ADJUSTMENT ASSISTANCE MEASURES

Note on Meeting of Expert Group held on 18 May 1971

Prepared by the Secretariats

1. The Group of Experts met on 18 May 1971 under the chairmanship of Mr. C. Canarp (Sweden) for the purpose of considering what additional information concerning the use of adjustment assistance measures would be helpful in exploring the possibilities of broader use of these measures. Suggestions contained in secretariat note COM.TD/W/139 provided a basis for discussion.

2. Subject to certain amendments, which have been incorporated in the questionnaire annexed to this note, members of the Expert Group found the proposals prepared by the secretariat generally acceptable. It was pointed out by several members that policy measures adopted in their countries concerning adjustment assistance might not lend themselves to being reported under each of the points listed in the questionnaire and that detailed information on some aspects might not always be available. Furthermore, replies to the questions would be submitted without commitment as to any conclusions that might be drawn from the material and also without commitment as to the future work of the Expert Group.

3. The Group agreed that governments should be invited to furnish, by 10 October 1971, at the latest, information on developments along the lines set out in the questionnaire. It was felt useful if the information supplied could be considered at a meeting of the Expert Group to be held before the November session of the CONTRACTING PARTIES.

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1 The attached questionnaire was circulated to governments in GATT/AIR/859, dated 28 May 1971.
QUESTIONNAIRE ON ADJUSTMENT ASSISTANCE MEASURES

A. Measures available

(i) Information on specific or general legislation concerned with adjustment assistance.

(ii) Main provisions of legislation and criteria for qualifying for adjustment assistance.

(iii) How are measures aimed at granting adjustment assistance initiated? Is there machinery available, either formal or informal, to anticipate the need for adjustment assistance or to make information available to industry which would enable it to consider the need for action?

(iv) To what extent is action initiated at the national level supported at the regional or municipal level?

(v) What agency or other authority decides on the need for adjustment assistance and what are the arrangements for administering the implementation of adjustment assistance programmes?

(vi) What methods of adjustment assistance are available?

(a) In what form is financial assistance provided to business enterprises (e.g. by way of grants, advances, guarantees, reduced interest rates, tax concessions, accelerated depreciation allowances)?

(b) What adjustment assistance is extended to labour, e.g. social assistance, redeployment, retraining of labour?

(vii) What are the sources of funds for adjustment assistance?

(viii) Is consideration being given to the strengthening of available measures for adjustment assistance or the introduction of new measures having regard to such factors as continuing changes in the pattern of world trade including those which might result from actions to facilitate trading opportunities for developing countries?

(ix) Have any reviews been carried out of measures taken to facilitate adjustment and has it been found necessary following any such reviews to introduce changes in order to secure more effective results?

B. Measures applied

(i) Where measures of adjustment assistance have been applied, is it possible to distinguish between their use for dealing with changes in import patterns including those resulting from trade negotiations etc., and their use for assistance to adjust to changes resulting from technological developments and other economic factors bearing on the industry's competitive position?
(ii) The extent to which adjustment assistance measures have been taken or are being applied in specific geographical regions to encourage diversification away from the production of goods subject to import competition.

(iii) Identify products or sectors of industry in respect of which adjustment assistance measures have been applied. To what extent are these sectors of interest to developing countries?

(iv) To what extent, if any, is adjustment assistance used

(a) to facilitate trade liberalization in respect of items under restriction?

(b) to provide for larger market opportunities for products exported by developing countries?

(v) Level of funds spent, showing separately amounts used for

(a) assistance to industry (e.g. by way of grants, advances, guarantees, reduced interest rates, tax concessions, accelerated depreciation allowances) for

   (i) conversion of industries

   (ii) modernization of industries.

(b) social assistance, redeployment and retraining of labour.

C. Effects of measures applied

(i) Are there any instances where prior use of adjustment assistance has been followed by measures to reduce or eliminate import restrictions?

(ii) Is any indication available of the impact of the adjustment assistance extended on the level of domestic production and composition of imports from developing countries?