

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Textiles Committee  
Sub-Committee on Adjustment

## PART 1

### QUESTIONNAIRE GATT/AIR/UNNUMBERED A

#### A. Background

The gaps in information referred to in COM.TEX/37 which have precluded a full and comprehensive analysis of adjustment measures include: (a) the absence in some submissions of data on certain topics, principally, profits and capacity utilization; (b) variances in time frames, format and presentation of data including the grouping of some or all textiles and clothing, inclusion of footwear, divergent measurement of some areas such as employment, numbers of establishments, and investment; (c) a lack of information describing government measures affecting textiles and clothing separate from those measures affecting industry in general; and (d) the absence of a correlation between the autonomous processes and government measures and policies and the objective of adjustment as envisaged in Article 1:4. With a view to bridging such gaps and to assist respondents in providing more uniform information, the following explanatory notes have been developed.

#### B. Explanatory notes to Questionnaire A

##### (a) Autonomous Adjustment Processes

1. In providing information on this subject, respondents should describe in detail the autonomous adjustment processes taking place in their domestic industries and demonstrate that such adjustment is not being impeded by actions taken under the MFA, as stated in Article 1:4.

2. In addition to identifying general developments in the textiles industry and in the clothing industry under Paragraphs A(i)(a)(b) and (c) of the questionnaire, respondents are also requested to relate, to the extent possible, such changes to specific sectors (e.g. spinning, weaving, knitting, finishing and clothing), or to individual lines of production.

##### (b) Government Measures

3. Responses to Section B(i), first two paragraphs, concerning economic and social policies and measures, should distinctly separate government measures intended specifically for the textiles and clothing industries from other measures intended for industry in general but also available to the textiles and clothing industries and provide information about both sets of

measures separately. In each case, respondents should indicate clearly: the objectives and terms of the programmes; conditions for applicants; the actual amount of government expenditure on the textiles and clothing industries, and the percentage of the total industry expenditure accounted for by expenditure on textiles and clothing; and the evolution of these adjustment programmes over this time frame. Government measures might include, inter alia, tax rebates, interest relief, direct grants, loan guarantees, direct investment, accelerated depreciation, special tax measures, etc.

4. Government measures relating to section (B)(i), third paragraph, concerning labour policy and research and development programmes should be separated for the textiles and clothing industries from other industries as described above wherever such separate policies or programmes exist. All topics should, where possible, be quantified, e.g., number of workers affected and amount of government expenditure by calendar year. The types of labour policy could include, inter alia, wage subsidies, mobility assistance, early retirement benefits, unemployment allowances, direct wage grants, vocational training, etc. Assistance for research and development should cover, inter alia, testing facilities, advanced technology research, consultancy, data banks, joint development projects, etc.

5. In respect of section B(ii) of the questionnaire, concerning the results achieved through the government measures, respondents are requested, where possible, to quantify the extent to which businesses have adjusted by providing some measurement such as the numbers of companies involved, the sectors or lines of production which have been affected and other relevant indicators.

6. Respondents are also requested to establish the relationship between the developments in national economic and social policies and measures described above and the requirement of Article 1:4 that such measures be responsive to changes in the pattern of trade in textiles and in the comparative advantage of participating countries and would encourage the movement of less internationally competitive businesses to more viable lines of production or other sectors of the economy.

(c) Increased Access to the Market

7. In providing information on the overall impact of the autonomous adjustment processes and government adjustment measures and policies on market access, respondents are requested to support the general statements with reference to specific sectors and lines of production, to quantify, as appropriate, and to indicate what increase in access has resulted from these changes and developments.

PART 2

Questionnaire GATT/UNNUMBERED/B

A. Background

The principal gaps in information in respect of Questionnaire B relate to the incompleteness of information, the differing format and time frames used and the generalization in qualitative statements. The following notes are intended to assist respondents in these areas:

B. Explanatory notes to Questionnaire B

8. Bearing in mind the Explanatory Notes set out in Part 3 below, respondents should provide information and quantitative data in respect of Paragraphs 2(A) and (B) of the questionnaire relating as specifically as possible to individual sectors, lines of production, processes, companies, programmes, etc. and identify these factors separately for the textiles and the clothing industries.

9. Regarding other measures and policies, as set out in section 2(C) of the questionnaire, respondents are requested to describe and to separate the measures intended specifically for the textiles and clothing industries from other measures intended for industry in general but also available to the textiles and clothing industries providing information about both sets of measures separately, and to indicate, to the extent possible, the actual amounts of government expenditure on textiles and clothing.

