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## Study on the Effects of AFTA-CEPT Scheme on the Textile Industry

*Virginia S. Pineda*

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GLOBALLY COMPETITIVE PHILIPPINE ECONOMY

STUDY ON THE EFFECTS OF AFTA-CEPT  
SCHEME ON THE TEXTILE INDUSTRY

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(FINAL REPORT)

# **EFFECTS OF THE ASEAN FREE TRADE AREA-COMMON EFFECTIVE PREFERENTIAL TARIFF SCHEME (AFTA-CEPT) ON THE TEXTILE INDUSTRY**

## **1. INTRODUCTION**

This paper aims to provide a closer examination of the impact of the AFTA-CEPT on manufacturing by focusing on a specific industry. Its objective is to assess the effects of the CEPT on the textile industry and identify gainers and vulnerable sectors.

The methodology basically follows that of the study on the effects of the CEPT on manufacturing industries. It employed the Effective Protection Rate (EPR) and Domestic Resource Cost (DRC) frameworks for analysis. It also used 1992 establishment data from the National Statistics Office, tariff rates (non-CEPT and CEPT rates) for 1996 and 2000. In addition, Net Present Values (NPVs) were also estimated for firms with sufficient data using financial statements.

Textile products were classified into those wherein the Philippines is a net exporter and net importer from ASEAN. From among the net importers, vulnerable industries were identified as those having high cost, with significant reduction in effective protection, and wherein the proportion of imports from ASEAN are substantial.

The paper is organized as follows. The next section gives a backgrounder on the textile industry - its products, linkages and performance. Section 3 discusses government policies, specifically tariff reforms, import liberalization, and incentives. This is followed by a brief review of Philippine trade of textile goods with ASEAN and comparison of MFN (Most Favored Nation) and CEPT tariffs. Section 6 presents the findings on the effects of the CEPT on the textile subsectors. Finally, the last section provides a summary as well as discussion of measures to improve the industry's competitiveness.

## 2. INDUSTRY BACKGROUND

### 2.1 Products and Linkages

The textile industry covers production of fibers, yarn, and made-up textile goods. It involves different stages of processes consisting of the following:

- (1) Fiber/filament production
- (2) Production of yarn from fibers (spinning)
- (3) Production of fabrics from yarn (weaving, circular knitting, warp knitting, and raschel)
- (4) Decoration of fabrics (dyeing, printing, finishing)
- (5) Production of fabrics directly from fibers (non-woven fabrics)

The industry is classified into two sectors:

- (1) Primary sector - this basically includes spinning, weaving/knitting and finishing. It may be classified further into integrated (involves three activities) and non-integrated (one or two activities).
- (2) Secondary processing sector - this covers manufacture of made-up textile goods (e.g., rope, carpets, and rugs).

Local textile millers use chemicals and a variety of fibers, such as polyester fiber, cotton, rayon, and acrylic for inputs. However, they import about 80 percent of their raw material requirements.

On forward linkages, the textile industry's production is mainly used for domestic apparel. Locally-made textile supplies about 15 to 20 percent of the garment manufacturers' textile requirements. Since garment manufacturers/exporters are import dependent for their inputs, they still have to look for foreign suppliers and undergo the entire process of ordering and importing. In contrast, their foreign competitors need only to turn around to get their textile. Delays or longer lead times reduce competitiveness in export markets. Hence, garment manufacturers currently point out the need for a strong local textile industry to back them up as they face stiff competition in international markets (Philippine Daily Inquirer, 30 May 1995).

### 2.2 Production Structure

As of 1988 census, there were 547 large textile establishments and 1,316 small establishments. Of these, 30 were integrated mills. Large establishments are those employing ten or more workers while small establishments have nine or less workers. Although numerous, the small textile establishments account for less than 1 percent of output value and 4 percent of employment in the textile industry.

Fiber and filament manufacture had the largest share in textile production at 20 percent, followed by spinning and integrated mills, each with 19 percent share, respectively. These three subsectors constituted about 58 percent of textile production (Table 1).

### 2.3 Significance to the economy

The textile industry's contribution to manufacturing value added averaged 4 percent from 1981-1995. Since it caters primarily to the domestic market, its share in total Philippine exports was relatively minimal, about 1 percent for the same period. In terms of employment, it provided jobs to an average of 89,405 persons or 11 percent of total manufacturing employment from 1981 to 1993. (Please refer to Tables 2 and 3).

