THE IMPACT OF THE EEC-GREECE ASSOCIATION AGREEMENT ON THE GREEK TEXTILE INDUSTRY *

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I. Customs Unions and Economic Development: An introduction

1. Introduction

The association agreement.

Greece was the first European country to apply (8 June 1959) and to become associated with the European Community (9 July 1961).

The association agreement came into force on November 1962, with the option of full membership. The association agreement provides for : 1. The establishment of a Customs Union with the Community to be in full effect after a transitional period of 12 to 22 years. 2. The development of joint action programmes in fields specified in the agreement and the harmonisation of policies therein. 3. Financial assistance by the Community to the Greek economy to facilitate the speedier development of the country. (The first financial protocol ammounted to 125 millions u.a. for five years.) 4. The setting up of common institutions : Council of Association, Joint Parliamentary Committee etc.

The first of these objectives, named the establishment of Customs Union, will be examined in the following in relation with the expectations of Greece for economic development.

It has been said that one of the advantages of joining a Customs Union, for the developing countries, is the possibility of expansion in the large market of the Union, which enables the infant industries of the developing countries to produce at higher levels thus gaining from the economies of large scale production, from competition and from the "educative" effect resulting from the increased trade relations between developed and less developed economies. It has also been suggested that the growth of trade and particularly the growth of exports to the partners countries will contribute positively in the economic development of the country concerned.

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One criticism of this argument is that participation in a Customs Union, will harm the production patterns of the developing countries, since free movement of goods is the principal objective of a Customs Union. As tariffs are eliminated partner-countries products will enter the market of the developing countries whose products will be cheaper than those of the developing countries, which will change the pattern of consumption. This in turn will result in the closing down of industrial economic activities in the developing countries.

To elucidate this argument, we shall examine the performance of an industry during the first ten years of the association agreement. I have chosen to study the Greek Textile Industry [1] for the following reasons : a. it is a manufacturing industry whose products are not primary products and so not subject to severe fluctuations. b. The cotton textile products have a high income elasticity (7) in the market of the developed countries, and since Greece is looking for the high income consumers of the European Community the selection is succeesful. c. It is one of the main sectors of growth of the Greek economy with its direct and indirect investments. d. Greece is one of the producer countries of raw cotton material which gives advantages to the Greek economy for a vertical production of final goods of high quality. Greece is famous for the very high quality of its raw cotton and is one of the producing countries with the longest length of raw cotton fibre (6). e. Because it employs a high percentage of the Greek labour force and finally, g. The most important reason, it has to compete with an industry such as the EEC's textile industry with many years of experiance which has already its share in the European and world markets.

The question which may be rised here is of what is going to be like the future of the Greek textile industry in the context of the EEC. An answer to this question will be given in the third part of this essay, in the light of the tendencies which characterise the textile industry of the member States.

The textile industry of the EEC countries is a declining industry. The trends in output, employment and trade are declining continously while that of consumption is positive. In the recent years, because of these trends, there has been a tendency in the countries of the European Community and the rest developed countries not to invest in natural fibre textile industry but instead in man-made fibre production and textile machinery.

Such policy of the member countries of the Common Market will contribute to the expansion of the Greek textile sector, as probably Greece will be a full member of the EEC soon, with its relatively lower wage rate than the European one.

But such an expansion must be considered very carefully. Such a policy of expansion must be based on two important considerations. The one is the op-

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1. In the following when we refer to the textile industry, unless otherwise is stated, we shall mean that part of the industry which work out natural fibres, that is, cotton, wool, jute etc.

portunity of high employment that industries like textiles offer. The second is the low profitability of the sector. Both features must be considered very carefully by both the private as well as the public sector.

In the second part of this essay, a comparison is attempted between the textile industry in the EEC (six) and Greece. This comparison refer to the existing structures of the industry in the EEC and Greece, the production problems facing the industry as well as the trends in output, employment, foreign-trade and consumption.

In the third part, we shall attempt to evaluate the static effects resulting from the agreements and finally in the fourth part we shall discuss possible future developments of the industry in the context of the EEC.

II. The Textile Industry in Greece and some Comparisons with the EEC

A. Development in the decade 1962 - 1972

1. Structure of the textile Industry.

One of the disadvantages of the textile industry is the small average size of its firms. The small firm structure is a historical legacy in the EEC countries, but it is being repeated now in the development of Greek textile industry.

In 1972, 27 new firms were established, with an average invested capital, of order 7000 U.S. dollars, while the invested capital in old firms was as high as 42000 U.S. dollars on average (9).

One in five of the E.E.C. textile firms employs less than ten workers. The situation is similar in the case of Greece.

The ten larger textile firms in Germany, France, Italy, and Belgium account for only about 10 % of the industry's work force. The Dutch, British and U.S. record is about 30 % (10), which is more or less the same for the Greek textile industry.

The small size of the firms is an obstacle to achieving large scale economies, that is, lower costs from a posible increase in production. To enable a firm to achieve large scale economies it is necessery to arrange its structure in a way so that spinning, weaving and finishing are "vertically integrated".

Such an arrangement transforms labour intensive firms, which small firms are, into capital intensive ones. There are indications that such a movement occurred in the early 70's where the tendency to cut the labour force employed in the textile industry, continued in the european countries. In 1969 the number of employees was 5 million, while in 1972 it fell into 4.6 million, a reduction of three per cent in three years time. In Germany and Italy the reduction was 5 % but even though production was higher than before (11). This was a result of the

transformation of the firms into capital intensives ones and a slight increase in working hours.

There are further advantages from integration, this time "horizontal integration", that is, the size of the firms at a given stage of manufacture. Moreover, large firms, whether horizontally or vertically integrated have greater financial strength and investment resources, and greater bargaining power with supplier or customer industries. Further, the large firms can better adjust to the requirements of today's market, where the volatility of fashions requires quick reaction from all stages of the industry.

2. Production problems.

Technological improvements in the efficiency of the textile industry machinery have increased in recent years, but because of the small size of the firms replacement of the old invested capital did not occur to a large extend.

The existance of old machinery prevented the expansion of output in a large number of firms in the EEC and Greece. In recent years has been a trend to replace this old machinery in the EEC with more capital intensive equipment. Such improvements did happen in Greece recently as can be seen from the investment of new machinery and the exportation of the old equipment to the less developed countries.

This view can be supported by the fact that new and old industries amalgameted together for better efficiency in production.

