


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.


In the apparel sector some selected items have shown a sharp decline: panty-hose (1973 = 38,558 m. pcs., 1977 = 13,306 m. pcs. and 1978 = 20,492 pcs.); undergarments (1973 = 17,253 pcs., 1978 = 10,452 pcs.), shirts (1973 = 6,111 m. pcs., 1978 = 3,566 m. pcs.) and trousers for women, girls and infants (1973 = 2,889 m. pcs., 1978 = 2,101 m. pcs.). In the case of other items production has been maintained and even increased: blouses and shirt blouses (1973 = 3,238 m. pcs., 1978 = 3,566 m. pcs.), coats for women and girls (1973 = 1,688 m. pcs., 1978 = 1,728 m. pcs.), skirts (1973 = 810 m. pcs., 1978 = 1,571 m. pcs.), trousers for men and boys (1973 = 4,517 m. pcs., 1978 = 5,959 m. pcs.).

Employment

The number of employees in both the textiles and apparel sectors has declined (textiles, 1973 = 29,700, 1979 = 22,300; apparel, 1973 = 34,600 and 1979 = 32,900).
The index of implied productivity shows a steady increase which is more marked in the textiles sector (1973 = 100, 1978 = 138) than in the clothing sector (1973 = 100, 1978 = 117).

### Investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Textiles (321)</th>
<th>Clothing (322)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current prices</td>
<td>1975 prices*</td>
</tr>
<tr>
<td>1973</td>
<td>138</td>
<td>193</td>
</tr>
<tr>
<td>1974</td>
<td>189</td>
<td>214</td>
</tr>
<tr>
<td>1975</td>
<td>132</td>
<td>132</td>
</tr>
<tr>
<td>1976</td>
<td>101</td>
<td>92</td>
</tr>
<tr>
<td>1977</td>
<td>86</td>
<td>68</td>
</tr>
<tr>
<td>1978</td>
<td>163</td>
<td>128</td>
</tr>
</tbody>
</table>

*Conversion coefficient from the National Accounts

### II. Developments in trade

Finland’s trade in textiles and clothing combined was virtually in balance in 1979, with a deficit in textiles being almost entirely offset by a surplus in clothing. Finland has, throughout the decade 1970-79, been a net importer of textiles and a net exporter of clothing.

Total imports of textiles increased in value from $257 million to $525 million in the period 1973 to 1979; those of clothing from $52 million to $145 million in the same period. Developed countries still account for the largest part of this trade. Their share in total Finnish imports of textiles rose from 83 per cent in 1973 to 86 per cent in 1976 and declined to 84 per cent in 1979. However, their share of imports of clothing declined from 65 to 57 per cent over the same period.
The share of developing countries in imports of clothing increased rapidly in the first half of the decade (from 22 per cent in 1970 to 36 per cent in 1975). In the period up to 1979 it subsequently declined to 31 per cent. During the second half of the decade, the share of Eastern-trading-area countries in imports of clothing rose rapidly to reach 12 per cent in 1979, following the introduction of new free-trade-area arrangements. The shares both of developing and Eastern-trading-area countries in imports of textiles, however, fluctuated over the period and did not show any marked increase.

### Finland

#### Area Distribution of Trade, 1973-1979

<table>
<thead>
<tr>
<th>Imports</th>
<th>Textiles</th>
<th>Clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(million dollars)</td>
<td>(percentage shares)</td>
</tr>
<tr>
<td>Total</td>
<td>257</td>
<td>333</td>
</tr>
<tr>
<td>Developed area</td>
<td>83</td>
<td>86</td>
</tr>
<tr>
<td>Developing area</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Members</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Non-members</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Eastern trading area</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Exports</th>
<th>Textiles</th>
<th>Clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(million dollars)</td>
<td>(percentage shares)</td>
</tr>
<tr>
<td>Total</td>
<td>66</td>
<td>93</td>
</tr>
<tr>
<td>Developed area</td>
<td>86</td>
<td>81</td>
</tr>
<tr>
<td>Developing area</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Members</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Non-members</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Eastern trading area</td>
<td>9</td>
<td>16</td>
</tr>
</tbody>
</table>

Source: COM.TEX/W/76, Tables 15-17.

1/ See COM.TEX/W/35, Table 8 and COM.TEX/W/76, Table 16. See also below, section on Market Access.

2/ See below, section on Market Access.
Data on selected products imported into Finland show that the overall quantity of yarns and fabrics imported has been growing, if at all, very slowly. Developing countries have taken a growing share of the import market for cotton yarn, while developed countries' share of imports of cotton fabrics increased up to 1977 and thereafter declined. In the man-made fibre textiles sector, developed countries' share of trade has remained predominant. In respect of clothing and household fabrics, Eastern-trading-area countries' share of imports increased substantially over the period under liberalized trading arrangements.1

III. Adjustment processes and measures

AUTONOMOUS ADJUSTMENT PROCESSES

1. Identification of autonomous adjustment processes

(i) The principal responsibility for adjustment to changing market conditions lies with the industry.

Firms have adjusted themselves by:

(a) Cutting down unprofitable lines of production;

(b) Laying emphasis on the profitability of products by raising the degree of processing;

(c) Specializing in certain products;

(d) Transferring to processing of semi-finished goods;

(e) Promoting product design. This trend is supported by the governmental programme for training designers for the Finnish industry;

(f) In the cotton industry the domestic production of certain types of yarns and fabrics have been replaced by imports from developing countries;

(g) The knitwear industry is gradually moving towards a higher degree of processing by developing fashion-oriented products.

An upgrading of production ranges has occurred in most of the branches of the textile and clothing industry. This is due to increased fashion orientation in product design. Production of more expensive, up-to-date items, like outdoor

1See COM.TEX/SB/610/Add.3 and section below on Market Access.
wear, has been developing while the importance of products of lower ranges, like shirts, raw fabrics and knitwear, has been diminishing.

Finnish textile and clothing companies are highly sensitive to changes in consumer taste. Moreover, the flexibility of their production and their generally small size is helpful in furthering the adjustment process. The companies have also concentrated on establishing channels of distribution to improve the accuracy of the deliveries in order to meet the demands of the consumers. The share of the textile industry of the domestic market has diminished from 60 per cent to 45 per cent, and of the clothing industry from 90 per cent to 75 per cent during the 1970's.

(ii) Investment figures show the following pattern:

<table>
<thead>
<tr>
<th>Year</th>
<th>Textiles</th>
<th>Clothing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Current prices</td>
<td>1975 prices - Fmk million</td>
</tr>
<tr>
<td>1973</td>
<td>138</td>
<td>193</td>
</tr>
<tr>
<td>1974</td>
<td>189</td>
<td>214</td>
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<td>1975</td>
<td>132</td>
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<td>1977</td>
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<td>1978</td>
<td>163</td>
<td>128</td>
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<tr>
<td></td>
<td>- plant</td>
<td></td>
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<tr>
<td>1973</td>
<td>33</td>
<td>46</td>
</tr>
<tr>
<td>1974</td>
<td>67</td>
<td>76</td>
</tr>
<tr>
<td>1975</td>
<td>39</td>
<td>39</td>
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<tr>
<td>1976</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>1977</td>
<td>19</td>
<td>15</td>
</tr>
<tr>
<td>1978</td>
<td>40</td>
<td>32</td>
</tr>
<tr>
<td></td>
<td>- machinery and equipment</td>
<td></td>
</tr>
<tr>
<td>1973</td>
<td>84</td>
<td>117</td>
</tr>
<tr>
<td>1974</td>
<td>110</td>
<td>125</td>
</tr>
<tr>
<td>1975</td>
<td>85</td>
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<tr>
<td>1976</td>
<td>71</td>
<td>65</td>
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<tr>
<td>1977</td>
<td>62</td>
<td>50</td>
</tr>
<tr>
<td>1978</td>
<td>109</td>
<td>85</td>
</tr>
</tbody>
</table>
2. Attribution to changes in international patterns of trade and comparative advantage

Finland is heavily dependent on foreign trade, which makes a continuous adjustment process a necessary element in running the national economy effectively.

GOVERNMENT MEASURES AND POLICIES

A. Scope of measures

(1) Measures applicable to industry in general

(a) Research and development activities (see below);

(b) Regional support programmes available to the industry in general (see below).

(2) Measures applicable to textiles and clothing industries specifically

There is no specific comprehensive State programme on adjustment assistance for the textiles and clothing industries. Due to the difficulties in the Finnish textile and clothing industries, which had, in the beginning of the 1970's, become increasingly severe, leading to considerable problems in production and employment, a special governmental committee was established with the task of examining the present and future problems in the textiles and clothing industries and of proposing measures by which they could be tackled.

B. Technical description of measures

(1) Industry in general

(a) Support for research and development activities is available to all firms, regardless of the sector, on an equal footing. Finland does not have its own production of textiles technology and rather imports and adapts advanced technology developed principally in the big industrialized countries. Hence the domestic costs of R and D are comparatively low. The development of materials, upgrading of products and product design are of greater importance than traditional R and D.
Regional support programmes related to productive activity are aimed at promoting balanced economic development in less-favoured northern and eastern regions of Finland. These programmes take into account the prospective international competitiveness of the firms applying for assistance. Regional aid comprises three different forms of assistance: investment assistance, starting assistance and training assistance. There is also a specialized credit institution called the Regional Development Fund which meets the demand for credits of the industries in the developing areas.

(2) Textile and clothing industries specifically

As a result of growing difficulties in the early 1970's in the Finnish textiles and clothing industries, a special governmental committee was established in 1976 with the task of examining the industries' present and future problems and proposing measures by which they could be tackled. In its report, delivered in 1978, the committee made proposals mainly aimed at assisting the adjustment process by product development and retraining of the unemployed from the sector.

However, due to the remarkably improved economic situation which developed at around the time the Committee's report was completed, most of its recommendations became immaterial. Only one, concerning governmental aid to research and development activities, has been implemented.

In addition, during the economic recession of the mid-1970's when unemployment reached a record level in Finland and several closures took place in the textiles and clothing industry, the Government decided, as an exceptional measure aimed at securing a minimum production of certain basic fabrics in Finland, to take over two private firms threatened by closures. As a result, the State-owned VALVILLA was established. The share of this firm in turnover and employment in the textile sector is less than 5 per cent. Its lines of production consist of woollen and cotton fabrics.

There is at present a programme for the gradual phasing out of unprofitable lines produced by VALVILLA, notably in the spinning of yarns.

C. Purposes of the measures

To improve viability of current lines of production or to move into more viable lines of production.

(a) Research and development activities may relate to the viability of current lines of production as well as the ability of the industry to move into more viable lines of production. The principal
condition for assistance in this area, as well as for regional aid, is that production should be sufficiently profitable to provide a solid basis for the future operations of the company.

(b) The development of materials, upgrading of products and product design are of greater importance than the traditional research and development.

To move out of the textile sector into other sectors of the industry or to develop alternative industries.

(a) Within regional support programmes, no specific measures have been taken in order to move industry from the textiles sector into other sectors of the economy;

(b) There exists a programme for the gradual phasing out of the unprofitable entities and lines of production of the State-owned textiles firm VALVILLA Ltd. (see above).

D. Amount and distribution of expenditure among these measures

(a) The share of the textiles and clothing industry has amounted to about 1 per cent of the total amount of the governmental support granted to research and development during the 1970's.

(b) The share of the textiles and clothing industry in regional aid and the regional development fund has been one tenth of the total in the second half of the 1970's.

E. Description and purpose of any industry-specific comprehensive plans

There is no such plan at present in Finland.

F. Measures to deal with problems resulting from closures, unemployment, etc.

(a) Establishment of VALVILLA (see above).

(b) A general programme for the retraining of unemployed workers covers all industries, including the textile and clothing sector. Retraining courses are arranged by vocational training centres under government supervision. The courses are aimed to provide a new trade or occupation for the unemployed.

The decrease of the share of employment of the textile and clothing industry relative to total employment conforms to the gradual shrinking of this sector in relation to production and value added in the entire Finnish industry. The lowering trend of employment is partly due to natural retirement of workers. It is not possible to evaluate the absorption by other sectors of workers employed in the textile and clothing industry.
G. Effects of government measures

It has not been possible to evaluate movements of workers out of the textiles and clothing industry into other sectors, as labour movement statistics are not sufficiently detailed. Nor has a quantitative evaluation of the effects of regional support or R and D assistance been found possible.

IV. Market access

(a) Evolution of restrictions since the coming into force of MFA I

Agreements concluded under MFA I and MFA II

MFA I. Under Article 2:1 Finland notified quota arrangements included in bilateral agreements with some State-trading countries, including Czechoslovakia, Hungary, Poland and Romania, and an import surveillance system based on a licensing agreement with Korea. During MFA I, Finland maintained its quota arrangements with the People's Republic of China, Poland and Romania, and the licences agreement with Korea, and terminated other pre-MFA restrictions. During this period it concluded bilateral agreements with Hong Kong effective since 1976 and with Macao effective since June 1977.

MFA II. During MFA II restrictions maintained with respect to imports from Poland were liberalized on the conclusion of a free-trade-area agreement. Previous restrictions maintained with respect to imports from Korea were terminated, and replaced by an agreement under the MFA with a smaller product coverage than contained in the licensing agreement. Bilateral agreements were also concluded with Hong Kong, India, Macao, Malaysia, Singapore and Thailand.

Structure of bilateral agreements

All agreements concluded by Finland have been selective with limited product coverage.

Agreements concluded during 1974-77 were for one-year periods. Base levels in these agreements were higher than past trade or past restraints. They provided for swing between 6 per cent and 7 per cent and carry-over and carry-forward between 10 per cent/5 per cent and 11 per cent/6 per cent. Agreements concluded during MFA II were for longer than one-year periods with limited coverage of between one and four categories under restraint; in one case seven products were under restraint. Base levels were higher than past trade or past restraint. In one case where quotas were lower than past restraint, with growth of 0.5 per cent and swing 1 per cent, the reductions were restored in the

1/Prepared by the secretariat, in consultation with the delegations concerned, on the basis of COM.TEX/SB/196 and 610.
succeeding agreement. Growth in agreements varied between 1 and 4 per cent, swing, where applicable, between 5 and 6 per cent and carry-over and carry-forward between 11 per cent/5 per cent and 11 per cent/6 per cent.

Product coverage of items under restraint

Product coverage in agreements has been limited to a few sensitive items, namely woven blouses, shirts, briefs and drawers and bed-linen. In the case of Korea, the agreement concluded during MFA II covering stockings, outergarments, coats, jackets, dresses, blouses and shirts, was accompanied by the termination of all residual restrictions in existence under the licensing agreement.

(b) Country submission

The access of textile and clothing products to the Finnish market has in overall terms developed to a more liberal direction during the lifetime of the MFA. Previous quantitative restrictions have been liberalized in imports from the East European countries and Korea, and remain applicable for the moment only with respect to the People's Republic of China. During MFA II restrictive licensing arrangements have been replaced by a considerably more liberal agreement under Article 4 of the MFA concluded with Korea, imports from Poland were liberalized in the context of an Article XXIV free-trade agreement, and as the latest development an Article 4 agreement has been initialled with Romania. Also, this agreement will replace a relatively more restrictive import quota system, when it enters into force in a few months' time.