PART 3

General Explanatory Notes

A. Background

The explanatory notes set out in paragraphs 10 to 15 below, are general in nature and apply to all sections of both questionnaires (GATT/AIR/UNNUMBERED A AND B).

B. Explanatory notes

10. In all numerical data and qualitative information, including statistical tables and narrative descriptions, the textile industry should be reported separately from the clothing industry.
11. All information should be reported according to calendar year for the period 1973 to 1984, or the most recent year available.
12. Respondents are requested to provide information, possibly in the form of footnotes, for all data supplied describing the measurements and definitions used as well as the sources.
13. Where appropriate, qualitative statements should be supported by numerical data.
14. All information previously reported on government policies and measures should be reviewed and updated to take into account developments such as modifications to existing programmes, deletions, or additions of new programmes since the last report, and to align information to the definitions, time frames, and formats suggested in this document.
15. In each case where the requested information is not available, respondents should indicate this in their submissions.

GATT/AIR/UNNUMBERED/A

SUBJECT: INFORMATION ON ADJUSTMENT MEASURES IN THE TEXTILES AND CLOTHING SECTOR

1. AT ITS MEETING IN DECEMBER 1981, THE TEXTILES COMMITTEE REAFFIRMED THE NEED TO MONITOR ADJUSTMENT POLICIES AND MEASURES AND THE PROCESS OF AUTONOMOUS ADJUSTMENT IN TERMS OF THE PROVISIONS OF ARTICLE 1, PARAGRAPH 4. TO THIS END, THE COMMITTEE DECIDED THAT A SUB-COMMITTEE SHOULD BE ESTABLISHED TO CARRY OUT ACTIVITIES PREVIOUSLY PERFORMED BY THE WORKING GROUP ON ADJUSTMENT MEASURES AND TO MAKE A PERIODIC REVIEW OF DEVELOPMENTS IN AUTONOMOUS ADJUSTMENT PROCESSES AND IN POLICIES AND MEASURES TO FACILITATE ADJUSTMENT, AS WELL AS IN PRODUCTION AND TRADE IN TEXTILES, ON THE BASIS OF MATERIAL AND INFORMATION TO BE PROVIDED BY PARTICIPATING COUNTRIES. THE SUB-COMMITTEE WOULD REPORT PERIODICALLY TO THE TEXTILES COMMITTEE TO ENABLE THAT COMMITTEE TO FULFIL ITS OBLIGATIONS UNDER ARTICLE 10, PARAGRAPH 2, (PARAGRAPH 15 OF THE CONCLUSIONS ATTACHED TO THE 1981 PROTOCOL OF EXTENSION).

2. THE SUB-COMMITTEE MET ON 6 JULY 1982 AND SET UP A TECHNICAL SUB-GROUP ENTRUSTED, INTER ALIA, WITH THE TASK OF SECURING INFORMATION RELEVANT TO THIS WORK. AT ITS MEETING ON 19 JANUARY 1983, THE TECHNICAL SUB-GROUP AGREED TO INVITE PARTICIPATING COUNTRIES CONCERNED TO PROVIDE DETAILED AND UP-TO-DATE INFORMATION ON MEASURES TAKEN, OR POLICIES ADOPTED, RELEVANT TO ARTICLE 1:4, AS FOLLOWS (TO THE EXTENT POSSIBLE, INFORMATION SHOULD BE PROVIDED SEPARATELY FOR TEXTILES AND CLOTHING):

(A) AUTONOMOUS ADJUSTMENT PROCESSES

(i) WHAT AUTONOMOUS ADJUSTMENT PROCESSES HAVE BEEN IDENTIFIED IN THE TEXTILE AND CLOTHING INDUSTRIES? IN THIS REGARD, INFORMATION SUPPLIED MIGHT INCLUDE:

(a) CHANGES IN PRODUCTION, PRODUCTIVITY, INDUSTRIAL STRUCTURES (AMALGAMATION, HORIZONTAL AND VERTICAL INTEGRATION, NEW PLANTS, CLOSURES, ETC.), INVESTMENTS, PROFITS, EMPLOYMENT, UTILIZATION OF CAPACITY, AND INDICATIVE DATA WHERE AVAILABLE, WITH RESPECT TO OTHER INDUSTRY BRANCHES OR THE MANUFACTURING SECTOR AS A WHOLE.

