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REPORT

drawn up on behalf of the Committee on Economic
and Monetary Affairs

on the textile and clothing industries in the
Community

Rapporteur: Mr J.-T. NORDMANN

By letter of 27 January 1983, the Committee on Economic and Monetary Affairs requested authorization to draw up a report on the textile and clothing industries in the Community.

By letter of 21 February 1983, the committee was authorized to draw up a report on this subject.

At its meeting of 15 and 16 March 1983, the Committee on Economic and Monetary Affairs appointed Mr NORDMANN rapporteur.

At its meetings of 25/26 May, 22 November 1983 and 21/22 February 1984, the committee considered the draft report and adopted it unanimously with 4 abstentions on 21/22 February 1984.

The following took part in the vote: Mr MOREAU, chairman; Mr NORDMANN, rapporteur; Mr BEAZLEY, Mr von BISMARCK, Mr BONACCINI, Mr FRANZ, Mr GIAVAZZI, Mr LEONARDI, Mrs NIELSEN (deputizing for Mr DE GUCHT), Mrs THEOBALD-PAOLI, Mr WEDEKIND (deputizing for Mr SCHNITKER), Mr WELSH and Mr von WOGAU.

The explanatory statement will be delivered orally.

This report was tabled on 27 February 1984.

The deadline for the tabling the amendments to this report appears in the draft agenda for the part-session at which it will be considered.

The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution:

MOTION FOR A RESOLUTION

on the textile and clothing industries in the Community

The European Parliament,

- having regard to its previous resolutions (1),
 - having regard to the communication to the Council from the Commission on the situation and prospects of the textile and clothing industries in the Community (COM(81) 388 final),
 - having regard to the report of the Committee on Economic and Monetary Affairs (Doc. 1-1494/83)
1. Notes that the textile and clothing industries are of vital importance to the Community because of
- the manpower they employ (more than 2 million people in 1981, or 9% of the Community workforce employed in industry),
 - the added value they bring in,
 - their contribution to Community exports of manufactured products (6% in 1979),
 - their repercussions on other industries, and in particular the textile machine industry;

(1) See in particular the resolution on the Multifibre Arrangement adopted on 19 November 1981 (rapporteur: Mr Welsh)

2. Considers it simplistic to divide Community industries into advanced technology industries and industries in decline; notes that the textile and clothing sector is extremely heterogenous, ranging from activities that are highly capital intensive to those that are very labour intensive and including some firms that are going through serious difficulties and others that are highly competitive on the world market;
3. Notes that because of this diversity, the textile and clothing industries as a whole are becoming more and more capitalistic, even on the craft side; welcomes this trend as a sign of the modernization needed to make this sector a growth industry;
4. Considers that in order to ensure that the European textile and clothing industry is independent and internally complementary, it is essential to avoid systematically abandoning activities in this sector and that all the essential production stages of the industry can continue to be represented in the Community;
5. Considers that irrespective of essential specific measures, greater and more coordinated use must be made of existing Community instruments as a matter of urgency in order to improve the Community environment for those activities;
6. Believes that a Community industrial strategy must include:
 - measures to ensure a better balance in Community trade with third countries,
 - measures designed to prevent distortions of competition in the Community and to bring about substantial progress towards unifying the internal market,
 - measures designed to promote the competitiveness of the sector directly, and
 - measures designed to facilitate the restructuring needed.

7. Points out that despite all the measures adopted so far, pressure of competition from third countries has not basically diminished and that the Community market is still fairly open whereas the markets of countries with a high consumption capacity and solvency level are more closed; points out in this connection that imports account for 45% of Community consumption of textiles, whereas in the United States and Japan, the figures are 15% and 11% respectively because of the restrictive policies pursued by those countries; calls urgently for those two countries to bear a more equitable share of the burden of low-cost imports;
8. Takes note also, of the recent renewal of the Multifibre Arrangement on international trade in textiles and of the fact that during 1982, the Community concluded new bilateral agreements with supplier countries on trade in textile products; believes that these agreements will give the Community industry a respite in which to modernize and adjust its structures; acknowledges that a new framework agreement might eventually prove necessary, but considers that at all events, the Community import arrangements now required to provide favourable prospects for investment cannot be extended indefinitely and should not continue beyond the end of this decade;
9. Considers that should a further extension of the Multifibre Arrangement prove necessary, every effort should be made to simplify the quota system and to protect the interests of less-developed countries. Since the acquired rights of supplier countries must be respected, the industry should understand that it will not be possible to relate quotas precisely to actual Community demand.
10. Calls for more rigorous and efficient management of the Community's textile agreements so that fraudulent imports may be stopped and cooperation between customs authorities in the Community strengthened, particularly as regards the protection of trade marks and measures to combat counterfeits;

11. Notes with satisfaction the inclusion of the People's Republic of China in the Multifibre Arrangement and considers that the bilateral agreement to be negotiated by the end of the year must classify this country as a dominant supplier and regulate the problem of the deflection of trade (particularly via Singapore) that now affects trade relations between Europe and China;
12. Notes with satisfaction that Community rules have been laid down governing outward processing (the exportation of semi-manufactured products for further processing in third countries before being re-imported); it could enhance the competitiveness of the Community textile industry and improve the overall trade balance with developing countries; calls for a special Commission study of the prospects and implications of this practice and the ways in which it might distort competition;
13. Stresses the serious impact on the textile sector of the accession of Spain and, above all, Portugal to the Community; believes that both countries should be involved as soon as possible in drawing up a Community framework for this sector and in Community discussions on the possibility of establishing a Euro-Mediterranean textile area; stresses, with this in mind, the need for the renegotiation of the preferential agreements with the Community and the Mediterranean countries with a view to making the activities of those countries and of the European industries complementary;

