

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Textiles Committee
Sub-Committee on Adjustment

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IN RESPONSE TO GATT/AIR/UNNUMBERED A AND B

SWEDEN

Additional Information

A. Productivity

Change in produced quantity

(Index 1968 = 100)

	1979		1980		1981		1982	
	per employee	per hour						
Textiles	151	192	149	186	148	190	149	191
Clothing	110	133	117	141	114	140	112	139

B. Number of establishments

In 1981 the textile industry consisted of approximately 323 production units and the clothing industry of 349 production units.

The overwhelming part of eliminated production units has been made up of small-sized companies of less than 100 employees. In 1981 only seventeen production units within the textile industry had more than 200 employees, and the corresponding figure as to the clothing industry is six production units.

In 1982 the textile industry consisted of approximately 308 production units and the clothing industry of 310 production units.

The number of amalgamations was in 1981 within the textile and clothing industries five and in 1982 (first half year) four.

In 1981, twelve units within the textile industry and eighteen units within the clothing industry closed down.

C. Labour policy

The purpose of the measures taken with regard to the textile and clothing industries has primarily been to assist in maintaining a minimum viable production and to handle the decrease in employment and other adjustment effects in a socially acceptable manner. The measures taken are:

- (a) grants for education of employees threatened to be laid off;
- (b) temporary grants to companies employing persons above the age of fifty within the textile and clothing industries (shall successively be decreased according to a decision made by the Parliament last year);
- (c) the Parliament has recently according to a Bill decided to introduce a new form of educational assistance for newly hired personnel in the textile and clothing industries;
- (d) since 1977 there has been an advisory council under the Ministry of Industry dealing with, among other things, the question of what influence developments within the textile and clothing industries will have on the labour force;
- (e) in order to assist business in abandoning unprofitable sectors of the economy there are Government funds spent on an active labour and regional policy. Measures in this framework are available to assist industrial adjustment in general; no specific evaluation has yet been made to assess their effects in the textile and clothing industries;
- (f) with the purpose of diminishing negative effects in employment in areas dominated by the textile and clothing industries the Government is offering enterprises in other sectors, willing to establish themselves in these areas, localization support and possibilities of using their investment funds.

D. Measures to deal with problems arising from closure of plants

Under the above heading of "Labour Policy" the Government tries to make the enterprises more prepared than they have been earlier when confronting a "close-down". One measure taken in this respect is a so-called conversion support whose aim is to stimulate enterprises to utilize consultants in finding ways of amalgamation or co-operation between firms or in the organizational changes needed within companies facing rapid adjustment and specialization.

E. Market Access

(a) Production within the Swedish textile and clothing industry has decreased substantially during the 1970s and the decrease continued in the first years of the 1980s. In 1981, Swedish production of textiles and clothing in terms of production indices had gone down to 66 and 45

respectively with 1973 as base year (100). During the same period, Swedish imports of textiles and clothing have increased rapidly, from SKr 3.9 billion in 1973 to SKr 10.8 billion in 1982. During the twelve-month period October 1982 to September 1983 the figure was SKr 11.8 billion. In 1982, imports of clothing accounted for 83 per cent of the total supply, while the figure during the above-mentioned twelve-month period had risen to 84 per cent.

The import share of textile products (yarn, woven and knitted fabrics) has developed in the following way since 1977:

	1977	1978	1979	1980	1981	1982	Jan-Sept 1983
Import share in per cent of total supply in tonnes	74	76	77	77	76	77	77

Calculated in fixed prices the import share in 1982 was 74 per cent. During January-September 1983 the figure was 72 per cent.

As far as clothing is concerned the import share has developed as follows:

	1977	1978	1979	1980	1981	1982	Jan-Sept 1983
Import share in per cent of total supply in fixed prices	71	74	78	80	82	83	84

The quantitative share of developing countries in Swedish imports of clothing almost amounted to 37 per cent in 1981. In this context it may also be noted that GATT statistics (COM.TEX/W/134) give Sweden a position as the world's biggest importer per capita of clothing from developing countries.

(b) Evolution of restrictions since the coming into force of MFA agreements

During MFA III to date, notifications have been made by Sweden of new agreements with Brazil, Indonesia, Malaysia, Pakistan and Sri Lanka. Indonesia was not previously subject to restraint. Certain other agreements have been renewed and will be notified after signing. Agreements with Malta and Mauritius have also been renewed. Sweden's system of quotas with respect to imports from Czechoslovakia, Hungary, Poland and Romania as well as other planned economy countries has remained in principle unchanged.

Sweden has not altered the structure of its agreements under the MFA. They have been reached on the basis of the minimum viable production clause with respect to growth, as well as paragraph 11 of the 1981 Protocol with respect to flexibility provisions.