The imports of textile and clothing products to Finland have more than doubled during the two MFAs. The market shares of developing countries have been able to increase, significantly in the case of clothing, in the 1970's which could partly be attributed to the inclusion of some textile and clothing items in the Finnish GSP scheme. It is also worth noting that Finland has only seven Article 4 agreements in force at present (the eighth will soon be the agreement initialled with Romania) and that these agreements cover only a few most sensitive products. The imports of the most important restricted items have developed as follows:

\[ \text{COM.TEX/SB/610/Add.3} \]
\[ \text{COM.TEX/16} \]
These imports have thus partly increased faster than the total imports of textiles and clothing which developed as follows:

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1979</th>
<th>% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>256.64</td>
<td>524.70</td>
<td>104.5</td>
</tr>
<tr>
<td>Clothing</td>
<td>52.20</td>
<td>144.66</td>
<td>177.1</td>
</tr>
</tbody>
</table>
GUATEMALA

I. Status of the industry

1. Production

Output of textiles (including textile fibres) increased from $77.1 million to $97.4 million from 1978 to 1979 (or by 16 per cent at constant prices). During the same period, output of clothing grew from $16.9 million to $20.7 million (or by 11.8 per cent at constant prices).

2. Employment

From 1978 to 1979, employment in the textiles sector grew from 6,517 to 6,628 persons employed (or by 1.7 per cent), employment in the clothing sector grew from 1,970 to 2,160 persons employed, or by 9.6 per cent.

3. Investment

In 1979, $33.7 million of financing were granted to the textiles, wearing apparel, leather and footwear sectors taken as a whole, of which $31.2 million were allocated to costs of operation and $2.5 million used for investment purposes.

4. International trade

Exports of textiles increased from $20 million in 1973 to $20 million in 1976, or by 40 per cent, exports of clothing from $7 million to $12 million, or by 71.4 per cent. In 1976 most of the exports of textiles were woven cotton fabrics ($12 million) and knitted fabrics ($8 million).

Imports of textiles were $24 million and imports of clothing $12 million in 1976, both at a higher level than in 1973.

In 1976, 82.4 per cent of textiles exports and 75.5 per cent of clothing exports went to the developing area, the rest went to the developed area, but the share exported to the developed area is growing.

Among the developed countries, the main importers of textiles coming from Guatemala are the United States, Canada and EEC, the main importer of clothing being the United States. Among the developing countries, the main trading partner for textiles and clothing is, by far, El Salvador.
II. Government and other plans for the expansion and/or reorganization of the industry and the development of particular sectors

The economic policy of the Government of the Republic of Guatemala has traditionally been characterized by the development of support plans and projects, financing, technology and credits for industry in general, through its legislation and institutions, such as:

(a) The Central American Agreement on Fiscal Incentives for Industrial Development (Industrial Promotion Act).


(c) The National Finance Corporation (CORFINA).

With respect to sub-paragraph (a) above, the Industrial Promotion Act makes provision for the textile industry, so that its benefits cover all the various activities concerned such as spinning, weaving and finishing of textiles, preparation of fibres for spinning mills through processes such as burling, retting, soaking, washing, carding, combing and carbonizing; milling, bleaching, dyeing, printing and finishing of yarn, manufacture of narrow fabrics and other small textile articles, manufacture of lace, plaited fabrics and other semi-manufactures, etc.

As regards financing, as a first step a table is prepared by the Secretariat General of the National Council for Economic Planning, through the Department of Industry and Commerce for the planning area of producing sectors, establishing priorities which can then be applied by CORFINA in attending to the needs of individual industrial sectors.

According to quarterly surveys made by the Directorate General for Statistics, in 1979 there was a total of 2,325 industrial establishments in the Republic of Guatemala - thirty-two less than in the preceding year, equivalent to a 1.4 per cent reduction; nevertheless in 1978, 120 textile industries were recorded and 121 in 1979, equivalent to an increase by 0.8 per cent.
HONG KONG

I. Status of the industry

1. Production

The production index of textiles (i.e. textile spinning and weaving) rose from 100 in 1973 to 111 in 1978, after a fall to 95 in 1974 and a rise to 126 in 1976.1/

Between 1976 and 1977, production of simple yarn of wool, cotton and man-made fibres (including mixtures of such yarns) fell from 249,000 metric tons to 234,000 metric tons, the most important production of which being cotton yarn (197,000 metric tons in 1977). During the same period, the production of woven pile and chenille fabrics of wool, cotton and man-made fibres, woven fabrics of wool yarn, of cotton yarn and of man-made fibre fell from 872 million of square metre to 723 million of square metre, the most important production of which being woven fabrics of cotton yarn. Quarterly figures for 1979 seem to indicate similar trends.

During the same period (1976-1977), the production of undergarments fell from 237 to 227 million pieces, the production of trousers fell from 170 to 160 million pieces, the production of jerseys, pullovers, slipovers etc. fell from 86 to 73 million pieces. In the meantime, the production of shirts, blouses and shirtblouses grew from 282 to 314 million pieces, the production of coats and overcoats (3/4 or longer) rising from 30 to 56 million pieces.2/

2. Employment, wages, number of establishments 3/

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;

1/ COM.TEX/W/76, Table 1.
2/ COM.TEX/W/77/Add.1, Table 14A.
3/ COM.TEX/16/Rev.1.
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 2,645.1/

3. Investment

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.1/

4. Value added

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.1/

5. International trade

Domestic exports of clothing rose from HK$13,909 million in 1977 to HK$20,131 million in 1979. They constituted 39.7 per cent of total domestic exports in 1977 and 36 per cent in 1979.1/

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).1/

Most exports of clothing continue to go to developed areas (around 90 per cent). In the case of textiles, however, the proportion of total exports going to developed countries declined from 69 to 55 per cent between 1973 and 1979, whereas the share of developing areas rose from 31 to 38 per cent and that of the Eastern trading area, from 1 to 7 per cent.2/

In imports, the share of textiles is 87 per cent. The imports between 1973 and 1979 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.2/

1/ COM.TEX/16/Rev.1
2/ COM.TEX/W/84, page 31.
The proportion of textile imports coming from developed countries also declined, from 42 to 34 per cent, while the developing countries' share rose from 36 to 42 per cent and that of the Eastern trading area from 21 to 24 per cent.¹

The export surplus in clothing almost trebled, to $3.4 billion in 1979, essentially due to growth in the export surplus with developed countries. There was also a trebling in the import surplus in textiles (to $1.5 billion), reflecting the growing import surplus with the developing countries, the Eastern trading area and developed countries.¹

II. Government and other plans for the expansion and/or re-organization of the industry²

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.

¹/ COM.TEX/W/84, page 31
²/ COM.TEX/16/Rev.1
I. Status of the industry

1. Production

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.

2. Employment

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.

3. Value added, investment, wages, etc.

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.
4. **International trade**

Exports to the rouble area, accounting for half of total exports, are 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.

5. **General statement on the national textile industry**

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.

II. **Government and other plans for the expansion and/or re-organization of the industry and the development of particular sectors**

There is no central planning for the development of the textile 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 scale of production in 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.

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1/ COM.TEX/16/Rev.1
1. Assessment of the effect of Government schemes adopted or contemplated for re-organization, modernization or diversification of the industry

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 woolen 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.

2. Extent to which Government plans to develop particular sectors of the textiles and clothing industry

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.
3. Adjustment measures and policies relevant to Article 1:4: Processes attributed to changes in international patterns of trade in textiles and comparative advantages 1/.

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 1978, 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 loosing 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.

1/ COM.TEX/16/Rev.1.
I. Status of the industry

1. Production

Textiles constitute 19.61 per cent of Indian industrial production. The industry consists of large-scale (mill), medium-scale (powerloom) and small-scale (handloom) production units. Less than half of India's textile production comes from the mill sector having both spinning and weaving capacity. The major proportion of India's textiles is manufactured in handlooms and art-silk powerlooms. Cotton textiles form 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.

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 1974-1975.

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 1974-1975; output of cotton cloth had declined while blended and man-made fabric production had increased.

Clothing manufacturing is concentrated in the cottage sector. Exports of garments have grown rapidly.\(^1\) (See below for export figures).

However, the overall production index of the clothing sector (including made-ups and footwear) fell from 100 in 1973 to seventy-nine in 1978.\(^2\)

\(^1\) COM.TEX/16/Rev.1.
\(^2\) COM.TEX/W/76, Table 1.
2. Employment

Handloom textile manufacturing, the most important cottage industry in India, employs directly over ten million people in handloom weaving and associated activities, while an equal number are employed in technical, commercial and service sectors linked to handlooms. The number of employees in the cotton mill sector has risen from one million to 1.16 million between 1973 and 1979.

3. Investment

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/art-silk powerloom sectors for which data on investment are not available.

4. International trade

In the nine years 1971-1972 to 1979-1980, Indian exports of textile have grown five-fold in value. Since 1974-1975 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 1979-1980. In quantity terms, however, exports have stagnated. This is ascribed by the Government in large measure to protectionist measures taken by importing countries.


The share of Indian textiles and clothing exported to the developed area increased from 1973 to 1977. Fifty-eight per cent of Indian textiles were exported to the developed area in 1977, 78 per cent of the clothing.

\[1\] COM.TEX/16.
\[2\] COM.TEX/W/77, Table 15.C.
\[3\] COM.TEX/16/Rev.1.
\[4\] COM.TEX/W/78, Table 12.D.
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.¹

II. Government and other plans for the expansion and/or re-organization of the textiles and clothing industry, and the development of particular sectors.¹

Government objectives are to make larger quantities of quality cloth available at reasonable prices to the masses; to give priority to employment-oriented 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.

1. Government schemes adopted or contemplated for re-organization, modernization or diversification of the industry: an assessment of their effects.

The measures undertaken to achieve the objectives mentioned in the above paragraph 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 re-organization and to stabilize employment; expansion of woollen industry through delicensing of operations.

2. Extent to which Government plans to develop particular sectors of the textiles and clothing industries.

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.

¹ COM.TEX/16/Rev.1.
INDONESIA

I. Status of the industry

1. Production

The production index in the textile sector rose from 100 in 1975 to 111 in 1978, with a fall to 107 in 1977. (However, it has to be noted that the index does not cover the entire textile sector.)

According to data submitted for the GATT 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.

2. Employment

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 316,500 employed in the machine/mechanical sector and about 316,500 in the hand-operated sector (including batik).

3. Value added

The value added by manufacturing in the textiles and clothing industries grew by 39 per cent between 1976 and 1979 (calculated in current rupiah). In current United States dollars, the value added fell from $1,115 million to $1,030 million during the same period.

1 COM.TEX/W/76, Table I
2 COM.TEX/16/Rev.1
4. **Investment**

Calculated in current rupiah, investment grew by 131 per cent from 1976 to 1979. Calculated in current United States dollars, investment grew from 507 million to 780 million, or by 54 per cent during the same period.

5. **International trade**

Although exports of textiles and exports of clothing have grown significantly from 1973 to 1979, and specially in 1978 and 1979, the net trade of textiles and clothing remains negative. However, exports of clothing are now much more important than imports. Exports toward developing countries are growing more rapidly than exports toward the developed areas.  

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.

### Exports, Imports and Net Trade of Textiles and Clothing of Indonesia, 1973 to 1979 - Million Dollars

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<td>-148</td>
<td>-209</td>
<td>-191</td>
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<td>-159</td>
</tr>
<tr>
<td><strong>Clothing</strong></td>
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<td>5</td>
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<td>Imports</td>
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<td>4</td>
<td>9</td>
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<td>2</td>
</tr>
<tr>
<td>Net trade</td>
<td>-2</td>
<td>-4</td>
<td>-2</td>
<td>-5</td>
<td>-1</td>
<td>10</td>
<td>63</td>
</tr>
</tbody>
</table>

1. COM.TEX/W/77, Table 16 D  
2. COM.TEX/W/76  
3. COM.TEX/16/Rev.1
6. General statement on the national textile industries

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.

II. Government and other plans for the expansion and for reorganization of the industry, and the development of particular sectors

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 provided for diversification of exports, and 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

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

I. Status of the industry

1. Production

The production index in the textiles sector increased from 98 in 1975 to 120 in 1979 (1973 = 100). The production index of clothing (including made-ups) increased from 95 in 1975 to 118 in 1978 and 1979 (1973 = 100).

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.

The production of textiles was 5,936 millions of United States dollars in 1978, the production of apparel 6,400 millions of United States dollars.

2. Employment

In 1979, the textiles industry employed an average of 23,900 people, the apparel industry an average of 33,100 people.

3. Investment

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.

In 1979, gross investment in the textiles sector was IL1,010 million (or 397 millions of United States dollars), gross investment in the clothing sector was IL430 million (or 169 millions of United States dollars).

4. International trade

Exports of textiles fell from 1973 to 1975, then increased to reach 85 millions of United States dollars in 1978. Since 1973, imports of textiles are more important than exports (due to imports of man-made fibre yarns and fabrics, and cotton fabrics). Israel's import policy is liberal as a whole. Imports of textiles in 1978 amounted to some $180 million.

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1 COM.TEX/W76, Table 1
2 COM.TEX/16/Rev.1
3 COM.TEX/16, page 149
Exports of clothing increased from 72 millions of United States dollars in 1973 to 134 millions of United States dollars in 1978 (with a 16 per cent yearly increase in 1977 and 1978). Net trade of clothing is positive and growing since 1973.

The net trade of textiles and clothing is positive and has increased since 1974, to reach 83 millions of United States dollars.¹

5. General statement on the status of the textile industry

The liberalization policy currently applies to textiles imports in the normal course of trade, i.e. to products of regular imports by authorized importers. To date, about 1,100 firms have been recognized and approved as authorized importers of textiles.

Textiles (except fabrics) are required to be labelled on importation providing full information is accessible to the consumer. The same labelling requirement is applied to domestic products.²

II. Government and other plans for the expansion and/or reorganization of the industry, and the development of particular sectors

No official government planning vis-à-vis the textile industry exists, and there is no special government policy concerning encouragement of this sector applicable.³

¹COM.TEX/W/76
²COM.TEX/16/Add.8
³COM.TEX/16/Rev.1
I. Production, employment, etc.


This is reflected in the production figures for yarn and fabrics. In 1975 production of yarn stood at 1,756 mt. The figures for the following years were 1976 = 1,971 mt., 1977 = 1,873 mt., 1978 = 1,914 mt. and 1979 = 2,057 mt.\(^2\)

The corresponding figures for fabrics was 1975 = 6,242 millm., 1976 = 6,345 millm., 1977 = 6,379 millm., 1978 = 6,418 millm. and 1979 = 6,547 millm.\(^2\)


In certain items this trend was reversed. (jerseys, pullovers, etc. 1975 = 167,040 pcs., 1979 = 105,890 pcs.; suits for men and boys, 1975 = 20,029 pcs., 1979 = 14,329 pcs.; overcoats for men and boys, 1975 = 5,192 pcs., 1979 = 3,000 pcs.).\(^2\)

Employment

The trend in employment figures in the textiles and clothing industry together has been downwards: 1970 = 1,749,640; 1972 = 1,586,281; 1977 = 1,470,254.\(^2\)

Employment in the textile sector alone fell 20.2 per cent from 1974 to 1979. Category-wise these decreases in the same period were 41.4 per cent for chemical fibre, 34.9 per cent for spinning, 23.0 per cent for weaving, 14.3 per cent for dyeing, 5.4 per cent for knit and clothing and 27.6 per cent for other. Thus rates of decrease were high in the upstream and low in the downstream sector. As a result the employment share in the apparel sector increased to 36.4 per cent in 1979 from 30.79 per cent for 1974.

\(^1\)/COM.TEX/16/Add.7
\(^2\)/COM.TEX/W/77
Productivity increased 24 per cent between 1975 and 1978 in the textiles and clothing sectors. However, this increase is more attributable to a decrease in the number of workers than to technological innovation.  

The value added per employee in the chemical fibre manufacturing sector, which was, in 1973, 6 million yen, a figure 2.9 times as much as the average added value (2.08 million yen) registered in the same year in the textile manufacturing industry as a whole, declined in 1977 to 3.97 million yen, or 1.5 times as much as the average added value (2.61 million yen) registered in that year in the industry as a whole. On the other hand, with regard to the sector of clothing and other textile products manufacturing, the value added per employee in that sector, which was, in 1973, 1.46 million yen, or 70.2 per cent of the average recorded in that year in the textile manufacturing industry as a whole, rose in 1977 to 2.12 million yen, or 81.2 per cent of the average in the industry as a whole for that year (2.61 million yen).

Investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Textiles</th>
<th>Clothing</th>
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<tr>
<td>1973</td>
<td>338,651</td>
<td>54,115</td>
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<tr>
<td>1974</td>
<td>305,467</td>
<td>45,534</td>
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<td>1975</td>
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<td>1976</td>
<td>204,843</td>
<td>49,378</td>
</tr>
<tr>
<td>1977</td>
<td>191,106</td>
<td>42,699</td>
</tr>
</tbody>
</table>

II. Developments in trade

During the period 1973 to 1979, Japan remained a net exporter of textiles and a net importer of clothing. The export surplus for textiles rose from $1.3 billion to $3 billion between 1973 and 1977, but declined to $2.3 billion in 1979 because of a rapid increase in the value of imports of textiles in 1978 and 1979. The import surplus in clothing grew rapidly in 1978 and 1979 to reach $1.2 billion in 1979, due partly to the growing import surplus with developing MFA participants (0.7 billion in 1979) and partly to a deterioration in the trade balance with developed countries.

In this period, the share of developed countries in imports of textiles fell, while those of developing countries and the Eastern trading area grew, the most rapid increase being from the Eastern trading area. Developing countries' share of imports of clothing, however, fell from 74 to 66 per cent of the total, while the shares of both developed and Eastern trading area countries increased.

The major share of Japanese exports of textiles continued to be directed towards developing countries; the share of MFA members, however, declined over the period from 40 to 38 per cent while that of non-members rose.

1COM.TEX/16/Add.7
### JAPAN

**AREA DISTRIBUTION OF TRADE, 1973-1979**

<table>
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<tr>
<th></th>
<th>TEXTILES</th>
<th></th>
<th></th>
<th></th>
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<th>CLOTHING</th>
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<tr>
<td><strong>IMPORTS</strong></td>
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<tr>
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<td>3,599</td>
<td>3,718</td>
<td>3,879</td>
<td>346</td>
<td>396</td>
<td>438</td>
<td>460</td>
</tr>
<tr>
<td>Developed area</td>
<td>29</td>
<td>27</td>
<td>26</td>
<td>27</td>
<td>24</td>
<td>80</td>
<td>76</td>
<td>68</td>
<td>73</td>
</tr>
<tr>
<td>Developing area</td>
<td>65</td>
<td>66</td>
<td>64</td>
<td>66</td>
<td>68</td>
<td>16</td>
<td>22</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>Members</td>
<td>40</td>
<td>32</td>
<td>32</td>
<td>36</td>
<td>38</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Non-members</td>
<td>25</td>
<td>34</td>
<td>32</td>
<td>30</td>
<td>30</td>
<td>12</td>
<td>17</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td>Eastern trading area</td>
<td>6</td>
<td>8</td>
<td>10</td>
<td>8</td>
<td>8</td>
<td>4</td>
<td>8</td>
<td>9</td>
<td>6</td>
</tr>
</tbody>
</table>

*Source: COM.TEX/W/76, Tables 15-16.*
In respect of selected products, there were marked declines in imports both of yarns and fabrics between 1973 and the recession year of 1977. Thereafter some recovery took place; but while imports of yarns exceeded 1973 levels both in 1978 and 1979, those of fabrics did not reach 1973 levels. The share of developing countries in imports of cotton yarn remained high throughout the period; but their share in imports of cotton fabrics fell markedly, while the share of Eastern trading area countries increased developing countries' share of imports of man-made fibre yarns and woven fabric increased considerably. In clothing items, imports of woven outer-garments from the Eastern-trading area rose markedly, while the share of developing non-participants fell more rapidly than that of participants. Developing non-participants' share in imports of knitted garments rose particularly in 1979.

III. Adjustment processes and policies

AUTONOMOUS ADJUSTMENT PROCESSES

1. Identification of autonomous adjustment processes.

To cope with the difficulties it has experienced, the Japanese textile and clothing industry has undertaken the following programmes:

(a) Improvement in productivity: since 1975 productivity in the industry overall has increased by 24 per cent, within this, productivity in synthetic fibre has grown by 85 per cent; that in the spinning, weaving and dyeing sector by 17 per cent; and that for clothing by 10.5 per cent. These trends are ascribed, however, more to a decline in employment than technological innovation (see III below).

(b) In addition it is considered important to increase competitiveness in non-price aspects through the growth of know-how, effective product planning, and the use of new technology. The aim is to develop new products and techniques to satisfy domestic needs. Over the period Fy 1974-Fy 1979, sixty projects for the strengthening of the information-intensive capacity of the industry have been approved.

(c) The clothing sector is making serious efforts to strengthen its viability through better product planning and the use of information-intensive techniques.

(d) With a view to developing the non-clothing secondary textile sector the industry is carrying out research and development for such end-uses of polyethylene and polypropylene as building materials based on man-made fibres.

In this way, the Japanese textile industry has gradually shifted from the predominant pattern of greater share in the upstream sector towards the pattern of placing more emphasis on the apparel sector, thus increasingly adapting itself to cope with the changing consumer needs.
2. Attribution to the international pattern of trade and comparative advantage

The main factors in the situation are the rapid growth of the textile and clothing industry in neighbouring developing countries, decline in domestic demand caused by stagnant expenditure on clothing and changes in export conditions owing to such factors as the appreciation of the yen. Although a recovery has been made from the recession which began in 1973, production still remains below the 1973 level.

GOVERNMENT MEASURES AND POLICIES

A. Scope of measures

1. Measures applicable to industry in general

Under the Act on Provisional Measures for Business Conversion of Small and Medium-sized enterprises, the conversion of small business to more competitive sectors is encouraged through special monetary and tax measures for business conversion programmes approved by MITI (Ministry of International Trade and Industry).

In 1979, small and medium enterprises accounted for shares of around 99 per cent of the total number of enterprises, around 81 per cent of the total number of employees, around 52 per cent of the total sum of manufacturing shipments of manufactured goods and around 62 per cent of the total sum of commercial sales in the Japanese economy. Small and medium enterprises accounted for 97.6 per cent of the total number of enterprises in the textile manufacturing sector (enterprises whose employees were less than three hundred).

As of December 1979, the number of approvals granted under the Law for Provisional Measures for Business Conversion of Small and Medium Enterprises was 181, of which 77 were for the manufacturing sector and 59 for the textile manufacturing sector.

As for the same date the number of employees involved in such programmes in the textile manufacturing sector was 802, accounting for only an insignificant share in total employment.

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1 Small- and medium-sized enterprises in manufacturing, mining, transportation and sectors other than distribution or services are defined as those whose sum of capital or total sum of contribution is not more than 100 million yen and/or whose number of permanent employees is not more than 300. In the retail and service sectors the corresponding figures are capitalization 10 million yen, number of employees not more than 50; in wholesale trade the figures are capitalization 30 million yen, 100 employees.
2. Measures applicable to textile and clothing industries specifically

(a) Under the Law for Temporary Measures concerning Structural Reorganization of the Textile Industry, the Government assists small- and medium-sized enterprises to secure funds for implementation of structural reorganization programmes approved by MITI. The aim is to strengthen technological and product development capacities.

The system of structural reorganization programmes under this Law is as follows:

A. Those who can carry out a structural reorganization programme within the meaning of the Law:

Any group of businesses which fulfils certain requirements of the Law and is composed of enterprises and others of different but closely-related lines of production in the textile sector.

B. Elements of a structural reorganization programme within the meaning of the Law:

(i) Establishing a Centre for Merchandise Development for the purpose of conducting research to develop new commodities and/or new manufacturing techniques,

(ii) Modernizing equipment and facilities or making adjustments in the scale or system of production and management for the purpose of manufacturing newly-developed commodities or of putting into use newly-developed manufacturing techniques,

(iii) Improving business relations.

According to the census of 1977, around 4,000 places of business in the textile manufacturing sector were involved in the structural reorganization programmes approved under the Law for Temporary Measures for Structural Reorganization of the Textile Industry. They accounted for 3 per cent of a total number of enterprises and for 3.7 per cent of a total number of employees in the sector.

(b) In order to strengthen the rôle of the apparel industry the Government has taken steps to promote the education of personnel in such fields as commodity planning and other information-intensive areas. Some sixty projects have been approved up to FY 1979.

The system for the work of training of the personnel engaging in the textile industry is shown in the diagram annexed hereto. The total number of enterprises (including groups of enterprises) which participated in the training programmes sponsored by the Apparel Industry Promotion Centre appearing in the diagram were 1,100 and 5,870 in 1979 and 1980, respectively.
(c) Since 1973 the textile industry has come to hold immense surplus facilities, which shortage of funds makes it difficult adequately to dispose of. Government-related financial agencies have provided loans for small and medium-sized firms which jointly undertake disposal programmes, or which withdraw from the textile sector.

B. Technical description of measures

1. Industry in general

The following government measures of assistance to structural reorganization programmes are available:

(i) Loans

Special loans are extended by the Small Business Finance Corporation and the People's Finance Corporation for the purpose of business conversion. Loans of the Small Business Promotion Corporation are available only to affiliated bodies for part of the expenses required for carrying out the bodies-reorganization programmes. However, loans of the Small Business Finance Corporation or the Japan Development Bank are available to individual enterprises when they satisfy certain requirements, where four or more enterprises jointly carry out a reorganization programme.

(ii) Taxation

Various taxation measures, such as the allowing of depreciation with premium, are in force in favour of small and medium enterprises carrying out structural reorganization programmes.

2. Textile and clothing industries specifically

(a) Financial aid for structural reorganization (see A (2) (a) above). In this connexion, the Textile Industry Structural Reorganization Corporation gives credit guarantees with regard to the rest of the necessary expenses raised from sources other than the government-related agencies.

(b) Education of employees in apparel industry (see II A (2) (b) above).

C. Purposes of the measures:

1. To improve viability of current lines of production.

2. To move into more viable lines of production.

These purposes are reflected in the measures to assist structural reorganization and for strengthening of the apparel industry (see A 2 (a)) and, in part, in the programme to assist disposal of surplus facilities.
3. To move out of the textile sector into other sectors of industry

This purpose is reflected in the general programme of assistance to business conversion and, in part, in the programme to assist disposal of surplus facilities.

4. Development of alternative industries

No information made available.

D. Amount and distribution of expenditure among measures

The record of disbursement of the Small Business Finance Corporation and the People's Finance Corporation is as follows:

<table>
<thead>
<tr>
<th></th>
<th>1977</th>
<th>1978</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Business</td>
<td>74 mil ¥</td>
<td>269 mil ¥</td>
<td>123 mil ¥</td>
</tr>
<tr>
<td>Finance Corporation</td>
<td>(9 cases)</td>
<td>(23 cases)</td>
<td>(8 cases)</td>
</tr>
<tr>
<td>People's Finance</td>
<td>66 mil ¥</td>
<td>875 mil ¥</td>
<td>162 mil ¥</td>
</tr>
<tr>
<td>Corporation</td>
<td>(19 cases)</td>
<td>(24 cases)</td>
<td>(27 cases)</td>
</tr>
</tbody>
</table>

The total cost incurred for the equipment and facilities joint disposal programmes carried out in the textile industry in FYs 1977-1980 amounted to 182.5 billion yen, of which 95 per cent was covered by the loans from the Small Business Promotion Corporation. The terms are more favourable than commercial loans.

E. Description and purpose of any industry specific comprehensive plans

See A (2) above.

F. Measures to deal with closures unemployment, etc.

See A (2) (c) above (disposal of surplus facilities) and A (1) above (structural reconversion programme).

G. Effects of government measures

No information.
System of personnel training programme.

Local Public Entities

Entrusting research and survey

Giving information relating to the training; Sponsoring training programmes

Central Government

Contribution (150 million yen)

Apparel Industry Promotion Centre

Entrusting research and survey

Advice, guidance; Intermediary service in providing, instructors; Financial assistance

Sponsoring training programmes

Textile Industry

Contribution (150 million yen)

Undertakings of the Apparel Industry Promotion Centre:
Collection and reference of information; conducting research and survey; sponsoring training programmes; giving guidance and advice; intermediary service in providing instructors; giving financial assistance, etc.

* Apparel Industry Promotion Centre is an organ within the Textile Industry Structural Re-organization Corporation.
IV. Market access

Japan

(a) Evolution of restrictions since the coming into force of MFA

Japan notified no import restrictions under Article 2:1, and has introduced none during the Arrangement.

(b) Country submission

As of now, Japan does not maintain any restrictive measures on textile products which are covered by the Arrangement. Under the circumstances, imports increased sharply in 1978 to a level 71.3 per cent above the previous year in quantity. It continued to show high growth in 1979, an increase of 23.7 per cent in quantity over the previous year. On the other hand, exports declined substantially for the two consecutive years, registering a decrease of 15 per cent in quantity in 1978 from the previous year and of 16.2 per cent in quantity in 1979 from the previous year.

International competitiveness has declined sharply in the face of rapid growth of textile industries in the neighbouring developing countries, as well as sudden and sharp appreciation of yen. However, the textile industry in Japan is making efforts to cope with those circumstances by strengthening its information-gathering capacity, fully taking into account the merit of reasonable international division of labour and avoidance of unnecessary competition with the neighbouring developing countries.

Prepared by the secretariat in consultation with the delegations concerned on the basis of COM.TEX/SB/196 and 610.

COM.TEX/6, pages 151 and 152
I. Status of the industry

1. Production

The production index for textiles rose by 138 per cent from 1973 to 1979; however, growth has slowed down since 1976.1

The production index for clothing shows a rise of 219 per cent between 1973 and 1979. The output of textiles and clothing has, however, grown less rapidly than that of total manufacturing. Textiles is a leading sector of the Korean economy, and is likely to remain so for some time.2

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 tons 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.

2. Employment2

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.

3. Value added3

Value added in the textiles sector rose by 40 per cent from $651 million to $911 million in the period 1973-1978. During the same period, valued added in the clothing sector rose by 74 per cent, from $317 million to $550 million.

1 COM.TEX/W/76, Table 1
2 COM.TEX/16/Rev.1
3 COM.TEX/W/77, Table 17 D
4. International trade

In the period 1973-1979, the value of exports of textiles rose by 320 per cent, from $360 million to $1,511 million. In the same time, the value of exports of clothing rose by 236 per cent, from $713 million to $2,397 million.

In 1979, the main exports were clothing other than knitted ($1,501 million, 378 per cent increase between 1973 and 1979), knitted or crocheted clothing ($634 million, 109 per cent increase between 1973 and 1979), man-made fibre fabrics ($627 million, 460 per cent increase from 1973 to 1979), cotton yarn ($246 million), man-made fibre yarns ($130 million) and cotton fabrics ($127 million). Korea was in 1973 a net importer of man-made fibre fabrics and has been, since 1974, a net exporter.

Imports of textiles and clothing rose from $304 million to $441 million, or by 45 per cent, from 1973 to 1979.

In the same period, the share of developed countries in total exports of clothing remained predominant, though declining from 96 to 91 per cent. For textiles, the share of developed areas in total exports declined more sharply, from 63 to 47 per cent, whereas that of the developing areas rose from 36 to 52 per cent. With regard to imports, there was also a decline (from 92 to 87 per cent) in the proportion accounted for by developed countries. The rise in net exports of clothing, from $0.7 billion in 1973 to $2.4 billion in 1979, was due essentially to trade with developed countries, while in the case of textiles, the growing export surplus (from $0.1 billion to $1 billion) was shared by developing and developed areas.

II. Government and other plans for the expansion and/or reorganization of the industry, and the development of particular sectors

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.

