

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Sub-Committee on Adjustment

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SUMMARIES OF INFORMATION FROM PARTICIPATING COUNTRIES

Addendum

This addendum contains summaries of information relating to Yugoslavia and Belgium.

YUGOSLAVIA

STATUS OF THE INDUSTRY

(a) Production, employment, etc.

1. Production

Index (1973 = 100)	1977	1978	1979	1980	1981
Textiles	125	126	133	140	145
Clothing ¹	117	124	137	146	152

Between 1973 and 1981, the textile and clothing¹ production indices progressed each year. During the period 1979-1981, the textile production index increased at a rate similar to that of aggregate industrial output, while the clothing¹ production index developed slightly faster.

Over the past three years, output volume has developed as follows:

¹ Finished textile products

	1980	1981	1982
<u>Textile yarns and fabrics</u>			
Cotton yarn ^a (tonnes)	117,193	117,516	120,825
Wool yarn ^b (tonnes)	53,704	56,160	53,024
Cotton fabrics ^c ('000 m ²)	385,542	376,646	371,560
Woollen fabrics ('000 m ²)	91,887	95,797	94,114
Artificial silk fabrics ('000 m ²)	36,175	40,774	36,289
<u>Finished textile products</u>			
Ready-made underwear ('000 m ²)	89,264	88,226	87,651
Ready-made textile clothing ('000 m ²)	150,970	161,938	169,719
Other ready-made clothing ('000 m ²)	67,549	67,076	72,598
Knitwear (tonnes)	30,226	30,734	30,636
Stockings ('000 of pairs)	192,188	213,978	208,357

^aIncluding cellulose fibre yarn

^bIncluding sisal and hemp fibre yarns

^cIncluding fabrics manufactured from regenerated cellulose fibres.

In terms of value, yarns and fabrics in 1981 accounted for 44 per cent of production in the textile industry, while finished textile products accounted for 56 per cent. In 1977 the respective shares were 51.5 per cent and 48.5 per cent. The production shift toward products comprising more added value was perceptible over this period.

In recent years the textile industry has accounted for 10 to 11 per cent of total industrial output.

2. Employment

After having increased steadily from 287,000 workers in 1973 to 338,200 workers in 1979, employment in the textile industry continued to develop, reaching the level of 354,000 workers in 1981. In the clothing

sector, employment increased from 95,000 workers in 1973 to 128,000 workers in 1980.

The share of the textile industry in the total number of workers in industry and mining remained virtually stable between 1979 and 1981 (16 per cent in 1979, 15.8 per cent in 1981).

3. Number of undertakings

The number of production units increased from 1,146 in 1977 to 1,247 in 1980, of which 892 manufactured finished textile products and 355 produced yarns and fabrics.

4. Investment

D million

	1973	1974	1975	1976	1977	1978
Textiles	2,351	3,197	4,970	3,759	3,976	6,471
Clothing	413	592	852	730	940	1,168

Investment in the textile industry increased by 19.5 per cent between 1978 and 1980; however its share in total investment in industry declined from 4.8 to 3.8 per cent.

5. Value added¹

D million

	1973	1974	1975	1976	1977	1978
Textiles	9,040	12,306	13,339	13,657	17,367	20,169
Clothing	4,486	5,578	6,575	8,174	9,955	12,181

¹ In current prices at factor cost

(b) Developments in trade1. Imports, exports and balance of trade

US\$ million

Trade in MFA textiles		1977	1978	1979	1980	1981
<u>Textiles</u>	Imports	250	240	321	310	348
	Exports	195	216	279	364	519
	Balance	-55	-24	-42	54	170
<u>Clothing</u>	Imports	21	25	32	22	22
	Exports	179	206	229	349	557
	Balance	158	181	197	327	536

Source: UN trade data tapes.

Since 1980, the balance of trade in MFA textiles has been positive, in particular because since 1979 imports have tended to stabilize while exports continue to increase. From 1977 to 1981 the positive balance in clothing trade increased, as exports were developing steadily while imports levelled off.

