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**COM (75)502**

**Vol. 1975/0191**

Historical Archives of the European Commission

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# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(75) 502 final

Brussels, 8 October 1975

## Proposal for a Council Decision

in regard to the intervention of the European Social Fund  
in favour of persons occupied in the textile and clothing  
sectors

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(submitted to the Council by the Commission)

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THE COUNCIL OF THE EUROPEAN COMMUNITIES

Having regard to the Treaty establishing the European Economic Community;

Having regard to the Council Decision of 1 February 1971 on the reform of the European Social Fund (1) and in particular Article 4 thereof;

Having regard to the proposal from the Commission;

Having regard to the opinion of the European Parliament;

Having regard to the opinion of the Economic and Social Committee;

Whereas the Decision of the Council of 19 December 1972 in regard to the intervention of the European Social Fund in favour of persons occupied in the textile sector expires on 1 January 1976 (2);

Whereas the employment situation in the Community textile sector continues nevertheless to be characterised by imbalances of a qualitative and quantitative nature and gives rise to the need to extend the specific common action aimed at ensuring a better adaptation of the supply of and demand for manpower in this sector;

Whereas the difficulties felt in the area of employment in the textile sector have progressively affected the clothing sector;

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(1) O.J. n° L 28 of 4.2.1971, p. 15

(2) O.J. n° L 261 of 28.12.1972, P. 160

- This figure could be reduced by one third to take account of launching delays that may occur on extending the Fund's activities to a new field. The number of persons concerned in the clothing industry in 1976 can therefore be assumed to be 14,000.

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(1) The Commission Preliminary Draft General Budget (Doc. COM (75) 330, pp. 56 and 57) provision is made in respect of Textile sector operations for about 8 million u. a. under the combined heading "Agriculture and Textiles" ; the remaining appropriations required for assistance in the textile and clothing sectors, about 12 - 14 million u. a., are entered under the heading "Anti-crisis regulation" which provides for a total amount of 60 million u. a.

## FINANCIAL DATA

### Annex to the proposal for a Council Decision on assistance by the European Social Fund for workers in the textile and clothing sectors

The annual cost of assistance by the European Social Fund for workers in the textile and clothing sectors can be estimated at about 20 - 22 million u. a. (1).

This estimate is based on the following data :

1. Average cost of assistance by the Social Fund for vocational training programmes and geographical mobility in the textile sector in the last three years : 670 u. a. per person.

This average could be taken as a basis for action in the forthcoming year with regard to both the textile and clothing sectors.

2. Number of people concerned :

- In textile :

- About 16,500 persons were concerned by applications for assistance in 1975.
- Provision should be made for the same or a slightly higher number of recipients in 1976, i. e. about 17,000 - 20,000 persons.

This figure corresponds to about one third of the total number of persons leaving the textile sector each year for the last five years.

- In the clothing industry :

- By applying the same ratio, i. e. recipients/population having left the sector, as in respect of textiles, the number of recipients can be estimated at about 21,000 per year.

.../...

HAS DECIDED AS FOLLOWS :

Article 1

Operations which are aimed at facilitating the employment and the geographical and occupational mobility of persons occupied in the textile industry, including the processing of chemical fibres and in the clothing industry, whose activities are directly affected, or are in danger of being affected, by quantitative or qualitative measures for structural adaptation and who are to pursue activities as employed persons either within that industry or outside it, shall be eligible for assistance from the Social Fund pursuant to Article 4 of the Council Decision of 1 February 1971.

Operations for the benefit of self-employed persons in charge of textile undertakings, in particular small craft undertakings, who are to pursue activities as self-employed persons, shall also be eligible for assistance from the Fund on the terms laid down in the previous paragraph.

Article 2

Aids included in the list laid down by Council Regulation (EEC) No 2397/71 of 8 November 1971 on aids which may qualify for assistance from the European Social Fund may also receive assistance from the Fund by virtue of this Decision (3).

Article 3

This decision shall enter into force on 2nd January 1976.

Done at Brussels, ...

For the Council

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(3) O.J. No. L 249 of 10.11.1971, p. 58

Intervention by the European Social Fund to assist persons occupied in the textile and clothing industries - extension of the Council Decision of 19 December 1972 and inclusion of the clothing industry (application of Article 4 of the Council Decision of 1 February 1971)

EXPLANATORY MEMORANDUM

1. In 1972, and in view of conclusions which it reached on the basis of various studies on the textile industry in the Community countries, the Commission had recourse to Article 4 of the basic decision of the new Social Fund when proposing to the Council a specific common action for persons occupied in the textile and clothing industries. At its meeting of 9 November 1972 the Council agreed to make the Social Fund available to workers in the textile industry (including the processing of chemical fibres) for a period of three years<sup>1</sup> and deferred the question of a similar widening of the scope of the Fund to include the clothing industry for subsequent examination<sup>2</sup>.

