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**RESTRUCTURING THE MEXICAN TEXTILE INDUSTRY:  
TOWARDS A PROGRAMME OF ACTION\***

Prepared by the

**Regional and Country Studies Branch**

**Division for Industrial Studies**

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## PREFACE

The Regional and Country Studies Branch has developed its current Economic Research Services programme in response to requirements for analyses and information for industrial policy-making in individual developing countries.

Through this programme, the Branch is regularly assisting policy makers in developing countries to monitor pertinent developments at the national and regional levels, in particular as concerns: industrial policies in other countries and programmes to upgrade relevant production processes and products; emerging technological trends; prospective changes in national and international markets; and relevant trade policies of main trading partners.

An assessment can then be made of the specific country's competitiveness of key industrial activities in national and international markets, the technological status in these activities, and market prospects. On this basis it is possible to identify broad requirements for the restructuring of various industrial subsectors of the country, and to outline supporting policy options.

This document summarizes in part I the policy recommendations for an action programme to restructure the Mexican textile industry, as submitted by a UNIDO team to the Mexican Government and jointly discussed on 8 November 1985. The recommendations reflect:

- the findings of the UNIDO study "Restructuring of the Mexican Textile Industry: Requirements and Policy Options" (UNIDO/IS.595);
- the discussion of these findings and of the policy experience of textile restructuring programmes made in Belgium, the Republic of Korea, and Spain, with representatives of the Government and industry during a national workshop, jointly organized by the Ministry of Commerce and Industry, the National Chamber of the Textile Industry and UNIDO in Mexico City, 4-5 November 1985; and

- the evaluation of the results of the workshop elaborated in several meetings, held 6-7 November 1985, with the Government and representatives of the textile industry.

Part II of this document summarizes for the convenience of the reader the findings of the UNIDO study "Restructuring of the Mexican Textile Industry - Requirements and Policy Options". The UNIDO team comprised Mr. Ralf M. Mohs (team leader, UNIDO, Regional and Country Studies Branch), Mr. Antero Eraneva (UNIDO, Agro-Industries Branch), Mr. Moon Shin Hong (Korea Institute for Economics and Technology), Mr. David Montero (Ministry of Industry, Madrid), Mr. Willy Ramboer (Ministry of Industry, Brussels), and Mr. Brian Toyne (University of South Carolina).

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I. RESTRUCTURING THE MEXICAN TEXTILE INDUSTRY:  
RECOMMENDATIONS OF THE UNIDO MISSION TO MEXICO CITY,  
4-8 NOVEMBER 1985

1.1 Basis of summary and recommendations

The following summary is a statement of the UNIDO team's observations and conclusions concerning the present situation in Mexico, the major problems, and the ranking of the major issues. These observations and conclusions are based on the impressions the team received from discussions with representatives of the Mexican Government and the textile industry. In addition, our recommendations for the restructuring of the Mexican textile industry are predicated upon the following assumptions:

1. The restructuring of the industry, further but gradual liberalization of the Mexican textile markets, and the increased flexibility of the labour force are:
  - (a) a set of integrated components of a comprehensive textile programme, and
  - (b) mutually consistent with and supportive of each other.
2. The decentralization or regionalization of the textile industry is a critical, yet separate and long-term objective of the comprehensive textile programme.
3. The restructuring of the textile industry is to result in an industry that is both internally and externally competitive;
4. A philosophy of compromise will prevail among the three parties (Government, industry and labour) and guide them in the formulation and implementation of the textile industry programme.

5. The programme and the parameters of the programme will receive consistent and continuous support of the Government during the entire restructuring process.
6. The overall programme and its various specific plans and programmes are to be tackled in a multifaceted way. And finally
7. The comprehensive textile programme's goals and objectives are consistent with and supportive of the Government's macro-economic plans for the Mexican economy.

1.2 Assessment of the framework for an action programme

The UNIDO team is of the opinion that the time and climate is appropriate for concrete action. During this week's discussions, the UNIDO team gained the impression that the Mexican Government and the Mexican textile industry desire to co-operatively formulate and implement Government plans that will result in the modernization of the industry. However, some differences in opinion did crop up.