The investment of new machinery, although reduces the labour force, generates another more important problem for the textile industry of the EEC countries.

To keep the profitability of the plants at high rates, which means more funds available for investment, more bargaining power e.t.c., they must use their newer equipment to full capacity for twenty four hours a day and seven days a week. But such operation generates a manning problem, especially for the supply of labour for night use. In the EEC countries with a high standard of living this is a particularly difficult problem, and industry tries to solve it by using immigrant labour to assure a twenty four hour operation of the new equipment.

This particular problem does not exist in the Greek textile industry for the time being. But, there is another problem which harms the textile industry in all European countries and will get worse in the near future, the supply of labour in general. Its bad employment record has led to difficulties in attracting young recruits. Competition also from other manufacturing sectors, with more stable demand for their products, is another problem of supply of labour.

This kind of problems although very important for the declining industry of EEC countries, does not exist at the present time in Greece, because the textile industry and the whole textile manufacturing sector has been one of the most rapidly expanding sectors in recent years. Available data shows that the higher

rate of investment in 1972 and 1973 was in the textile manufacturing sector (9).

3. Output.

The following table represents the production of cotton and wool yarns, two of the most important natural fibres in both the EEC and Greece.

Table 3.1. thousand metric tons

	1962		1968		1972	
Yarns	EEC	GREECE	EEC	GREECE	EEC	GREECE
Cotton yarn	993377	28000	855131	37500	753931	46000
Wool yarn	460425	9720	423257	12000	446131	14520
Total	1453802	37720	1278388	59500	1200062	60520
Fabrics						
Cotton fabrics	705774	19904	582062	22788	611120	28050
Wool fabrics	226511	7000 *	226575	6036	248459	5000 *
Total	932285	26904	808637	28824	859579	33050
Grand total	2386087	64624	2087025	78324	2059641	93570

Source : Textile industry in the OECD countries, OECD 1965/6... 1972/3.
* Estimated.

The production of cotton yarn in the Community has fallen by 24 % in the decade 1962 - 1972 while that of wool has remain rather stable. In contrast the production of cotton yarn in Greece has increased by 48 % in the decade while the production of wool yarn shows a decline of about 28 %.

Textile products accounted for 2.75 % of the Greek National Product in 1962, (2.93 % in constant prices) (5), and 3.2 % in 1972 (3.68 % in constant prices 1958) while that of the Community was around 7 % in 1962 and 5 to 6 per cent in 1972. An important characteristic of Table 3.I. is the rate of change in the production of cotton yarn and cotton fabrics. While the production of cotton yarn, in Greece, increased by 48 % in the decade the production of cotton fabrics increased by only 40 %. This demonstrates one of the weaknesses of the Greek textile industry, which because of the small size of the firms cannot produce final products thus losing the potential value added by exporting them as semi-products.

In the EEC a decline in production of yarn and cotton cloth has been observed, but the production of synthetic fibres has fill the gap caused by the dicline in cotton production. As the production of the EEC countries steadily declines there is a great opportunity for the Greek textile industry to fill the gap in the European and international markets, of natural fibres textile products.

4. Employment.

The following Table represents the movements in the labour force in the decade 1962 - 1972, in the countries of EEC, separately and as a total, and Greece.

Table 4.1. Labour force in the textile industry proper, in thousands.

	1962	%	1968	%	1972	%
Germany	562.5	100	483.7	85	445.9	79
BLEU	133.0	100	110.6	82	107.7	80
Netherlands	97.1	100	68.7	70	65.4	67
France	411.4	100	349.1	84	362.3 [2]	88
Italy	479.9 [1]	100	400.8	83	379.3	79
Total EEC	1683.9	100	1412.9	83.9	1360.6	80.8
Greece	37.6	100	47.2[3]	125.5	53.6 [3]	142.5

1. Including the manufacture of man - made fibres.
2. Excluding the manufacture of made up textile goods except wearing apparel.
3. Estimated.

Source : OECD. Textile industry in OECD countries.

In 1962 the percentage of the manufacturing labour which was employed in the textile industry was 10.1 % in the EEC and 12.9 % in Greece as shown in Table 4.2.

In the years 1968 and 1972 these percentages showed an opposite trend. The percentage in the EEC countries continued to decline to the levels 8.3 % and 7.5 % respectivelly while it showed a trend of increasing in the case of Greece to the levels of 14.6 % and 15.5 % respectivelly.

These small percentage falls in employment in the EEC textile industry are actually very large in absolute terms. As we can see from Table 4.2 bellow in ten years time the employment in the textile industry had been reduced from 1683900 to 1360000, that is a reduction of 323300 jobs.

Table 4.2.

	1962	1968	1972
Total labour force employed in the manufacturing industries, in EEC.	16572000	16.914000	18.185000
Total labour force employed in the textile industry in EEC.	1683900	1412000	1360000
Percentage of labour force employed in the textile industry from the total employed in the manufacturing.	10.1 %	8.3 %	7.5 %
Total labour force employed in the manufacturing industries in Greece.	290000	323000	345000
Total labour force employed in the textile industry in Greece.	37600	47200	53600
Percentage of labour force employed in the textile industry from the total employed in the manufacturing.	12.9 %	14.6 %	15.5 %

Source : OECD, labour force statistics.

Note, figures for the Greek labour force in the years 1962 and 1972 are predicted.

This decline, is the result of two parameters, first, the tendency to invest in capital intensive methods of production and second, the trend of decline in the textile industry.

Employment losses have been realised in the spinning and weaving branches; about two thirds of the reduction in jobs is accounted for by the cotton industry.

Productivity rates, measured as the quotient of output over employment, show an increasing trend in the community, 1.41, 1.47, and 1.51 for the years 62, 68, and 72 respectivelly, while those of Greece show a fall in the year 68 and a return to the previous level of 1962 in 1972.

This rates were as follows : 1.71, 1.65, and 1.74 respectivelly. Characteristic of these productivity rates is that they are higher in Greece than in the EEC countries, while one would expect the opposite.

The following Table 4.3. show the wage earners and salaried employees in the manufacturing sector in the countries of EEC and under each country the percentage of them employed in the textile industries.

Table 4.3. shows that, while employment in the manufacturing sector increases in all member states of EEC, the labour force employed in the textile industry, shown as a percentage of total employment in the manufacturing, remain either stable as in Germany, increase as in Italy, and shows a substantial decline in the Netherlands, Belgium and France.