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1/ COM.TEX/W/76, Section 2
2/ COM.TEX/W/84, pages 31-32
3/ COM.TEX/16/Rev.1
MACAO

I. Status of the industry

1. Production

The gross production of textiles (according to ISIC classification No. 321) in 1978 was $63 million. The gross production of wearing apparel (ISIC classification No. 322) was $170 million in 1978.\(^1\)

Data on selected textile and clothing products show that output of textiles rose by 337 per cent from 1973 to 1976, then declined by 24 per cent from 1976 to 1978, reaching 1,427 metric tons. The same data show that output of clothing rose by 97 per cent from 1973 to 1976, then declined by 14 per cent from 1976 to 1978, to reach 24,371 metric tons.\(^2\)

2. Employment. Number of enterprises

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.\(^3\)

3. Valued added. Investment

Gross value added in textiles (ISIC classification No. 321) was $15 million in 1978, gross value added in wearing apparel (ISIC classification No. 322) was $45 million.\(^1\)

Investment in 1978 was some $2.4 million in the textiles sector (according to ISIC classification No. 321), and some $4.1 million in clothing (according to ISIC classification No. 322).\(^3\)

4. International trade

Exports of textiles and clothing represented 87 per cent of total exports from Macao in 1978. The value of exports of textiles increased from $4.5 million to $11.8 million between 1973 and 1978.\(^1\) The most significant textiles exports were in 1978 linens and other furnishing articles ($6 million), and wool yarns ($5 million) for which Macao was a net importer in 1973 and became a net exporter in 1978.\(^4\)

\(^{1}\) COM.TEX/16, page 156
\(^{2}\) COM.TEX/W/77/Add.1, Table 18A
\(^{3}\) COM.TEX/16/Rev.1
\(^{4}\) COM.TEX/W/76, Section 2
In the same period (1973-1978) clothing exports grew from $70.2 to $213.3 million. The main markets for clothing are EEC (59 per cent of exports in 1978), United States (25 per cent) and Hong Kong (3 per cent)\(^1\), and their share has grown since 1973.\(^2\)

Imports of textiles, mainly from Hong Kong, increased from $51 million \(^1\) to $67 million between 1973 and 1976, but fell back to $46 million in 1978.\(^1\)

Macao is a net importer of textiles and a net exporter of clothing. The net trade of textiles and clothing is positive.\(^3\)

II. Government and other plans for the expansion and/or reorganization of the industry, and the development of particular sectors

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.\(^4\)

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\(^1\)/COM.TEX/16/Rev.1
\(^2\)/COM.TEX/W/78, Table 27 D
\(^3\)/COM.TEX/W/76, Section 2
\(^4\)/COM.TEX/16/Rev.1
MALAYSIA

I. Status of the industry

1. Production

After a fall to 72 in 1974, the production index of textiles and clothing rose to 160 in 1977 (1973 = 100). (No information is available for 1978 and 1979.)

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.

Production figures for selected textiles and clothing products show for 1979 an increase in the volume of production of woven fabrics of cotton yarn (and a fall in the volume of production of cotton yarn), and an increase in the volume of production of clothing.

2. Employment

The number of people employed in textiles and clothing rose regularly from 32,772 in 1973 to 52,708 in 1979, or by 61 per cent. The textiles sector and the clothing sector both grew at almost the same rhythm.

3. Investment

Investment in the textiles and clothing sector rose from M$570 million in 1976 to M$841 million in 1978, or from $228 million to $366 million.

4. International trade

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 were the EEC, Japan,  

\[1/\] COM.TEX/W/76, Table 1
\[2/\] COM.TEX/16/Rev.1
\[3/\] COM.TEX/W/77, Table 19 A
\[4/\] COM.TEX/W/77, Table 19 C
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.

The main textile products exported in 1977 were cotton fabrics ($27 million, 69 per cent increase since 1973), man-made fibre fabrics ($10 million, 900 per cent increase since 1973), man-made fibre yarns ($6 million, 200 per cent increase since 1973). Exports of clothing other than knitted or crocheted increased by 100 per cent between 1973 and 1977, to reach $34 million. Exports of knitted or crocheted clothing grew by 400 per cent during the same period, reaching $15 million. 

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.

II. Government and other plans for the expansion and/or reorganization of the industry, and the development of particular sectors

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

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.

1 COM.TEX/16/Rev.1
2 COM.TEX/W/76, Section 2
MEXICO

I. Status of the industry

1. Production

In the period 1970-1979, production in the textile industry increased by 6 per cent annually, accounting 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.

In 1979, production amounted to $1,937 million, production of cotton yarn accounting for some 56,600 tons and $323 million, that of synthetic fibre yarn for some 59,900 tons and $455 million.

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.

2. Employment

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

3. Investment

Investment has grown at an annual rate of some 17.2 per cent over the period 1970-1979, leading to a 2 per cent growth in installed spinning capacity and 1 per cent in weaving.

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¹COM.TEX/16/Add.5 and COM.TEX/16/Rev.1
²COM.TEX/16/Rev.1
4. **Value added**

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</thead>
<tbody>
<tr>
<td>million pesos</td>
<td>3,364</td>
<td>4,181</td>
<td>4,708</td>
<td>6,391</td>
<td>7,588</td>
<td>+ 126%</td>
</tr>
<tr>
<td>million $</td>
<td>269</td>
<td>334</td>
<td>377</td>
<td>414</td>
<td>336</td>
<td>+ 25%</td>
</tr>
</tbody>
</table>

5. **International trade**

In the period 1970-1979, exports of textiles accounted for only some 3.2 per cent of production.

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, the main exported products being cotton fabrics, cotton yarn, non-knitted clothing, and man-made fibre yarn.

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.

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1/ COM.TEX/W/77, Table 20D, and data submitted by Mexico for 1977
2/ Provisional data, submitted by Mexico
3/ COM.TEX/W/77, Table 20D
4/ Excluding shipments from bonded manufacturing plants
5/ COM.TEX/16/Rev.1
6/ COM.TEX/W/76
PAKISTAN

I. Status of the industry

1. Production

Cotton yarn production fell by 6.3 per cent from 349.7 thousand tons in 1975/1976 to 327.8 thousand tons in 1978/1979. 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 1978/1979 compared to 520.3 million square metres in 1975/1976. Art silk rayon cloth output was around 15.6 million square metres in 1977/1978. In addition, the non-mill sector produced about 1,200 million square metres of cloth.

2. Employment

Employment in the textiles industry was 208,441 in 1978 against 194,624 in 1977, i.e. a 7 per cent increase. However, the share of the textiles industry in total employment has remained around 38 per cent.

3. Investment, production capacity, value added

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 1974/1975 to 1978/1979. The share of textile investment in total industrial investment was 11.1 per cent in 1974/1975 and 17.1 per cent in 1978/1979 compared to 40.0 and 43.9 per cent in 1975/1976 and 1976/1977.

The cotton textile industry, the largest industry of Pakistan in terms of investment and employment, comprises 186 mills, of which sixty six are composite, 118 spinning and two 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 installed capacity of cotton power-looms is 60,000, spread over about 14,000 small units of four power-looms or less.
The share of cotton textiles manufacturing (spinning and weaving) in the total value added of large scale manufacturing has decreased from 25.9 per cent in 1969/1970 to 18.2 per cent in 1979/1980. On the other hand, the relative share of cotton fabrics in total value added of textiles has declined from 48.4 per cent in 1969/1970 to 26.9 per cent in 1979/1980.

4. International trade

From 1973 to 1979, exports of textiles grew from $437 million to $716 million, after a fall to $326 million in 1974. The increase was 96 per cent in the period 1974–1979, 24 per cent from 1978 to 1979. Exports of clothing increased regularly from $11 million in 1973 to $61 million in 1979 (except a fall to $41 million in 1978), a 455 per cent increase over the period. In the same period, imports of textiles rose from $23 million to $161 million (with falls in 1975 and 1978), while imports of clothing remained almost non-existent.

Pakistan is a net exporter of both textiles and clothing.1/

Cotton textiles are a major source of foreign exchange earnings accounting for about 32 per cent of Pakistan's global exports during 1978/1979. In value terms, exports of these products have risen from $310.8 million in 1974/1975 to $549.0 million in 1978/1979, an increase of 77 per cent.

Exports of cotton yarn decreased both in value and volume terms over the period 1975/1976 to 1977/1978 from $144 million to $107 million and 110,490 tons to 59,955 tons. The share of Hong Kong in Pakistan's cotton yarn exports was 52.9 per cent in 1978/1979. 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 1975/1976 and 1978/1979.2/

The share of the developed area in the total exports of textiles from Pakistan rose from 46 per cent in 1973 to 55 per cent in 1979 (with falls in 1975 and 1977), while the share of the developing area declined from 49 per cent in 1973 to 37 per cent in 1979 (with ups in 1975 and 1977).

A similar evolution occurred in the clothing sector, however much more oriented towards the developed area (71 per cent of exports in 1979).3/

1/ COM.TEX/W/76
2/ COM.TEX/16/Rev.1
3/ COM.TEX/W/78, Table 30D
II. Government and other plans for the expansion and/or re-organization of the industry and the development of particular sectors

The textile industry has faced a crisis for the last several years mainly because of tariff and non-tariff restrictions imposed by industrial countries. Exports to quota countries of Pakistani cotton yarn and cloth have been continuously declining. The textile industry in Pakistan has been put under serious handicaps in its growth, let alone its expansion.

In view of this persisting crisis the Government, under a long-term policy for the cotton textile industry, has decided that in future, no new spinning unit shall be sanctioned except in zero-customs-duty areas of the country. Further expansion of existing units would be allowed only under a pay-as-you-earn scheme in order to upgrade them to an economic size. For the future, only integrated units of 25,000 spindles and 1,000 loom and finishing plants would be permissible. For the present, no sanction would be issued for the setting-up of a textile industrial unit on the basis of repatriable investment.
I. Status of the industry

1. Production

The production index of textiles rose to 110 in 1976 (1973=100), then fell down to 98 in 1977. After a rise to 110 in 1975, the production index of clothing fell down to ninety-one in 1977.1/

Output of yarns of wool, cotton (raw) and man-made fibres grew by 3 per cent from 1973 to 1975, to reach 15,081 mt, while output of woven fabrics of wool, cotton (raw) and man-made fibres increased by 48 per cent, to reach 112,204 mt. Most of the growth was due to the increase of production of woven fabrics of cotton yarn (from 30,517 mt in 1973 to 62,830 mt in 1975).2/

2. Employment—

The textile sector employed 23,605 people in 1977, a 5 per cent fall with regards to 1973. On the contrary, the number of people employed in the clothing sector rose by 19 per cent in the same period, to reach 13,374.

3. Value-added—

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>8,329</td>
<td>10,389</td>
<td>11,412</td>
<td>16,384</td>
<td>17,970</td>
<td>+ 116%</td>
</tr>
<tr>
<td></td>
<td>215</td>
<td>268</td>
<td>280</td>
<td>285</td>
<td>214</td>
<td></td>
</tr>
<tr>
<td>Clothing</td>
<td>1,890</td>
<td>2,472</td>
<td>3,611</td>
<td>4,606</td>
<td>6,216</td>
<td>+ 229%</td>
</tr>
<tr>
<td></td>
<td>49</td>
<td>64</td>
<td>89</td>
<td>80</td>
<td>74</td>
<td>+ 51%</td>
</tr>
</tbody>
</table>

4. Investment—

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>1,693</td>
<td>963</td>
<td>1,976</td>
<td>3,623</td>
<td>4,597</td>
<td>+ 172%</td>
</tr>
<tr>
<td></td>
<td>44</td>
<td>25</td>
<td>48</td>
<td>63</td>
<td>55</td>
<td>+ 25%</td>
</tr>
<tr>
<td>Clothing</td>
<td>67</td>
<td>97</td>
<td>182</td>
<td>216</td>
<td>251</td>
<td>+ 275%</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>+ 50%</td>
</tr>
</tbody>
</table>

1/ COM.TEX/W/76, Table 1
2/ COM.TEX/W/77/Add.1. Up-to-date statistical data is not available.
3/ COM.TEX/W/77/Add.1
5. **International trade**

Exports of textiles rose from $5 million to $34 million from 1973 to 1977. In the same period, exports of clothing increased from $1 million to $3 million.

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

The main products exported are woven cotton fabrics ($14 million in 1977) and cotton yarn ($10 million in 1977). An increasing share of the exports of textiles is directed towards the developed area (76 per cent in 1977), while the share of clothing exports going to the developed area is falling (81 per cent in 1977). Peru is a net exporter of both textiles and clothing.

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1/ COM.TEX/W/76
2/ COM.TEX/16/Rev.1
3/ COM.TEX/W/78, Table 31
I. Status of the industry

1. Production

The production index for textiles rose steadily from 100 in 1973 to 144 in 1978. The production index for clothing followed more or less the same pattern, reaching 145 in 1978.1/

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 190,000 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 874,000 pieces over the period under consideration.2/

2. Employment2/

The average number of employees in the 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 the employment level from 194 to 202,000 with a peak level of around 208,000 in 1977 and 1978.

Average hours worked per year per worker decreased constantly in the textiles sector from 1,800 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.

1/ COM.TEX/W/76, Table 1
2/ COM.TEX/16/Rev.1
3. **Value-added, investment**

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

4. **International trade**

Data not available

II. **Government and other plans for the expansion and/or re-organization of the industry, and the development of particular sectors**

The output of the textile industry in Poland, comprising spinning, cloth manufacture (weaving and 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 multi-functional 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 finishes. The 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 moquette and other floor coverings, 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 multi-system automatic machines. Over the Plan period 1975-1980, the production of the 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 raw 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.
I. Status of the Industry

1. Production

Production indices for textiles show a drop in 1974 and 1975 with the base year 1973 as 100. There was a recovery in 1976 and 1977 followed by a further drop to eighty-four in 1979. Production of clothing also subsided in 1975 to an index of eighty-two, 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 index of which reached the level of 161 in 1979.

Statistics supplied by Singapore give the value of output in 1978 and 1979 as 352.9 and 367.4 million Singapore dollars for textiles and textile manufactures and 633.6 and 664.6 million Singapore dollars for wearing apparel.

2. Employment

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.

3. Value added, investment, number of establishments

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 eighty in 1978 to eighty-three in 1979 in the textiles sector and from 345 to 379 in the clothing sector.

---

1COM.TEX/16/Rev.1
4. International trade

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\(^1\) even if the trade balance of clothing was positive (trade surplus of $263.24 million).\(^2\)

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 Pakistan (13 per cent of the total in 1979).\(^1\)

An increasing share of clothing was exported to the EEC (21 per cent in 1973, 46 per cent in 1976, 38 per cent in 1979), while the share of clothing exported to the United States fell (62 per cent in 1973, 34 per cent in 1979). The share of clothing exported to the developed area fell from 89 per cent in 1973 to 82 per cent in 1979.\(^2\)

II. Government and other plans for the expansion and/or re-organization of the industry and the development of particular sectors

Singapore continues to pursue a free trade policy and does not have any specific adjustment assistance programme for the textiles and clothing industry.\(^3\)

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\(^1\) COM.TEX/16/Rev.1

\(^2\) COM.TEX/W/78, Table 33

\(^3\) COM.TEX/16/Add.6
I. Status of the industry

1. Production

According to statistical data submitted by Sri Lanka, the production of single cotton yarn increased from 7 million kg. in 1973 to 8 million kg. in 1979 (with a fall from 8 million kg. in 1975 to 6 million kg. in 1976). The production of cotton fabrics increased from 1973 to 1975, then fluctuated to reach 80 million square metres, slightly above the 1973 level. The production of man-made fibre fabrics increased from 1973 (11 million square metres) to 1978 (31 million square metres) then fell to 26 million square metres in 1979. With regard to clothing, the most important increases were registered (between 1975 and 1979) on outputs of knitted or crocheted blouses for women, girls and infants, dresses, suits and costumes for women, girls and infants, jerseys, pullovers, slipovers and trousers for women, girls and infants.