On the one hand, while confidence is emerging within the industry in a fruitful co-operation with the Government in the revitalization and restructuring of the textile industry itself, entrepreneurs are sceptical concerning the Government's ability to provide continuous support for the successful implementation of the plan. Furthermore, the industry indicated some resistance to the concept of radical liberalization, still maintaining its internal-market orientation. The Mexican Government, on the other hand, has adopted additional political priorities in that macro-economic changes do not only necessitate the development of an industry producing for internal markets, but also the development of an industry that is externally competitive.

The successful formulation and implementation of a restructuring programme for the Mexican textile industry needs co-operation, compromise and communication between all groups concerned. That is, the success of the programme requires the full and willing support of the Government, the industry and organized labour.

### 1.3 Major problems of the Mexican textile industry

From the discussions held this week, five major problems were identified:

#### Dualistic industry structure

The Mexican textile industry has the characteristics of a dualistic industry. There appear to be three types or groups of companies:

- (1) modern companies, primarily in the synthetic fibre production sector;
- (2) semi-modern companies that possess both modern and old equipment, primarily in the weaving and knitting sectors; and
- (3) antiquated companies or antiquated departments in modern companies (mainly finishing departments).

#### Unbalanced production chain

The Mexican industry also appears to suffer from:

- (a) an imbalance in the production of synthetic and natural fibres;
- (b) considerable variation in the quality of the products (fibres, fabrics and clothing);
- (c) limited offers of blended fabrics;
- (d) limited production of fine fibres suitable for light-weight clothing (shirts, blouses); and
- (e) a high vertical integration of small companies resulting in a loss of economies of scale.



External market signals missing

Because of the protected internal market, the industry has not been aware of signals from the international market concerning factors such as: technology, equipment changes, product standards, fashion and design.

Skill problem

Although many firms possess modern equipment, they frequently lack the personnel skilled in operating and maintaining this equipment, or experienced general management.

Lack of risk capital

From comments made during the week it appears that many firms are lacking in risk capital and are working with loans.

Regional concentration

The industry is highly concentrated in the Mexico City area.

Distribution infrastructure

It was pointed out at one meeting that an adequate distribution infrastructure is missing in many parts of the country.

Price discrimination

Synthetic fibre producers are discriminating between the internal and external markets. These producers are utilizing the tariff protection offered by the Government to charge higher prices in the internal market. These higher prices result in higher prices for threads, fabrics and clothing in the internal market.

#### 1.4 Ranking of issues and policy targets

Four issues were identified by the UNIDO team as being of critical importance to the Mexican Government and the Mexican industry. They are:

- (1) modernization;
- (2) liberalization;
- (3) labour; and
- (4) regionalization (or decentralization).

Modernization, liberalization and labour are issues that need to be considered in an integrated fashion.

Modernization appears to be of first importance. If industry is to become both internally and externally competitive, considerable emphasis needs to be placed on catching up with international trends and investments.

However, to ensure that the industry becomes internationally competitive, the gradual liberalization of key inputs is necessary. The recent shift from restrictive quotas towards tariffs is not seen by the UNIDO team as an over-liberal act of the Government. The present tariffs of 50-60 per cent are adequate and in line with those imposed by other developing countries. However, it needs to be made clear to the industry that these tariffs may be reduced gradually over an extended time period in conformity with the textile restructuring programme.

In addition, it was the impression of the team from comments made by representatives of industry and other groups that within the group of organized labour there is interest in participating in the formulation of new contracts containing greater flexibility on an ad hoc basis. The goals to be achieved through modernization and liberalization can be achieved more quickly and with greater success if "labour" is a willing and supportive party to the programme.

The regionalization (or decentralization) of the textile industry is a long-term objective. It should be handled in a way that does not distract from the more immediate and pressing goals of the programme, such as modernization.

Prior to the implementation of a decentralization programme, a comprehensive inventory needs to be made of regional textile centres. This survey should then become the basis for the establishment of regional textile training centres, and the development of appropriate regional incentive programmes. Perhaps preference should be given to coastal centres which would reduce some of the logistic/transportation problems associated with exporting.

#### 1.5 Key elements of a restructuring programme

##### Kinds of restructuring

There are two kinds of restructuring to be considered: balance-sheet restructuring and modernization.

##### Balance-sheet restructuring

In view of the lack of risk or near-risk capital, solvency of the industry must be increased. If a company wants to be developed, it must have a sound financial base. This requirement must be handled before other actions are undertaken.