(b) EVOLUTION OF THE RELATIVE IMPORTANCE OF DOMESTIC AND EXTERNAL MARKETS, AND OF THE STRUCTURE OF DOMESTIC CONSUMPTION - PARTICULARLY THE RELATIVE PARTICIPATION OF DOMESTIC PRODUCTION AND IMPORTS, BY PRODUCT AND BY COUNTRY OF ORIGIN, IN THE TOTAL DOMESTIC MARKET.

(c) OTHER INFORMATION: PRODUCT SPECIALIZATION (EG. PHASING OUT OF PRODUCTION LINES); PRODUCT DEVELOPMENT, DESIGN, FASHION; OUTWARD PROCESSING; INDUSTRY FUNDED EDUCATION AND TRAINING PROGRAMMES, EXPORT PROMOTION PROGRAMMES UNDERTAKEN BY INDUSTRY, ETC.

- (ii) TO WHAT EXTENT AND IN WHAT MANNER ARE THE TEXTILES AND CLOTHING INDUSTRIES ADAPTING THEMSELVES TO CHANGES IN THE INTERNATIONAL PATTERNS OF TRADE AND COMPARATIVE ADVANTAGE?

(B) GOVERNMENT MEASURES

- (1) GIVE INFORMATION ON ECONOMIC AND SOCIAL POLICIES AND MEASURES PURSUED BY THE GOVERNMENT IN RESPONSE TO CHANGES IN INTERNATIONAL TRADE IN TEXTILES AND CLOTHING; SPECIFY WHETHER MEASURES ARE AIMED AT INDUSTRY IN GENERAL OR AT TEXTILES AND CLOTHING INDUSTRIES IN PARTICULAR; QUANTIFY AS FAR AS POSSIBLE INFORMATION IN TERMS OF FUNDS MADE AVAILABLE (CONDITIONS, AMOUNTS, EFFECTIVE DISBURSEMENTS, ETC.) PLANTS AFFECTED, NUMBERS OF WORKERS AND OTHER DATA.

RELEVANT INFORMATION SUPPLIED WITH REFERENCE TO THE LEGAL TEXTS, WHERE AVAILABLE, ON SUCH MEASURES AND POLICIES MIGHT INCLUDE: A TECHNICAL DESCRIPTION OF THE MEASURES (TYPE OF MEASURE, COST INVOLVED, REQUIREMENTS AND CONDITIONS FOR BEING A BENEFICIARY, ETC.); THEIR PURPOSE AND A DESCRIPTION OF HOW THESE PROGRAMMES HAVE BEEN OPERATING.

RELEVANT INFORMATION MIGHT ALSO DEAL WITH: LABOUR POLICY, INCLUDING ASSISTANCE FOR REDEPLOYMENT AND RETRAINING OF LABOUR, REDUNDANCY OR EARLY RETIREMENT BENEFITS, REGIONAL POLICY, ASSISTANCE FOR RESEARCH AND DEVELOPMENT, MODERNIZATION AND RATIONALIZATION SCHEMES, ASSISTANCE TOWARDS RESTRUCTURING OF ENTERPRISES AND INVESTMENTS IN NEW PLANTS, MEASURES TO DEAL WITH PROBLEMS ARISING FROM CLOSURES ETC., UNEMPLOYMENT ETC.

- (ii) SUPPLY INFORMATION TO SHOW THE EXTENT TO WHICH THESE APPROPRIATE ECONOMIC AND SOCIAL POLICIES AND MEASURES HAVE:

- (a) ENCOURAGED BUSINESSES WHICH ARE LESS COMPETITIVE INTERNATIONALLY TO:

- MOVE PROGRESSIVELY INTO MORE VIABLE LINES OF PRODUCTION
- INTO OTHER SECTORS OF THE ECONOMY
- IMPROVE VIABILITY OF CURRENT LINES OF PRODUCTION

- (b) CONTRIBUTED TO DEVELOP TEXTILE AND CLOTHING INDUSTRIES ADAPTED TO INTERNATIONAL PATTERNS OF TRADE AND COMPARATIVE ADVANTAGE.

(C) INCREASED ACCESS TO THE MARKET

PARTICIPATING COUNTRIES ARE REQUESTED TO INDICATE TO WHAT EXTENT INCREASE IN MARKET ACCESS HAS BEEN MADE POSSIBLE BY THE IMPACT OF THE ABOVE-MENTIONED AUTONOMOUS ADJUSTMENT PROCESSES AS WELL AS GOVERNMENT ADJUSTMENT MEASURES AND POLICIES. SUCH INFORMATION MAY INCLUDE: LIBERALIZATION OF QUANTITATIVE OR OTHER RESTRICTIONS AND REDUCTION OF

EXISTING RESTRICTIONS SUCH AS CHANGES IN PRODUCTS AND COUNTRY COVERAGE OF BILATERAL AGREEMENTS CONCLUDED, CHANGES IN THE TERMS AND PROVISIONS OF THESE AGREEMENTS INCLUDING BASE LEVELS, GROWTH RATES, FLEXIBILITY, ETC. AND INCREASE OF IMPORTS.