The overall decline has been presented by Table 4.2.

Table 4.3 Wage earners and salaried employees in thousands.

	1962	1968	1972
Belgium	1100	1077	1125
% in text. indust.	41.4	38.2	36.9
France	4772	4936	5464
% in text. indust.	35.6	32.9	33.3
Germany	6515	6517	6883
% in text. indust.	48	48.1	48.1
Italy	3048	3260	3632
% in text. indust.	34.1	35.9	38.0
Netherlands	1137	1124	1081
% in text. indust.	34.2	39.8	28.3

Source : OECD, labour force statistics.

5. Foreign trade.

The elimination of tariffs within the Community increases the share of intra-EEC trade by about 75 % for imports and 60 % for exports. The imports of natural yarns of the Community almost doubled in 1972, while the exports showed a slight increase, so that the balance of trade was deficit in 1972 compared with the previous years. In the trade of natural fabrics there is a continuous increasing trend. A 70 % increase in the trade of woven cotton was realised in the decade 1962-72.

The trends of trade in the EEC and Greece, indicate that there is a tendency towards specialization in the production of fabrics for the EEC and production of natural yarns in Greece. This can be explaned by the willingness of the European consumers' in the demand for established trade mark products, because they have confidence in their good quality and good design according to their preference. There is need for the Greek textile industry to try hard to break this confidence and customs of the European consumers' and change their preferences by providing better design of cloths and persuade them that the quality of the Greek cloth is as good as the European.

An important characteristic in the case of Greece is the realization of a positive trade balance in the trade of natural fibres and a closing of the gap between imports and exports of fabrics. Imports declined in 1972 and exports increased sharply, which indicates that the transformation of the textile industry in supplying the domestic demand is more efficient.

Table 5.1. shows the balance of trade of natural fabrics in both Greece and EEC countries in the years studied.

Table 5.1. Trade balance of EEC and Greece of natural fibres, in thousands U.S. dollars

	EEC			GREECE		
	1962	1968	1972	1962	1968	1972
Yarns						
Imports	296490	276570	512239	8509	7761	9050
Exports	414200	390700	475360	5302	4814	34450
Balance	+ 117710	+ 114130	— 46879	— 3207	— 2947	+ 25400
Fabrics						
Imports	414270	543020	1027966	12887	15754	14718
Exports	746790	763530	1188280	379	317	4280
Balance	+ 332520	+ 220510	+ 160862	— 12508	— 15437	— 10438

Source : OECD, Series C, Trade by commodities.

In accordance with the trade of natural fibres we ought to undertake a closer examination of the trends of trade of synthetic and regenerated fibres, if we want to have a more integrated idea about the trends in specialization.

Table 5.2. shows the trends in the trade of synthetic and regenerated yarns and fabrics in the EEC and Greece.

Table 5.2. Trade balance of EEC and Greece of synthetic and regenerated fibres in thousands US dollars

	EEC			GREECE		
	1962	1968	1972	1962	1968	1972
Synth. yarns						
Imports	168660	523530	977235	3428	7815	13426
Exports	329980	884319	1617494	681	529	7467
Balance	161320	360789	540259	2747	7286	5959
Synthetic fabrics						
Imports	226800	537050	1155896	2895	8920	13866
Exports	401630	890300	1815607	79	915	5956
Balance	174830	353250	659711	2816	8005	5910

Source : OECD, Series C. Trade by commodities.

In comparison with table 5.1. we can see that there is a tendency in the trade of man-made yarns and fabrics. The balance of trade in yarns shows an increase of three and a half times the positive amount in 1972 over that of 1962, while this balance is negative in the trade of natural fibres, and a four times greater amount in the trade of man-made fabrics.

Trade in natural fabrics, while positive at the time of studying, shows a steady declin of about 30 % in the years 68 and 72, while trade in man-made fabrics shows an opposite trend and an increase of nearly four times greater than that of 1962.While such are the trends in the EEC, the trends of trade in man-made yarns and fabrics in Greece shows a tremendous increase of 1100 % in the exports of man-made yarns during the decade and a 7900 % increase in the exports of man-made fabrics in the same time.

Being an infant industry in the early sixties the Greek man-made textile industry increase steadily in a decade with high expectations for further increase in the years ahead. Having equal opportunities to the EEC countries, in investment, technological improvements, imports of raw materials, productivity and possibly equal financial opportunities, the Greek man-made textile industry has the same chances of expansion in production and growth as the European one.

Looking at the last table 5.3., the overall balance of trade in textile products in the decade 1962-72 shows a continuous positive increase in the trade of EEC countries.

Table 5.3. Trade balance of EEC and Greece of textile products in US dollars

	EEC			GREECE		
	1962	1968	1972	1962	1968	1972
Total trade in yarns						
Imports	465150	800100	1489474	11937	15476	22426
Exports	744180	1275019	2092874	5983	5343	41918
Balance	279030	474919	603400	5954	10133	19492
Total trade in fabrics						
Imports	641070	1080100	2183863	15782	24674	28582
Exports	1148400	1653800	3004435	458	1232	10236
Balance	507330	773700	820573	15324	23442	18346
Overall balance in textile products in thousands U.S. dollars						
Imports	1106200	1880200	3673200	27719	40150	51008
Exports	1892600	2928800	5097200	6441	6575	52154
Balance	786400	1048600	1424000	21278	33575	1146

Source : OECD, Series C. Trade by commodities.

In the case of Greece while the overall balance is negative in 1962 with an increase in the gap between imports and exports, in 1968 as a result of the

increased necessity to cover the demand for textile products of a growing economy the balance of trade change to positive in the year 1972.

The production of textiles is high enough to cover the demand in the Greek economy and to supply part of it on the international markets. This tendency will continue in the future because of the capacity of the Greek textile industry in the production of natural yarns as well as man-made yarns.

If the industry becomes more able in trading in final products, cloth or made-up articles which products include more value added, with Greece's European partners and/or other European or non-European countries, the future of the Greek textile industry appears good, and its role in the development of the economy by employing a high number of workers and bringing into the country necessary foreign curency is very important.

6. Consumption.

Food and clothing are basic necessities of life. As income rises expenditure on basic necessities, such as food, declines, but expenditure on clothing rises with income but not in the same proportion. The following tables show the consumer expenditure in EEC and Greece on clothing.

