

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.TD/W/152/Add.3  
27 July 1972

Limited Distribution

Expert Group on Adjustment  
Assistance Measures

Original: English

## ADJUSTMENT ASSISTANCE MEASURES

### Information Supplied by Governments

#### Addendum

The statement by the delegation of the Federal Republic of Germany to the meeting of the Expert Group on 30 May 1972 in response to the questionnaire contained in GATT/AIR/859 is reproduced hereunder.

The Federal Government is of the opinion that a liberal foreign trade policy together with a structural policy promoting structural changes in general terms and dispensing in principle with subsistence subsidies are the most effective propulsion forces to prepare for structural changes which are caused by increased imports from developing countries.

Because of a liberal foreign trade policy, the markets of the Federal Republic of Germany are wide open to the industrial products from both developing and industrialized countries. Access to the German markets has been even further facilitated for the developing countries as a result of the introduction of the generalized scheme of preferences by the European Communities. With this policy which is aimed at an intensification of international competition, the Federal Government has initiated, or intensified partly, substantial structural changes in the German economy and in particular in individual sectors. It is a principle that industries in the Federal Republic of Germany have to adjust themselves on their own to structural changes of this nature, i.e. without financial assistance from the government.

Sectoral structural policies are designed to promote structural changes especially through measures which are general and preventive in character so as to avoid situations of structural crises in individual sectors which are undesired from an overall economic point of view. Such a preventive measure is, for instance, through the provision to industry of information and advisory activities. Orientational aids are given especially to small and medium-sized enterprises of certain branches of industry through sectoral analyses and prognoses, especially by economic research institutions, in order to enable these firms to recognize structural changes and adjust themselves to such changes in good time. The mobility of labour is intended to be especially increased through comprehensive retraining and advanced training assistance as well as through preparatory aids made available by the Bundesanstalt für Arbeit (Federal Labour Office). Additional aids may be given to workers who have reached a specific age limit in order to facilitate their transition to other

appropriate occupations in case of dismissal. This includes in particular the possibility of granting up to 50 per cent of the wage costs to the new employers of such persons.

However, it is not always possible to avoid grave sectoral problems. In the case of major sectoral structural changes, which affect a whole branch of industry, the Federal Government makes available European Recovery Programme credits in order to facilitate for the entrepreneurs the adaption of their production programmes. In the case of especially difficult structural problems, adjustment aids which go beyond the above-described measures and financial assistance for the affected workers may be considered. However, the necessary process of adjustment to changed market conditions must not be delayed by subsistence subsidies, because such subsidies do not represent an appropriate means for solving problems on a lasting basis; moreover, losses in the growth potential of the industry concerned would have to be accepted. It is therefore the Federal Government's growth oriented structural policy to facilitate, through appropriate measures, the outflow of capital and migration of labour from those branches of industry in which structural adjustments are necessary. Such structural adjustments take into account also the interests of the developing countries, especially if they are supplemented by increased efforts of these countries, in order to recognize and utilize in good time the growing sales outlets in the industrialized countries.

It has to be added under item C of the questionnaire that the reduction of quantitative restrictions does not depend on principle on the granting of adjustment aids. Therefore, there is no direct correlation between the liberalization of imports and the granting of adjustment aids.

The level of production as well as the pattern of imports from developing countries are determined by a great number of factors. In this connexion, competition, shifts in the demand pattern and overall economic development play, for instance, a substantial rôle. These factors overlap each other in many respects; it is therefore not possible to give a reliable answer to the question concerning the extent to which the structure of imports from developing countries has been influenced by adjustment aids given to the domestic economy.