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28

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ITEM NO. 5889/56

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CAPTIVE COUNTRIES

TEXTILE DUMPING BY THE SOVIET BLOC IN SWEDEN.

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Recently, Swedish trade unionists have been increasingly concerned about the fact that textile dumping by East European countries might become a real threat to the Swedish textile industry.

The Swedish Government has taken certain steps against the se dumping practices and stated that it is willing and able to take more, if necessary. It is felt that the motivation behind the new dumping practices is the desperate need by the East European countries for Western currencies. Exports at any price seem to have been given priority over wages and social benefits in the Communist State-run textile industries.

After a rather careful investigation of the trade with Sweden, a complaint has been made against the governments of Hungary, East Germany, Czechoslovakia, Bulgaria and Poland by a trade union delegation which traveled from the provincial Swedish textile towns to STOCKHOLM to call on the Minister of Trade, Mr. Gunnar LANGE. Led by Mr. George LINGREN, Secretary General of the Textile Workers Union, the delegation members handed Mr. LANGE detailed evidence of the Communist dumping, collected during recent months. They demanded that the Swedish Government take steps which would insure their jobs and their industry against the sweat shop

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prices offered by the nationalized textile industries in the People's Democracies.

To substantiate this claim they stated that the textile workers' wage in Sweden was 81 US cents an hour, compared to 65 cents in Switzerland, 60 cents in France, 57 cents in the United States, 51 cents in West Germany, 50 cents in Holland, 46 cents in Italy, and 40 cents in Austria. Though they could not estimate the East European price level, they stated that it was at least 40 per cent below Swedish prices. In some cases East European countries have offered shirts at prices which would be insufficient to cover the cost of cloth in Sweden.

The Swedish textile industry generally is in a relatively weak position. Between 1949 and 1955, real wages of male textile workers increased by 20 per cent, whereas the average real wages of male industrial workers increased by 30 per cent. About 45 per cent of the textile workers quit their jobs to take better paying positions.

Because of the precarious position of the textile industry, LANGE was forced to take trade unionists' complaints against the Communist dumping practices seriously. The Cabinet discussed the matter with the Board of Trade, and it was decided that Sweden's first move against the Communist dumping practices would be to restrict textile imports from these countries to the strict amounts fixed by the quotas of their current trade agreements with Sweden. Formerly Sweden allowed them to exceed their quotas, but owing to this abuse she felt justified in the newly placed restrictions. Further, Sweden will not grant import licenses for East European textiles not confirming to the "traditional" types supplied by these countries. This is aimed at stopping shipments of garments made from Egyptian cotton. Bulgaria, for example, has been selling at sweat shop prices cloth made from small quantities of Bulgarian cotton mixed with large quantities of cotton brought from Egypt at what traders in Sweden define as cut prices.

If these measures prove to be ineffective, Sweden is prepared to impose a special anti-dumping tariff on East European textiles. The Textile Workers Union will send a study delegation to the East European countries, which is to advise the Swedish Government on establishing anti-dumping tariffs.

Presently, restrictions on imports from the People's Democracies are moderate because these countries supply only a small proportion of Sweden's total textile requirements,

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and actually the harm done through the dumping is limited. However, the real fear lies in the possibility that if these first efforts of dumping go unchecked, the Communist countries will flood the Swedish textile market.

Sweden also faces stiff textile competition from other European countries, such as West Germany. The Textile Workers Union last May asked for a protective tariff against Indian jute, which the Indians were able to sell on the Swedish market ten cents per kilo cheaper than Swedish jute. Further, for example, in the annual report of the Scandinavian Jute Spinning and Weaving Company, it was stated that sales had been handicapped by the increased competition from India and the dumping of linen goods by East European countries.

A spokesman for a East European trade delegation said that the threat to the Swedish textile industry was not in the prices of East Europe, but came from the large Swedish imports from Italy, West Germany, England and Switzerland. And not only is it the quantity, but the quality of West European textile imports into Sweden which hurt the Swedish home industry, and in this respect, he stated, East European countries cannot compete. For example, he stated that the finest grade of nylon stockings from Central Europe is only 51 gauge owing to the inferior machinery in the East. He also expressed his consternation at the possibilities of trade restrictions on the premise that Sweden has bilateral trade agreements with all East European countries and, therefore, the cheaper they sell their goods, the better is the payment received by Sweden for her exports, and East Europe cannot buy in Sweden if it cannot sell there. It was this delegate's confirmed opinion that the actions -- and proposed actions -- of the Swedish Government have a political background, that Sweden has decided to decrease her imports from the East owing to American pressure. He mentioned, as an example, the challenge that Sweden experienced in 1951 to 1952 from the West German textile imports, and at that time there was no talk about restricting imports through tariffs. The delegate did admit that there was a high surplus of cotton in most East European countries, not only cotton acquired through the "Help Egypt" campaign, but also native cotton planted after the war, and cotton acquired from Iran, India, and all Asiatic countries which are buying East European machinery in exchange for raw materials.

A source employed by the SUKAB -- the semi-official Swedish Government trading company -- stated that under the present conditions, Sweden is getting only surplus textiles

ITEM NO. 5889/56

4

of second-hand quality from the captive countries. If Sweden would refuse to receive it, the whole trade balance with Hungary and Czechoslovakia would be endangered, as one-third of these countries' exports consist of textiles. The Swedes have always stipulated that these countries should sell bona fide goods, not surplus goods. Further, he feels that this "dumping" also concerns other goods from Eastern Europe, such as electric motors.

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