2. Employment

The number of people employed in the textiles industry fell from 19,000 in 1974 to 13,000 in 1979. In the clothing industry, the number of people employed increased regularly from 9,000 in 1974 to 41,000 in 1979.

3. Value added

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>118.7</td>
<td>370.8</td>
<td>388.8</td>
<td>242.4</td>
<td>138.5</td>
<td>+16.7%</td>
</tr>
<tr>
<td>Million Rupees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Million US$</td>
<td>17.9</td>
<td>52.6</td>
<td>46.0</td>
<td>26.5</td>
<td>8.9</td>
<td>-50%</td>
</tr>
<tr>
<td>Clothing</td>
<td>20.8</td>
<td>10.6</td>
<td>23.3</td>
<td>80.0</td>
<td>84.0</td>
<td>+303.8%</td>
</tr>
<tr>
<td>Million Rupees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Million US$</td>
<td>3.1</td>
<td>1.5</td>
<td>2.8</td>
<td>8.7</td>
<td>5.4</td>
<td>+74.2%</td>
</tr>
</tbody>
</table>
4. Investment

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Million Rupees</td>
<td>152.9</td>
<td>168.1</td>
<td>184.9</td>
<td>167.1</td>
<td>143.0</td>
<td>-6.5%</td>
</tr>
<tr>
<td>Million US$</td>
<td>23.0</td>
<td>23.8</td>
<td>21.9</td>
<td>18.3</td>
<td>9.2</td>
<td>-60%</td>
</tr>
<tr>
<td>Clothing</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Million Rupees</td>
<td>18.6</td>
<td>20.5</td>
<td>22.5</td>
<td>26.2</td>
<td>79.2</td>
<td>+325.8%</td>
</tr>
<tr>
<td>Million US$</td>
<td>2.8</td>
<td>2.9</td>
<td>2.7</td>
<td>2.9</td>
<td>5.1</td>
<td>+82.1%</td>
</tr>
</tbody>
</table>

5. International trade

Between 1974 and 1978, imports of textiles rose from $25 million to $56 million, while exports of textiles remained almost non-existent ($570,000 in 1978). During the same period, exports of clothing rose from $4 million to $30 million, while there were almost no imports of clothing. Imports of textiles come mainly from the Eastern trading area, Japan and developing countries such as Singapore, Korea, India and Hong Kong, and exports of clothing are directed mainly toward the United States, EEC, Sweden and developing countries not members of the MFA. (The United States imported in 1978 more than 43 per cent of clothing's exports of Sri Lanka).
SWEDEN

I. Production, employment, etc.

Production

Production indices in both textile and clothing sectors show a steady, continuous decline. This decline is much more marked in the clothing sector.

Textiles: 1973 = 100, 1978 = 75, 1979 = 77

Production within the Swedish textile and clothing industry has progressively diminished during the 1970s. In 1975, there was a marked decrease in production within several branches of this industrial sector, which became even more pronounced in the following years. Between 1976 and 1977 production in the textile sector was reduced by 16 per cent and by 21 per cent in the clothing sector. During 1977-79 production decreased by 8 per cent in the textile sector and by 15 per cent in the clothing sector.

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.

1/ COM.TEX/W/84
2/ COM.TEX/16/Rev.1
Employment

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 1979.1/

Implied productivity has shown a rise in the textile sector in 1978 and 1979 (1973 = 100, 1978 = 100, 1979 = 107) but a dip in the clothing sector (1973 = 100, 1978 = 80, 1979 = 89).1/

Investment

<table>
<thead>
<tr>
<th>Year</th>
<th>Textiles and clothing</th>
<th>Value added</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>million SEK</td>
<td>million SEK</td>
</tr>
<tr>
<td>222</td>
<td>260</td>
<td>301</td>
</tr>
<tr>
<td>2,725</td>
<td>3,045</td>
<td>3,162</td>
</tr>
</tbody>
</table>

II. Developments in trade

Between 1973 and 1979, the value of imports of textiles into Sweden rose from $493 million to $764 million, with a decline from $690 million to $664 million between 1976 and 1977. Developed countries accounted for the predominant share of imports - 78 to 79 per cent throughout the period. The share of developing countries in textile imports increased from 16 to 18 per cent between 1973 and 1976, thereafter stabilizing at 17 per cent. Developing MFA members' share, however, rose from 6 to 9 per cent over the whole period, while that of non-MFA participants declined.2/

In the same period, the value of imports of clothing rose from $370 million to $1,047 million. The share of developed countries in the total fell from 62 to 59 per cent between 1973 and 1976, and thereafter increased to 64 per cent in 1978 and 1979, while the share of developing countries, which rose from 36 to 39 per cent between 1973 and 1976, fell to 34 per cent by 1979. The share of developing MFA participants rose from 25 to 29 per cent between 1973 and 1976/77, but fell to 25 per cent by 1979.2/
Exports of textiles from Sweden rose from $180 million to $331 million over the period 1973-79; exports of clothing from $122 million to $240 million. The net import surplus for textiles increased from $313 million to $533 million, and that for clothing from $248 million to $807 million.

**SWEDEN**

**AREA DISTRIBUTION OF TRADE, 1973-1979**

<table>
<thead>
<tr>
<th></th>
<th>TEXTILES</th>
<th></th>
<th>CLOTHING</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPORTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>493</td>
<td>690</td>
<td>664</td>
<td>689</td>
</tr>
<tr>
<td>Developed area</td>
<td>79</td>
<td>78</td>
<td>78</td>
<td>79</td>
</tr>
<tr>
<td>Developing area</td>
<td>16</td>
<td>18</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Members</td>
<td>6</td>
<td>8</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Non-members</td>
<td>10</td>
<td>10</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Eastern trading area</td>
<td>4</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>EXPORTS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>180</td>
<td>232</td>
<td>242</td>
<td>267</td>
</tr>
<tr>
<td>Developed area</td>
<td>90</td>
<td>89</td>
<td>87</td>
<td>87</td>
</tr>
<tr>
<td>Developing area</td>
<td>7</td>
<td>8</td>
<td>10</td>
<td>9</td>
</tr>
<tr>
<td>Members</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Non-members</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Eastern trading area</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

**Source:** COM.TEX/W/76, Tables 15-16.
In 1979, the value of imports of clothing per capita into Sweden, at $126.30, was second only to that for Switzerland among developed MFA members. The value of imports per capita of clothing from developing countries is the highest of the developed MFA members ($42.30 in 1979).\textsuperscript{17}

In relation to selected products, imports of cotton yarn from developing countries, particularly MFA participants (inter alia, Peru, Mexico and Egypt) increased in share from 64 to 76 per cent over the period 1973-79. Developed countries maintained a predominant share of imports of man-made fibre yarn, although the share of developing countries rose from 3.4 to 6.9 per cent. The percentage share of developing countries in imports of cotton fabrics fell overall, from 48 to 36 per cent, while those of developed countries and Eastern trading area sources grew. Within an overall decline in the share of developing countries in imports of woven man-made fibre fabrics, that of MFA participants increased from 5 to 10 per cent. In imports of household and furnishing goods, the share of developed countries showed an increase over the whole period, as against an overall decline in that of developing countries.\textsuperscript{2}

In the clothing sector, developing countries increased their share in total imports of outer garments (both knitted and woven) between 1973 and 1976, but declined thereafter. Developing countries' share of imports of woven outer garments rose from 52 to 54 per cent between 1973 and 1976, falling back to 49 per cent in 1979; for knitted outer garments the corresponding figures were 45 per cent in 1973, 50 per cent in 1976 and 33 per cent in 1979. These rises and falls were mirrored by declines in the shares of developed countries in 1973-76 and increases in 1976-79. Developing countries' share of imports of knitted undergarments rose from 39 to 43 per cent between 1973 and 1977, declining subsequently to 38 per cent in 1979; their share of imports of woven undergarments declined steadily from 85 to 77 per cent over the entire period.\textsuperscript{2}

III. Adjustment processes and policies

AUTONOMOUS ADJUSTMENT PROCESSES

1. Identification of autonomous adjustment processes

The following processes have been taking place:

(a) Close-downs and amalgamations, leading to a substantial decrease in production. While no exact figures can be given on the number of close-downs and amalgamations of firms, there has been an extraordinarily rapid decline in production and employment, leading to a very fast rate of such close-downs and amalgamations. In the resulting industrial structure, a strong concentration has taken place within the cotton and wool industries.\textsuperscript{1/COM.TEX/16 and COM.TEX/W/84
\textsuperscript{2/COM.TEX/W/78}
(b) Product development, design, export promotion, and marketing finance, etc.

(c) Educational and training programmes, carried out by the industries. In addition the Swedish Textile and Ready-made Clothing Industries Employers' Association, in collaboration with the Government also conducts such programmes.

<table>
<thead>
<tr>
<th>Investment (million SKr)</th>
<th>1973</th>
<th>1975</th>
<th>1977</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles and clothing</td>
<td>222</td>
<td>301</td>
<td>199</td>
</tr>
</tbody>
</table>

2. Attribution to changes in the international patterns of trade and comparative advantage

The changing market conditions have made adjustments necessary, keeping in mind avoidance of damage to minimum viable production (see B and C below).

GOVERNMENT POLICIES AND MEASURES

A. Scope of measures

1. Industry in general

(a) National Investment Bank established in 1967;

(b) Board of Technical Development;

(c) Credit guarantees for small- and medium-sized enterprises;

(d) Active labour policy.

2. Textile and Clothing Industry specifically

Government measures have been in operation since 1970 and 1971.

(a) Export promotion;

(b) Conversion support measures;

(c) Education and management programmes;

(d) Government credit support introduced in 1972;

(e) Credit guarantees introduced in 1977-78;

(f) Consultation Bodies for purposes of co-ordinating government and autonomous measures;

(g) Regional policy. (see F below).
B. Technical description of measures

1. Industry in general

(General measures are also applicable to the textiles and clothing industries).

The National Investment Bank provides assistance, on commercial terms to investment projects that aim at rationalization, structural adjustment, research and development.

The Board of Technical Development promotes research and development, through concessionary loans or grants.

Credit guarantees are available for small- and medium-sized enterprises to facilitate structural transformation.

The government labour policy includes such measures as grants for education of employees threatened with unemployment and temporary employment grants to textiles and clothing enterprises employing persons above the age of fifty.

2. Textiles and Clothing Industry specifically

The Export Promotion programme is concentrated on viable enterprises with promotion projects. Support is given to cover initial expenses, and grants may be given to partly cover costs for market analyses, market planning, product adjustment, and such collective activities as fashion displays.

Conversion Support Measures are provided to encourage use of consultants on such matters as amalgamation, joint marketing, organization and specialization.

The Education Programme mainly carried out by the National Industrial Board in collaboration with the Swedish Textile and Ready-made Clothing Industries' Employers' Association, is designed to stimulate development in company management and finance, production and marketing, personnel management and co-operation. It includes courses and conferences free of charge to participants.

Government Credit Support in the form of depreciation loans was introduced to secure essential sources of supply. The benefitting companies are obliged, in accordance with the National Board of Economic Defence, to maintain certain levels of production or production capacity. Support has been extended to a special programme of rationalization within the clothing industry. In providing assistance special attention is given to the possibilities of long-term market access for the products concerned. Special credit guarantees were introduced for
companies with concrete rationalization and development plans. The measures outlined above are administered by the National Industrial Board.

Consultation bodies - In 1977, a special council for the textile and clothing industry was set up under the Ministry of Industry, with representatives from the Government, employers and employees. The main task of the council is to follow developments within the textile clothing industry, mainly long-term trends, and to analyze possible consequences for this sector of industry and the labour force involved.

In 1978, a special board was established to co-ordinate government measures towards the textile and clothing industry. Members of this Board are representatives of the National Board of Economic Defence, the National Industrial Board, the Labour Market Board, the companies and its employees. As a consultative body, the Board advises the Government on policy and programmes for restructuring and rationalizing the industry.

C. Purposes of the measures

1. To encourage businesses to move to more viable lines of production, and to concentrate production in areas where they will have possibilities of remaining competitive. In providing depreciation loans special attention is given to possibilities for long-term and stable access to markets for products concerned.

2. To maintain minimum production capacity for national security reasons.

3. To assist structural changes, under socially acceptable conditions.

4. Encouragement given to other industrial sectors to move to areas which have been dominated by the textiles and clothing industry.

5. The measures are not intended to preserve enterprises which cannot compete without government support.

D. Amount and distribution of expenditure among these measures

1. At the end of 1977, the loans granted by the National Investment Bank to the textiles and clothing industry amounted to SKr 98 million. No new loans have been granted since that date.

2. Export promotion, conversion support and education programmes: a total of SKr 141 million was spent in the period 1970/71-1978/79. SKr 44 million was set aside for 1979-80.

3. Government support measures (depreciation loans etc): a total of SKr 381 million was granted in the period 1972/73-1979/80.
4. Special credit guarantees: scope for such guarantees fixed at SKr 150 million for 1977-78, increased by SKr 60 million for 1978-79, and actual scope available SKr 72.5 million.

5. Government funds made available by 1979 in loans facilities (excluding depreciation loans) and for the labour market policy totalled SKr 200 million.

E. Description and purpose of any industry specific comprehensive plans

The Swedish Government has recently established an emergency planning scheme for the textile and clothing industry for fiscal years 1979-80 and 1981-82 in which certain production goals for different product areas have been set up.

The Government has decided to extend its export promotion education and conversion support programmes in 1980-81 and 1981-82.

F. Measures to deal with problems arising from closures, unemployment, etc.

1. See government labour policy (B.1 above).

2. Under its regional policy the Government has been offering localization support and possibilities of using its investment fund to enterprizes of other sectors willing to establish themselves in areas dominated by the textiles and clothing industries. This has been done to reduce the negative effect of unemployment in the textiles and clothing industries.

G. Effects of government measures

Production and production capacity has been continuously declining. As a result increased attention is being given to problems connected with securing the supply of essential textile and clothing products, e.g. in 1977, for the purpose of maintaining production capacity of cotton yarn agreements between the Government and the Swedish cotton industry were reached with the aim of supporting and restructuring this sector. These agreements inter alia stipulate that by mid-1980 five companies will be merged into two companies for the purpose of rationalizing production. Another agreement to maintain production capacity of textile fibres and cord yarn during the period 1978-1984 has been concluded between the National Board for Economic Defence and a Swedish company.

In recent years the Government has taken over four major and some smaller companies; these have been merged in one concern. This company produces mainly knitwear, at all stages of output from spinning to final garment production. This concern is undergoing a two-year period of rationalizing with a view to becoming economically viable, principally by the phasing out of the clothing section.

Evaluations of the measures indicate that company behaviour has been favourably affected, especially through management training, and the conversion support programme.
IV. Market access

(a) Evolution of restrictions since the coming into force of MFA \(^1\) Agreements concluded under MFA I and MFA II

MFA I Under Article 2:1 Sweden notified bilateral export restraint agreements with Hong Kong, India, Korea, Macao, Malaysia and Singapore, and restrictions under import licensing on imports from Japan. It also notified quotas under trade agreements concluded under the provisions of the GATT Protocols of Accession with respect to imports from Hungary, Poland and Romania. Quotas under trade agreements were also notified with respect to imports from certain other state-trading countries, including Czechoslovakia.

During MFA I bilateral agreements were concluded with Hong Kong, India, Japan, Korea, Macao, Malaysia, Pakistan and Singapore. Under these new agreements a number of previously restricted items were liberalized, and a few new items were included. Sweden maintained its trade agreements with Czechoslovakia, Hungary, Poland and Romania, with the liberalization of a number of items on 1 January 1975. Agreements with Malta and Mauritius were also notified.