### 2.4 Performance

#### 2.4.1 Output

Textile output value has been generally increasing, with an average annual growth rate of about 10 percent from 1981 to 1993 (Table 3). Output declined in some years due to unfavorable economic conditions, specifically, in 1983, 1985, and 1993. As a proportion of total manufacturing output, the share of textile has been falling, from 7 percent in 1981 to 3 percent in 1993.

#### 2.4.2 Trade

Imports of textile far exceeded exports and the trade gap has been widening, from US\$ 53 million in 1981 to US\$ 736 million in 1995 (Table 3). While imports grew at an annual average of 17 percent from 1981 to 1995, exports increased by an average of only 10 percent for the same period. The share of textile exports in total Philippine exports was hardly unchanged at 1 percent from 1981-1995. On the other hand, the proportion of textile imports to the country's total imports has been rising from 1 percent in 1981 to about 4 percent in 1986-1994, before dropping to 3 percent in 1995.

The textile industry is mainly geared towards the local market. Domestic sales was 83 percent of output in 1981 and 71 percent in 1988. Following the implementation of the advance tax credit scheme in 1985, the ratio of indirect exports to output increased substantially, from 5.4 percent in 1984 to 22.5 in 1988 (Table 3). The advance tax credit scheme provided tax credit to local textile millers and allowed them to offer their products at tax- and duty-free prices to garments manufacturers. The proportion of both direct and indirect export to output increased from 17 percent in 1981 to 29 percent in 1988.

#### 2.4.3 Comparison with ASEAN countries

The Philippines pioneered the textile industry among the ASEAN countries in the 1950s but it has lagged behind (see Table 4). In terms of real value added, the country has the lowest growth rate among ASEAN members: 11 percent from 1970-1980 and -11 percent from

1980-1990. On real exports, the Philippines' growth rates of 26 percent in 1970-1980 and 6.3 percent in 1980-1990 are surpassed by Indonesia and Thailand. Labor productivity in the country's textile industry has been declining from 1970-1990, and was the lowest among the ASEAN members in 1985-1990. In contrast, the rest of ASEAN recorded increasing labor productivity from 1970-1990. Antiquated technology and high input costs are cited as reasons for high production cost and poor quality of Philippine textile.

### **3. GOVERNMENT POLICIES**

#### **3.1 Tariff Reforms and Import Liberalization**

Textile manufacture was one of the leading industries identified for promotion under the government's import substitution strategy in the 1950s. Thus, it was highly protected through tariffs and quantitative restrictions on imports.

The tariff reforms under TRP-I (Tariff Reform Program, 1981-1985) and TRP-II (1991-1995, as provided under Executive Order No. 470), as well as the minor tariff adjustments from 1986 to 1990, brought down the implicit tariff rates on textile products and inputs. Implicit tariff rates, which take into account nominal tariff and sales taxes, were computed for the study using NSO establishment data. For textile products, the average implicit tariff declined from 54 percent in 1983 to 27 percent in 1988 and further to 22.07 percent in 1992. For inputs, the rate was reduced from 48 percent in 1983 to 21 percent in 1988 and 20 percent in 1992.

Additional tariff reductions were provided to the textile industry through amendments to E.O. 470. E.O. 189 (issued in July 1994) implemented the multi-year tariff restructuring program (1994-2000) for capital equipment, including machinery for textile manufacture, from 10-20 percent to a level of 3 or 10 percent. E.O. 204 (issued in September 1994) reduced tariffs on textiles and inputs as follows: on yarns and sewing thread, from 20-25 percent to 10 percent; on fabrics, from 30 percent to 20 percent; on garments and made-up articles, from 30-50 percent to 30 percent; and on caustic soda and polyamides, from 20 percent to 10 percent. Tariffs on other chemical inputs decreased to 3 percent.

Liberalization of regulated textile imports was undertaken from 1982 to 1988 (Table 5). As a result, only used clothing remained regulated in the textile industry.

