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ARRANGEMENTS GOVERNING INTERNATIONAL  
TRADE IN TEXTILES: A SUMMARY VIEW OF  
ISSUES AND PERSPECTIVES

by  
Charan Wadhva  
Vasant Mote

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ARRANGEMENTS GOVERNING INTERNATIONAL TRADE IN TEXTILES:  
A SUMMARY VIEW OF ISSUES AND PERSPECTIVES\*

CHARAN WADHVA  
VASANT MOTE

INDIAN INSTITUTE OF MANAGEMENT, AHMEDABAD

This Study has primarily been concerned with the issues and perspectives on the historical evolution and working of the arrangements governing international trade in "textiles", particularly the latest such arrangement, unofficially known as the Multi Fibre Arrangement (MFA). While we have discussed the problems of both the developed and the developing countries in the field of world trade in textiles and their implications for structural changes in the pattern of a more rational international division of labour, greater attention has been paid to the problems of the developing "textile" exporting countries with special reference to the Southeast Asian countries. The study has mainly concentrated on the adjustment problems in the working of the MFA. The working of the multi-

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lateral surveillance for the implementation of the MFA through the Textiles Surveillance Body (TSB) has been evaluated. In the light of the findings, the Study has offered a few suggestions for renegotiating the MFA in the near future to achieve its objectives more effectively.

The study is divided into seven main sections. Section I provides an introduction to the statement of the problems to be studied and the approach adopted by this study. As a background to the problems to be studied, Section II highlights some recent trends in the growth of world textiles and clothing industries especially during the period 1970-75. These include a review of trends in consumer expenditure, production, employment, machinery in use and world trade. Section III presents the historical evolution of the arrangements governing international trade in "textiles". The main features of design and organisational aspects of the latest such arrangement, namely the MFA are discussed in Section IV. Section V provides an appraisal of the working of the MFA. Section VI outlines a few suggestions for renegotiating the MFA. And the question of the desirability of the extension of the MFA approach to some other sectors is examined in Section VII.

The main conclusions of this study relating to the appraisal and the future renegotiation for the MFA may be summarised as follows:

The basic objectives of the MFA like its predecessor (the Long Term Arrangement in Cotton Textiles or the LTA) are valid. These

consist of the long term and the short term objectives. The long term objectives aim at the achievement of structural changes in the international textiles industry in a growing world for seeking a more viable pattern of international division of labour and freer trade in line with the principle of dynamic comparative advantage of all countries of the world, whether developed or developing. The short term objectives aim at a more orderly expansion of world trade in textiles without causing severe adjustment problems during the transition either to the developed countries or to the developing countries.

The MFA has been a definite improvement over the LTA in three major ways. The first one relates to increasing the coverage of the products beyond cotton textiles to wool, man-made fibres and blends mainly to meet the demands of the developed importing countries for reducing the pressures in their domestic economies to sharp increases in imports of the latter categories of products. The second one concerns the laying down of the guidelines for determining the threat or occurrence of market disruption which is the main operational safeguard provision in the MFA. And the third one consists of institutionalising the process of multilateral surveillance by creating a standing body, namely, the Textiles Surveillance Body for overseeing the implementation of the MFA and particularly making the imposition of new restraints on imports subject to multilateral reviews. Thus by its design, the MFA tried to achieve a balance of

interests of the exporting and the importing member countries of the MFA. Even though most of the developing countries regarded the MFA (and similar earlier arrangements) as derogation from the general principles of the GATT, they accepted the arrangements as being a satisfactory compromise in terms of the design since they provided certain benefits to them like a predefined degree of access to the markets of the developed countries and subjected the imposition of new restrictions to a process of multilateral surveillance through the TSB and also linked them with the undertaking of appropriate adjustment measures in the concerned countries towards a more viable global production and trade structure in line with the dynamic principle of comparative advantage.

However, in practice, an appraisal of the working of the MFA provided in Section V shows that the long term objectives of the MFA were nearly neglected by most of the developed member countries. As for the achievement of the short term objectives, it appears that these were achieved leaving both the developed importing countries and more so the developing exporting countries dissatisfied with the implementation of the MFA in terms of achieving the balance of interests of the exporting and the importing countries.

From the point of the developing countries, the implementation of the MFA largely through the instrument of bilateral agreements and without sufficient powers with the TSB exposed them to a process of negotiation among participants with unequal strength resulting in tilting

the balance of interest in favour of the developed importing countries. Through a proliferation of the number of restrictions imposed and considering the nature of these restrictions at disaggregated level of specific products of the greatest export interest to them in which they clearly possessed comparative advantage and also considering the cases of the violations of the provisions of the MFA as per the opinion of the TSB on which no (or insufficient) action was taken by the concerned developed countries imposing fresh restraints, the UNCTAD Secretariat has concluded that the developing countries have felt that the implementation of the MFA has left a lot to be desired. In addition, a number of developed countries have not hesitated to take unilateral actions outside the provisions of the MFA as it suited them without first exhausting the possibilities of consultations under the MFA and also not cared to pay any compensation to the affected developing countries.

Some of the developed importing countries of the MFA have, however, felt that the implementation of this arrangement has not enabled them to check sharp and substantial increases of imports of some of the textile products leading to situation of market disruption and coupled with the recession in their domestic economies has accentuated the already existing special problems faced by their textile industry. The domestic producers' lobby in several developed countries has claimed that the continued inflow of "cheap imports" during recessionary conditions has led to unbearable position causing substantial unemployment, too high import penetration

ratios in several products leaving very little proportion of home market for domestic import-competing industry and a substantially adverse net balance of trade for their country compared to earlier situation of surplus. They have, therefore, urged their governments to renegotiate the MFA which should be more restrictive.

