

GENERAL AGREEMENT ON  
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ARTICLE XIX -- ACTION BY FINLAND

Women's Panty Hoses (Tights)

The following communication, dated 26 December 1976, has been received from the Permanent Mission of Finland.

1. In view of the increasingly difficult situation in the Finnish women's tights manufacturing industry due to low-priced imports the Finnish Ministry of Finance has decided to impose a surcharge on the imports of:

ex 60.04 Women's Panty Hoses (Tights)

for a period of six months as from 27 December 1976, the decision taking effect on that date.

The surcharge is introduced with reference to Article XIX of the GATT.

2. A basic price of an indicative and non-binding nature was introduced for tights as early as on 13 March 1975. The basic price was raised to its present level, Fmk 1.60 per pair, on 29 September 1975.

The surcharge will be equivalent to the difference between the basic price and the import prices of various qualities of tights contained in each consignment. The surcharge is thus levied only on tights imported at a price lower than the basic price and applied non-discriminatorily on all imports taking place under that price.

3. The production of tights in Finland is centred at the northern parts of the country, where approximately 50 per cent of total production takes place. In this region the tights industry is of vital importance as regards employment, in particular female employment. For instance in the city of Tornio, a major city of

the area, approximately 75 per cent of all female workers are employed by the textile industry. The economic activity created by the tights industry is important for the economy of the region and to avoid a deterioration of the population structure. The unemployment rate of over 10 per cent in northern Finland is already now well above the national average of 4.1 per cent. The possibilities for re-employment of workers made redundant are, moreover, very slim, owing to the difficult general economic situation in Finland and especially to the narrow industrial base of northern Finland.

The following table indicates the development of low-priced imports during 1976.

Month	Total imports, pairs <sup>1</sup>	Below the basic price, pairs	% of total imports
January	238,675	36,000	15.1
February	620,872	42,000	6.6
March	819,421	40,680	5.0
April	515,155	60,000	11.6
May	341,750	43,796	12.8
June	307,131	128,504	41.8
July	1,046,885	25,836	2.5
August	1,017,005	133,360	13.1
September	1,570,053	249,684	15.9
October	1,114,180	437,232	39.2
November	646,125	239,748	37.1

<sup>1</sup> Estimated figures.

The table shows that the market situation created by low-priced imports was not very serious during the first three quarters of the year, when low-priced imports constituted on the average only 13.6 per cent of total imports. The situation deteriorated rapidly in October and November, when the share of low-priced imports suddenly rose to almost 40 per cent of total imports, thereby creating a serious market disruption. Low-priced imports during the period September-November 1976 were almost 1 million pairs, i.e. the equivalent of total low-priced imports during the entire year of 1975.

The average import price for women's tights during the period January-October 1976 was Fmk 1.90. The average price for tights falling below the basic price of Fmk 1.60 was Fmk 1.02 during the same period. Both prices are clearly below the export prices of domestic producers which have been ranging between Fmk 1.95 and Fmk 2.26 per pair. The lowest import prices have been Fmk 0.80-0.95

per pair. In October 29 per cent of total imports were priced below Fmk 1.00 per pair, 11 per cent in the range Fmk 1.01-1.54 per pair and only 17 per cent clearly above the basic price of Fmk 1.60 per pair.

The recent upsurge in imports has for obvious reasons affected the Finnish tights industry very seriously. Production figures have fallen markedly. At present industry in the region is operating at only half its capacity, i.e. producing approximately 550,000 pairs a month. The order situation for the next few months is also extremely disquieting, and a further fall in production is foreseen unless remedial action is taken.

January-June	1,017,000	pairs/month	(average)
July	236,000	" "	(vacation)
August	1,171,000	" "	
September	1,002,000	" "	
October	547,000	" "	
November	533,000	" "	

On a general level the market share of domestically produced tights has been shrinking steadily:

million pairs	1974	1975	1976 (Jan.-Oct.)
domestic production	36.6	25.3	15.2
imports	5.0	3.7	7.6
exports	16.7	9.4	3.1
supply	25.2	19.6	19.7
domestic market share	80%	51%	61%

The relation between domestic production and imports was 2:1 during January-October, but in November it was 0.99:1. In these circumstances industry will not be in a position to avoid lay-offs. The working week was cut to three days in November. Unless the situation improves, a closing-down of the production lines for tights is expected at the end of this year, leading to a lay-off of the remaining work force engaged in the production of tights.

The very rapidly increasing imports of low-priced tights has led to an emergency situation calling for immediate action before irreparable damage is done.

In view of the well-known difficulties affecting the production of tights not only in Finland, but throughout the world, measures have been taken to lessen the dependence of the industry in the north of production of women's tights.

A partial restructuration was begun in 1975, when a basic price for tights was introduced in Finland for the first time. A very swift change of production has not proved feasible, due primarily to the fact that alternative employment opportunities for female workers cannot easily be found in the northern area. A gradual change in the production to less sensitive products is, nevertheless, foreseen.

4. Consultations with those contracting parties having a substantial interest as exporters of the product concerned have taken place since the introduction of the indicative basic price on 13 March 1975. The Government of Finland is prepared to continue these consultations on request under provisions of Article XIX:2 of the GATT.

