

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ADJUSTMENT ASSISTANCE MEASURES

Note by the Secretariat

1. The Committee on Trade and Development in approving the report of the Group of Experts on Adjustment Assistance Measures at its fourteenth session in June 1969, noted the views expressed by members regarding the further programme of work that might be pursued in the field of adjustment assistance measures. It was suggested that it should be possible after further informal consultations to isolate areas of work involving urgent problems from those which, though important, could be dealt with from a longer-term point of view and pursued in the context of the work already carried out in GATT bodies. In order to facilitate further discussion at the fifteenth session of the Committee attention may be drawn to certain developments which have taken place since the fourteenth session.
2. It will be recalled that at the last meeting of the Group of Experts, note was taken of the decision of the Cotton Textiles Committee to make a special study of the problem of structural adjustment in the cotton textiles industry, as the results of that study would be of interest to the work of the Group (COM.TD/68, paragraph 12). At its meeting in October 1968, the Cotton Textiles Committee had discussed adjustment measures notified by importing participating countries in compliance with the conclusions adopted by the CONTRACTING PARTIES in November 1967. Following this discussion it had been agreed that additional information should be collected and that the secretariat, in consultation with delegations, would prepare a study on adjustment policies as well as on the adjustments that had actually occurred in the cotton textiles sector. Such a study was prepared by the secretariat on the basis of replies by participating countries to a questionnaire drawn up for this purpose (COT/W/115).
3. The secretariat study indicated that the cotton textiles industry in almost all developed countries has taken various steps to adjust itself to changing market conditions and modern requirements and that the textile industries in at least a number of developed countries appear to have taken advantage of the adjustment assistance measures available. According to the information provided, in addition to adjustment assistance to industry generally, France, Japan, the Netherlands and the United Kingdom operate measures designed specifically to facilitate adjustments in their cotton textile industries or the textile sector in general. It was reported that specific or additional measures designed to assist adjustment in the textile sector are under active consideration in Italy, the Federal Republic of Germany and the United Kingdom. The EEC reported during the meeting of the Cotton Textiles Committee in October 1969, that important studies were in hand in the Community's

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institutions with a view to examining in detail the actual structure of the various textile industries in order to determine what measures could be contemplated at Community level. According to the Community, these measures would speed up still further the rationalization and adjustment of the cotton textile sector to new, economic and technological conditions in a harmonious way within the framework of the Community market.

4. It was noted during the last meeting of the Group of Experts that the Canadian and United States Governments had adopted legislation which provide measures to facilitate adjustments to deal with particular problems caused by an increase in imports as a result of trade concessions granted by these countries. Other governments have provided for more general adjustment assistance legislation and have not tied the use of measures under such legislation to any particular problem such as the external trade aspect. The United States administration is now seeking from Congress an easing of the stringent adjustment assistance provisions of the Trade Expansion Act.¹ Under the proposed arrangements firms and workers would be considered eligible for adjustment assistance when increased imports are found to be a "substantial cause" of actual or potential serious injury. It will be recalled that under the current provisions of the Trade Expansion Act increased imports have to be found to be the "primary cause" of difficulties before consideration can be given to the extending of adjustment assistance. Further, in contrast to the present situation, this "increase in imports" will no longer have to be related to a prior tariff reduction made by the United States in trade negotiations with other governments. Another feature of the proposals is that while the Tariff Commission would continue to gather and supply factual information, the determination of eligibility to apply for assistance would be made by the President of the United States.

5. It might be recalled that the discussion of the problem of adjustment assistance in the Committee on Trade and Development is related to the efforts to ensure that tariff and non-tariff limitations imposed by developed countries on imports from developing countries can be relaxed or eliminated as rapidly as possible. In the context of these efforts attention has been paid to the possibilities provided by the use of adjustment assistance measures as a means of resolving or mitigating some of the underlying problems behind the maintenance of these restrictions. Past discussions on adjustment assistance also show that in actual practice considerations relating to the interplay of technological and market forces usually coexist with those relating to the problems of trade liberalization.

¹Message by President Nixon on Foreign Trade transmitted to Congress on 18 November 1969.