During this period Sweden had taken unilateral measures under Article 3:5 with respect to imports of certain items from India and Pakistan. One item so restricted from India was subsequently superseded by a bilateral agreement. Other measures with respect to imports from both countries lapsed on 31 December 1977.

MFA II During MFA II, Sweden concluded bilateral agreements with Hong Kong, India, Korea, Macao, Pakistan, the Philippines, Singapore, Sri Lanka, Thailand and Yugoslavia. Its system of quotas with respect of imports from Czechoslovakia, Hungary, Poland and Romania as well as other non-MFA state-trading countries remained unchanged. Agreements with Malta and Mauritius were also notified.

Structure of bilateral agreements

During MFA I agreements concluded under Article 3 or Article 4 were selective in nature, generally covering few items. They were of short duration and more than one agreement was concluded with the trading partners during this period. Base levels were higher than past trade or restraint levels by between 1 and 30 per cent, growth where applicable, was between 0.05 and 3.8 per cent. Swing, where applicable, varied between zero and 5 per cent and carry-over and carry forward between 5 per cent and 10 per cent/5 per cent.

\(^1\)Prepared by the secretariat in consultation with the delegations concerned on the basis of COM.TEX/SB/196 and 610.
In 1978 Sweden introduced a new category system, covering clothing, and some made-up products. These items were divided into fourteen groups. The system was further modified in 1980 by the addition of some made-up items, and by the division of all restricted products into twenty groups.

Bilateral agreements during MFA II included either the fourteen groups, or the twenty groups (or part thereof). They continued to be short-term agreements, and more than one agreement was concluded with each trading partner. Base levels were lower than, equal to, or higher than past restraint/trade levels. Growth varied between 0 per cent and 3.8 per cent, (in one case 8.6 per cent). Generally there was no provision for swing, except in two agreements where swing of 1 per cent was provided for. Carry-over and carry forward varied from agreement to agreement; in some there was no provision, in others between 5 per cent carry-over to 10 per cent carry-over, or between 5 per cent/2.5 per cent and 10 per cent/5 per cent or 5 per cent plus 5 per cent; in some cases the cumulative use of carry-over and carry forward was limited.

Types of products under specific restraint during MFA I and MFA II

Agreements with MFA participants during MFA I generally had few clothing items (blouses, shirts, pullovers and sweaters) and in one or two cases bed-linen and towels under restraint. In two cases the coverage was wider to include other clothing items such as socks, other undergarments, nightgarments, jackets and anoraks and trousers.

All agreements with MFA participants during MFA II included all clothing items, and some made-up articles (bed-linen, travelling rugs, towels). Some of the more recently concluded agreements also included sails and curtains.

(b) Country submission

Production within the Swedish textile and clothing industry has decreased substantially during the 1970's. In 1978, Swedish production of textiles and clothing in terms of production indices had gone down to 71 and 51 respectively with 1973 as base year (100). During the same period, Swedish imports of textiles and clothing have increased rapidly, from Skr 3.9 billion in 1973 to Skr 8.6 billion in 1979. In 1979, imports of clothing accounted for almost 80 per cent of the total supply.

The quantitative share of developing countries in Swedish imports of clothing amounted to 33 per cent in 1979. In this context it may also be noted that GATT statistics concerning imports of textiles and clothing (cf. COM.TEX/W/84) give Sweden a position as the world's biggest importer per capita of such products from developing countries.
I. Production, employment etc.

Production

The share of the textile industry in Switzerland's total industrial output (excluding construction and energy) remained about 8.5 per cent over the period 1970 to 1979.

During the decade, production in the textile industry increased by some 9 per cent overall. The index of production rose rapidly up to 1973, subsequently falling sharply to 1975 (1973 = 100, 1975 = 82), and recovering in the following years to reach 97 in 1979.

In the clothing industry, output decreased by some 2.5 per cent over the decade; the production index declined steadily between 1972 and 1975, and then recovered to well above 1973 levels in 1976 and 1977. Thereafter the index of production declined, to reach the same level as 1973 in 1979. (1973 = 100, 1975 = 90, 1977 = 110, 1978 = 105, 1979 = 100.)

The largest reduction in production capacity was in respect of looms - about 15 per cent.


Statistics for production of selected clothing products are available only for the years 1978 and 1979. These indicate that production for most items have shown a fall in 1979: e.g. pyjamas and nightdresses (1978 = 19.9 million pcs., 1979 = 18.7 million pcs.); undergarments (1978 = 19.9 million pcs., 1979 = 18.7 million pcs.); shirts (1978 = 5.1 million pcs., 1979 = 4.2 million pcs.); trousers for women and girls (1978 = 1.4 million pcs., 1979 = 1.1 million pcs.). In a few items production figures for 1979 exceed figures for 1978: e.g. blouses, shirtblouses (1978 = 1.3 million pcs., 1979 = 1.4 million pcs.); trousers for men and boys (1978 = 1.9 million pcs., 1979 = 2.2 million pcs.).
Employment

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, the fall in employment in the textiles industry between 1977 and 1979 accounted for 90 per cent of the reduction in employment in Swiss industry as a whole.

In 1979, the textile industry comprised 521 undertakings employing 36,682 wage-earners, i.e. 5.57 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 1979.¹

II. Developments in trade

Over the period 1973-1979, Switzerland showed a growing export surplus in textiles and a growing import surplus in clothing. The net value of exports of textiles increased from $125 million to $386 million; net imports of clothing from $318 million to $813 million. The total value of imports and exports of textiles in 1979 was 67 per cent greater than trade in clothing ($2.3 billion as compared to $1.4 billion).

Developed countries accounted for 84 per cent of imports of textiles in 1973 and 86 per cent in the years 1977-1979. However, the share of developing MFA members rose from 4 to 6 per cent over the period. For clothing, the share of imports from developing countries rose from 14 to 23 per cent between 1973 and 1976, falling to 17 per cent in 1979; that of developing MFA participants rose from 9 per cent in 1973 to 18 per cent in 1976, falling to 13 per cent in 1979.

Swiss exports of textiles and clothing are mainly destined to developed markets. In textiles, however, developing countries' share has varied between 15 and 18 per cent over the period 1973-1979; the larger proportion (12 per cent in 1979) going to non-MFA members.²

¹/COM.TEX/16/Rev.1
²/COM.TEX/W/84
### SWITZERLAND

**AREA DISTRIBUTION OF TRADE, 1973-1979**

<table>
<thead>
<tr>
<th></th>
<th>TEXTILES</th>
<th>CLOTHING</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPORTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>502</td>
<td>523</td>
</tr>
<tr>
<td>(million dollars)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developed area</td>
<td>84</td>
<td>85</td>
</tr>
<tr>
<td>Developing area</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Members</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Non-members</td>
<td>9</td>
<td>7</td>
</tr>
<tr>
<td>Eastern trading area</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>EXPORTS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>627</td>
<td>819</td>
</tr>
<tr>
<td>Developed area</td>
<td>83</td>
<td>79</td>
</tr>
<tr>
<td>Developing area</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>Members</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Non-members</td>
<td>12</td>
<td>14</td>
</tr>
<tr>
<td>Eastern trading area</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: COM.TEX/W/76, Tables 15-17.
Data on selected textile and clothing products for the period 1973-1979 show a marked growth in the volume of cotton yarns and fabrics imported into Switzerland, combined with a relative decline in imports of man-made fibre yarns and fabrics. The share of developed countries in imports of cotton yarns and fabrics also increased markedly, while that of developing countries tended to decline.

Data on imports of clothing show that the shares of woven outer and undergarments imported from developing countries rose from 29 to 37 per cent (outergarments) and from 69 to 75 per cent (undergarments) between 1973 and 1977. Thereafter, developing countries' shares declined to 35 and 69 per cent respectively. A broadly similar pattern was shown for imports of knitted undergarments.

III. Adjustment processes and policies

AUTONOMOUS ADJUSTMENT PROCESSES

1. Identification of autonomous adjustment processes

(a) Domestic industry has undergone a process of concentration and specialization towards the production of high-quality products, such as yarn and fabrics of high quality, industrial textiles and luxury clothing.

(b) The following figures show the evolution of the number of firms in the textile and clothing industry between 1977 and 1979:

<table>
<thead>
<tr>
<th>Type of undertaking</th>
<th>Number of undertakings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1977</td>
</tr>
<tr>
<td>Yarn and twisted yarn</td>
<td>151</td>
</tr>
<tr>
<td>Woven fabrics</td>
<td>238</td>
</tr>
<tr>
<td>Knitted fabrics</td>
<td>21</td>
</tr>
<tr>
<td>Embroidery</td>
<td>79</td>
</tr>
<tr>
<td>Finishing</td>
<td>55</td>
</tr>
<tr>
<td>Other</td>
<td>12</td>
</tr>
<tr>
<td>Total textile industry</td>
<td>556</td>
</tr>
<tr>
<td>Total clothing industry</td>
<td>729</td>
</tr>
</tbody>
</table>
The following figures show the evolution of production capacity between 1977 and 1979:

<table>
<thead>
<tr>
<th></th>
<th>1977</th>
<th>1978</th>
<th>1979</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yarn bobbins</td>
<td>994,488</td>
<td>1,000,533</td>
<td>982,124</td>
</tr>
<tr>
<td>Twisted yarn bobbins</td>
<td>239,907</td>
<td>249,577</td>
<td>224,378</td>
</tr>
<tr>
<td>Weaving looms</td>
<td>11,615</td>
<td>10,898</td>
<td>9,874</td>
</tr>
<tr>
<td>Carpet-making machinery</td>
<td>192</td>
<td>201</td>
<td>198</td>
</tr>
<tr>
<td>Embroidery looms</td>
<td>706</td>
<td>691</td>
<td>685</td>
</tr>
</tbody>
</table>

2. Attribution to changes in the international patterns of trade and comparative advantage.

As a result of the substantial revaluation of the Swiss franc in relation to nearly all foreign currencies, the competitive position of imported products in the Swiss market has improved appreciably to the detriment of domestic output. In the 1970s, therefore, the position of the textile industries in the domestic market weakened. They have therefore moved towards greater concentration and specialization, as noted above, and have also become more export-oriented; at present about 60 per cent of Swiss textile output is sold abroad.

GOVERNMENT POLICIES AND MEASURES

A. Scope of measures

In Switzerland the progressive adaptation of economic structures to changes in the context of the world economy takes place mainly in response to market forces and private initiative.

The objective of Swiss Government policy is not any particular structural model deemed a priori as being particularly adequate. Accordingly, the structural adjustment process in the textile and clothing industry has been neither held back nor sustained by government intervention.

In recent years some measures have been taken to alleviate the effects of successive revaluation of the Swiss franc (see B below).

B. Technical description of measures

1. Industry in general

See 2. below.
2. Textile and clothing industries specifically

(a) Under a convention concluded in 1975 with the National Bank in order to alleviate the financing difficulties of export industries, Swiss banks, on certain conditions, discounted bills of exchange at favourable rates (at the outset, 1 percentage point below the official discount rate of the Swiss National Bank, which was then 3 per cent). The advantage resulting from this discount rate was reduced progressively. The convention was limited to firms affected by the evolution of the exchange rate and by the recession. The convention expired on 31 October 1980, and was not renewed. This measure, which was primarily designed to help the watch, textile and footwear industries, was extended in 1978 to help other branches of the export industry.

(b) In the context of measures adopted in October 1978, a credit of approximately Sw F 3 million was established to support collective publicity abroad by the Swiss textile and clothing industry until the end of 1981. Part of this credit is being used to publicize abroad the textiles and fashion centre (Textil-und mode-center/TMC) in Zurich which is also at the disposal of importers and foreign producers.

C. Purpose of the measures

The measures taken were concluded with a view to alleviating economic difficulties resulting from the effects of successive revaluation of the Swiss franc to the extent that those effects were likely to threaten undertakings that were fully competitive.

The efforts of the Swiss Government are designed to create and maintain an international trade system that offers outlets and competitive conditions that are equitable for production resulting from autonomous adjustments in the country's economy.

D. Amount and distribution of expenditure among these measures

Credit support for collective publicity abroad amounts to Sw F 3 million between October 1978 and the end of 1981.

E. Description and purpose of any industry specific comprehensive plans

The objective of Swiss Government policy is not any particular structural model deemed a priori as being particularly adequate.
Measures to deal with problems arising from closures, unemployment etc.

The situation of employment in the textile and clothing industries is at present fully stretched, principally because of the ceiling placed on the employment of foreign workers who form a large part of the labour force. Given this labour shortage, workers from firms which have closed down have been able to find re-employment in the sector. Unemployment assistance measures are not therefore relevant.

Effects of government measures

As far as can be determined, the measures taken have contributed to avoid a deterioration of the existing conditions for the specialization and export orientation process undertaken by the industry itself. The effects of such measures as the reduction in discount rate are not quantifiable.

Market access

(a) Evolution of restrictions since the coming into force of the MFA

Agreements concluded under MFA I and MFA II

Switzerland has not had recourse to any of the operative provisions of the MFA. Under Article 2:1 Switzerland reported that no quantitative restrictions were in force, but that imports of a limited number of items from certain sources were subject to a price surveillance system designed to ensure that products from these sources are not imported at prices more than a fixed margin below those of Swiss products. In principle the said imports from Bulgaria, the German Democratic Republic, Czechoslovakia, Hungary, Poland, Romania and the USSR are subject to this system. Its application to imports from Japan was terminated on 1 January 1975. Since the inception of the Arrangement the administration of the system has been modified, but in essence has remained unchanged.

Switzerland maintains with Hong Kong an administrative arrangement providing, inter alia, for the issuance of and information on export authorizations and export licences by Hong Kong on certain textile products, and for the free entry into Switzerland of all such products. The Arrangement also provides for the possibility of consultations, which have not, however, been invoked to date.

(b) Country Submission

Although as a result of substantial revaluation of the Swiss franc in relation to nearly all foreign currencies, the competitive position of imported products in the Swiss market has improved appreciably to the detriment of domestic output, Switzerland has not - apart from the measures mentioned

Prepared by the secretariat in consultation with the delegations concerned, on the basis of COM.TEX/SB/196 and 610.
above - taken any measures designed to hamper the accelerated adjustment process that has resulted, in the textile and clothing industries in particular. Nor has it had recourse to import restrictions in order to protect itself from increasingly keen competition from more and more exporting countries. As a result, the share of imports in domestic consumption of textiles and clothing has increased appreciably in recent years: whereas in real terms, consumption of textile products and clothing declined by 21 per cent between 1973 and 1979, the volume of imports for clothing articles alone increased by 43 per cent over the same period.

By carrying out essential adjustments - even at the cost of great sacrifice - the Swiss textile and clothing industry nevertheless considers that it can secure its future to the extent that, in the world market, its competitors progressively accept the competition that the Swiss industry has already accepted in its own domestic market.
TURKEY

I. Status of the industry

1. Production

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 73,000 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.

2. Employment

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.