##### Modernization

Once a company's solvency problems have been addressed, it can develop a modernization programme. However, the modernization plan needs to be evaluated carefully with particular attention given to:

- (1) the realism of the programme; and
- (2) the creation of surplus capacity.

1.6 Criteria for the selection of enterprises and instruments for implementation

Restructuring criteria

The global (or total) restructuring of the company (financial and modernization) needs to be presented by the company in a detailed programme proposal to the special body created to implement the Textile Industry Restructuring Programme. The proposal should include the specific quantifiable targets to be achieved: internal cash flow, business turnover (divided into internal and external markets), and employment effects.

The proposals should be critically examined by independent financial analysts and engineers, and on the basis of detailed market studies. In addition, it is suggested that other financial criteria be established, such as a minimum viability level in terms of cash flow.

Additional criteria

It is recommended that better terms of support be granted to those companies willing to enter into obligations to:

- (1) Increase exports by a specific amount within a specified time period; and/or
- (2) Relocate or establish themselves in one of the designated regions.

In addition, the restructuring programme needs to be flexible. That is, adjustments should be permitted at the company level which reflect significant environmental changes.

Implementation of programmes

To achieve the balance-sheet restructuring and modernization programmes, it is recommended that:

- (a) funds be provided by the Government, the company, and banks; and
- (b) that those funds be provided using the simplest mechanism (e.g. subordinated loans at preferential interest rates).

During the implementation stage of any modernization programme, the impact of inflation should be taken into account.

It is also considered essential that the shareholders (owners) of the company be actively involved in the financing of the programme. The ratio of the financing by the three parties should be left open to negotiation, but there should be a minimum effort required of the company.

Recourse to the use of penalties should be included in the agreement. For example, for unjustifiable non-compliance, preferential loan rates could be reviewed, tightened, and finally converted into market rates.

#### 1.7 Complementary measures

The UNIDO team suggests that three additional activities be undertaken in addition to balance-sheet restructuring and modernization.

First, a necessary complementary measure is that the Government should support with subsidies initiatives taken by companies and groups of companies in the area of:

1. Fashion and design;
2. Market studies;
3. Commercial strategies;
4. Research and development;
5. Training and re-training;
6. Collective actions by groups of companies.

Second, the UNIDO team welcomes the present efforts to establish a specialized industry institute with the purpose of: (1) monitoring current international trends in technology, markets, standards, and disseminating this information in regular letters, seminars and workshops to the industry; and (2) providing technical assistance to the industry.

Third, an appropriate institutional framework should be created to facilitate the implementation of a restructuring programme. It is recommended that a special unit within SECOFI be given the responsibility to co-ordinate and implement the suggested measures at the company level. In addition, it is recommended that a tripartite commission comprising representatives of the Government, industry and labour be created to monitor the overall restructuring process at the industry level and to serve as a forum for settling disputes.

II. RESTRUCTURING OF THE MEXICAN TEXTILE INDUSTRY:  
KEY ISSUES

2.1 Penetrating new markets

Domestic demand has been the major source of growth for the Mexican textile industry for the last three decades. Correspondingly, the industry was particularly hard hit by the break down of domestic demand in 1983.

Although it can be expected that consumption percapita of textile fibres in Mexico will in the medium term regain the level of its peak in 1979, a further reliance on those domestic markets which were the predominant source of growth in the past might not ensure satisfactory rates of output growth in the future. The two main reasons in support of this argument are: (a) the persisting macro-economic problems of the Mexican economy, which in the medium term do not make a dynamic growth of domestic demand appear to be very likely; and (b) the fact that at its peak in 1979, total textile fibre consumption in Mexico was already significantly above the level "normally" associated with the per capita income of Mexico in this year. New markets will, therefore, need to be penetrated - and even created.

The latter requirement refers to the fact that a significant potential of the internal market is presently only partly utilized by the domestic industry. A relatively concentrated purchasing power has resulted in a structure of demand and consumption which is "normally" associated with higher levels of average income per capita.

The Mexican textile industry has adjusted its production to this structure of demand. A comparison of sales prices showed that Mexican production was least competitive in low-quality items and most competitive in



2.8 2.5

2.5 2.2



2.0

1.8



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several medium-quality items. It, therefore, presently neither utilizes the full potential of demand from Mexico's population with low income nor does it serve the attractive market of high-profit, high-quality items.