#### **3.2 Textile Modernization Program**

The current textile modernization program is administered by the Board of Investments. It aims to enable the textile industry to become modern and internationally competitive. Under the program, the increase in capacities due to modernization should not be more than 25 percent of installed capacity and such increment should be exported (50 percent if Filipino, 70 percent if foreign). Projects registered under the program are entitled to the following incentives:

- a) tax- and duty-free importation of capital equipment, replacement and spare parts;
- b) tax credit on domestic capital equipment equivalent to 100 percent of taxes and duties that would have been waived had the equipment been imported;
- c) unrestricted use of consigned equipment; and
- d) exemption from taxes and duties on imported spare parts and supplies for consigned equipment.

### 3.3 Advance tax credit scheme

The government approved the advance tax credit scheme in 1985 to reduce the production costs of garments manufacturers. Under the scheme, local millers can offer tax- and duty-free textiles to garment exporters with bonded manufacturing warehouses (BMW's). The Board of Investments (BOI) will then issue local millers with tax credit certificates (TCC) equivalent to the tax and duty garment exporters would have paid had they bought imported raw materials. Thus, the scheme allowed local textiles to be priced competitively with imported textiles. The TCC may be used in payment of advance sales taxes on imports, payment of duty at the time of opening a Letter of Credit or payment of any taxes owing to the national government (Austria, 1994).

## 4. PHILIPPINE TRADE WITH ASEAN IN TEXTILE PRODUCTS

On the whole, the Philippines is a net importer of textile from ASEAN. From 1993 to 1995, exports of these products from ASEAN averaged US\$ 21.8 million while imports averaged US\$ 75.6 million resulting in a deficit of US\$ 53.8 million. ASEAN share in Philippine exports and imports of these commodities was minimal: 11 percent and 7 percent, respectively (Table 6).

It is only in made-up textile goods (such as tulles and laces) that the Philippines is a net exporter to ASEAN. However, the latter accounted for only 7 percent of the country's exports of these products.

### PHILIPPINE NON-CEPT AND CEPT RATES ON TEXTILE PRODUCTS

Tariffs on fibers are mainly 3 percent in years 1996 and 2000 under both Non-CEPT (Most Favored Nation or MFN rates) and CEPT schedules. In case of yarns, MFN and CEPT rates are mostly in the 10 percent level in 1996 and 3 percent in 2000. For fabrics, Non-CEPT rates are generally in the 20 percent level while CEPT rates are in the 15 percent level. In year 2000, the 10 percent rate applies under both MFN and CEPT tariff schedules.



## 6. EFFECTS OF THE CEPT ON THE TEXTILE INDUSTRY

The Philippines will gain most in commodities where the Philippines is a net exporter to ASEAN. These include vegetable textile fibers, knitted or crocheted fabrics, laces and other made-up articles (Table 7).

In commodities wherein the Philippines is a net importer from ASEAN, there may be vulnerable local producers. An industry is considered vulnerable to ASEAN competition if it is high-cost (as indicated by a DRC/SER ratio  $> 1.2$ ), its EPR drops significantly under CEPT, and the share of ASEAN in Philippine imports of its products is substantial.

As presented in Table 7, the Philippines is a net importer of non-vegetable textile fibers (silk, cotton, jute, synthetic, wool), yarn, and woven fabrics. Table 8 shows the EPRs with and without CEPT and DRC/SER ratios of these industries and others. The industries are high-cost except for spinning, weaving, texturizing, nec. and cordage, rope and twine.

The EPRs of fibers and yarns (spinning) have not changed much. In contrast, the manufacture of woven fabrics has the greatest EPR reduction under CEPT, by about 4 percentage points in 1996. Nevertheless, the CEPT may have minimal impact since ASEAN share in Philippine imports of woven fabrics was only 6 percent (Table 7).

The weaving subsector is examined further by estimating the EPRs, DRC/SER ratios, and Net Present Values (NPVs at market values) using the financial statements of firms which are solely weaving mills. These were computed for five firms which have the required data. The results are shown in Table 9.

The firms' low value added result in relatively higher EPR rates and makes them more sensitive to tariff changes. The difference (percentage points) in EPRs at CEPT and non-CEPT rates ranged from 12 to 15 percent in 1996 and from 3 to 4 percent in 2000.

All the sample firms are high-cost. Three of them were even dis-savers, as indicated by their negative DRC/SER ratios. Firm A, which indicated that it exports about 15 percent of its output has the lowest DRC/SER ratio and was the only firm which has positive NPVs. Although its NPVs are lower under the CEPT, they remained positive, which is an indication of its ability to compete. The rest of the firms which have negative NPVs even without CEPT would have greater difficulty in competing under the CEPT.