Prevention of distortions in the Community

14. Considers it essential for national decisions affecting the textile sector to be taken in a Community framework;
15. Stresses the need for greater transparency as regards aid in this sector and for a early transfer to the Community of the essential aid now supplied by the Member States; calls on the Commission to publish a comprehensive study comparing the different types of aid granted to the textile sector in the various Member States and assessing their implications for the structure of the sector;

16. Calls on the Commission to monitor national aid strictly and continuously to ensure that it is in keeping with the above Community framework and that it is not simply granted to maintain a status quo but really contributes to the modernization of the sector, leads to a reduction of over-capacity wherever necessary and does not have the effect of transferring problems from one Member State to another;
17. Agrees, in this respect, with the Commission's statement that there is a need to define more precisely the type of restructuring to which aid should be directed, without confusing positive measures to modernize with negative measures to reduce production capacity, and to define the types of operational aid that are compatible with the normal functioning of the Common Market;
18. Calls for ways to be devised of making agreements on the reduction of structural over-capacity (particularly in the synthetic fibres sector) compatible with the Community's competition policy;
and calls on the Member States to refrain from taking special measures to support their domestic industries such as the issue of new equity capital by state-controlled financial institutions, ABSORPTION of payroll costs by state agencies and provision of state-sponsored soft loans which merely DELAY restructuring by artificially sustaining uneconomic capacity;
19. Calls for vigorous Community action to strengthen the unity of the internal market; regrets the fact that despite some progress in this field, numerous barriers still exist;
calls for the decisions to apply Article 115 of the Treaty to be taken more speedily so that the provisions of this safeguard clause are used more as an exceptional procedure without jeopardizing the principle of the unity of the internal market;

Boosting overall competitiveness

20. Notes with concern the vulnerability of the sector on world markets as shown by the worsening trade balance (which has been negative in the clothing sector since the 1960s and in the textile sector since 1979); notes that between 1973 and 1982, exports increased from 50 to 60%, whereas imports more than doubled, although there has recently been a slight improvement;

21. Ascribes this deterioration to a loss of competitiveness linked not only to pressure from low-wage external products but also to the increased productivity of the Community's competitors;
22. Considers that specific measures must be taken to rectify this situation and increase the competitiveness of the sector; if the sector is to be competitive, productivity must be improved and priority given to increased production of quality products;
23. Recommends increased Community research in the textile and clothing sectors and, in particular, careful monitoring of the Community's multiannual research programmes;
24. Stresses that Community aid should be concentrated on a few key projects so as not to overlap with other initiatives;
25. Stresses, further that priority should be given to developing applied research rather than basic research, whose role should not be underestimated, but the findings of which are still being unevenly applied;
26. Stresses with this in mind, the advisability of Community measures to facilitate the widespread use of some innovations, particularly in spinning and weaving;
27. Stresses, further, the importance of Community measures to encourage the development of new basic materials;
28. Stresses, in particular, the positive ecological and economic effects of automated finishing (reduction of energy and water consumption);
29. Stresses the importance of making innovations in the clothing sector although automation possibilities are limited because of the lack of rigidity of the materials used; emphasizes, in particular the importance of Community support for research into laser cutting, and the use of new joining processes such as thermal forming, mounting and gluing, which enable material to be saved and production speeded up;

30. Calls on the Community to promote measures to develop computer-assisted design (CAD) in the clothing sector, particularly as regards pattern design and size grading;
stresses, in particular, the role that CAD can play in creating new models;
31. Stresses that greater continuity in the use of equipment will aid productivity;
32. Notes with satisfaction the success of some Community producers on the world market in specialized fields, particularly fashion, because of their creativity and the speed with which they adapt to demand;
calls on the Community to support, whenever appropriate, measures taken by the Member States and professional organizations to develop those qualities, particularly in the case of small and medium-sized undertakings which are still of crucial importance in this sector;

Measures ancillary to restructuring

33. Notes the serious loss of jobs in the textile and clothing sector - more than 1.2 million jobs were lost between 1970 (when there were 3.323 million jobs) and 1981 (2.129 million) (1);
34. Points out that these job losses have most frequently occurred in the traditionally industrial areas affected by recession where few new jobs have been created or can be created immediately;
35. Stresses in particular, the effect of these job losses on female employment, bearing in mind that women represent 80% of the workforce in the ready-to-wear sector;
36. Notes also with anxiety that according to some estimates (2), a further 1 million jobs will be lost between now and 1990;

(1) Comitextil figures based on firms with at least 20 employees

(2) e.g. by Comitextil

37. Stresses the need to coordinate the use of Community instruments such as the Social and Regional Funds and intervention by the European Investment Bank to mitigate the effects of these job losses;
38. Emphasizes, in particular, that there is a fundamental need for the Community to help to promote redeployment (particularly amongst young workers), both to increase the skills of those remaining in the sector and to enable some workers to acquire new skills in preparation for jobs in other sectors;
calls for textile and clothing workers to be trained in computer techniques so that those affected by a restructuring plan may acquire the necessary qualifications either to keep their present jobs or be redeployed to others;
39. Hopes that the Community will support information campaigns on the situation and prospects of the textile and clothing sectors so that universities, in particular, are better informed about career possibilities in the sector and the increasingly high technical qualifications required for such careers;
40. Calls on the Commission to carry out a study at an early date into the social consequences of the life and continuous functioning of equipment to supplement its study on a reduction in working time and, in particular, into the effects on female employment of the introduction of night shifts;
41. Instructs its President to forward this resolution to the Commission, the Council and the governments of the Member States.