This study, viewing both sides of the picture, concludes that there have been short terms advantages of the MFA to both the developed and the developing countries. Despite several problems with the implementation of the MFA and relative ineffectiveness of the TSB in several instances, the developing countries could have ended up with having to bear more restrictions than they have had to face during the period of the MFA. In a broader context, the TSB which might be regarded as a test case as to how Article XIX of the GATT may be modified may be said to have had some restraining influence on the developed member countries from intensifying new restrictions on imports from developing member countries particularly <sup>when</sup> much of the period of MFA coincided with the prevalence of recessionary domestic conditions.

On the other hand, the case for tightening restrictions on imports of textiles from the so-called "cheap import" sources being advocated by the protectionist lobby on the grounds of substantially adverse effects on employment, market disruption due to very high rates of import penetration and deficit in the sectoral trade balance is being highly exaggerated.



Recognising the special difficulties of the textiles and clothing industries in several developed countries, especially the problems affecting structural adjustments, we have argued that the current campaign for restricting imports from some developing countries has been misguided since increased import of these products from the developing countries is not a major cause of the current difficulties of some of the developed countries (like U.K. and France) and that the concepts being deployed to measure adverse effects to these economies are analytically very weak. The developed countries, especially the EEC, should therefore, not pay too much attention to the case made out by the domestic protectionist lobby while renegotiating the MFA.

After reasserting the validity of the objectives of the MFA for the future, this Study has made the following suggestions for improving the effectiveness of the renegotiated MFA:

- i) The guiding principles for the renegotiation of the Arrangement should be multilaterality in sanctioning discrimination in emergency restraints with time bound exemptions for certain marginal suppliers from among the lesser developed countries and fairness in terms of a progressive system of compensatory support to the affected parties in case the emergency restraints are to be continued beyond the initially agreed period backed by a commitment on the part of all participating countries.

- ii) Evolving a consensus on the common stand of the developing countries on the issues and expressing the through a Textile Committee of the UNCTAD;
- iii) Attempting to negotiate the MFA in terms of an integrated approach combining tariff and non-tariff barriers under the GATT;
- iv) Seeking a system of progressive compensation from the developed countries invoking GATT's Article XIX to affected countries when resort is not taken to the MFA approach;
- v) Redefining market disruption by statistically verifiable comparison of the affected market segment which is comparable; we have suggested a new information system (customs code) to incorporate a few broad qualitative differences due to variations in technical specifications and standards of cloth, material used and finishing;
- vi) Redefining the concept of 'Minimum Viable Production' which is statistically verifiable;
- vii) Globalisation or Limited Globalization of quotas when justifiable new restrictions on imports have to be imposed reserving a smaller proportion for the new and lesser developed marginal supplier countries in a time bound programme; and letting importers compete freely for procurement of imports within the limit of the appropriately worked out overall quota;
- viii) Clearly exempting garments made out of handloom cloth whether

by hand-labour or a combination of hand and machine labour at the final stage of conversion but simultaneously strengthening the certifying procedure for the basic cloth used;

(ix) Working out a five yearly adjustment assistance programme among the countries with relative comparative disadvantage in major product lines reviewed every five years and monitored and reviewed annually; extending the life of the new MFA to five years to facilitate . . . . . five-year plan of adjustment of production, investment and trade;

(x) Strengthening of the role of the TSB through voluntary acceptance of the obligation of each participant to submit all necessary information for reviewing each of the unilateral actions as well as bilateral actions and also authorising the TSB's new committee of professional experts to conduct field enquiries within the territory of the participating country as well as the undertaking of payment of fair compensation to the affected parties multilaterally negotiated under the codified procedures; and institutionalising market research to anticipate the new developments in the future which would require immediate action; and increasing the representation of the developing countries in the membership of the TSB in a more effective manner; and last but not the least,

- (xi) Formally giving due weightage to the interests of the consumers and distribution trade channels in the developed importing countries.

Finally, on the question of the desirability of the extension of the MFA approach to other sectors, this study warns against the dangers of submitting to such temptations. It argues that considering the experience of the implementation of the MFA and particularly the existing weaknesses of the TSB, it should be clearly undesirable to even think about the real possibilities of extending the MFA or the MFA-type approach to other sectors. Since it would be nearly impossible to do away with the continuation of the MFA for the textiles sector keeping in view the past history of the arrangements in textiles, the best hope for the world would be to renegotiate the MFA with operational improvements some of which have been suggested in this study.

A few tables and statements having a bearing on the issues and conclusions presented in this paper are appended to help the readers to get a better perspective.

Table 1

Value Added and Employment Provided by Textiles and  
Clothing Industry in Selected Countries

Country	Value added to textiles and clothing as proportion of value added to total domestic manufactures		Employment in textiles and clothing as proportion of total industrial employment	
	1963 (%)	1969 (%)	1960 (%)	1970 (%)
Austria (1970)	N.A	12.5	17.0	16.6
Canada	8.1	7.4	13.3	11.7
E.E.C (for 1970)	N.A	9.0	10.5	8.8
Japan	9.9	7.9	N.A	8.9
Switzerland	N.A	N.A	8.4	11.1
U.S.A	7.3	6.9	12.9	12.1
Hong Kong	N.A	N.A	44.7	40.3
India	26.7	22.7	37.1	N.A
Pakistan	39.7	32.8	N.A	N.A
Republic of Korea	19.5	18.2	16.3	23.4

Source: Tables 53 and 54 in Addendum 1. Published by GATT Secretariat.  
Ref. No. L/3797/Add. 1 of 29 December 1972.