To be realistic, however, the potential of demand from great masses of the population which presently have low income should not be expected to become a powerful new source of demand in the short or medium term. Given the actual situation of the Mexican economy, to concentrate restructuring efforts on already existing demand for medium- and high-quality items in internal and external markets would appear to be a more effective use of scarce resources.

Mexico's situation today cannot be compared to the situation which the export-oriented South-East Asian countries were facing in the sixties. Mexico is not a typical low-wage country and has to be counted among the more advanced developing countries. Therefore, a restructuring of the textile industry should not be aimed at repeating the experience which countries like the Republic of Korea had in the sixties with cheap, low-quality textiles for the international mass market. Instead, Mexico should make use of its advanced technological potential, the high skill level of its labour force and its resource base. New technological developments like CAD and CAM tend to confer new comparative advantages in the production of high-quality fashion textiles on countries with a well developed, but internationally relatively low-priced human capital base, whereas the availability of cheap, unskilled labour is losing importance as a determining factor for cost advantages. Mexico can be expected to gain new, comparative advantages in the production of quality textiles because it does have the relative factor endowment and industrial experience corresponding to these new technologies.

In view of changed macro-economic conditions in the 1980s, compared to the 1970s, even to preserve the current market share in the domestic market would require significant restructuring of the industry. The success of restructuring efforts would generate additional employment and income and thereby develop new sources of domestic demand.

## 2.2 Increasing competitiveness: the role of trade liberalization

The requirement for the industry to penetrate new markets if it wants to secure dynamic growth in the future implies the necessity to become more competitive. To achieve this objective, a restructuring programme would need to aim both at reducing costs for essential inputs to production and at increasing the productivity of production factors.

Issues related to the system of protection need to be considered in this context. The long history of economic protection in Mexico has cushioned local manufacturers from the rigours of international competition and thus reduced the constant pressure originating from the world market to maximize efficiency and productivity. The recent steps of the Mexican authorities to rationalize the system of protection and to reduce non-tariff barriers should, therefore, be welcomed as a step into the right direction.

However, liberalization in the foreign trade sector per se is neither appropriate nor sufficient to bring about the efficiency-increasing effects which are normally associated with such policies in the economic textbooks. In fact, changes in only one set of economic parameters faced by industry might result in losses of competitiveness and additional set-backs in production, if other parameters are not allowed to adjust accordingly. For instance, in order to adjust to a new set of relative prices resulting from trade liberalization, industry would normally need to change its product mix, to increase productivity and to re-allocate factors of production, both within and between enterprises. A consistent package of restructuring policies to facilitate this adjustment is, therefore, not only a complement to, but even an essential prerequisite for the success of trade liberalization policies.

By the same token, selective trade liberalization can be a precondition for the success of restructuring policies, if as a result of such policies internal demand increases for products which cannot be supplied in sufficient amounts, in sufficient quality or at competitive prices by the domestic

industry. For instance, the National Chamber of the Mexican Textile Industry has indicated that tariffs and administered official prices result in its having to pay 80 - 100 per cent more than world market prices for critical inputs.

Although it is difficult to assess the weight of the different factors contributing to high prices of inputs for the textile industry, the effects of protection seem to be of importance. It was indicated by industrialists to a UNIDO mission that the prices of dyes, produced by foreign affiliates of European firms in Mexico, were as high as 200 per cent the prices in Europe. As import tariffs are substantially less than this, it seems that foreign companies, in so far as they were more efficient than local producers, did make full use of the profit potential offered to them by the inefficiencies of Mexican competitors and by the tariff regime. Therefore, one might encourage both a gradual and selective liberalization of imports and tax policy measures aiming at reducing product prices and profits of foreign enterprises. Through a stimulation of internal competition, this would make possible a reduction of input prices for the domestic textile industry. Measures of this type might be specifically targeted at facilitating the restructuring of the printing, dyeing, finishing sector, which turned out to be a critical link in the Mexican textile industry's production chain.

### 2.3 Raising productivity through modernization

In the past, Mexican labour was not "cheap" by international standards, as was revealed by an international comparison of labour cost. Although recent devaluations have drastically increased the international cost competitiveness of Mexican labour, the long-term development of the real exchange rate is unpredictable and subject to various factors independent of the international competitiveness of Mexican tradable goods. If employment in the Mexican textile industry is to grow, it is essential to continue the modernization of the industry in order to increase labour productivity and international competitiveness.