The decision regarding textiles expires on 1 January 1976. However, since it came into force the employment situation in this industry has not improved at all and the reasons which justified the decision are just as valid today. It therefore seems necessary to extend it. Moreover, since the difficulties encountered in the textile industry proper have gradually affected the clothing industry, it has now become imperative to include the latter in the field of application of the decision.

<sup>1</sup> Of No. L 291/160 of 28 December 1972

<sup>2</sup> See Council Document "Summary of decisions" Document 2/2746 - J/72 (Soc. 275).

2. According to available information the total number of persons employed in the textile industry alone decreased by 322,000 workers (from 2,209,000 to 1,887,000)<sup>x</sup> between 1970 and 1974. This laying-off of staff reflects the extent of the great changes which continue to face these two industries, and the magnitude of the reconversions of equipment and capital and the adaptations of manpower which they necessitate. There are three main reasons for these changes: increased competition and the disturbances which it causes on world markets; the pressure of technological innovations; and, particularly with regard to the clothing industry, a certain lack of structural adaptation. x) whilst the clothing industry decreased by 125,000 units (from 1,292,000 to 1,167,000)

3. Not only have the textile and clothing industries been amongst the sectors which have suffered most from the recession but also, and above all, they have been faced during the last three years with a spectacular reversal in their commercial equilibria. As far as exports are concerned, certain traditional outlets in the overseas countries have been lost, while the competition encountered on the markets of non-member countries has become particularly aggressive. As far as imports are concerned, certain goods have been made more vulnerable as a result of the policy of gradually lowering barriers in respect of the developing countries, particularly in the context of generalized preferences<sup>3</sup>; in addition, extremely keen competition has been felt as a result of imports from a number of countries with which the Community is at present negotiating voluntary restraint agreements. Since it is at the level of finished products that the impact of imports is most felt, it is not only the textile industry proper, but the whole textile production chain, including the clothing industry, whose position is affected.

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<sup>3</sup> It is pointed out that, for textile products and pending the conclusion of the bilateral negotiations being held on the subject of the Multifibres Arrangement, the Commission has proposed to extend the present system for 1976 with a fixed increase of 5 % in the tariff quotas and the ceilings expressed in tonnage. In addition, new countries will be included in the list of beneficiary countries for certain products.

4. With regard to the effects of the technological innovation typical of the "new era" which textiles have entered, let us recall the two aspects of them which the proposal for a decision forwarded in 1972 had already emphasized. On the one hand, the search for more satisfactory competitive positions, and the accelerated application of new techniques which it demands, are likely to cause considerable changes in the sphere of employment which could also lead to the laying-off of workers. On the other hand, and despite the constant reduction in the total number of workers, manpower shortages, sometimes of a quantitative nature but more frequently and more particularly qualitative, appear as a result of the introduction of new tasks which correspond to the requirements of an industry that has become to an ever-increasing extent a capital intensive industry, but also as a result of the inadequacy of vocational training systems and sometimes even of the abandoning of an industry whose image has become less attractive for some workers.

There is still a very clear need at both levels for dynamic retraining, specialization and readaptation operations.

5. Lastly, certain problems concerning employment and manpower are a result of the very structures of the textile industry, and that of the clothing industry in particular. The latter has continued to a large extent to be a labour-intensive industry (80 % women), with a very high turnover of staff and relatively small average increase in productivity. The number of small and medium-sized undertakings (average size: 62 persons per undertaking, without counting small crafts) is extremely important, and cottage industry is still widespread. Moreover, the clothing industry is geographically very scattered, and decentralisation to rural and mountain regions or areas in decline has often helped undertakings to obtain the labour which they had difficulty in finding in more industrialized centres for the rates of pay and working conditions which they offered.

Despite movements towards concentration which may be expected in the coming years, the clothing industry plays and will continue to play an important role, particularly in the development and survival of economically threatened regions.

6. The restructuring measures which have taken place in the textile and clothing industries during recent years have had varying effects in the various countries. The same will be true in the near future: reconversions, combinations, adaptations or transfers of staff will have very varying repercussions on the various regions and categories of workers depending on the competitive position and adaptation capacity of the branches of industry, the type or size of the undertaking, and the density of the population working in those industries. However, there is no doubt that, when considered from an overall point of view for the Community as a whole, the imbalances observed and expected in the employment sphere in those two sectors demand both on account of their scope and the nature of the measure which they may involve, that the specific common action authorizing Social Fund intervention under Article 4 be continued.

In view of the fact that the problems arise more and more in general textile/clothing terms, it no longer seems possible to avoid extending intervention by the Fund to workers in the clothing industry.

7. All the types of aid provided for in the Fund's list of eligible aid will, therefore, be applicable to workers in both industries, including, and for the same reasons as those given when the decision of November 1972 was adopted, workers from family-type small craft undertakings who intend to pursue activities as self-employed persons.