The reduction in EPR and the deterioration of NPVs indicate that tariff protection helped prop up firms which were dis-savers of foreign exchange. With further reduction of tariffs to 5 percent, NPVs would be even lower which makes it necessary for them to find ways of improving efficiency to be able to compete.

## 7. SUMMARY AND CONCLUSION

The objective of the paper is to assess the effects of the CEPT on the textile industry and identify gainers and vulnerable industries.

The Philippines will gain most in commodities where the Philippines is a net exporter to ASEAN. These include vegetable textile fibers, knitted or crocheted fabrics, laces and other made-up articles.

Among the textile subsectors, the manufacture of woven fabrics has the greatest EPR reduction under CEPT, by about 4 percentage points in 1996. Nevertheless, the CEPT may have minimal impact since ASEAN share in Philippine imports of woven fabrics was only 6 percent.

The textile industry has been the focus of many studies. Problems have been long recognized - labor conflicts, increasing labor cost, high power cost, and old machines/technology. Measures to improve efficiency and competitiveness have also been identified. These include more investments in new machines, improved industrial relations and infrastructure, more streamlined procedures, more intensive human resource development program for workers (such as better skills in finishing subsector, design capabilities and merchandising in garments, sending of Filipino trainees abroad and inviting foreign experts/trainors), and ensuring strong linkages between productivity improvements and wage adjustments. To reduce power cost, specific recommendations are elimination of cross subsidies in the power sector, further improvement in reducing distribution losses, and transferring burden of repayment of bad debts of NAPOCOR to national government (Intal, 1997).

From the survey of firms, among the recommendations are the following: (1) since almost all the neighboring countries are using computer-generated designs in their products, the government should set up a computer information bureau where everybody could go and do their research and product development, even for a fee; (2) simplify rules and procedures for foreign investors and technicians; and (3) if the government cannot reduce power rate, it should encourage textile mills to venture into their own electric generating plant by providing incentives, such as refund of all taxes on the bunker fuel utilized by the generating set.

Furthermore, the Garments and Textile Export Board (GTEB) and the private sector have jointly formulated an Export Development Plan for Garments and Textile, as follows:

- (1) Improvement of turnaround time from 120 to 60 days by reducing red tape, simplifying import/export procedures, and improving productivity;
- (2) Retooling and modernization program through technology, design and skills upgrading;
- (3) Heavy investments in dyeing, finishing and printing by the private sector;

- (4) Export base expansion through foreign investment in manufacture of garment, textile and accessories, negotiation of designer label agreements, and subcontracting or outward processing arrangements;
- (5) Passage of policy reforms that will provide productivity-based wage increases, lower cost of electricity and cheaper financing;
- (6) Market niching through identification of higher value items for promotion or manufacture;
- (7) Market expansion through the following:
  - aggressive negotiations
  - selling missions, trade fairs and incoming missions
  - maximum quota utilization
  - expansion of non-quota market
  - improved use of indigenous fibers and designs
  - opening the local market to the garments and textile export industry

Considering that measures to improve the international competitiveness of the textile sector have already been identified, the remaining task is putting them into action.

TABLE 1 TEXTILE INDUSTRY PRODUCTION STRUCTURE, 1988

Description	Value of Output (in thousand pesos)	Percent of Total Textile
Fiber/Filament	4,088,719	20.91
Integrated Textile Mills	3,700,523	18.92
Spinning	3,767,184	19.26
Weaving/Texturizing	1,567,744	8.02
Finishing	531,508	2.72
Hand Weaving	25,846	0.13
Fabric Knitting	1,147,277	5.87
Spinning nes	283,379	1.45
Others *	4,443,806	22.72
<b>TOTAL TEXTILE</b>	<b>19,555,986</b>	<b>100.00</b>

\* include manufacture of laces, carpets and rugs, cordage, rope and twine, fiber batting, made-up textile goods, textiles, n.e.s

Source: NSO Census of Large Establishments, 1988

TABLE 2 Gross Value Added and Employment in the Textile Industry and Percent Share in Manufacturing