Table 2

Net Balance of Trade in Textiles (A) and Clothing (B)  
by Main Areas (Between 1960-1970)

(In Million Dollars F.O.B.)

		1960	1965	1970
Developed Areas	A	1,022	793	1,107
	B	134	-37	-939
	A+B	1,156	756	168
Developing Areas	A	-1,039	-898	-1,057
	B	- 158	+ 92	960
	A+B	-1,197	-806	-97
Eastern Trade Area	A	117	105	-30
	B	24	- 55	9
	A+B	141	50	-21

Source: General Agreement on Tariffs and Trade, Study on Textiles: Report of the Working Party on Trade in Textiles, L/3797, 29 December 1972, p.II-84

Table 3

## IMPORT VALUES AND UNIT VALUES OF MAIN CLOTHING ARTICLES INTO THE EEC BY ORIGINS, in 1975

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Items	BTN headings	Value (million units of account)			Unit values (Units of account per kg.)		
		EEC	Other developed countries	Developing countries	EEC	Other developed countries	Developing countries
Sweaters, pull-overs, twin-sets, blouses, jackets ... knitted or crocheted, in wool, for women and girls	6005.22	107.7	5.6	22.4	20.1	20.7	11.5
Sweaters, pull-overs, twin-sets, blouses, jackets ... knitted or crocheted, in synthetic fibres, for women and girls	6005.23	421.1	29.3	105.3	12.3	14.0	7.6
Sweaters, pull-overs, twin-sets, blouses, jackets ... knitted or crocheted, in cotton for women and girls	6005.25	52.3	20.6	21.1	18.6	13.0	10.0
Sweaters, pull-overs, twin-sets, blouses, jackets ... knitted or crocheted, in synthetic fibres, for men and boys	6005.32	104.7	6.2	43.2	11.9	10.2	6.6
Outer garments, for professional uses, in cotton textiles, for men and boys	6101.21	69.0	73.1	89.6	10.5	11.9	5.6
Trousers and knickerbockers, in synthetic fibre textiles, for men and boys	6101.63	56.0	23.6	15.9	11.5	10.8	6.7
Trousers and knickerbockers, in cotton textiles, for men and boys	6101.67	134.6	54.2	89.9	9.7	7.5	5.0
Outer garments for professional uses, in cotton textiles, for women and girls	6102.21	43.2	19.7	68.2	17.1	12.7	7.7
Shirt and blouses, in synthetic fibre textiles, for women and girls	6102.83	53.8	9.3	48.1	22.4	16.5	11.1
Shirts in synthetic fibre textiles, for men and boys	6103.11	43.4	24.4	157.6	13.3	10.7	6.8
Shirts in cotton textiles, for men and boys	6103.15	36.7	16.7	59.9	13.0	10.2	8.5

Source : EEC Eurostat, Analytical Tables of Foreign Trade, Nimex, 1975.

Trade in Fibres, Textiles, Clothing and Textile Machinery,  
between Developed and Developing Countries in 1960 and 1974

(billion dollars)

Commodity	SITC	Exports of developed to developing countries		Exports of developing to developed countries		Export (+) or Import (-) surplus of develop- ed countries	
		1960	1974	1960	1974	1960	1974
Textile fibres	26	0.37	1.68	1.15	1.88	-0.78	-0.20
Textiles	65	1.46	4.88	0.54	3.51	+0.92	+1.39
Clothing	84	0.30	0.82	0.16	4.86	+0.14	-4.04
Textile machinery	717.1	0.28	2.43	-	0.05	+0.28	+2.38
Total of above		<u>2.41</u>	<u>9.81</u>	<u>1.85</u>	<u>10.29</u>	<u>+0.56</u>	<u>-0.48</u>

\* Southern European countries are included with developing countries.

Sources: UN, Monthly Bulletin of Statistics, May 1966 and Year book of International Trade Statistics, Vol. I, 1975; OECD, Trade by Commodities, Series B, 1974; Japan, Annual Return of the Foreign Trade of Japan, 1960; GATT, Rapport du Groupe de travail du commerce des textiles, L/3797, vol. I, 1972 and GATT, Production and Trade in Textiles and Clothing, 1974 to 1976, COM. TEX/N/35.



Table 5

CONSUMER EXPENDITURE ON CLOTHING IN  
SELECTED COUNTRIES  
(At constant 1970 prices)

		Index numbers, 1970=100				Percentage change over previous year			
		1972	1973	1974	1975	1972	1973	1974	1975
EEC <sup>1</sup>	Total	109	114	116	118	5	4½	2	2
	Clothing	109	111	110	109	5	2	-1	-1
Norway	Total	108	111	115	120	3	3	3½	4
	Clothing <sup>2</sup>	102	99	98	104	-1	-3	-1	6
Sweden	Total	102	103	108	111	3	1	5	3
	Clothing	95	99	110	113	1	4	11	3
Austria <sup>3</sup>	Total	113	119	123	126	6½	5	4	2½
	Clothing	114	116	120	123	7½	2	3	2
United States <sup>4</sup>	Total	110	115	114	115	7	4½	-1	1
	Clothing <sup>2</sup>	112	121	120	124	6½	8	-1	3
Japan	Total	117	127	129	136	9	8½	1½	5
	Clothing	114	116	114	..	7½	2	-2	..
Greece	Total	112	120	122	128	5½	7	2	5
	Clothing	118	124	129	..	5	5	4	..
Spain	Total	114	122	129	..	8½	7	6	..
	Clothing	112	117	115	..	11	4½	-1½	..
Israel	Total	114	125	135	134	8½	9½	8	-1
	Clothing <sup>5</sup>	121	139	152	157	21	15	9	3
Korea (Rep.of)	Total	118	128	135	142	7	8½	5	5
	Clothing <sup>5</sup>	136	156	161	167	12	15	3	4
Singapore <sup>6</sup>	Total	124	135	143	..	9	9	6	..
	Clothing <sup>2</sup>	116	126	124	..	9	8½	-2	..