Table 6.1. Consumers expenditure on clothing, 1958 = 100

	1960	61	62	63	64	65
EEC	110	117	125	134	138	143
GREECE	109	120	132	140	161	180

Table 6.2. Consumer expenditure on clothing as a percentage of total private consumption

	1959	60	61	62	63	64	65
EEC	12.1	12.2	12.2	12.2	12.4	12.2	12.2
GREECE	11.1	11.8	12.1	12.7	12.6	13.5	13.7

Source : OECD, The textile industry in the OECD countries.

Table 6.1. shows an increase in expenditure as income rises, perhaps not as much as the increase in income, in both the EEC and Greece. It is obvious that in the case of Greece, and possibly in the case of all the developing countries, this indicator rose more rapidly than in the EEC countries.

Table. 6.2. also shows that the percentage of expenditure on clothing remained stable in the EEC countries while Greece had a substantial increase. As the total expenditure rose with income the expenditure on clothing rose in the recent years.

In the U.N. publication in the "International trade in cotton textiles and the developing countries" we read, «during the period 1952-1971 world consumption of fibres increased at an annual rate of 4.1 %, during the same period the composition of fibre demand changed drastically. Cotton, which accounted for 73 % of total apparel fibre consumption in 1952, dropped to 52.4 % in 1971, whereas man-made fibres increased their share from a more 16.7 % in 1952 to 40.3 % in 1971. More importantly, consumption of cotton rose at an annual rate of 0.9 % from 1967 to 1971, whereas consumption of man-made fibries rose by 9.9 %».

In the EEC countries the consumption of cotton fabries has been reduced with a substitution by synthetic fabrics, while the consumption in Greece has increased substantially. The causes of such a decline in the EEC are the cheaper production of synthetic fabrics, the increased prices of raw cotton material, climatic conditions e.t.c., for example, in the warm countries cotton fabrics are preferable to synthetic because of their ability to absorb.

It is believed that as income in the EEC countries rises the consumption of cotton products will rise because of the better quality and healthier properties of cotton products. The development of substitute products for textiles, such as paper, has limited the consumption of textiles in a lot of uses, i.e. hospitals, public places e.t.c.

But in some other cases textile products have increased their contribution to the production of final products by other industries, such as tyre cord, carpets, e.t.c.

The consumption of textile products in the future will depend on the ability of the industry to provide sufficient quantities of goods to the market at prices and designs which can compete with synthetics.

III. Evaluation of the association agreement

1. Introduction.

In evaluating the impact of the agreement the question which deserves an answer is whether exports to and imports from the EEC are greater than would have been the case in the absence of the association agreement between the EEC and Greece.

For that reason one can examine the growth of total textile exports of Greece to the world markets, then the growth of exports to the EEC countries and finally the growth of textile exports from third countries to EEC and the rest of the world.

Such a comparison will indicate whether trade creation and/or trade diver-

sion effects are present. That is, whether trade creation or trade diversion occurred as a result of association with the European Common Market.

The base year for such a comparison is the year 1962, year which the association agreement came into force, the year 1968, year of the complete removal of tariffs on Greek textile exports to the EEC and the year 1972, ten years after the association agreement took place [1].

The distinction between total exports to the EEC and textile exports can be justified in order to see if there is a tendency of greater exports expansion (or a more stable one) of those manufactured goods which Greece has a comparative advantage, than primary goods which are notoriously volatile.

To the extent that exports to the rest of the world and the EEC are the same we can confirm that the expansion of the exports was not due to the association agreement and so no trade creation had occurred during the years of the association, To the extent that the expansion of exports to the EEC was higher than the expansion to the rest of the world we may say that Greece has benefited from the agreement. Finally in the case that the expansion of manufactured textile products show a higher expansion than total exports, it may be suggested that the Greek manufactured textile sector is in a situation to compete with its European partners. So the Greek Manufacturing sector will not collapse as a result of the agreement. It can thus be supported that the Greek textile sector can take advantage of the enlarged market.

2. Static and dynamic effects of a Customs Union.

2.1. Static effects.

2.1.1. Trade creation.

Trade creation, in the context of a Customs Union, can be defined as the newly created trade resulting from the abolition of tariffs within the Union.

To identify the magnitude of trade creation from the association agreement between Greece and the EEC in textile products we shall examined the percentage changes in the years 1968, and 1972, having as mentioned above, as a base year the year 1962.

Table 2.1.1. shows the total Greek exports of natural fibres yarns and fabrics to the world, divided in two groups : exports to the EEC countries and exports to the rest of the world. Row four shows the shares of exports to the EEC countries. Column(1) corresponds to the exports of the year 1962, (2), the

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1. It must be noticed that 1962, was a boom year in international trade, while that of 1968 was characterised by recession. For a better comparison one have to look for data for the years 1963, and 1969.

base year 1962 = 100, (3), exports in 1968, (4), percentage change 68/62, (5), exports in 1972, (6), percentage change 72/62.

The same pattern is followed also in the tables 2.1.2. and 2.2.1., and 2.2.2. for exports and imports.

Table 2.1.1 Greece : total exports of textiles products in thousanands U.S. dollars

	(1)	(2)	(3)	(4)	(5)	(6)
	1962	%	1968	%	1972	%
Total textile exports	5671	100	5131	90.5	39730	700
Exports Rest of the World	5477	100	1861	33	17842	325
Exports EEC	194	100	3270	1685	21888	11282
EEC shares of total exports	3.4%		63.0%		55.0%	

Source : OECD, Series C. Trade by commodities.

In the year 1962 the share of exports to the EEC countries by the Greek textile industry was only 3.4 % of their total exports to world markets. By 1968, while the absolute value of exports droped by 9 % there was a reorientation in the direction of these exports, so the share of exports to the EEC increased to 63 %.

In 1972, as a result of an expansionist policy in the textile industry, exports increased by 700 %. Exports to the Rest of the World, column 6, increased by 325 % and exports to the EEC countries by 11282 %.

At the same time total exports of Greece to world markets moved as follows : total exports increased by 187 % in 1968 and 334 % in 1972, while the exports to the Rest of the World and EEC moves as follows : 172 % and 216 % in 68 and 304 % and 392 % in 72 respectivelly, as one can see in the following table 2.1.2.

Table 2.1.2. Greece : Total exports, in thousands U.S. dollars.