2. Direction of trade

SHARES OF SELECTED COUNTRY GROUPINGS IN TOTAL IMPORTS AND EXPORTS
OF TEXTILES AND CLOTHING (IN PER CENT)

Textiles		1973	1976	1977	1978	1979	1980	1981
IMPORTS FROM	Developed members ¹	84	73	72	70	72	71	69
	Developing members	2	5	6	4	4	4	5
	ETA members	8	12	12	16	13	14	14
	Non-MFA members	5	10	10	10	11	11	12
EXPORTS TO	Developed members	45	38	26	23	38	26	19
	Developing members	2	5	6	8	4	3	3
	ETA members	8	7	6	10	11	6	3
	Non-MFA members	44	50	61	59	48	65	75

Clothing		1973	1976	1977	1978	1979	1980	1981
IMPORTS FROM	Developed members	62	55	56	52	63	51	51
	Developing members	3	1	9	13	7	4	2
	ETA members	20	21	18	16	12	13	29
	Non-MFA members	16	23	17	20	18	32	18
EXPORTS TO	Developed members	34	29	32	26	31	26	20
	Developing members	0.6	0.5	1	0.5	0.3	0.1	0.1
	ETA members	12	9	10	14	15	10	6
	Non-MFA members	54	62	57	59	54	64	74

¹The term "members" relates to MFA membership

The majority of textile imports come from developed MFA members, but this share is tending to decline. On the other hand, imports from ETA countries participating in the MFA and likewise that of non-MFA members (mainly ETA countries) has been increasing since 1973. The major part of textile exports goes to non-MFA participants and has been increasing since 1979, mainly because of expanding exports to the USSR which in 1981 became Yugoslavia's leading client, taking 49.5 per cent of that country's exports. The share of developed MFA members (essentially the EEC) is tending to decline.

The major part of clothing imports come from developed MFA members (51 per cent in 1981), a share that has remained relatively stable since 1976. Deliveries by ETA countries participating in the MFA is tending to increase, because of rising imports from Czechoslovakia. On the other hand, imports from non-MFA members (largely from ETA countries) are tending to decline. Since 1973 the share of clothing exports to non-MFA participants has been rising and reached 74 per cent in 1981; the USSR took up 56 per cent of these exports. The share taken up by developed MFA participants has been dropping back since 1973, because of declining exports to the EEC, the United States and Austria. The share of exports to developing MFA members is small, as is in general the case for trade in textiles and clothing between Yugoslavia and this group of countries.

SUMMARY OF INFORMATION FROM PARTICIPATING COUNTRIES

BELGIUM

A. Autonomous adjustment processes

1. Number of undertakings¹

	1976	1977	1978	1979	1980 ²	1981 ²
Textiles	630	609	576	543	528	499
Clothing	613	576	545	514	490	444

Between 1976 and 1981, the number of undertakings employing twenty persons or over declined by 21 per cent in the textile sector and 28 per cent in the clothing sector.

2. Employment¹

(Thousand)

	1976	1977	1978	1979	1980 ²	1981 ²	1982 ²
Textiles	79.2	71.1	65.1	61.4	57.9	54.7	52.6
Clothing	48.8	43.5	40.2	37.7	35.2	32.1	31.2

Between 1976 and 1982, the numbers employed in undertakings employing twenty persons or more declined by 34 per cent in the textile industry and 36 per cent in the clothing industry.

¹ Source: I.N.S. (undertakings employing twenty persons or over)
² Estimate

3. Turnover¹

(BF million)

	1976	1977	1978	1979	1980 ²	1981 ²	1982 ²
Textiles	104,636	100,421	99,039	106,317	111,633	117,471	127,715
Clothing	37,765	37,278	36,274	36,817	37,175	37,386	39,073

Turnover in the textile industry, calculated in the current francs, declined between 1976 and 1978, then increased steadily until 1982. The same trend was recorded in the clothing industry. In both cases, over the whole period considered, the increase in turnover in current francs was smaller than inflation.

4. Value added

(BF million)

	1976	1977	1978	1979
Textiles	36,760	34,964	35,553	36,309
Clothing	16,229	15,283	15,191	15,544

Between 1976 and 1979, value added in current francs declined in both the textile and clothing sectors.