<sup>1</sup>Weighted by 1970 expenditure (converted into units of account at official 1970 exchange rates). Excluding Ireland and Luxembourg.

<sup>2</sup>Including footwear

<sup>3</sup>At constant 1964 prices

<sup>4</sup>At constant 1972 prices

<sup>5</sup>Including footwear and other personal effects

<sup>6</sup>At constant 1968 prices

Source : OECD, Quarterly National Accounts Bulletin; EUROSTAT, National Accounts; National statistics; Reproduced in General Agreement on Tariffs and Trade, Textiles Committee, Production and Trade in Textiles and Clothing, 1974 to 1976, Report by the Secretariat, COM.TEX/W/35, 29 Oct. 1976, p.5

Table 6

INDICES OF PRODUCTION OF TEXTILES AND  
CLOTHING FOR A FEW SELECTED COUNTRIES  
1970=100

Countries	% change over the previous year									
	1971	1972	1973	1974	1975	1972	1973	1974	1975	
EEC	Textiles	103	106	107	103	97	2.93	.94	-3.74	-5.83
	Clothing									
Norway	Textiles	97	95	95	93	87	-2.07	0.00	-2.11	-6.46
	Clothing	96	90	85	81	79	-6.25	-5.56	-4.71	-2.47
Sweden	Textiles	97	99	106	104	89	+2.06	7.07	-1.89	-14.42
	Clothing	89	87	91	90	83	-2.25	4.60	-1.10	-7.78
Austria	T.	108	114	121	116	98	3.56	6.14	-1.13	-15.52
	C.	105	115	119	122	111	9.52	3.48	+2.52	-9.02
Switzer- land	T.	101	110	112	109	91	8.91	1.32	-2.68	-16.51
	C.	101	101	98	92	87	0.00	-2.97	-6.12	-5.43
Canada	T.	115	124	135	132	124	7.83	8.87	2.23	-6.07
	C.	108	112	116	116	114	3.70	3.57	0.00	-1.72
U.S.A	T.	102	110	120	115	103	7.84	9.09	-4.17	-10.43
	C.	100	108	116	108	97	8.00	7.41	-6.90	-10.19
Japan	Textiles and Clothing	101	105	111	97	93	3.96	5.71	-12.62	-4.12
Hong Kong										
India	T.	96	103	104	99	--	7.29	.97	-4.81	-
	C.	104	94	93	90	--	-9.62	-1.06	-3.23	-
Korea (Rep. of)	T.	121	161	201	208	263	33.06	24.84	+3.48	+26.44
	C.	142	210	389	510	654	47.89	85.24	+31.11	28.24
Malaysia	T & C	107	136	172	123	-	27.10	26.47	-28.49	-
Pakistan	Cotton cloth	109	104	97	98	92	-4.59	-6.73	+1.03	-6.13
	Cotton Yarn	111	123	138	139	129	10.81	12.20	+0.72	-7.19
Philippines	T.	125	118	120	108	-	5.6	1.69	-10.00	-
	C.	113	115	145	137	-	1.77	26.09	-5.52	-
Singapore	T.	134	183	212	183	162	36.57	15.85	-13.63	-11.48
	C.	146	223	262	246	213	52.74	17.49	-6.11	-13.41

Source: General Agreement on Tariffs and Trade, Production and Trade in Textiles and Clothing, COM/TEX/W/35/Add 1, Statistical Appendix I

Table 7

INDICES OF EMPLOYMENT, TEXTILES AND CLOTHING FOR A FEW  
SELECTED COUNTRIES  
1970=100

Countries		1971	1972	1973	1974	1975	% change over the previous year			
							1972	1973	1974	1975
EEC	Textiles	100	98	94			-2.0	-4.09	-	
	Clothing	100	99	93			-1.0	-6.07		
Norway	Textiles			100	83	142			-17.00	71.08
	Clothing			100	115	85			+15.00	-26.09
Sweden	Textiles	91	85	86	86	83	-6.59	+1.18	0.00	-3.49
	Clothing	86	81	79	78	78	-5.71	-2.47	-1.27	0.00
Austria	Textiles	101	101	100	93	81	0.00	-1.00	-7.00	12.90
	Clothing	104	109	108	104	99	4.81	-0.92	-3.70	-4.81
Switzerland	Textiles	96	91	85	81	69	-5.21	-6.59	-4.71	-14.81
	Clothing	97	94	88	80	69	-3.09	-6.38	-9.10	-13.75
Canada	Textiles	101	108	112	111	99	+6.93	+3.70	-0.89	-11.81
	Clothing	100	101	105	104	101	1.00	3.96	-0.95	-2.88
U.S.A	Textiles	100	104	107	103	95	4.00	2.88	-3.74	-7.77
	Clothing	98	98	100	96	88	0.00	2.04	-4.00	-8.34
Japan	Textiles		100	95	88	83		-5.00	-7.37	-5.68
	Clothing		100	100	102	107		0.00	2.00	+4.90
Hong Kong	Textiles	99	95	79	70	81	-4.05	-16.84	-11.39	-15.71
	Clothing	118	129	151	141	179	9.32	17.05	-6.62	+26.95
India	Textiles	102	104	108	110	111	1.96	3.85	1.85	0.90
Korea	Textiles		100	110	125			0.00	13.64	
	Clothing		100	114	130			14.00	14.04	
Malaysia										
Pakistan										
Philippines	Textiles	116	98	137			-15.52	39.80		
	Clothing	111	110	176			-0.91	60.00		
Singapore	Textiles	128	177	201	169		-38.28	13.56	-15.92	
	Clothing	133	182	205	182		+36.84	12.64	-11.22	

Table 8

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## WORLD TRADE OF TEXTILES AND CLOTHING BY MAIN AREAS

(Billion dollars f.o.b.)