	(1)	(2)	(3)	(4)	(5)	(6)
	1962	100	1968	%	1972	%
Total exports.	250100	100	468230	187	835440	334
Exports to the Rest of the world	165878	100	286010	172	505060	304
Exports to EEC	84222	100	182223	216	330385	392
EEC shares of total	33.6%		33.5%		39.5%	

Source : Bank of Greece, monthly statistical bulletin.

As it can be seen exports to the rest of the world were lagging behind the general trend while exports to the EEC were ahead of it. The share of exports going to the EEC increased from 33.6 % in 1962 and 33.5 % in 1968, to 39.5 % in 1972.

So far the following points can be derived for the textile industry in Greece : the increase in exports of the textile sector of Greece shows that the sector needed time for expansion, which it achieved since it found a greater market of its products and secondly, as tariffs were removed by 1968 the rate of increase in exports exceeded considerably the rate of increase in export to the rest of the world.

Considering that the exports to the rest of the world represents the ability of the expanded textile industry for exports we would expect that a similar percentage would have been revealed in the case of EEC countries. In the case that there is a difference in the percentage of exports to the EEC, and there is a great difference about 11000 %, we must examined if this is a result of increased demand by EEC countries caused by an increased in their national income.

To identify the newly created trade, and to conclude that it is a result of the association egreement between Greece and the EEC, and not a result of increased incomes in the EEC coutnries, we shall use two methods. The first method compares the percentage changes in the trade between the EEC, Greece and the rest of the world. To seperate the effect of demand for imports by the EEC countries caused by increase in incomes in the EEC, from the common market effect, the percentage change in demand for textile imports by the EEC in the decade 1962-72, shall be compared with the percentage increase in exports of textiles by the Greek industry (2).

The demand for textile imports by the EEC countries from all the world increased in the decade 1962-72, by 116 %, as it can be seen from table 5.1. above.

If one considers that this increase is a result of increased incomes, then, every country exporting to the EEC should increase the rate of exports of textiles to the EEC by the same percentage. To the extend that the rate is hingher this must be contributed to some other factors, i. e. preferential trade agreements.

Examining the rate of exports of Greek textile products to the EEC in the same decade it can be seen that exports to the EEC increased by 580 %, which is a strong indication that increased exports to the EEC were due to the preferential trade agreements. (Percentages from tables in section II. 5. above.)

Because this method shows nothing of the competitiveness of the Greek textile industry in supplying textile products in the world markets, we shall try to apply Young's method of identifying trade creation as a result of the association agreement. Young's method divides trading countries in four groups as follows : in those importing countries which give trade preferences in other countries and those which do not, i.e. EEC countries and the rest of the world, and in those countries which received preferencial agreements and those which do not, i.e. Greece and other less developing countries. The idea of this method

is to see how the trade of Greece increased in comparison with the other LDC's which have similar economic structure to Greece but not preferential agreements (14).

By comparing the rate of growth of exports of the Greek textile products to the EEC to the rate of growth of EEC imports from the LDC's the extent to which Greek textile industry has succeeded in increasing its share in the EEC imports can be identified. The following table 2.1.3. represents the results of the applied method.

Table 2.1.3. Annual rates of growth of exports : 1965 - 1972.

Exporting countries	Importing countries	
	EEC	Rest of the World
Greece	182	32
Other LDC's	26.7	22.6
	Overall ratio : 182/26.7/32/22.6 = 4.8	

If the ratio of the annual rates of growth of exports of these two exporting areas exceeds unity, it is an indicator that Greece has benefited by the preferential agreement granted to her. Table 2.1.3. shows that this ratio exceeds quite substantially the value of unity. To clarify if this increase in the shares of imports of the EEC was due to preferential agreement or an effect of improved competitivenes of the Greek textile industry in supplying goods in world markets, the rate of growth of Greek textile exports to the rest of the world was further compared to the rate of growth of exports of textile products of the LDC's to the other developed countries. If the increased exports of Greek textiles to the EEC was a result of increased competitiveness then the ratio of these two rates of growth should be equal to one. To the extent to which the second ratio exceeds the first indicates that the Greek textile industry was benefited by the preferences granted to Greece from the association agreement.

Note.

1. The traded textile goods consist of the goods under SITC code 651 trade in yarns excluding synthetic and regenerated fibres, 652 natural fabrics and 653 excluding synthetic and regenerated woven goods.

2. LDC's are those categorised by the OECD, less developed in America, Africa, Asia, Oceania and Europe excluding Greece. Greece was excluded because is the country for which we are interested to see the serults of the association agreement.

3. Rest of the world countries consists of the richest OECD countries excluding EEC countries.

4. Exports of the less developed countries to the rest of the world consist of exports to OECD countries excluding the EEC countries, similarly imports of the LDC's from the rest of the world consists of imports from the OECD countries excluding EEC countries. The rate

2.1.2. Trade diversion.

One of the critiques to the Customs Union theory is that diverts trade from lowest cost producer possibly in the developing countries towards the more expensive source in the partner of the union, producing a welfare loss. To judge this argument in the case of Greece we have to see if the shares of imports of Greece changed towards imports from the EEC countries. From table 2.2.1. we observe that in 1962 the imports of textile products from the EEC amounted to 53 % of Greece total imports of natural textiles. In 1968 and 1972 this shares changed to 48 % and 44 % respectively, which indicates that Greece, increase its shares of imports from the rest of the world during the years of association.

Table 2.2.1. Greece : total imports of natural textile products in thousands U.S. dollars.

	(1)	(2)	(3)	(4)	(5)	(6)
	1962	%	1968	%	1972	%
Total textile imports	21396	100	23515	110	23768	111
Imports from the Rest of the World.	9902	100	12131	121	13075	132
Imports from EEC	11494	100	11384	99	10693	93
EEC shares of total imports	53%		48%		48%	

Source : OECD, Series C. Trade by commodities.

Of course we connot accept that as a general situation, and one has to look to the totall imports of Greece and the shares of imports from the EEC countries before reaching any conclusion.

Table 2.2.2. represents the imports of Greece.

Table 2.2.2. Greece : Total imports, thousands U.S. dollars

	(1)	(2)	(3)	(4)	(5)	(6)
	1962	%	1968	%	1972	%
Total imports	701233	100	1394400	198	2407003	343
Imports from the Rest of the World.	411009	100	905312	220	1301462	316
Imports from EEC	284224	100	489088	172	1105541	388
EEC shares of imports	40%		35%		46%	

Source : Bank of Greece, monthly statistical bulletin.