5. Investment

(Current BF million)

	1976	1977	1978	1979	1980	1981
Textiles	3,645	3,612	3,800	4,029	5,040	4,611
Clothing	629	633	739	673	880	577

B. Government measures and policies

A textile plan was finalized by the Government on 8 August 1980 and submitted to the Commission of the European Communities for approval. The essential object of the plan may be summed up as a desire to consolidate employment in this sector at a minimum level of 100,000 persons.

¹ Including the value of products ex factory without processing (for the trade).

² Estimate

1. The Belgian Textile Plan comprises three aspects

(a) A technical and commercial aspect: the Belgian Textile and Clothing Institute (ITCB) can intervene either in a particular sector of the textile industry or at the level of an individual undertaking, mainly in the sphere of market studies, fashion, design, promotion, research and development, and training. It is a non-profit-making association made up of representatives of the employers (one third), the trade unions (one third) and the public authorities (one third). Its operations are financed out of the Economic Affairs budget; by the end of September 1982 its running costs totalled BF 42.1 million.

(b) A financial aspect: the National Society for the Restructuring of the Clothing and Textile Industry (SNCT) can intervene in two ways:

- by financing investment designed to increase productivity, reduce manufacturing costs and renew the range of products;
- by improving the financial structure of undertakings and establishing or replenishing the necessary revolving funds.

Its operations are financed out of the Economic Affairs budget; by the end of September 1982, running costs totalled BF 89.3 million.

(c) A social aspect: the Textile Industry Social Security Funds can grant allowances or early retirement benefits in order to ease the effects of restructuring.

2. Measures taken by the EEC

In November 1981, the EEC approved the Belgian Textile Plan subject to certain conditions:

- the Plan is limited to one experimental year (1982) with an overall financial package of BF 6.8 billion;
- the textile and clothing sectors are no longer eligible for the aids to economic expansion for other industry sectors;
- the interest-free advances granted under the Royal Decrees of 14 May 1976 and 20 December 1977 must be either incorporated into the plan or repaid (no cumulation allowed);

- interventions in favour of undertakings in "sensitive" sectors (carpets, combed wool yarns, men's clothing, terry cloth, woven pile fabrics, nylon stockings and panty-hose) must be notified in advance to the EEC;
- the system of share bonds or participation loans has been rejected;
- financial interventions can be in the form of long-term credit as a bonded loan (7 per cent bond over five years) up to a maximum of 30 per cent of the project, or in the form of capital subscription up to a maximum of 45 per cent of the project. These two types of intervention must not together exceed 70 per cent of the project as accepted, an "own contribution" of at least 30 per cent being required.

3. Implementation of the Textile Plan

The Belgian Textile and Clothing Institute is responsible for the selection, examination and processing of requests for financing. The National Society for National Sectors (SNSN), which has absorbed SNCT, takes financing decisions on the basis of the project dossier presented by ITCB, and monitors implementation.

In accordance with ministerial instructions dated 19 November 1982, undertakings whose project dossier has been approved must endeavour first of all to finance the "loan" section through a financing agency or by public credit. In the event of rejection, they can then approach SNSN which must secure maximum guarantees.

The Royal Decree of 23 March 1982 allows the issue of preference shares without voting rights within the framework of restructuring of the textile industry, in order to allow an increase in an undertaking's capital.

Out of a total of BF 4.9 billion earmarked at the end of 1982 for implementing the "finance" section of the Textile Plan, together with BF 600 million for the social section, BF 1.2 billion were still available at 31 December 1982. The difference, i.e. BF 4.3 billion, had been disbursed in the form of advances or financial commitments. In addition, BF 589 million had been paid to ONEM.

4. Recent trends

For financial year 1983, the EEC Commission adopted an alternative programme restricted to BF 4 billion. This system resembles the modalities established under the economic expansion legislation formerly in force.

On this basis, investment programmes may be granted a subsidy in the form of a 7 per cent interest rebate over a five-year period on 50 per cent of the programme. Certain branches of the textile industry are excluded from this programme. Similarly, the restrictive conditions imposed in 1982 (e.g., no aid for enlarging production capacity) are maintained.