	Developed areas				Developing areas				World (including Eastern Trading Area)			
	1970	1973	1975	1970	1973	1975	1970	1973	1975	1970	1973	1975
<b>DEVELOPED AREAS</b>												
Textiles	3.35	5.41	5.65	2.24	3.79	4.70	5.96	9.93	11.45			
Clothing	1.56	2.25	2.65	0.41	0.61	0.90	2.11	3.01	3.80			
Textiles and clothing	4.91	7.66	8.30	2.65	4.40	5.60	8.07	12.94	15.25			
<b>DEVELOPING AREAS</b>												
Textiles	1.20	3.10	2.95	0.91	1.66	2.00	2.35	5.14	5.55			
Clothing	1.35	3.86	5.55	0.22	0.51	0.70	1.74	4.68	6.60			
Textiles and clothing	2.55	6.96	8.50	1.13	2.17	2.70	4.09	9.82	12.15			
<b>WORLD (including Eastern Trading Area)</b>												
Textiles	4.75	9.14	9.25	3.50	6.07	7.40	9.11	16.80	18.90			
Clothing	3.05	6.48	8.75	0.68	1.22	1.75	4.59	9.18	12.40			
Textile and clothing	7.80	15.62	18.00	4.18	7.29	9.15	13.70	25.98	31.30			

Note: This table differs from Table 5 in "International Trade 1975/76" due to the new area definitions adopted here and to revisions.

Source: U.N. Monthly Bulletin of Statistics, various issues; national trade returns.

Table 2

PATTERN OF WORLD TRADE IN TEXTILES AND CLOTHING  
BY MAIN AREAS

Percentage share in world ex-ports      Percentage share in world imports

1970   1972   1973   1974   1975   1970   1972   1973   1974   1975

DEVELOPED AREAS

Textiles	65	61	59	61	61	52	55	54	52	49
Clothing	46	37	33	32	31	66	69	71	71	71
Textiles and clothing	<u>59</u>	<u>53</u>	<u>50</u>	<u>51</u>	<u>49</u>	<u>57</u>	<u>60</u>	<u>60</u>	<u>59</u>	<u>58</u>

DEVELOPING AREAS

Textiles	26	29	31	30	29	38	34	36	37	39
Clothing	38	46	51	52	53	15	13	1 3	14	19
Textiles and clothing	<u>30</u>	<u>35</u>	<u>38</u>	<u>38</u>	<u>32</u>	<u>30</u>	<u>27</u>	<u>28</u>	<u>29</u>	<u>29</u>

EASTERN TRADING AREA

Textiles	9	10	10	9	10	10	11	10	11	12
Clothing	16	17	16	16	16	19	18	16	15	15
Textiles and clothing	<u>11</u>	<u>12</u>	<u>12</u>	<u>11</u>	<u>12</u>	<u>13</u>	<u>13</u>	<u>12</u>	<u>12</u>	<u>13</u>

Source: U.N. Monthly Bulletin of Statistics, various issues, national trade returns.

## EXPORTS FROM SOUTHEAST ASIAN COUNTRIES AND OTHER DEVELOPING COUNTRIES UNDER THE MFA

(U.S. \$ million)	Textiles			Clothing			Textiles plus clothing					%change 1970-75				
	1970	1972	1973	1974	1975	1970	1972	1973	1974	1975	1970		1972	1973	1974	1975
Japan	1,745	2,187	2,450	3,075	2,923	462	429	369	328	332	2,207	2,616	2,819	3,403	3,255	+ 47%
Hong Kong	275	304	667	722	593	695	1,079	1,424	1,689	2,033	974	1,463	2,091	2,411	2,626	+170%
S. Korea	85	177	435	492	649	214	442	749	957	1,148	299	619	1,154	1,449	1,797	+501%
India	461	621	690	823	n.a.	36	67	101	163	n.a.	497	688	791	986	n.a.	+ 98%
Pakistan	320	270	439	376	378	5	10	17	30	31	325	250	456	406	409	+ 26%
Singapore	54	87	143	138	130	51	79	130	127	117	85	165	273	265	247	+191%
Thailand	9	23	88	94	n.a.	1	13	35	45	n.a.	10	46	123	139	n.a.	+1,290%
Macao	3	4	4	5	n.a.	22	50	70	84	n.a.	25	54	74	89	n.a.	+ 256%
Malaysia	7	15	24	33	n.a.	9	10	21	29	n.a.	16	25	45	62	n.a.	+ 287%
Philippines	5	9	24	20	n.a.	-	2	11	24	n.a.	5	11	35	44	n.a.	+ 780%
South East Asians Competitors																
Portugal	161	231	329	401	312	80	132	198	246	219	241	363	527	647	531	+120%
Yugoslavia	80	104	138	152	178	85	136	145	149	204	165	240	283	301	382	+132%
Brazil	2	110	229	308	271	3	31	89	123	102	35	141	310	431	373	+966%
Romania	26	40	60	55	62	122	190	250	265	291	148	220	310	320	353	+139%
Greece	37	79	133	185	170	10	21	54	88	120	47	100	187	273	290	+517%
Egypt	136	154	167	238	n.a.	10	19	29	46	n.a.	146	173	196	284	n.a.	+ 95%
Mexico	27	66	131	n.a.	n.a.	9	19	67	n.a.	n.a.	36	79	198	n.a.	n.a.	+450%
Israel	39	42	52	53	47	52	75	86	97	101	91	117	138	150	148	+ 63%
Colombia	13	32	54	90	n.a.	1	6	19	52	n.a.	14	38	73	142	n.a.	+914%