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of exporte (imports) of the rest of the world to (from) the LDC's may be underestimated because trade includes only the OECD countries figures. The use of these data can be justified from the fact that the most important percentages volume of trade takes place between the LDC's and the richest countries. Trade among developing countries in textiles is relatively small, the major exporters being India, Pakistan, Hong-Kong, Egypt and Singapure (13).

From table 2.2.2. we can see that the shares of imports of Greece changed from 40.5 % in 1962 to 35 % in 1968 and 46 % in 1972, which indicates a shift in imports from the rest of the world towards EEC countries. There is a characteristic drop in the shares of imports of Greece in 1968, which can be justified as follows : firstly the shares of imports by the EEC countries in 1962 do not represent a natural value, both imports and exports in this particular year are higher than the usual figures of trade, for the same reasons referred above, (1962 was a boom year in trade while 1968 was one characterised by recession). After the year 1962 imports and exports were again down to their usual levels. Secondly as part of the restrictions applied by the European countries against the military regime in Greece after 1967.

The increase of the shares of imports in 1972 from the EEC countries explain the strength of the Greek economy in the process of development, and represents imports of machinery, necessary for the adopted policy of imports substitution. This increase also represents the impact of the complete tariff elimination during the year 1968 and onwards with the EEC.

Observing the table 2.2.2. one can see that trade diversion did occur in the years of association. This can be checked in two ways; first we observe that the rate of change of imports from the EEC increased faster than the rate of imports from the rest of the world. In the last row also of table 2.2.2., which indicates the percentage of the shares of imports of Greece, one can see that in 1962 the shares of imports from the EEC countries was 40 % falling to 35 % in 1968 to reach again the level of 46 % in 1972, which is a strong indication that Greece increased her imports from the EEC countries.

Examine in contrast tables 2.2.1. and 2.2.2. above one can see that there are products, for example natural fibres, which can compensate the increased shares of imports of Greece from the EEC countries.

For a more accurate judgement one should carry out Kebsull's and Young's methods. In the first case one must check if the rate of imports of textile products by Greece from the EEC increase by the same amount as the total imports of textiles from the rest of the world. If that is the case, then the shares of exports by the EEC countries to Greek imports did not change, and follows the same proportion as before the association. If that proportion increased then there is evidence that trade diversion had occurred. In our case there is a strong evidence that trade diversion has not occurred in the imports of Greece from the less developed countries towards the EEC countries. The imports of textile products from the EEC has fallen by 7 % in the decade 1962-72, while the imports from the less developed countries increased by 32 % in the same period.

Applying Young's method again we shall try to see whether the above judgement, that trade diversion has not occurred, is correct. The ratios to be compared here are on the one hand the ratio of the rate of growth of Greek imports from the EEC to the rate of growth of Greek imports from the other developed countries,

and on the other hand the ratio of growth of the imports of the less developed countries from the EEC to the rate of growth of imports of the less developed countries from other developed countries. To the extent to which the first ratio exceeds the second indicates the degree of trade diversion. If the ratios are equal this indicates that no welfare losses from trade diversion to more expensive suppliers occurred.

Table 2.2.3. below, shows the annual rates of growth of imports of Greece in the period 1965-72 and the ratios of the rates of growth.

Table 2.2.3. Annual rates of growth of imports 1965 - 72

Exporting countries	Importing countries	
	Greece	Other LDC'S
EEC	28.6	26
Rest of the World	25.6	16
	Overall ratio 28.6/25.6/26/26 = 0.68	

It is obvious from the above table that the first ratio is lower than the second and this method also provides an evidence that trade diversion had not occurred in the imports of textile products of Greece towards more expensive markets.

Of course one must not forget that the ability of the EEC countries in producing natural fibre textile products has fallen recently; and the competitiveness of the textile industry in Europe has fallen in comparison with other producing countries.

The conclusion to be drown from the examination and the results of trade creation and trade diversion with the EEC countries is that the Greek textile industry had gained substantial benefits from the association agreement in the first decade, and that there is strong evidence that the Greek textile industry will be the complementary industry in the production of natural fibres products in the European Community.

This judgement will be examined further in the following passage of the dynamics of the association agreement.

2.2. Dynamic effects.

Dynamic effects resulting from the association agreement between Greece and EEC can be distinguished in the first decade of the association. One possible dynamic effect is the formation of capital in the textile industry, resulting from the potential of Greek textile industry to expand its trade with the European markets.

In the years 1971-72-73, the percentage of gross investment in the textile

industry in Greece was 14.8 %, 14.7 %, and 15.4 % respectively of the total amount of investment. It must be emphasised that the amount of investment in the textile industry was the higher than any other industry in Greece. The absolute level of gross investment in the above years were 68, 96.3 and 113 millions of U.S. dollars respectively.

The net investments in the above years were 53.3, 76 and 73 respectively. For a more clear conclusion for the capital formation in the textile industry this amounts must be compared with the correspoding levels of investments in the early sixties.

The levels of gross and net investments in 1962 were 12.3 and 11.1 millions of U.S. dollars. The table (see below) shows the increase of the net and gross investment from 1962 onwards. The term net investments specifies purchases of new and used items from abroad.

The greater ability of the Greek textile industry to export resulting from the increased size of the market has another dynamic effect : that of economies of seale.

As production increased through the growth of demand from the EEC, economies of scale could then be realised. When economies of scale occurs in the industry the marginal cost of the production decreases. This decrease in the production costs brought an advantage in competitiveness of the textile industry over the common market industries.

Table 2.2.4 Gross and Net investments in the Textile Sector in millions of U.S. dollars in current prices.

	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973
Net	11.1	13.3	24.6	21.1	20.6	16.0	13 9	20.1	44.3	53.3	76.0	73.0
Gross	12.3	20.3	35.7	26.9	22.9	19.0	19.0	22.1	38.6	68.0	96.3	113.0

The entry of the industry into the European markets had the advantage of being in competition with advanced countries industries, which pushed the Greek industry in the adaptation of new methods of production, specialisation and integration. The realised integration was vertical as well as horizontal. Evidence supporting this argument can be found in the yearly publication of the club of Greek industrialists (9).

New industries are integrated with existing ones in order to gain from the economies of scale resulting from the integration. Specialization and mass production of goods has as a result an increase in the productivity of the industry, which is not yet fully exploited by the Greek textile industry. The elimination of tariffs on Greek textiles exports to the EEC ensures that potentialities for further integration in the industry for the purpose of mass production still exists.