3. PARTICIPATING COUNTRIES MAY ALSO WISH TO MAKE A GENERAL STATEMENT ABOUT THEIR NATIONAL TEXTILES INDUSTRIES, INCLUDING THE PURSUIT OF APPROPRIATE ECONOMIC AND SOCIAL POLICIES, IN A MANNER CONSISTENT WITH NATIONAL LAWS AND SYSTEMS, REQUIRED BY CHANGES IN THE PATTERN OF TRADE IN TEXTILES AND IN THE COMPARATIVE ADVANTAGE OF PARTICIPATING COUNTRIES.

GATT/AIR/UNNUMBERED/B

SUBJECT: INFORMATION ON PRODUCTION, TRADE AND ADJUSTMENTS IN THE TEXTILES AND CLOTHING SECTOR

1. THE SUB-COMMITTEE ON ADJUSTMENT WAS ESTABLISHED UNDER PARAGRAPH 15 OF THE CONCLUSIONS ATTACHED TO THE 1981 PROTOCOL EXTENDING THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES, TO CARRY OUT ACTIVITIES PREVIOUSLY PERFORMED BY THE WORKING GROUP ON ADJUSTMENT MEASURES AND TO MAKE A PERIODIC REVIEW OF DEVELOPMENTS IN AUTONOMOUS ADJUSTMENT PROCESSES AND IN POLICIES AND MEASURES TO FACILITATE ADJUSTMENT, AS WELL AS IN PRODUCTION AND TRADE IN TEXTILES, ON THE BASIS OF MATERIAL AND INFORMATION TO BE PROVIDED BY PARTICIPATING COUNTRIES. THE SUB-COMMITTEE WOULD REPORT PERIODICALLY TO THE TEXTILES COMMITTEE IN ORDER TO ENABLE THAT COMMITTEE TO FULFIL ITS OBLIGATIONS UNDER ARTICLE 10, PARAGRAPH 2. THE SUB-COMMITTEE MET ON 6 JULY 1982 AND SET UP A TECHNICAL SUB-GROUP ENTRUSTED, INTER ALIA, WITH THE TASK OF SECURING INFORMATION RELEVANT TO ITS WORK.

2. AT ITS MEETING ON 19 JANUARY 1983, THE TECHNICAL SUB-GROUP AGREED TO INVITE ALL PARTICIPATING COUNTRIES TO FURNISH DETAILED AND UP-TO-DATE INFORMATION ON THE CURRENT STATE OF PRODUCTION AND TRADE IN TEXTILE PRODUCTS INCLUDING ANY MEASURE TO FACILITATE ADJUSTMENT, RELEVANT TO ARTICLE 10:2, AS FOLLOWS:

- (A) RECENT DEVELOPMENTS IN INVESTMENT, PRODUCTIVE CAPACITY, EMPLOYMENT ETC. FOR TEXTILES AND CLOTHING.
- (B) GOVERNMENT AND OTHER PLANS FOR THE TEXTILE AND CLOTHING INDUSTRY, INCLUDING AIDS FOR THE REALIZATION OF SUCH PLANS; SCHEMES ADOPTED OR CONTEMPLATED FOR RE-ORGANIZATION, MODERNIZATION OR DIVERSIFICATION OF THE INDUSTRY INCLUDING PLANS TO DEVELOP PARTICULAR SECTORS OF, AND MARKETS FOR, THE TEXTILE AND CLOTHING INDUSTRIES.
- (C) ANY OTHER MEASURES OR POLICIES THAT WOULD BE RELEVANT TO THE WORK OF THE SUB-COMMITTEE INCLUDING MEASURES AND POLICIES HAVING A BEARING ON THE EXPANSION AND LIBERALIZATION OF TRADE IN TEXTILE PRODUCTS.

3. PARTICIPATING COUNTRIES MAY ALSO WISH TO MAKE A GENERAL STATEMENT ABOUT THEIR NATIONAL TEXTILE INDUSTRIES IN THE CONTEXT OF INTERNATIONAL TRADE IN TEXTILES, INCLUDING SUCH INFORMATION ON PRICE, WAGES AND OTHER INDICES AS THEY DEEM RELEVANT.