The international comparison of Mexico's machine productivity in spinning showed that it was in line with other developing countries, except the export-oriented South-East Asian countries, whereas Mexico's weaving production per loom compared more favourably in the international context. The latter result, however, should be regarded with suspicion, particularly as the average age of Mexico's weaving machines is higher than in the case of spinning machinery. One explanation may be that quality differences were neglected.

A dramatic deterioration of the international comparative performance of Mexico's spinning sector resulted from combining machine productivity and operating hours per year, to arrive at the average annual output. Now Mexico's productivity falls significantly short of international standards, even compared to other developing countries.

This quite unfavourable result may, however, exaggerate a little bit the "true" situation, as is suggested by explicitly incorporating capacity utilization into the analysis. Capacity utilization within both the spinning and weaving sector varies with machinery age. The estimated capacity of machinery which is either modern or old, but still in good condition, turned out to be in both sectors almost identical to the actual spinning and weaving production.

As a result it may be stated that in both sectors the need for modernization continues to exist. However, the significant deterioration of Mexico's comparative position resulting from incorporating the average working time of the machinery into the analysis, made clear that technological modernization alone will not solve the problems of the industry.

Further technological modernization in spinning and weaving will not improve the competitiveness of Mexican textile production unless current problems in textile finishing are solved. The poor tinting, printing and

finishing technology is currently a major bottleneck against efforts to increase the quality and thus also the international competitiveness of the Mexican textile industry. Particularly the knitting sector, now in a deep crisis, should be helped by timely interventions in the tinting and finishing sector to give it the possibility to process cellulose-derived fibres and cotton which are in demand in addition to the synthetic fabrics which have been prevalent in the local production up to now.

#### 2.4 The role of labour

Mexico's labour force worked in past years not only at wage costs which were higher than in competing countries (to be emphasized again: mainly due to the development of the exchange rate!), but also with less productive machinery. Maintaining an exchange rate which keeps manufactured exports competitive, and both financial and technical assistance to support efforts of enterprises to improve productivity and quality would therefore be necessary, although not sufficient elements of a restructuring programme. In addition, the average annual operating time of machinery in Mexico turned out to be a key factor reducing Mexico's competitiveness against several other developing countries. A partial explanation for relatively lower operating hours in Mexico may be sought in current labour problems reported to the UNIDO mission by industry. According to various statements, the number and quality of workers in individual factories is subject to large day-to-day variations. Unskilled workers have to be recruited ad hoc in order to fill shifts affected by absentism. Yet, existing labour legislation makes it difficult for enterprises to lay off workers.

In the framework of a restructuring programme, an additional case for increased flexibility of the labour market would need to be made with respect to the effect of the programme itself. The results of an effective restructuring programme would be both increased efficiency and changes in the composition of output. In the past, policies of the labour unions and their

strong position to enforce have created obstacles to increased efficiency. For instance in textile mills, unions sometimes enforced that the number of looms and spindles to be taken care of by one worker fell far short of the standards in industrial countries. Industrialists felt that salary increases in line with the increased productivity of labour through raising the number of machines per worker may not be accepted by the trade union.

As to required changes in the composition of output, it cannot be expected that these changes could be accomplished always in the same enterprises. Some reallocation of labour between enterprises might be necessary. This, again, would be facilitated by labour legislation providing for greater flexibility. Existing labour legislation makes it difficult for enterprises to lay off workers in the course of structural change. Dismissal of workers requires payment of a compensation of 4 months' salary plus 20 days per working year; a reduction of one shift has to be compensated by an amount equivalent to 5-6 work months.

It is not being argued here that acquired rights of the labour force should be simply eliminated. Instead, one would need to look for solutions which give due consideration to the interests of all parties concerned and to the requirements of and prospects offered by the restructuring programme itself. One approach to be considered in this context would be to negotiate a specific collective agreement which would pertain only to those enterprises which participate in the restructuring programme. This agreement would couple more flexibility for entrepreneurs to reallocate or (temporarily) reduce the labour force with wage rates (or other forms of compensation) which would be higher than in enterprises outside this agreement and the restructuring programme. Higher wages would be justified by increased labour productivity as result of modernization efforts, but should of course not eliminate the necessary effect of productivity increases on the profitability and thus international competitiveness of enterprises.