Source: Production and Trade in Textiles and Clothing, Table 27 (GATT Com. Tex/W/35/add.1, 29 October, 1976); Reproduced in this form in Textile Asia dated .

Table 11

DEVELOPED MFA COUNTRIES' IMPORTS FROM  
DEVELOPING COUNTRIES

(U.S. \$ million)

From	Textiles & Clothing		Textiles		Clothing	
	1975	Absolute change 1973-75	1975	Absolute change 1973-75	1975	Absolute change 1973-75
All developing countries in MFA	6,812	+1,540	1,976	- 34	4,842	+1,574
of which:						
Hong Kong	2,290	+ 597	284	- 18	2,006	+ 615
S.Korea	1,399	+ 452	359	+ 56	1,040	+ 396
India	497	- 1	309	-109	188	+ 108
Yugoslavia	411	+ 63	32	- 40	379	+ 103
Spain	313	+ 90	150	+ 44	163	+ 46
Mexico	283	78	109	+ 10	174	+ 68
Brazil	236	+ 51	187	+ 46	49	+ 5
Pakistan	195	- 20	168	- 29	27	+ 9
Romania	194	+ 44	41	- 5	153	+ 49
Turkey	176	+ 52	94	+ 19	82	+ 33
Israel	120	+ 11	28	4	92	+ 15
Philippines	114	+ 36	17	-	97	+ 36
Singapore	114	- 28	19	- 8	95	- 20
Macao	114	+ 36	4	- 1	110	+ 37
Thailand	92	+ 15	45	- 1	47	+ 16
Colombia	90	+ 35	52	+ 14	38	+ 21
Malaysia	62	+ 39	25	+ 12	37	+ 27
Haiti	33	+ 15	10	+ 4	23	+ 11
Egypt	21	- 19	21	- 19	-	-
El Salvador	21	+ 10	6	+ 1	15	+ 9
Argentina	19	- 10	2	- 8	16	- 2
Jamaica	7	- 1	-	- 1	7	-
Guatemala	5	+ 2	2		3	+ 2
Nicaragua	5	+ 4	3	+ 3	2	+ 1
Sri Lanka	3	+ 1	1	-	2	+ 1

Source : Production and Trade in Textiles and Clothing, Table 27 (GATT Com. Tex/W/35/add.1, 29 October, 1976)

Table 12

SHARE OF INDIVIDUAL COUNTRIES IN DEVELOPED MEMBER COUNTRIES'  
 IMPORTS OF TEXTILES & CLOTHING FROM DEVELOPING MEMBER COUNTRIES  
 (%)

Origin	Textiles & Clothing		Textiles		Clothing	
	1973	1975	1973	1975	1973	1975
All Developing Countries ( mill c.i.f) of which :	5,272	6,812	2,004	1970*	3,268	4,842
1. Hong Kong	32.1	33.6	15.1	14.4	42.6	41.4
2. Korea	18.0	20.5	15.1	18.2	19.7	21.5
3. India	9.4	7.3	20.9	15.7	2.4	3.9
4. Yugoslavia	6.6	6.0	3.6	1.6	8.5	7.8
5. Spain	4.2	4.6	5.3	7.6	3.6	3.4
6. Mexico	3.9	4.2	5.0	5.6	3.2	3.6
7. Brazil	3.5	3.5	7.0	9.5	1.3	1.0
8. Pakistan	4.1	2.9	9.8	8.5	0.8	0.6
9. Phillippines	1.5	1.7	0.9	0.9	1.9	2.0
10. Singapore	2.7	1.7	1.3	1.0	3.5	2.0
11. Thailand	1.5	1.3	2.3	2.3	1.0	1.0
12. Egypt	0.7	0.3	1.9	1.1	-	-

Source: Production and Trade in Textiles and Clothing, Table 27 (GATT Com. Tex/W/35/add. 1,29 October, 1976)

\* In 1974, value was 2,407 million U.S. \$



Table 13

IMPORTS OF TEXTILES AND CLOTHING BY DEVELOPED  
COUNTRIES IN MFA

(U.S. \$ million)	1970	1972	1973	1974	1975	1976. 1st half	%rise in annual rate 1970-76
From other developed countries	4,623	5,938	7,326	8,458	8,106	3,677	+ 59%
From developing countries	2,750	4,933	7,551	9,399	9,585	6,040	+339%
From Eastern trading area	325	638	1,010	1,247	1,225	588	+262%
<b>Total</b>	<b>7,700</b>	<b>11,510</b>	<b>15,887</b>	<b>19,109</b>	<b>18,918</b>	<b>10,305</b>	<b>+168%</b>

Source : Production and Trade in Textiles and Clothing, (GATT Com.  
Tex/W/35/add. 1,29 October, 1976)