Even more, specialization in the production of certain products gives more opportunities for lower costs in the production, so as to bring the industry in a situation complementary to the European textile industry. By the term complementary industry is meant, the industry with different cost ratics (3). From the existance of complementary industries in the common market, one expect substantial welfare gains for both the applicant country bearing the new complementary industry and the rest of the partners of the Union. The complementariness of the Greek textile industry can be seen from the increased supplies of textile products to the European partners. Looking at the percentages of the Greek exports, to the EEC imports we can see the increase during the first decade of the association agreement.

So in 1962 the yarns got 1.7 % of EEC imports and increased this percentage by 1972 to 6,7 % and the fabrics from 0.09 % to 0.35 %. The overall percentage for both yarns and fabrics, increased from 0.7 % to 2.5 % in the decade.

Concluding this section we can say that the preferential trade agreement following the association agreement, signed in 1961, and the elimination of tariffs on the Greek textile products in the year 1968, has benefited the Greek textile industry for more than was expected. All the used indicators show a considerable improvement in static and dynamic gains.

It is that the dynamic effects will start to contribute more positive in the future, i.e. capital formation and specialization together with the enlargement of the market for the Greek textile industry will give the possibility for further gains in the future.

The Greek textile industry have high expectations for growth in the context of the EEC.

As a canditates state for full membership in the EEC, it will have the chance of dominating the other countries which are exporting textile products to the EEC, increasing also the possibilities of expansion in the world markets.

IV. The Future of the textile industry in the context of the EEC

1. Technological improvements.

There is a continuous effort to improve the machinery goods in the textile industry as in every sector of industry.

A successful discovery which increases machinery output contributes to the profitability of the firm, keeps the prices down and increases the power and confidence of industry. To increase the machinery output studies have been carried out by specialists to improve the existing machinery and/or to develop new methods of production with higher output per unit of capital invested. This development in machinery is of course oriented towards the saving of labour. Improvements in looms, for instance, give an output three times higher than before.

A quite recent development was in carpet tufting, where a new technique cut costs, allowing for cheaper carpets and helping to increase production. The advantage of the advanced countries of the EEC with their high-wage rates vis - a-vis the low - wage rates of the developing countries is the development of new production techniques which counteract developing countries' advantage of low wages.

Specialization, then, as a result of comparative costs occurs in the trade between advanced and developing countries, in the production of technocological goods by the former and manufactured goods by the latter.

Another way of improving machinery output is to improve work organization by reducing the range of products in a firm. Such a reduction improves the ability of the workers in the production of certain products, increasing in this way their productivity.

2. The role of man-made fibres.

The invention of man - made fibres will solve the problem of clothing the population of the earth. Given the increasing trend of the population and the restricted area of land being cultivated for the production of natural fibres, the need to clothe the world depends entirely on the production of synthetic fibres. As the need for food production increases with the increase of the population, more and more land is needed for the production of food and less and less land will be available for the production of natural fibres and other products. Given that the productivity per hectare has reached its peak there is not much hope of augmenting the total production by increasing the productivity per hectare unless a new variety of plants can be developed in the laboratory with higher productivity per hectare.

The falling production of natural fibres in the EEC has been maintained by the production of synthetics. Their low price relative to the natural fibres has helped to establish a stable market. The relatively easy technology of transforming petrochemical products into fibres creates the opportunity in the developing countries to produce synthetic fibres, and it is foreseeable that they could export man - made textiles at competitive prices. It is worth mentioning that the establishment of plants in the developing countries are expansions of the multinational companies who want to monopolize the markets of the developing countries. So these countries will always lag behind the developed countries which, with their ability to invent new scientific fibres will always overshadow the developing countries in the ability to carry out new production processes. Of the developed countries only Britain and Japan have become market - oriented textile producers, while the rest of the EEC countries have not changed the pattern of production of their traditional textile products, while their production of synthetics has expanded so as to cover the shortfall in the production of natural fibres.

So we may conclude that the expansion in the production of synthetics will depend on the ability to produce textile products. The factors which contribute to such a slow expansion may be named as : the existence of invested capital and technology, comparative costs, better properties of textile industries, consumer taste etc. In the future, man - made fibres will contribute to an increasingly greater extent to the needed production of textiles.

3. Expectation of trade development.

As the trends of employment, output and trade indicate there will be a shift in the production of textiles in the EEC. The southern part of the community, with its associated members, will increase its production and trade of natural fibre textiles to the EEC and possibly other European countries with a potential increase of its trade with Eastern countries, while the north and more advanced part of the community will be specialized in the production and trade of man - made fibres, to cover the needs of the community in synthetics and other man - made fabrics. The south will achieve an increase in both man - made and other textiles with a greater expectation in the increase of natural fibres, as it has the comparative advantage of growing natural fibres and at the moment has lower wages. In the process of economic integration Greece will experience specialization in the production and trade of natural fibres with other EEC countries. Before equalization of wages occurs, the structure of production in the EEC countries and of course trade will have already changed in favour of the production of man - made yarns and fabrics.

So Greece is expected to increase its trade of natural fibres with EEC countries as long as the common external tariff protects the EEC countries from cheaper exports from the third world.

The realization of quotas may be a necessary step in protecting the EEC textile industries; if that happens it will strengthen the industrialization process in the Greek economy.

4. Textiles : a declining industry?

All the indicators such as employment, output and trade show that the textile industry in the EEC is a declining industry. The EEC countries experienced a decline of 323,000 jobs in the decade 1962 - 1972, a decline in output of about 25 % and a deficit trade balance in the trade of natural yarns. Such trends of course encourage governments to take protective measures such as the recent ones taken by the British government, which imposed tariffs on certain products and other measures aimed at financial assistance, research and structural improvements in the Industry. The most severely affected industry in the EEC is the cotton industry which in spite of financial aid and the application of new techniques still continues to decline.

A question which must be answered is whether the textile industry as such is a declining industry or whether it is just a matter of geographical relocation.

While reduction occurs in the EEC the textile industry in the developing countries is expanding. The reasons for this may be the low wages in developing countries, the low capital investment necessary to build up a firm, and the advantage of producing raw cotton materials in these countries. It has been said that fashion and advertizing might increase the consumption of textiles, and thus stop the continuation of decline.

It seems that if consumption actually increases the produced countries which benefit will be those holding the comparative advantage of low cost, and these countries are the associated countries. So a continuous decline is expected in the following years in the EEC countries till equalization of costs occurs between the community and the associated countries.