To be effective, such a specific collective agreement would need to include all major trade unions presently established in the Mexican textile industry. In the past, the number of various trade unions resulting in

various collective agreements with different length of duration, coverage and content have posed serious obstacles to an efficient and mutually beneficial management of labour-capital relations in the industry.

## 2.5 Selecting enterprises

As resources are scarce and support for restructuring cannot be granted to all enterprises indiscriminately, the establishment of eligibility criteria to benefit from a restructuring programme becomes a key element in designing the programme. The result of this report suggests that the structure of the industry would require some principal policy decisions to be taken.

Currently, the sector is characterized by various segments with respect to criteria such as market orientation, machinery age and product type/fibre type. One segment of the industry consists of highly efficient subsidiaries of multinational companies producing synthetic filament yarns. These enterprises reacted quickly on improvements of their competitive position resulting from exchange rate variations and have established strong positions in the U.S. market, as witnessed by high rates of over-utilization of quotas. Apparently, there would be no need for specific support.

The main choice to be made by a principal policy decision would be between the one large segment of the industry characterized by unutilized or strongly underutilized, outdated machinery, or the other one large segment of the industry characterized by the co-existence of modern and outdated machinery in the same or in vertically integrated production processes. Whereas one would argue in favour of the former that the need is highest, one would hold against this in favour of the latter that the chances of success would be greatest. Obviously, the eligibility criteria to benefit from the programme would need to be quite different in both cases. The more limited the resources available to be utilized in such a programme, the more meaningful would appear to be a targeted promotion of "half-modern" enterprises where remaining deficiencies due to outdated parts of the equipment reduce also the profitability of the modern equipment.

Actual investment in a specified reference period would be a suitable selection criterion in the "targeted approach" to restructuring, although it could not be relied upon exclusively. One caveat derives from the high degree of vertical integration of the industry, which might need to be reduced in order to increase its overall efficiency. In this context, inefficiencies in a down-stream department of a highly integrated textile mill would not necessarily make a case for support. Instead, the creation of efficient independent productive units for such activities (e.g. finishing) should be promoted, coupled with measures to encourage subcontracting.

## 2.6 Establishing an institutional framework

The provision of financial resources to selected enterprises in order to promote technological modernization will not lead to the desired results without the creation of a corresponding institutional framework. The involvement of labour in the implementation of a restructuring programme and its active co-operation would be essential pre-conditions for the success of the programme. There is no doubt that a successful restructuring programme will affect the labour force in terms of the allocation of jobs within and between enterprises, skill requirements etc. This does not mean, however, that a successful restructuring programme will result in a reduction of the labour force. On the contrary, in view of rapidly changing comparative advantages and increasingly fierce international competition, failing to implement a restructuring programme would actually endanger even the labour force actually employed.

In order to ensure the smooth functioning of the programme it is essential that all parties concerned should be consulted concerning its design and should co-operate in its implementation. It is, therefore, recommended to establish a permanent, tripartite body, involving the Government, industry and labour, to discuss the key elements and instruments of a restructuring programme, to monitor the restructuring process, and to serve as a forum for settling disputes between different actors.



This tripartite body should be closely attached to or form part of an institution to be created which would be in charge of actually implementing the programme. This institution could, amongst others,

- provide financial support to the modernization efforts of small and medium-sized companies;
- support the horizontal amalgamation of companies in order to create more efficient units;
- finance collective activities undertaken by the industry.

The latter type of programmes would include the cost for establishing and operating specific institutions, such as fashion centres, centres for technical studies, textile schools and quality control centres.

The financing of such institutions could come from various sources, and should be tied to some extent to the benefits. Thus, activities which would benefit specific enterprises (such as quality control centres) should be principally financed by their customers, through charging for their services. However, public financial support might be required in the initial phases, and in the long term, the demand for the services of such institutions should be promoted through appropriate policy action, such as the requirement of obtaining quality certifications issued by such institutes. Other activities could be partly financed through levies on imports and/or domestic production, as is currently being done in several European countries. It is recommended to carefully analyse the experience made with such instruments and institutions in countries which are presently implementing a restructuring programme, and to evaluate this experience against the specific Mexican situation.

There is no doubt that a carefully designed restructuring programme, which would be supported by the main actors concerned, would provide new, powerful stimuli to the growth of the Mexican textile industry, and thus, by the same token, contribute significantly to employment generation, foreign exchange earnings and the fulfilment of basic needs.