Year	GVA (in million pesos, at constant 1985 prices)		EMPLOYMENT (number)	
	Textile	Percent of Manufacturing	Textile	Percent of Manufacturing
1981	6,626	3.86	135,486	12.34
1982	7,506	4.31	145,560	13.38
1983	7,613	4.38	85,830	12.25
1984	6,644	4.25	65,702	10.18
1985	5,293	3.68	63,410	10.17
1986	5,846	3.99	70,686	11.11
1987	6,071	3.93	76,831	11.38
1988	6,840	4.04	89,499	10.44
1989	7,552	4.22	101,012	10.64
1990	6,720	3.65	97,596	10.46
1991	6,524	3.56	84,297	8.91
1992	5,740	3.19	79,390	8.20
1993	5,698	3.14	66,965	7.37
1994	5,277	2.77	n.a.	-
1995	5,611	2.76	n.a.	-
AVERAGE	6,371	3.72	89,405	10.52

Source: Philippine Statistical Yearbook, 1996

TABLE 3 OUTPUT OF TEXTILE INDUSTRY, EXPORTS AND IMPORTS OF TEXTILE YARNS, FABRICS, AND MADE-UP TEXTILE GOODS

Year	Gross Value of Textile Output (in million pesos)	Percent of Manufacturing	Textile Production (in thousand metric tons)	Distribution to market (%)		
				Domestic	Indirect Export	Direct Export
1981	9,726	6.93	95.5	83.2	3.1	13.6
1982	9,602	6.05	80.8	86.9	2.1	11
1983	8,492	5.18	88.0	90.9	2.3	6.8
1984	10,472	4.76	75.6	87.4	5.4	7.1
1985	10,309	4.59	71.5	83.1	8.5	8.4
1986	11,584	4.63	93.5	77.0	18.2	4.8
1987	15,330	5.15	120.0	64.2	26.7	9.1
1988	19,556	5.08	133.0	70.7	22.5	6.8
1989	24,455	5.28	155.0	-	-	-
1990	27,304	4.81	n.a.	-	-	-
1991	28,578	4.21	n.a.	-	-	-
1992	29,238	3.98	n.a.	-	-	-
1993	26,071	3.29	n.a.	-	-	-
1994	n.a.	-	n.a.	-	-	-
1995	n.a.	-	n.a.	-	-	-
AVERAGE	17,747	4.92				

Year	Textile Exports (FOB US\$ million)	Percent of Total Exports	Textile Imports (CIF US\$ million)	Percent of Total Imports
1981	69	1.20	122	1.47
1982	56	1.12	156	1.88
1983	44	0.89	190	2.38
1984	38	0.73	164	2.55
1985	39	0.85	145	2.67
1986	44	0.93	214	3.97
1987	68	1.23	288	4.00
1988	71	1.02	335	4.11
1989	87	1.12	467	4.18
1990	93	1.15	565	4.33
1991	100	1.15	556	4.33
1992	131	1.35	668	4.32
1993	118	1.05	740	3.94
1994	173	1.30	822	3.63
1995	208	1.21	944	3.31
AVERAGE	89	1.09	425	3.40

n.a. -not available

Sources: Philippine Statistical Yearbook, 1996, and NSO Foreign Trade Statistics of the Philippines, various issues

**TABLE 4 COMPARATIVE PERFORMANCE OF TEXTILE INDUSTRIES  
IN ASEAN COUNTRIES**

Average annual growth rate of real value added and real exports in the textile industries of ASEAN countries (%)

	Real Value Added		Real Exports	
	1970-80	1980-90	1970-80	1980-90
Philippines	10.9	-10.6	25.5	6.3
Indonesia	21.4	6.6	30.1	36.7
Malaysia	26.1	0.5	31.3	3.9
Singapore	16.7	-5.9	13.3	4.8
Thailand	13.2	3.4	29.1	7.1

Labor productivity in the textile industry among ASEAN countries  
(US\$ '000, 1985 prices)

	1970-74	1975-79	1980-84	1985-90
Philippines	3.82	3.64	3.12	2.03
Indonesia	1.41	1.99	2.27	2.45
Malaysia	3.31	5.67	5.41	6.44
Singapore	4.96	7.27	9.71	14.21
Thailand	4.10	4.26	5.97	6.54

Value added and exports are measured in US\$ at 1985 prices

Labor productivity is based on value added per worker. Figures refer to average for the period.

Source: Austria (1994).