5. The EEC policy towards textile imports.

The EEC countries have adopted two methods of protecting their market from the LDC's : the tariff and non - tariff protection.

The main features of tariff protection for textiles in the European Common Market as it affects exports of cotton textiles from the LDC's are the following :

1. No import duty is levied on the raw materials
2. The level of protection escalates with the degree of processing.
3. The average level of tariff protection in the EEC countries is 10.4 % if a simple arithmetic average is taken, and 12.6 % on the basis of a weighted average. The level of tariff protection in the EEC is the lowest among the developed economies.
4. The tariff cuts for textiles effected within the framework of the Kennedy round negotiation were very modest and did not follow the tariff cuts as in other manufactured products.
5. Cotton textiles are excluded from the generalized system of preferences granted to the LDC's.

The non - tariff protection harms the development of trade between the LDC's and the developed ones more than the tariff measures. The quantitative restrictions which have severely harmed international trade in cotton textiles have taken the following forms :

1. prohibition of imports
2. global and bilateral quotas
3. import licensing
4. voluntary exports restraints and
5. administrative procedures (13).

The argument for restricting quotas in the exports of LDC's to industrial ones is that the level of wages in the advanced countries is much higher than the LDC's and liberalization will change the partern of production in these countries.

causing unemployment and balance - of - payment problems. An answer to that is that cotton textile industry has become a capital intensive one even for the LDC's so there is not much ground for the argument of high wages, because even in the LDC's the cost of production is as high.

Naturally the comparative advantage in the LDC's comes not only from the cost of production, but also from differences in overhead costs, tax policies etc. Even if it is true that the new industries, wherever they are located, are capital intensive, there is still machinery in the production line that is less capital intensive and uses quite a substantial labour force.

Voluntary export restraints are preferable to unilateral import restrictions, because this gives to the LDC's the opportunity to negotiate with the restriction - imposing country. Usually the LDC's agree to restrict their exports to more advanced countries, because they are afraid of more restrictive measures to be taken by them.

One of the arguments of the developed countries against liberalization in imports of textiles is that the liberalization will give an advantage to a few countries only and not to all LDC's. Diversification on the pattern of industrialization has also been supported as well as the liberalization which means only a lift in import restrictions from the advanced countries. Instead of liberalization in the trade of textile production the EEC countries applied the generalised system of preference, scheme which came into force on July 1st 1971. The EEC scheme covers in principle only manufactured and semi - manufactured products and excludes all raw textile fibres. The other textile products are, in principle, covered by the scheme.

For cotton textiles and some other products covered by the long-term trade agreement generalised preferences were accorded in 71 - 72 and 73 in the following countries : Egypt, Columbia, India, Jamaica, Korea, Mexico, Pakistan, Afghanistan, Argentina, Bangladesh, El Salvador and Thailand.

Like other manufactured and semi - manufactured products, preferential duty-free imports of cotton textiles are limited by tariff quotas and ceilings, and by maximum amount limitations within these quotas and ceilings. Under the maximum amount limitations, preferential imports from a single beneficiary country cannot, as a general rule, exceed 50 % of the quota or ceiling. For more sensitive textile products the amount was decreased to 20 % or 30 % of the quotas or ceiling. The maximum amount of imports and the quota limitations and the system of administration of preferential imports of textiles within these quotas at the level of the EEC do not provide for any expansion of preferential imports.

Restrictions in imports have been imposed even in the associated countries as for example Turkey. Raw fabric, cotton yarn and machine - woven carpets are under quotas.

It seems that the generalised preference will be extended to developing countries for imports of cotton textile products in the future in as far as the pro-

duction pattern will change in the community towards production of synthetic fibres.

6. The EEC policy towards the textile industry of the member countries.

a) The textile industry in the EEC is facing the above - mentioned problems (part 2) of reductions in output and employment in the natural fibre sector and an expected rise in the consumption of textile goods. The Community supports the evolution, which has already begun, of the textile sector towards the production of goods over which the Community's industry has a comparative advantage. Effort is required for the restructuration of this particular sector (man-made fibre production) of the textile industry. Restructuration will proceed by concentration, conversion and obsolescence and the textile industry will require structural adaptation in so far as the application of new technologies in the field of fibres (processing, materials, products and management) is indispensable.

b) For these reasons, the trade policy of the Community, as stated in the Bulletin n. 7 - 8/1971 of the Comitextil, in so far as it concerns textiles and clothing, is characterised by a progressive opening of the market to imports from outside countries and especially from the LDC's. The decision to include textiles and clothing products in the scheme of Ceneralised Preferences, shows the determination of the Community for the opening of the market, which will have a double target : to assist the less developed countries in their process of industrialisation and to prepare the ground for a smooth structural adaptation of the Community's textile industry to the world market.

The current policy of applying quotas and buffers for sensitive products will be re-examined in the near future. As it regards quantitative restrictions, subsisting limitations would be progressively eliminated, taking into account the attitude of the other trading partners. The Community will work for the establishment of worldwide fair competition in terms of rules to be defined within the scope of GATT for a worldwide division of work.

The Community, together with the governments of the member states have undertaken the responsibility for restructuration by introducing economic policy measures and specific measures as well as by creating adequate conditions for reemployment of the employed personnel and for the regions which might suffer from such restructuration.

The specific actions necessary for the textile sector can be grouped as follows : 1. the implementation of a trade policy able to conciliate the progressive opening of the Community market with the adaptation requirements peculiar to the textile sector; 2. the adoption of measures likely to accelerate restructuration and, whilst directing the latter towards increasing productivity, to palliate social and regional difficulties that may arise.

c) In order to meet the challenge of competition from the opening of the

economy to imports, the Community industries have to strengthen their competitiveness by making capital expenditure so as to increase productivity and quality of products. To achieve these targets it has to carry out research and to use the technological progress in which the Community's industry is well ahead of that of the LDC's.

Research must be carried out in two fields, the first that of technical progress in textile machinery and the second that of the products at the stage of fibre treatment, processing and finishing. The research is carried out by individual firms where this is possible and/or at an inter - professional level, coordinated by Comitextil. Governmental aid for assisting research must be given to improve short term economic prospects, arrange textile structures, modernisation, conversion etc.

Finally the Community will provide help for alternative economic activities to the regions that will suffer from such restructuration.

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