3. Value added, investment

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles Million Lira</td>
<td>8,270</td>
<td>10,501</td>
<td>11,339</td>
<td>17,291</td>
<td>+ 109%</td>
</tr>
<tr>
<td>Million US$</td>
<td>584</td>
<td>754</td>
<td>785</td>
<td>1,077</td>
<td>+ 84%</td>
</tr>
<tr>
<td>Clothing Million Lira</td>
<td>261</td>
<td>439</td>
<td>664</td>
<td>835</td>
<td>+ 220%</td>
</tr>
<tr>
<td>Million US$</td>
<td>18</td>
<td>32</td>
<td>46</td>
<td>52</td>
<td>+ 189%</td>
</tr>
</tbody>
</table>

1COM.TEX/16/Rev.1/Corr.1
2COM.TEX/16/Rev.1
3COM.TEX/W/77
4. International trade

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 shares of the EEC market in Turkey's exports of textiles and clothing were 77.5 per cent and 89.2 per cent respectively.1/

Most of the exports of textiles are cotton yarns ($218 million in 1979, 282 per cent growth since 1973)2/

Turkey had a trade surplus of $343.3 millions for textiles and clothing products in 1979.1/

II. Government and other plans for the expansion and/or re-organization of the industry, and the development of particular sectors

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.
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

I. Production, employment, etc.

The production indices in the textile sector during the period 1973-1979 can be seen to have declined until 1978 (1973 = 100, 1974 = 93, 1975 = 86, 1978 = 96, 1979 = 100). However, the indices also show that after a steep drop in 1975 (86) the years following up to 1979 showed signs of recovery.1/

In the clothing sector too a decline in the production indices is indicated in 1974 and 1975 (1973 = 100, 1974 = 97, 1975 = 92). The following years indicate a quick recovery (1978 = 114 and 1979 = 111).1/

Figures for the first six months of 1980 show that the textile industrial production index declined 1.4 per cent over the same period for 1979, with the textile sectors related to automobile and housing activities experiencing slack demand. Informal surveys of the textile mill sector as a whole indicate some further decline in production took place during the third quarter.2/

In both the yarn and fabric sectors production figures for 1978 were below those of 1973, reflecting the trend indicated in the overall production indices. However, production in the years 1976-1978 relative to the low figure for 1975 indicated a recovery.3/

In the fabric sector, cotton, wool and man-made fibre broad woven fabric production in 1979 was down 5.9 per cent from 1978. In the first quarter of 1980 there was an 8 per cent increase relative to the previous quarter. Most of the first quarter production improvement occurred in wool and man-made fibre fabrics.4/

The low level that overall production indices in the clothing sector registered in 1975 can be traced in the case of certain selected clothing items - undergarments for men and boys, jerseys, pullovers, slipovers etc., skirts for women, girls and infants, and trousers for men and boys. In these categories production in 1975 and 1976 dropped below 1973 to pick up in subsequent years, but not, generally speaking, back to 1973 levels. In the case of other categories, namely - shirts for men and boys, blouses and shirt blouses for women, suits for men and boys, and jackets for men and boys, production in 1974 and 1975 maintained and increased in subsequent years up to 1978.5/

1/ COM.TEX/W/84
2/ COM.TEX/16/Add.3
3/ COM.TEX/W/77
4/ COM.TEX/16/Rev.1
The growth of production of clothing comparing the periods January to May 1979 and 1980 shows wide variations. Production of skirts and sweaters grew markedly. Output of women's coats, men's jackets, sport and work shirts and dresses, increased although by smaller rates. Production of men's and women's suits, work trousers, dress and business shirts, dress trousers and overcoats and topcoats declined. Industry information indicates that this variable situation persisted during the summer of 1980.

Prices

The producers' 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 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.

Employment and earnings

Combined employment in the textile and apparel sectors dropped from 2,448,000 employees in 1973 to 2,238,000 in 1974 to 2,111,000 in 1975.

There was some recovery after 1975, but the highest level through 1980 was 1978 with 2,231,000, over 215,000 below the 1973 level and nearly 100,000 below the 1974 level.

Hourly earnings for production workers averaged $4.90 for the textile industry and $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.

Investment

Investment in the textiles and clothing sectors has been rising. In 1975 a definite decline is noted but investment picked up in the subsequent two years and the figures for 1977 in both sectors were above the figures for 1973.
Capital expenditure for new plant and equipment in the United States' textile industry in 1979 was $1.06 billion, 2 per cent higher than the amount spent in 1978. Expenditures were projected at a rate of $930 million for the first quarter of 1980.1

Capital expenditures for new plant and equipment:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>1975</td>
<td>$660 million</td>
</tr>
<tr>
<td>1976</td>
<td>810</td>
</tr>
<tr>
<td>1977</td>
<td>920</td>
</tr>
<tr>
<td>1978</td>
<td>1,040</td>
</tr>
<tr>
<td>1979</td>
<td>1,0601/</td>
</tr>
</tbody>
</table>

II. Developments in trade

Over the period covered by the two Arrangements, the United States' trade balance in textiles, in value terms, has been generally in export surplus. Following a deficit in 1973, during the years 1974 to 1978 the export surplus with the rest of the world varied between $320 and $550 million. There was, however, a marked increase to $1.2 billion in 1979. The total value of exports of textiles rose by 150 per cent between 1973 and 1979, from $1.2 billion to $3.1 billion; in the same period the value of imports of textiles increased by only 39 per cent, from $1.3 billion to $1.8 billion. Both imports and exports declined in 1975, but thereafter resumed their upward trends in value terms.2/

The share of developing countries grew rapidly between 1973 and 1974 (from 32 to 43 per cent), fell in 1975 and thereafter varied between 39 and 44 per cent. The share of United States' exports of textiles to developing countries, however, rose fairly steadily from 29 to 35 per cent between 1973 and 1979.1/

In the same period, the United States' trade balance in clothing has shown a growing deficit in value terms, from $1.7 billion in 1973 to $4.4 billion in 1979. The total value of exports of clothing increased from $1.5 billion to $3.9 billion and that of imports from $2.2 billion to $8.1 billion. The trade deficit in clothing with developed countries fell from $448 million in 1973 to $267 million in 1979, while that with developing countries rose from $13 billion to $3.9 billion.

The share of developed countries in imports of clothing has risen steadily from 73 to 84 per cent over this period; that of MFA members from 53 to 64 per cent, while the share of non-members remained at around 20 per cent. The most rapid growth in exports of clothing from the United States has been with other developed countries.

1/ COM.TEX/16
2/ COM.TEX/W/76, Tables 15 to 17
### UNITED STATES

#### AREA DISTRIBUTION OF TRADE, 1973-1979

<table>
<thead>
<tr>
<th></th>
<th>TEXTILES</th>
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<th></th>
<th></th>
<th></th>
<th>CLOTHING</th>
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<tr>
<td>IMPORTS</td>
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<tr>
<td>Total</td>
<td>1,306</td>
<td>1,444</td>
<td>1,558</td>
<td>1,832</td>
<td>1,824</td>
<td></td>
<td>1,971</td>
<td>2,258</td>
<td>3,596</td>
<td>4,911</td>
<td>5,162</td>
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<tr>
<td></td>
<td>(million dollars)</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Developed area</td>
<td>67</td>
<td>54</td>
<td>57</td>
<td>57</td>
<td>52</td>
<td>27</td>
<td>16</td>
<td>16</td>
<td>15</td>
<td>12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Developing area</td>
<td>31</td>
<td>43</td>
<td>40</td>
<td>39</td>
<td>44</td>
<td>73</td>
<td>83</td>
<td>82</td>
<td>83</td>
<td>84</td>
<td></td>
<td></td>
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<tr>
<td>Members</td>
<td>25</td>
<td>34</td>
<td>32</td>
<td>31</td>
<td>35</td>
<td>53</td>
<td>63</td>
<td>62</td>
<td>63</td>
<td>64</td>
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<tr>
<td>Non-members</td>
<td>7</td>
<td>9</td>
<td>8</td>
<td>8</td>
<td>9</td>
<td>20</td>
<td>19</td>
<td>20</td>
<td>20</td>
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<tr>
<td>Eastern trading area</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>4</td>
<td>4</td>
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<td>1</td>
<td>2</td>
<td>2</td>
<td>4</td>
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<td>(percentage shares)</td>
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<td>EXPORTS</td>
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<tr>
<td>Total</td>
<td>1,229</td>
<td>1,923</td>
<td>1,898</td>
<td>2,152</td>
<td>3,067</td>
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<td></td>
<td>(million dollars)</td>
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<td>31</td>
<td>34</td>
<td>33</td>
<td>35</td>
<td>44</td>
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<tr>
<td>Developing area</td>
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<td>30</td>
<td>33</td>
<td>35</td>
<td>34</td>
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<td>65</td>
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<tr>
<td>Members</td>
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<td>18</td>
<td>18</td>
<td>43</td>
<td>39</td>
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<tr>
<td>Non-members</td>
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<td>25</td>
<td>27</td>
<td>28</td>
<td>29</td>
<td>24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eastern trading area</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>2</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(percentage shares)</td>
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<td></td>
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</tbody>
</table>

Source: COM.TEX/W/76, Tables 15-16.
Selected products

The figures compiled by the GATT secretariat on trade in selected products show that the volume of United States' imports of cotton yarn and wool yarn increased only slightly between 1973 and 1976 and imports of man-made fibre yarn and knitted fabrics declined significantly. In 1977, 1978 and 1979, imports of these products generally declined, with the exception of imports of man-made fibre yarn and of wool yarn in 1977, and cotton yarn in 1978. The proportion of imports coming from developing member countries increased between 1973 and 1976 for all of these products except knitted fabrics. Between 1976 and 1979, the import share of the developing member countries continued to rise for man-made fibre yarn (to 16 per cent in 1979) and wool yarn (to 20\% per cent in 1979), but it declined for cotton yarn (to 91\% per cent in 1979). In the case of clothing, imports of four items increased in 1979 (at rates ranging between 4 and 13 per cent), while imports of six items declined (at rates ranging from 2 to 27\% per cent). Imports originating in developing member countries increased for three clothing items, (at rates varying between 3\% and 10\% per cent), but declined for seven items (at rates varying between 1 and 25 per cent). For seven clothing items, the share of developing member countries in total imports declined between 1978 and 1979, while for three items it increased.

Outward processing

Outward processing is one factor which can affect the structure of both exports and imports from the United States.

Item 807 of the United States' Tariff Schedules permits the reimportation of goods made of domestically produced United States materials, with duty being charged on only the value added in a foreign country. This provision is limited to those articles which are assembled abroad. This is the only "outward processing" for which import data are available for the United States. The following percentages are 807 imports as a percent of total United States imports for selected categories in 1979, based on quantity.
| Category | Description                                      | 1979  
|----------|--------------------------------------------------|-------
| 331      | Gloves, Cotton                                   | 8.8   |
| 334      | Other Coats, M&B, Cotton                         | 13.8  |
| 335      | Coats, WGI, Cotton                               | 2.4   |
| 336      | Dresses, Cotton                                  | 21.2  |
| 337      | Playsuits, Cotton                                | 5.7   |
| 338      | Knit Shirts, M&B, Cotton                         | 4.7   |
| 339      | Knit Shirts & Blouses, WGI, Cotton                | 1.5   |
| 340      | Shirts, Not Knit, M&B, Cotton                    | 5.6   |
| 341      | Blouses, Not Knit, WGI, Cotton                   | 1.6   |
| 347      | Trousers, M&B, Cotton                            | 6.0   |
| 348      | Trousers, WGI, Cotton                            | 3.8   |
| 351      | Nightwear, Cotton                                | 19.0  |
| 352      | Underwear, Cotton                                | 8.5   |
| 435      | Coats, WGI, Wool                                 | 2.0   |
| 631      | Gloves, MMF                                      | 12.3  |
| 632      | Hosiery, MMF                                     | 66.2  |
| 634      | Other Coats, M&B, MMF                            | 7.2   |
| 635      | Coats, WGI, MMF                                  | 11.8  |
| 636      | Dresses, MMF                                     | 29.1  |
| 637      | Playsuits, MMF                                   | 27.9  |
| 638      | Knit Shirts, M&B, MMF                            | 5.0   |
| 639      | Knit Shirts & Blouses, WGI, MMF                  | 6.8   |
| 640      | Shirts, Not Knit, M&B, MMF                       | 2.8   |
| 641      | Blouses, Not Knit, WGI, MMF                      | 21.5  |
| 647      | Trousers, M&B, MMF                               | 20.6  |
| 648      | Trousers, WGI, MMF                               | 17.6  |
| 649      | Brassieres, etc., MMF                            | 84.6  |
| 651      | Nightwear, MMF                                   | 78.8  |
| 652      | Underwear, MMF                                   | 38.6  |
III. Adjustment processes and policies

AUTONOMOUS ADJUSTMENT PROCESSES

1. Identification of autonomous adjustment processes

The United States' textile industry, over the past few years, has invested in new and modern weaving and open-end spinning equipment on an increasing scale. As noted above, investment in plant and equipment rose steadily (in current price terms) from $660 million in 1975 to $1,060 million in 1979. The apparel industry has also invested to improve efficiency in order to meet foreign competition in domestic markets.

Although reliable data to determine specific changes in productivity are not available, it is generally agreed that productivity has increased in both the textiles and apparel industries during the life of the MFA, as the industries become more capital intensive. One indicator of this trend in the textile sector is the shift by the man-made fibre broad woven industry to wider looms, leading to an increase in yardage per production worker hour of slightly more than 1 per cent annually.

2. Attribution to changes in international patterns of trade and comparative advantage

In relation to the textile industry, the need for the increased efficiency required to compete in international markets was a prime factor in the investment decisions mentioned above; while for the apparel industry, especially certain segments, the effort to meet foreign competition in domestic markets was an important reason for the investments made.

GOVERNMENT MEASURES AND POLICIES

A. Scope of measures

Government measures take two main forms; general trade adjustment assistance established by the Trade Act of 1974, and co-operative measures by the government and various elements of the apparel industry.

B. Technical description of measures

1. Adjustment assistance to industry in general, under the Trade Act of 1974

Such assistance takes the following forms:

(a) Financial assistance to firms

This type of assistance is provided through the Economic Development Administration (EDA) of the United States Department of Commerce. All lending has been by the Department of Commerce or by the private financial institutions with a federal loan guarantee by the Department of Commerce.
Financial assistance under these programmes includes direct loans by the Federal Government (up to US$1 million), and guarantees of loans arranged with banks or other financial sources (up to $3 million). These limits were established in the Trade Act, and there has been no subsequent modification of them. As a result, trade adjustment assistance generally is a viable alternative only for smaller firms and the limited amounts available usually are more than adequate to meet the needs of small firms. (The Trade Act provides for giving priority for financial assistance to small firms).

To be certified eligible by the Department of Commerce for such assistance, a firm must demonstrate that increased imports of articles "like or directly competitive with those produced by the firm are an important cause of decreases in the firm's sales or production, and of actual or threatened separation of a significant proportion of its workers".

Prior to approval of financial or "in-depth" technical assistance an adjustment plan, showing that (1) the firm has a clear, credible and rational strategy for recovery; (2) consideration has been given to the interests of a firm's workers; and (3) the firm is making all reasonable efforts to use its own resources for economic development, must be accepted by the Department of Commerce. Such a plan should, as appropriate, discuss and document plans for cost control, marketing, new products, improved operating techniques, changes in management, financing and the like. There must be clearly stated objectives with a time-table for achieving each of them so that the Department and the firm can check on progress.

The interest rate on loans made directly by the EDA is set quarterly based on the average market yield on United States securities of comparable maturity, plus a charge (currently 1 1/4 per cent) to cover administrative costs and probable losses. Normally this results in rates below or near the prime lending rate. The interest rate on loans guaranteed by the EDA is limited to the maximum rate the participating financial institution may establish on its Small Business Act (SBA) guaranteed loans. Currently this is 2 1/4 and 2 3/4 percentage points higher than the prime rate, for loans of up to seven years and over seven years respectively.

Financial assistance may be used for working capital, fixed assets such as new machinery and equipment, and new or renovated buildings. SBA loans are made for periods of five to seven years for working capital, seven to ten years for fixed assets, and twenty years for real estate. In general, although SBA has no firm policy on deferment, the lender and SBA would defer a given monthly payment for up to six months.