TABLE 5 REMOVAL OF IMPORT RESTRICTIONS ON TEXTILES, BY PSCC

PSCC	DESCRIPTION	NUMBER OF PRODUCT LINES LIBERALIZED						
		1982	1983	1984	1985	1986	1987	1988
26	TEXTILE FIBERS (OTHER THAN WOOL TOPS) AND THEIR WASTES (NOT MANUFACTURED)							
263	Cotton	-	-	-	-	1	-	-
266	Synthetic fibers suitable for spinning	-	-	-	-	7	3	-
267	Other man-made fibers suitable for spinning	-	-	-	-	2		-
268	Wool and other animal hair	-	-	-	-	1	-	-
269	Old clothing and other old textile articles; rags	-	-	-	4	2	-	-
65	TEXTILE YARNS, FABRICS, MADE-UP ARTICLES, N.E.S. AND OTHER RELATED PRODUCTS							
651	Textile yarn	-	-	-	-	10	69	-
652	Other fabric, woven	-	-	-	-	1	-	19
653	Fabrics, woven, of man-made fibers	-	-	-	-	2	-	24
654	Textile fabrics, woven, other than cotton or man-made fibers	-	-	-	-	3	-	27
655	Knitted or crocheted fabrics	-	-	-	-	2	-	7
656	Tulle, lace, embroidery, ribbons, trimmings	-	-	-	-	35	-	-
657	Special textile fabrics and related products	-	-	1	4	16	-	-
658	Made-up articles, wholly or chiefly of textile materials	3	14	-	-	18	-	-
659	Floor coverings	8	6	-	-	11	-	-
	TOTAL	11	20	1	8	111	72	77

Source: Austria (1994)



TABLE 6. PHILIPPINE EXPORTS AND IMPORTS OF FIBERS AND TEXTILE PRODUCTS FROM ASEAN AND THE WORLD  
(AVERAGE FOR 1993-1995)

COMMODITY	EXPORTS TO ASEAN	IMPORTS FROM ASEAN	NET EXPORTS TO ASEAN	EXPORTS TO WORLD	IMPORTS FROM WORLD	NET EXPORTS TO WORLD	ASEAN SHARE IN EXPORTS (%)	ASEAN SHARE IN IMPORTS (%)
FIBERS	304,952	12,557,819	(12,252,867)	30,167,649	214,114,361	(183,946,712)	1.01	5.87
TEXTILE YARN	2,415,433	16,769,277	(14,353,843)	39,442,848	130,591,062	(91,148,214)	6.12	12.84
FABRICS	13,461,605	28,375,118	(14,913,513)	55,740,793	546,506,776	(490,765,983)	24.15	5.19
SPECIAL YARNS, FABRICS & RELATED PRODS.	1,950,391	16,743,332	(14,792,941)	18,991,921	106,915,083	(87,923,162)	10.27	15.66
TEXTILE GOODS	3,674,140	1,127,970	2,546,169	51,935,687	51,258,766	676,921	7.07	2.20
TOTAL	21,806,520	75,573,516	(53,766,995)	196,278,898	1,049,386,048	(853,107,150)	11.11	7.20

Exports in US\$ FOB; Imports in US\$ CIF

TABLE 7 COMMODITIES WHEREIN THE PHILIPPINES IS NET EXPORTER AND NET IMPROTER FROM ASEAN (AT 3-DIGIT PSCC)  
(AVERAGE FOR 1993-1995)