Table 14

NET TRADE<sup>1</sup> IN TEXTILES AND CLOTHING OF DEVELOPED  
COUNTRIES IN MFA

(U.S. \$ million)	1970	1972	1973	1974	1975	1976 1st half
EEC	+1,586	+1,044	+ 956	+ 699	- 402	- 315
Finland	- 56	- 21	- 41	- 45	+ 24	+ 15
Norway	- 223	- 287	- 346	- 427	- 502	- 264
Sweden	- 427	- 516	- 585	- 744	- 871	- 453
Austria	- 3	- 9	- 66	- 70	- 147	n.a.
Switzerland	- 70	- 150	- 238	- 267	- 184	- 68
Canada <sup>2</sup>	- 475	- 747	- 840	-1,097	-1,104	- 738
U.S. <sup>2</sup>	-1,574	-2,382	-2,236	-1,739	-1,739	-1,218
Japan	+1,892	+2,068	+1,112	+1,578	+1,942	+1,003
Australia <sup>2</sup>	- 338	- 427	- 680	-1,046	- 719	n.a.

## Notes:

<sup>1</sup> Exports (f.o.b.) minus imports (c.i.f.), unless otherwise stated

<sup>2</sup> Exports (f.o.b.) minus imports (f.o.b.)

Sources: Production and Trade in Textiles and Clothing, (GATT Com. Tex/W/35/add. 1, 29 October 1976)

Table 15

AVERAGE PRICES OF WOVEN SYNTHETIC FIBER AND COTTON SHIRTS IMPORTED INTO AUSTRIA  
(in Austrian Schillings)

	SYNTHETIC					COTTON				
	1972 A.S.	1973 A.S.	1974 A.S.	1975 A.S.	April 1976 A.S.	1972 A.S.	1973 A.S.	1974 A.S.	1975 A.S.	March 1976 A.S.
German Federal Republic	81.71	92.32	81.10	86.08	94.74	75.95	98.0	123.9	121.6	136.4
Italy	72.89	103.71	98.20	99.59	53.29	114.10	156.40	129.35	177.32	87.08
Switzer- land	110.04	136.29	109.40	129.62	158.12	89.9	137.80	121.62	150.60	176.73
Portugal	35.72	43.31	42.31	60.01	69.33	35.50	36.80	45.45	41.90	47.73
Yugoslavia	34.02	44.81	23.74	34.30	45.75	82.30	108.90	111.75	93.30	54.81
Romania	30.36	31.24	40.75	32.70	28.49	32.1	50.0	-	-	-
Hongkong	32.57	43.59	50.70	41.33	39.78	36.75	52.30	63.70	56.75	58.85
Singapore	37.00	64.07	43.70	37.60	39.46	-	-	-	41.50	38.14
Israel	42.17	30.80	-	-	-	-	-	-	-	-
Timor/ Macap	-	-	47.34	35.10	33.83	-	-	63.15	53.40	42.36
India	-	-	-	-	-	59.90	55.87	63.60	57.10	56.88
Malaysia	37.0	53.70	43.50	39.20	35.03	-	-	-	49.10	54.11
Korea Rep. of	30.50	31.66	40.50	30.80	31.48	-	51.20	-	-	83.33
Sri Lanka	-	-	-	-	42.69	-	-	-	-	46.93

Table 16

SELECTED CHARACTERISTICS OF WEST GERMAN TEXTILES AND CLOTHING INDUSTRIES  
EXPOSED TO COMPETITIVE PRESSURE OF IMPORTS

	Period	Textile	Clothing	Manufacturing Total
1. Share of total increases of imports from LDCs <sup>a</sup>	1962-70	13.70	8.30	100.00
2. Regional Concentration <sup>b</sup>	1970	0.53	0.43	0.71 <sup>d</sup>
3. Share of Female employees in total	1968	54.70	82.20	29.80
4. Effective rate of tariff protection	1970	21.20	21.50	11.90 <sup>e</sup>
5. Value added per employee <sup>a</sup>	1970	84.20	58.40	100.00
6. Wages and salaries per employee <sup>a</sup>	1970	78.10	62.50	100.00
7. Rate of Return on physical capital <sup>a</sup>	1970	103.80	162.90	100.00
8. Labour saving effect of gross fixed capital formation <sup>c</sup>	1964-70	0.95	0.77	0.57

<sup>a</sup> Manufacturing total 100

<sup>b</sup> Co-efficient of Variation for industry share in manufacturing employment by region.

<sup>c</sup> Relation between the rate of increase in physical capital per employee from 1964 to 1970 and the rate of gross fixed capital formation as given by the ratio between the accumulated capital formation vintages, 1964-70, and gross fixed capital stock in the base year 1964.

<sup>d</sup> Weighted mean

<sup>e</sup> Does not include food, beverages, and tobacco.

Source : Abridged from Table 2 in Gerhard Fels, "Adjustment Assistance to Import Competition," in Hugh Corbet and Robert Jackson (eds.), In Search of a New World Economic Order.

