

GENERAL AGREEMENT ON TARIFFS AND TRADE

CONFIDENTIAL

Spec(80)15/Add.5
10 June 1980

Textiles Committee
Working Group on Adjustment Assistance Measures
Technical Sub-Group

INFORMATION ON PRODUCTION, TRADE AND ADJUSTMENTS IN THE TEXTILE SECTOR

Replies Received from Delegations to
Airgrams GATT/AIR/1611 and 1612

Addendum

Attached is the reply received to the above-mentioned airgrams from
Peru.

INFORMATION ON THE TEXTILE INDUSTRY OF PERU

1. AUTONOMOUS ADJUSTMENT PROCESSES

The following trends have been identified in Peru's textile industry, particularly in the last six years:

- (a) integration of production;
- (b) modernization of machinery;
- (c) expansion of productive capacity;
- (d) creation of textile enterprises working mainly for the export market.

These trends are most evident in the cotton and wool sectors.

1.1 Integration of production:

Many textile enterprises which used to engage in spinning yarn have turned to weaving and finishing.

1.2 Modernization of machinery:

Highly productive and automated machinery is being imported for the four main operations of preparation, spinning, weaving and finishing.

1.3 Expansion of productive capacity:

The principal spinning-mills are attaining the minimum capacities required for economic operation in Latin America. Capacity is being expanded primarily in spinning and weaving.

1.4 Creation of textile enterprises working mainly for the export market:

Enterprises of this kind are to be found primarily in the cotton sector.

All of the above-mentioned trends are based fundamentally on export markets, since Peru's domestic market has undergone a recession in recent years owing to rising prices and declining purchasing power (see Table 1).

TABLE 1
TEXTILE EXPORTS BY AREAS IN 1976-78
('000 US\$)

<u>AREA</u>	1976		1977		1978	
	US\$	%	US\$	%	US\$	%
Andean Group	1 360	4,4	5 990	9,6	12 514	11,2
LAFTA	5 535	17,9	12 836	20,5	15 063	13,5
European Economic Community	15 349	49,7	29 173	46,7	44 031	39,6
North America	5 540	17,9	10 028	16,0	27 212	24,5
Central American Common Market	119	0,4	341	0,5	3 633	3,3
Oceania-Africa	-	-	435	0,7	156	0,1
Asia	1 571	5,1	568	0,9	1 425	1,3
EFTA	1 336	4,3	2 427	3,9	6 048	5,4
CMEA	-	-	621	1,0	194	0,2
Rest of world	91	0,3	98	0,2	986	0,9
TOTAL	<u>30 091</u> =====	<u>100,0</u> =====	<u>62 517</u> =====	<u>100,0</u> =====	<u>111 262</u> =====	<u>100,0</u> =====

Source: Banco Continental, Oficina de Estudios Economicos, July 1979