

SPEECH BY THE RIGHT HON ROY JENKINS, PRESIDENT OF THE COMMISSION OF THE EUROPEAN COMMUNITIES, TO THE GENERAL ASSEMBLY OF THE COORDINATION COMMITTEE FOR THE TEXTILE INDUSTRIES IN THE EUROPEAN ECONOMIC COMMUNITY (COMITEXTIL)

TUESDAY, 26 APRIL 1977, BRUSSELS

Your Committee is now well established as one of the principal partners in the dialogue between the Commission and European industries. The Commission attaches great importance to maintaining the closest contact with you.

Indeed the textile sector is one for which the Community has only just begun to shape comprehensive policies at Community level. In doing so we have been greatly helped by the fact that both the industry, through the efforts of your Committee, and the trade unions have been working with us at a European level rather than in a national framework. This European approach to the problems of one sector of industry should serve as an example to other industries. This European approach is again of crucial importance today as we operate under the pall of the most discouraging economic weather which we have known for a generation, weather which has particularly buffeted the textile industry. I hope that one result of this year's General Assembly of COMITEXTIL will have been to strengthen the common awareness of the industrialists represented here of the interdependence between their problems and the wider difficulties which are affecting the economy as a whole.

I should like to say a few words on the main issues, as we see them, relating to the commercial and industrial policies of the textile sector. COMITEXTIL has consistently supported the full integration of the Community's market for textiles and clothing. You have recognised that to achieve this requires Community-wide solutions to trade problems in order that the partitioning within the internal

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market for imported goods can be dismantled. You have supported "burden sharing" for imports - a necessary long-sighted policy of adaptation which has certainly not reduced the problems of adjustment to your different constituents. The Commission extends an unqualified welcome to your enlightened approach to these matters.

At present the negotiations for the renewal of the Multifibre Arrangement constitute a central preoccupation both for the Commission and for your Committee. Our officials have been very attentive to the suggestions which you have made on how the arrangement should be improved.

You will know that differences remain within the Community about the best method of arriving at the objectives which we all hold in common. The central point that I want to stress is that the Community and your industries need a Multifibre Arrangement in order to face the future with confidence. I say this not because the Community's experience in the past three years has been an encouraging one - on the contrary - but because unless a multilateral framework is found for a reasonable period of time ahead there will lack the confidence needed for investment discussions.

Let us remember that the Multifibre Arrangement has enabled bilateral agreements to be reached with supplying countries covering a wide range of goods in those parts of the Community market which showed the fastest growth of imports. Let us remember too that the Multifibre Arrangement provides a unique recognition by the world's trading Community that there are special problems related to trade in textiles.

The Commission firmly believes that the Community must take full account of our recent unsatisfactory experience. The period of operation of the Multifibre Arrangement has of course coincided with the worst recession since the 30's. This has been an unhappy coincidence. Production in the years 73-75 showed, as we all know, a serious decline, although I should perhaps add that in many important sectors there appeared to be a marked recovery in 1976. Imports have risen at a rate that is in many areas unacceptable and unsustainable. A stabilisation is now called for, comprising an adequate guarantee that the rate of growth
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of total imports of sensitive items can be sharply reduced.

A second element which we as a Community are bound to take into consideration when judging the multifibre arrangement relates to our responsibilities towards the less-developed countries.

In the Commission's view the Community's relations with developing countries concerning trade in textile products must be seen as an integral part of the Community's overall relations with each of the countries concerned. Many developing countries benefit far more in terms of real economic and social development from advantageous trading opportunities than from some of the best intentioned aid schemes. This is not surprising, but it does pose a very real challenge to the Community. It is always easier to hand over even a sizeable amount of aid than to readjust your own economy to help other countries' development.

You have stressed to us that it is necessary to distinguish between those developing countries whose state of industrialisation means that they have become dominant suppliers on our market; and these other, ~~poorer~~ ^{Poorer} countries whose future economic prosperity depends upon their having additional trade opportunities on our markets in future. As you know, we have negotiated bilateral agreements with several of the Community's main suppliers under which they restrict exports of sensitive products. In certain cases of market disruption where it has not been possible to reach agreement with the suppliers concerned, unilateral steps had to be taken. These actions have taken place in the legitimate framework of the multifibre arrangement and in accordance with our regulations. Indeed the arrangement, its surveillance function, and the commitment of the participating parties remains of immense value in the present context of international cooperation.

But despite the positive features of the Multifibre Arrangement we do now need to take account of the situation in which the industry finds itself. It is scarcely for me to stress to you that the rapid increase in imports of certain products at a time of low consumer demand has put certain sectors of the textile and clothing /industries

industries in a difficult position. Moreover, as I have been saying, as far as the less-developed countries are concerned it is also quite true that it is not the poorest among them which benefit from massive imports of textile products into the Community. When we think it justified to contain imports from Hong Kong, Singapore, South Korea and Macao, we should be careful not to erect general barriers which would, to some extent, unjustifiably penalise very poor countries. We must be selective and this means avoiding blanket measures: instead the approach should be essentially bilateral - which is indeed the way the Multifibre Arrangement is structured to deal with particular trade problems.

The problems of the textile industry are manifold. We in the Commission are especially concerned with the high unemployment and the widespread short-term working which the difficulties of the textile industries have generated in certain regions of the Community. We are also very concerned about the grave problems caused in certain sectors where many of the workers are women for whom there are few opportunities in other industries. The plight of the women workers in these industries is often unknown. They do not belong to strong unions and many work in small factories or workshops where their problems tend to go unnoticed. If the Community is interested in equal opportunities for all, then the problems of women workers in both the textile and clothing industries must be given much greater attention, both when they are employed and when firms are forced to put workers on short time or make them redundant.

In the years to come the textile industry will clearly undergo many changes. Your watchwords, and ours, must be realism and flexibility.

We must recognise that certain areas outside the EEC may have an innate advantage against which it will not ultimately be possible to compete. In particular the clothing industry, the textile industry's most important customer, is characterised by extreme labour intensity, little rationalisation and low technology. Elsewhere, important efforts will be needed to upgrade technology if competition with low wage countries is to be successful.

/The Commission

The Commission is contributing and will continue to contribute to the necessary adjustments in your industry, but this is not an area where we can work on our own.

Our main purpose is clear. We need to develop a policy for the textile industry which will be long-term enough to permit investment decisions to be taken without fear of continual chopping and changing. With the industry we will try to discuss what size industry we can reasonably expect to maintain in the coming decades and how this industry can both derive the most advantages from the continuing integration of the Community and contribute the most to the people of the Community both economically and socially.

Meanwhile we are taking a range of steps, perhaps small in themselves in comparison with the size of the problems we face, but which are designed to help us towards our objectives. For example we are making every effort to help create the necessary basis of statistical and economic information for the proper implementation of existing and future commercial and industrial policies. We are studying those sectors where overcapacity exists and is likely to be aggravated by aid from public funds. And we are doing our best to ensure that national public aid is directed towards restructuring, modernising, upgrading and rationalising.

Let me conclude by saying that it is my view that the Community's textile industry should not and can not ever be "phased out" or even cut down to "minimum viable production" in the Scandinavian sense. It is true the industry faces challenges in the years ahead, but the same challenges the textile industry is facing today will confront other Community industries in the near future. I am sure that with the assistance of sensible overall trading policies, the textile industry is capable of meeting these challenges and in so doing will greatly contribute to both the economic and social development of the Community. I look forward to working with COMITEXTIL on many occasions in the future.