London: Groom Helm, 1974, p.252

Table 17

THE COMPOSITION OF THE TEXTILES SURVEILLANCE BODY :  
 COUNTRY-WISE REPRESENTATION  
 (in addition to the Chairman, Mr. Wurth )

1974	1975	1976	1977
1. EEC	1. EEC	1. EEC	1. EEC
2. Japan	2. Japan	2. Japan	2. Japan
3. U.S.A.	3. U.S.A.	3. U.S.A.	3. U.S.A.
4. Sweden	4. Canada	4. Finland	4. Norway
5. Pakistan	5. Brazil	5. Egypt	5. Colombia
6. Republic of Korea	6. India	6. Jamaica	6. Hong Kong
7. Yugoslavia	7. Hong Kong	7. Rep. of Korea	7. Pakistan
8. Tripartite Seat	8. Tripartite Seat	8. Tripartite Seat	8. To be shared (for 3 months each) by:
(i) Mexico (April-July)	(i) Philippines (Jan-April)	(i) Jamaica (Jan-April)	Malaysia
(ii) Austria (Aug-Sep.)	(ii) Austria (May-Aug)	(ii) Austria (May-Aug)	Hungary
(iii) Spain (Oct-Dec.)	(iii) Turkey (Sep-Dec.)	(iii) Singapore (Sep-Dec.)	Turkey

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Source: The Textiles Surveillance Body Reports

## Statement 1

## ESTIMATE OF EFFECT OF CHEAP IMPORTS OF TEXTILES ON EMPLOYMENT SITUATION

According to the Coordinating Committee of the Textile Industries of the EEC (COMITEXTIL), between 1971 and 1975, the number of workers employed in the textile industry in the EEC countries was reduced from 2 million to about 1.7 million (or by about 17 per cent) and in the clothing industry from about 1.3 million to about 1.1 million (or nearly 13 per cent). The picture of unemployment in these industries of course varies from country to country with U.K. and France facing the greatest difficulties in this respect. The European Trade Union Committee in a recent position paper (dated October 20, 1976) on the renewal of the Multi Fibre Agreement categorically stated that "There is no doubt that this recession is mainly due to the evolution of foreign trade and more specifically, to the pressure of "cheap imports". Both the Trade Unions and the manufacturers are agreed on the harmful effects of continuation of the policy of cheap imports from the developing and other countries.

In addition to the problem of numbers, there are a few other aspects of the unemployment problem in the textiles and the clothing industries. These relate to the work force constituted to a large extent by female workers or minority workers or immigrants and workers with relatively low qualifications. These industries are also concentrated in certain regions of the countries where they are the major source of

employment of the local work force. ~~These~~ characteristics make it very difficult to move labour force to other activities. There is the additional problem of the political force of the workers thrown out of their jobs which no democratically elected government can afford to ignore.

.....  
.....

Several research studies carried out by the economists of the developed countries support the hypothesis that increased imports of textiles and clothing from the low cost developing countries (not just low wage countries) are not mainly responsible for the woes of these industries in the developed countries in recent years and in fact such a competition helps in the process of long term readjustment of these industries in the developed countries towards the product-mix with comparative advantage. The following excerpts from a study of the European Clothing Industry by the Development Research Institute at Tilburg would throw light on some aspects of the problem under discussion.\*

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\* Development Research Institute, The European Clothing Industry: Problems and Developments, Tilburg (Netherlands); Translated Summary of Progress Report No.4, December 1976.

"Compared to the industry as a whole the growth of productivity in the European clothing industry has lagged behind alarmingly .... The discrepancy between the growth of productivity and costs of wages is undoubtedly one of the elements that has affected the cost price unfavourably and has been detrimental to competitiveness on an international level .... A great deal of imports are coming from subsidiaries or sub-contractors abroad, especially in Germany and in the Netherlands ..."

Concerning imports from low wage countries, it "appears incorrect to earmark these as primary problem raisers in the clothing industry; rather they served as the proverbial straw which - because of the structurally unhealthy condition of the clothing industry -breaks the camel's back. In one sense the accelerated growth of imports could even be seen as consequential to the problems, so far as the international orientation of the clothing trade has created a snow ball effect. All this does not alter the fact that these imports have a definite significance at the moment. Larger and financially more substantial companies use the imports from low wage countries to safe guard their positions within the sector at the expense of enterprises which are smaller and less secure financially. Because of this the tendency to concentrate and centralise will be fortified and the breakdown process will accelerate"



## Statement 2

SHARE OF COMMUNITY MARKET FOR SELECTED ITEMS ACCOUNTED  
BY IMPORTS FROM THIRD COUNTRIES

The European Communities Commission Background Report dated March 30, 1977 cites the following figures for the share of the Community Market accounted for by imports from third countries in 1975 for selected products:

(i) Cotton fibre	20 per cent
(ii) Discontinuous man-made fibres	24 per cent
(iii) Ladies' tops and blouses	40 per cent
(iv) Sweaters and pull-overs	25 per cent
(v) Cotton Cloth	40 per cent
(vi) Men's shirts	54 per cent
(vii) Trousers	30 per cent

Statement No.3

FRANK WALTER'S ESTIMATE OF THE CHIEF CAUSES OF DIRECT  
DISPLACEMENT OF LABOUR IN WEST GERMANY DURING 1962-75\*

<u>Cause</u>	<u>Direct Displacement of labour (in thousands)</u>
(i) Changes in labour productivity	6,531.1
(ii) Growth of imports from all sources	1,604.4
(iii) Growth of imports from LDCs	132.8

In one set of projections in the study being cited, the displacement of labour from sustained rapid growth of increasing imports of LDCs between 1973 and 1985 was estimated at 846,200 offset partly by 400,200 additional jobs directly due to increased exports to LDCs. The net loss of 446,000 jobs in a period of 13 years was likely to be much less than the average displacement in this period as a result of technical progress.

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\* Frank Walter, "Adjusting to Imports from Developing Countries: The Evidence from a Human Capital Rich - Resource Poor Country", paper presented to a Symposium at Kiel, December 8-9, 1976, Table 4-6.