PSCC	DESCRIPTION	NET EXPORTS TO ASEAN	NET EXPORTS TO WORLD	ASEAN SHARE IN EXPORTS (%)	ASEAN SHARE IN IMPORTS (%)
<b>NET EXPORTER TO ASEAN</b>					
<b>FIBERS</b>					
265	vegetable textile fibers, raw or processed but not spun; waste of these fibers	105,122	20,351,282	0.51	0.41
<b>FABRICS</b>					
655	knitted or crocheted fabrics (incl. tubular knits nes, pile and open-worked fabrics) nes	5,272,964	(158,028,953)	32.90	3.59
<b>MADE-UP TEXTILE GOODS</b>					
656	tulles, lace, embroidery, ribbons, trimmings and other small wares	2,704,296	(19,370,451)	22.77	1.44
658	made-up articles, wholly or chiefly of textile materials nes	49,603	21,070,890	1.20	2.73
	<b>TOTAL MADE-UP TEXTILE GOODS</b>	<b>2,753,899</b>	<b>1,700,439</b>	<b>7.45</b>	<b>1.80</b>
<b>NET IMPORTER FROM ASEAN &amp; THE WORLD</b>					
<b>FIBERS</b>					
261	silk	(188,678)	(643,756)	0.00	28.42
263	cotton	(2,131,085)	(100,918,623)	34.02	2.12
264	jute& other textile bast fibers, nes, raw or processed but not spun; tow & waste of these fibers	0	(80,728)	0.00	0.00
266	synthetic fibers suitable for spinning	(3,717,543)	(62,496,996)	2.47	5.82
267	other manmade fibers suitable for spinning and waste of manmade fibers	(6,064,896)	(37,664,992)	2.14	14.28
268	wool and other animal hair (incl. wool tops)	(255,787)	(2,492,899)	0.00	10.23
	<b>TOTAL FIBERS</b>	<b>0</b>	<b>0</b>	<b>ERR</b>	<b>ERR</b>
<b>FABRICS</b>					
652	cotton fabrics, woven (excl. narrow or special fabrics)	(8,751,855)	(171,733,922)	49.12	5.55
653	fabrics, woven, of manmade textile materials (excl. narrow or special fabrics)	(11,414,967)	(146,267,258)	0.81	7.14
654	other textile fabrics, woven	(19,655)	(14,735,850)	12.84	1.17
	<b>TOTAL FABRICS</b>	<b>0</b>	<b>0</b>	<b>ERR</b>	<b>ERR</b>
<b>MADE-UP TEXTILE GOODS</b>					
659	floor coverings, etc.	(207,730)	(1,023,518)	2.18	6.10

TABLE 8 TEXTILE INDUSTRIES: EPR RATES AND DRC/SER RATIOS

PSIC	DESCRIPTION	EPR (%)				DRC/SER 1992
		NON-CEPT 1996	CEPT 1996	NON-CEPT 2000	CEPT 2000	
32111	Integrated textiles	5.41	4.93	1.61	1.63	1.69
32112	Fiber & filament	-1.39	-1.39	-0.54	-0.49	3.45
32113	Spinning	4.66	3.86	0.81	0.83	1.64
32114	Texturizing Mills	10.81	7.21	5.61	4.07	1.94
32115	Weaving	11.65	7.40	5.87	4.02	1.90
32116	Finishing	10.97	8.01	5.55	4.48	2.81
32119	Spinning, weaving, texturizing,n.e.c.	5.60	5.13	1.71	1.76	1.04
32131	Industrial bags	8.17	9.16	1.66	1.68	1.49
32141	Carpets & rugs	29.57	30.45	10.32	7.70	1.08
32151	Cordage, rope and twine	37.15	37.22	18.49	18.56	1.59
32152	Nets, excl. mosquito nets	24.19	24.19	12.08	12.08	1.36
32159	Cordage, rope, twine,nec.	32.39	32.41	16.18	16.19	4.45
32170	Fiber batting, padding, etc.	4.80	4.83	3.88	3.91	5.66
32199	Misc. textiles, nec.	4.73	4.74	3.84	3.85	2.69

TABLE 9 DRC/SER RATIOS, EPR RATES, AND NPVs OF SAMPLE WEAVING MILLS

	DRC/SER	EPR (%)						NPV					
		1995	NON-CEPT 1996	CEPT 1996	NON-CEPT 2000	CEPT 2000	5% TARIFF 2004	1995	NON-CEPT 1996	CEPT 1996	NON-CEPT 2000	CEPT 2000	5% TARIFF 2004
Firm A	1.80	37	37	25	23	20	2	415,688	40,238,425	39,115,185	37,430,325	37,149,515	36,026,275
Firm B	9.68	58	48	33	29	25	5	(503,031)	(937,431.90)	(1,612,247.14)	(1,798,451.23)	(1,967,155.03)	(2,888,674.17)
Firm C	-0.69	44	44	31	26	23	5	(18,161,142)	(18,161,142.24)	(18,804,327.93)	(19,022,520.32)	(19,183,316.75)	(20,051,039.62)
Firm D	-4.14	45	45	31	27	23	5	(44,085)	(43,992.82)	(123,069.08)	(148,859.00)	(168,628.07)	(275,603.00)
Firm E	-1.11	33	33	24	19	17	5	(7,509,532)	(7,509,531.85)	(7,834,925.50)	(8,017,188.50)	(8,098,536.91)	(8,515,908.74)

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