(b) Technical assistance to firms

EDA technical assistance to firms may be furnished through federal agencies or private institutions. In the latter case, not more than 75 per cent of the cost may be borne by the United States Government.
In providing such technical assistance, the Federal Government pays part of the cost of helping businesses with their marketing, engineering, financial, management or similar problems. Technical assistance may be used to provide guidance in preparing petitions for certification eligibility for EDA financial assistance, to diagnose a firm's problems and its opportunities for recovery, to assist in preparing adjustment plans, to help in putting together loan applications, to examine specific problems recognized by the firm's management, and to provide in-depth assistance to firms in carrying out their adjustment plans.

Initial discussions about the trade adjustment programmes and potential eligibility to secure Trade Act assistance are free. For all technical assistance provided, the business must pay a minimum of 25 per cent of the cost.

Between 1976 and 1980, the number of apparel firms receiving financial assistance from the EDA has grown from three in 1976 to twenty-six in 1979, and twenty-five in 1980; the number of textile firms from one in 1977 to seven in 1979-1980. The same firm may receive both direct and guaranteed loans, and may receive assistance in more than one year. Between 1978 and 1980, a total of 650 textile and apparel firms received technical assistance from the EDA.

c) Adjustment assistance to workers displaced as a result of increased imports

Workers may receive weekly payments which, when added to State unemployment insurance entitlements, equal 70 per cent of the average weekly wage before his employment was disrupted by import competition. The maximum allowance can be no greater than the national average weekly wage in manufacturing, and may be given for a maximum of fifty-two weeks for workers of sixty years old and under (seventy-eight weeks for workers of over sixty years). Manpower services, job research and relocation allowances are also available.

Up to the present time, 23,000 workers in textiles and 111,000 in apparel have benefited over the life of these programmes.

2. Co-operative measures by the United States Government and the apparel industry

Programmes to foster innovation and increase productivity in men's tailored clothing and ladies' garments.

(a) Joint Job Training and Research, Inc. (JTR) is a non-profit corporation of clothing manufacturers and labour unions established in 1978 to improve quality and productivity, and maintain a stable employment level, in the men's and boys' tailored clothing industry. It operates a National Training
Programme, assisted by United States Department of Labour grants of $2.5 million since June 1978. In addition, grants of $1.4 million have been given by EDA for a Research and Development Programme intended to improve management practices, foster innovation, and expand markets. All firms in the industry may benefit from the JTR Programmes, which are selected for the general benefit of the industry.

JTR operates the following specific projects:

(i) "Innovation Bank" funds 75 per cent of the cost of research or innovation projects of interest to the entire industry (up to $50,000 per project). Results are made available to all firms in the industry. Three projects on Improved Supervisory Training Techniques, Fusibility Testing for Lining Materials, and Statistical Quality Control, are currently operating with Innovation Bank funding.

(ii) Since 1979, JTR has been developing a Production Control and Planning System for firms in the men's tailored clothing industry.

JTR also plans to expand its programme of grants for innovations in product and management techniques and to develop an industry-wide basis better production and marketing data and, if feasible, a market forecasting system for the industry.

(b) Apparel Job Training and Research Corporation (AJTR) is a similar non-profit organization serving the women's and children's clothing industry. AJTR has received a $1.3 million grant from the Department of Labor and $150,000 from the Department of Commerce.

(c) EDA has provided support for a number of research and/or development programmes undertaken by research institutes or manufacturers' associations. These include:

(i) Three major projects undertaken at the Georgia Institute of Technology relating to a marketing strategy analysis for domestic markets with differing levels of import penetration; an assessment of the feasibility of several new technologies to improve or automate specific operations in the manufacturing process; and an analysis of inter-relationships between the textiles and apparel industries, to identify specific improvements in institutional relationships or operating practices. All three projects were scheduled for completion in May 1980.

(ii) Two studies at the Philadelphia College of Textiles and Science, to assess current utilization levels of the best available technology and identify new technologies needed by the men's apparel industry; and to develop a strategic perspective on the men's tailored clothing industry by identifying successful business strategies through a series of case studies of firms.
(iii) A study by the National Knitted Outerwear Association to identify suitable machinery and equipment for cutting and sewing of "knitted" outerwear (mainly sweaters) from knitted fabrics.

(iv) The retention of consultants by the New England Apparel Manufacturers' Association to assist in the revitalization of the local industry in the region of Fall River, Massachusetts and Providence, Rhode Island.

C. Purposes of the measures

The programmes and projects outlined are aimed at improving the viability of existing lines of production, and developing new lines, through improving the operating efficiency of such factors as production technology, marketing, engineering, finance and management in the sectors of the textiles and clothing industries to which they apply. The United States does not undertake any measures intended to preserve companies which cannot compete without government support, nor does it maintain government-designed policies to develop or encourage alternative industries to the detriment of any other industry.

As far as adjustment measures to assist workers are concerned, although the United States Department of Labor has not attempted to keep records which would indicate whether retrained or otherwise re-employed workers found jobs in the textile and apparel industries or in other sectors, there is general consensus that most of the workers receiving adjustment assistance returned to the sectors where they had been previously employed.

It is not possible to relate the general adjustment assistance programmes of the United States Government to the movement of factors from more sensitive branches, nor to establish links to the actions taken under the MFA.

D. Amount and distribution of expenditure under the measures listed

(a) Financial assistance to firms under general adjustment assistance programmes

While no official summary data exist on the amount of financial assistance by industry, the United States authorities have provided estimates, based on a cursory summary of the raw data, for the textile and apparel industries. These show that total EDA financial assistance (direct and guaranteed loans) to the textiles industry was $31.0 million (of which $12.9 million direct loans) over the period 1976-1980; over the same period, assistance to the apparel industry totalled $72.7 million ($53.4 million direct loans). Total assistance to the textile and clothing industries combined ($103.7 million) was some 39 per cent of EDA financial assistance provided to all industries over this period ($268.9 million). The value of technical assistance provided by EDA in the years 1978-1980 to the industries was $11.7 million.
(b) **Financial assistance to co-operative Government/industry programmes:**

(i) JTR has received $2.5 million since 1978 from the United States Department of Labor to establish its National Training Programme; and $1.4 million from the EDA for its Research and Development Programme.

(ii) AJTR has received $1.8 million from the Department of Labor and $150,000 from EDA in support of its efforts.

(iii) EDA grants to other research or development programmes mentioned above include $600,000 to the Georgia Technical Research Institute, $300,000 to the Philadelphia College of Textiles and Science; $45,000 to the National Knitted Outerwear Association; and two grants totalling $85,000 to the New England Apparel Manufacturers' Association.

E. **Description and purpose of any industry specific comprehensive plans**

An ambitious long-term export expansion programme for textiles and apparel products, inaugurated in early 1979 within the Department of Commerce, comprises the following elements:

(a) Global market surveys of some twenty-five major countries around the world;

(b) Export seminars tailored to the needs of manufacturers of textiles and apparel products, in major cities throughout the country;

(c) Trade missions, organized by the industry and approved by Government, so that participating companies can put to immediate use knowledge gained in the seminars;

(d) Foreign and domestic trade shows.

Other aspects under review by the Government include the question of foreign barriers to United States' exports and the question of export financing.

F. **Measures to deal with problems arising from closures, unemployment, etc.**

(See Section B above relating to adjustment assistance measures).

G. **Effects of Government measures**

The precise effect in quantitative terms have not been calculated. In general qualitative terms they 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.
IV. Market Access

(a) Evolution of restrictions since the coming into force of MFA

Agreements concluded under MFA I and MFA II

MFA I - Under the terms of Article 2:1 of the Arrangement, the United States had notified the status of its restrictions, as applied under the LTA. These included thirty bilateral agreements and four unilateral measures.

In order to either terminate, or to bring the restrictions into conformity with the MFA, the United States had (a) terminated all unilateral measures affecting imports of cotton products from Barbados, Belize, Costa Rica and Ghana; (b) terminated its cotton agreement with El Salvador and Italy, and replaced its agreements with Czechoslovakia, Greece, Hungary, Jamaica, Malta, Nicaragua, Peru, Portugal, Spain and Yugoslavia by consultation agreements; and (c) renegotiated its LTA agreements under Article 4 of the Arrangement with Brazil, Colombia, Egypt, Haiti, Hong Kong, India, Japan, Korea, Macao, Malaysia, Mexico, Pakistan, the Philippines, Poland, Romania, Singapore and Thailand.

The pre-MFA agreements had cotton coverage except those with Hong Kong, Japan, Korea, Macao, Malaysia and Singapore, which had included textiles of other fibres. Product coverage in the new MFA agreements remained the same, except in those with Colombia, Mexico, the Philippines, Romania and Thailand, where coverage was extended to all MFA fibres, and Haiti where coverage included cotton and man-made fibres.

MFA II - Under MFA II the United States concluded bilateral agreements with nineteen MFA participants, namely, Brazil, Colombia, Dominican Republic, Haiti, Hong Kong, India, Japan, Korea, Macao, Malaysia, Mexico, Pakistan, the Philippines, Poland, Romania, Singapore, Sri Lanka, Thailand and Yugoslavia. The agreement with the Dominican Republic superseded a unilateral measure taken under Article 3:5 with respect to one product. The United States replaced its restraint agreement with Egypt by a consultation agreement. Its other consultation agreements continued to operate during this period.

Coverage in the new agreements generally included all MFA products, except the agreement with Brazil and Pakistan where only cotton products have been put under restraint. In the case of Brazil man-made fibre products have been covered by a separate consultation agreement.

1 Prepared by the secretariat, in consultation with the delegations concerned, on the basis of COM.TEX/SB/196 and 610.
Structure of bilateral agreements

Agreements negotiated by the United States during MFA I and MFA II have generally been comprehensive in nature including all products of the fibre or fibres covered. These agreements had generally an overall limit with certain product categories under specific restraint, and the rest subject to agreed consultation mechanisms. The structure of most of the more recently negotiated agreements has been modified in that they do not have any overall aggregate limit.

Base levels in agreements during the period 1974-77 were higher than past trade, and with a provision for growth between 6 and 7 per cent except for wool where growth was 1 per cent. Swing varied between 5 per cent and 15 per cent and carry-over and carry forward were 11 per cent/6 per cent.

In 1978 the United States introduced a revised category system, which modified and regrouped the previous categories. This revision required agreed "calculated" or "constructed" trade or restraint levels for the new categories to establish base levels for 1978. Base levels in the agreements were generally higher than past trade or restraint levels except in those with Hong Kong and Korea, where base levels were either equal to or higher than past restraints. Growth for cotton and man-made fibre products in most agreements varied between 6 and 7 per cent; in a few cases growth rates were less than 6 per cent. In the case of wool products growth continued to be 1 per cent in all agreements. Swing varied between 5 per cent and 10 per cent, carry-over and carry forward between 11 per cent/6 per cent and 11 per cent/7.15 per cent. For the agreement year 1980, Hong Kong and Korea agreed to lower swing and waived carry-over/carry forward with respect to certain categories under restraint.

Types of products under specific restraint during MFA I and MFA II

The number of products under specific restraint varied from agreement to agreement during both MFA periods. During MFA I products put under specific restraint included fabrics (velveteens, sheeting broadcloth, print cloths, shirtings, twills and sateens and duck) and clothing items (shirts, coats, trousers, sweaters and suits). During MFA II fewer agreements included specific restraints on fabrics, while restraints on certain clothing items (shirts, blouses, suits, coats, trousers and sweaters) continued.

1/ The agreement with Yugoslavia has covered only two wool categories.
2/ For further details see COM.TEX/SB/576 and COM.TEX/SB/610/Add.4
3/ COM.TEX/16, page 191.
(b) Country submission

The United States Government has operated on two parallel fronts in providing increased access to its textile and apparel markets for imports from developing countries. On the one hand, the United States has allowed imports of apparel to increase substantially within the network of quotas negotiated with, or, in rare instances, imposed on exporting countries. On the other hand, the United States has progressively reduced the number of quotas in effect in the textiles area to the point where actual restrictions on imports are virtually non-existent. The measures taken in both areas have been consistent with the provisions of Article I(2) as well as Article I(4).1/

The effect of this policy 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.2/

1/ COM.TEX/SB/610/Add.4
2/ COM.TEX/16/Rev.1, page 66.
URUGUAY

I. Status of the industry

1. Production

Statistical data from the Central Bank of Uruguay indicate that the production index (in volume) for textiles grew steadily to reach 184 in 1979 (1973 = 100), except a fall in 1976. Production index (in volume) for clothing, including footwear, increased from 100 in 1973 to 122 in 1979, except a fall in 1975-1976. It should be noted that textiles account for 15 per cent of total domestic product.

2. Employment

According to statistical data supplied to GATT, the index of hours worked in the first quarter of each year increased - with regard to textiles - from 99.1 in 1978 to 104.7 in 1980 (112.6 in 1979), the same index for clothing falling from 114.2 in 1978 to 83.6 in 1980.

3. Investment

As indicated by statistical data supplied to GATT, investments varied from one year to another, with lows in 1976 ($292,800) and highs in 1979 ($13 million). Investments amounted to $4.5 million in 1980.

4. International trade

Exports of textiles grew from $43 million to $75 million from 1975 to 1977, exports of clothing from $2 million to $15 million in the same period. Imports of textiles were $7 million in 1977, imports of clothing almost non-existent. Most exports go to the developed area (72 per cent of textiles exports, 87 per cent of clothing exports in 1977), EEC importing 60 per cent of Uruguayan exports of textiles, United States importing 80 per cent of Uruguayan exports of clothing.

5. General statement on the national textile industries

As regards the textiles sector in particular, the aim of Uruguay's economic policy is to develop exports of a product using domestic raw materials, in which area the country would be more competitive.

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1 Including textile fibres
2 COM.TEX/16/Add.9
3 COM.TEX/W/76
YUGOSLAVIA

I. Status of the industry

1. Production

In recent years, the textile industry accounted for about 9 per cent of overall industrial production. In 1977, yarns and fabrics, and finished textile products shared 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.

2. Employment

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.

3. Value added, Investment

Value added of textiles and clothing industry increased by 123 per cent and 172 per cent, respectively, over the period 1973 to 1978. Value added in textiles was 20,169 million dinars and in clothing 12,181 million dinars in 1978.

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¹ COM.TEX/16/Rev.1
² COM.TEX/W/77/Add.1
4. International trade

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.\(^1\) In 1979, the net trade of textiles was negative ($-$42.60 million) while the net trade of clothing was positive ($196.83 million).

In 1979, the share of Yugoslavian exports of textiles and clothing going to the eastern trading area decreased to 47 per cent (54 per cent in 1973), the share going to the developed area decreased to 34 per cent (40 per cent in 1973), while the share going to the developing area increased to 19 per cent (7 per cent in 1973).\(^2\)

\(^1\) COM.TEX/16/Rev.1
\(^2\) COM.TEX/W/78, Tables 39
ANNEX

Checklist of Submissions by Participating Countries

The information submitted by participating countries in reply to GATT/AIR/1611 and 1612, and to the letter addressed by the Chairman of the Working Group to participants on 23 July 1980, are contained in the following documents:

COM.TEX/16: Austria, Brazil, Canada, Colombia, Egypt, EEC, Finland, Hong Kong, Hungary, India, Indonesia, Israel, Japan, Korea, Macao, Malaysia, Peru, Singapore, Sweden, Switzerland, Turkey, United States.

COM.TEX/16/Corr.1: Corrections to EEC and member States.

COM.TEX/16/Add.1: Poland
Add.2: El Salvador, Pakistan
Add.3: Argentina, Canada\(^1\), Colombia\(^1\), Hungary\(^1\), Korea\(^1\), United States\(^1\), Yugoslavia.
Add.4: EEC\(^1\)
Add.5: Mexico
Add.6: Finland\(^1\), Singapore\(^1\)
Add.7: Japan\(^1\)
Add.8: Israel
Add.9: Uruguay
Add.10: Guatemala
Add.11: Bangladesh

\(^1\) Additional information