

# **The Textile, Clothing and Footwear Sector: the effects of the post-2005 package**

Report prepared for the Department of Industry, Tourism and Resources  
(DITR)

by

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May 13, 2004

## ***1. Introduction***

In 2003, the Centre of Policy Studies (CoPS) undertook an analysis for the Productivity Commission (PC) of the effects of proposed assistance arrangements for the TCF sector post 2005. That analysis relied on simulations with the MONASH model (Dixon and Rimmer, 2002). In this report, written for the Department of Industry, Tourism and Resources (DITR), we update our earlier simulations, taking account of the post-2005 arrangements that have now been agreed.

The report is organised as follows.

Section 2 sets out the relationship between the MONASH simulations conducted for the PC and the updated simulations. The PC simulations were explained in full detail in our 2003 report (Dixon *et al.* 2003). Thus a shortcut to understanding the present simulations is to understand the material in section 2.

Section 3 describes our basecase simulation. This simulation forecasts developments in the macro economy and the textile, clothing and footwear (TCF) sector in the absence of a new post-2005 TCF policy package. Section 4 shows the effects of the agreed post-2005 package as deviations from the basecase forecast. Concluding remarks are in section 5.

## ***2. Relationship between the MONASH analysis for the PC and the updated analysis***

In analysing a policy issue with the MONASH model, we conduct pairs of simulations. Each pair consists of a forecast (or basecase) simulation and a policy simulation.

The forecast simulation is intended to trace out the paths that macro, industry, and regional variables would take in the absence of the policy change under consideration. Realism of the forecasts is enhanced by building into the forecast simulation information from groups specialising in different aspects of the economy. In the forecast simulation undertaken for the PC's 2003 inquiry into the TCF sector, we built in: macro forecasts from Access Economics; tourism forecasts from the

Bureau of Tourism Research; volume and price forecasts for mineral and agricultural exports from ABARE; tariff rate forecasts from the PC; and technology and consumer taste forecasts from the Centre of Policy Studies. In addition, special attention was paid to the forecasts for employment and output in TCF industries, with the views of TCF specialists in the PC being taken into account.

The policy simulation contains all of the information built into the forecast simulation plus the policy shocks. In the policy simulation that we conducted for the PC, the only shocks were reductions in all TCF tariffs to 5 per cent in 2010 and the elimination of the Strategic Investment Program (SIP) in 2010. The effects of these policy shocks were assessed by comparing the paths of economic variables from 2010 to 2020 in the forecast simulation with those in the policy simulation.

In interpreting the results of this comparison (the policy deviation results), it is important to have a clear idea as to what was assumed in the forecast simulation about government policy towards the TCF sector. Guided by the PC, we assumed that the SIP would continue from 2005 to the end of the simulation period, 2020, at about the same level as it operated over the period 2001 to 2005. We also assumed that tariffs would be cut in 2005 to the levels that had already been decided by the Government before the 2003 PC inquiry and then maintained at their 2005 levels to 2020. Thus our policy deviation results for the PC showed the effects of:

- cutting tariffs in 2010 to 5 per cent from the levels shown in first column of Table 1; and
- cutting the SIP to zero in 2010 from approximately its level of 2001.

As can be seen from Tables 1 and 2, for DITR we have changed both the forecast and policy simulations. In the forecast simulation, we assume that the SIP is eliminated in 2005. Our tariff assumptions in the forecast simulation are the same as those in our forecast simulation for the PC. In the policy simulation, we continue the SIP at about its 2001 level through to 2010. Then in 2010 we reduce the SIP to about 20 percent of its 2001 level and maintain it at this lower level until 2015. In 2015 the SIP is eliminated. For tariffs, the policy simulation involves shocks in 2010 and 2015 to take the tariff rates from the levels shown in the first column of Table 1 to the

levels shown in fourth and fifth columns. Thus our policy deviation results for DITR show the effects of:

- cutting tariffs to the levels in columns 4 and 5 of Table 1 rather than keeping them at the levels in column 1; and
- maintaining the SIP at its 2001 level from 2005 to 2010 and at 20 per cent of that level from 2010 to 2015, rather than having no SIP from 2005 onwards.

Apart from a different allocation of SIP shocks between the forecast and policy simulations, another difference between the simulations conducted here and our earlier simulations concerns the level of the SIP. For the PC, we assumed that the 2001 level is \$130 million per annum. On advice from DITR, for this report we have assumed that it is \$100 million per annum.

### **3. Basecase forecasts**

Tables 3 to 5 show two sets of basecase forecasts for macro and TCF variables. The first set was prepared for the PC and is described in detail in Dixon *et al.* (2003). The second set was prepared for DITR. The differences between the two sets reflect the assumed retention of the SIP in the PC forecasts but its elimination from 2005 in the DITR forecasts (see Table 2).

With no SIP, the forecasts prepared for DITR show lower growth rates for output and employment for all TCF industries than those prepared for the PC. However, the differences are small and amount to one thousand TCF jobs in 2020 (43.7 thousand jobs in the PC forecast and 42.7 thousand jobs in the DITR forecast, Table 5). In both sets of forecasts TCF employment, particularly in the clothing industry, falls rapidly. The main underlying factors are: declining world prices; employment-reducing technological changes; and improving quality of imported TCF products causing twists in the preferences of Australian households in favour of imported varieties.

At the macro level the two sets of forecasts are practically indistinguishable (see Table 3). Both sets imply continued strong growth for the Australian economy, but at a slower rate than in the historical period (1997-2004). The main cause of the

forecast growth slowdown is reduced growth in employment. Rather than the historical average annual rate of 1.94 per cent, the forecast rate of employment growth is 1.21 per cent. This is consistent with demographic factors including the expected gradual ageing of the population.

#### ***4. Policy analysis: the effects on TCF industries of the post-2005 package***

##### *4.1. The TCF sector*

Charts 1.1DITR and 1.2DITR show percentage deviations in TCF sectoral variables away from their values in the forecasts prepared for DITR. These deviations are caused by the DITR policy shocks indicated in Tables 1 and 2. For example, Chart 1.1DITR implies that the DITR shocks will increase employment in the TCF sector by about 1.8 per cent in 2005 relative to the level this variable reaches in 2005 in our DITR basecase forecast. For the long run, 2020, Chart 1.1DITR indicates that the DITR shocks will cause TCF employment to be about 1.2 per cent below the level it would have reached in the absence of the DITR policy shocks. With the forecast level of TCF employment being 42.7 thousand for 2020, the post-2005 package reduces TCF employment in the long run by 512 jobs (1.2 per cent of 42.7 thousand).

Charts 1.1PC and 1.2PC show percentage deviations in TCF variables away from their values in the forecasts prepared for the PC. These deviations are caused by the PC policy shocks indicated in Tables 1 and 2. For the long run, 2020, Chart 1.1PC indicates a 3.58 per cent loss of TCF jobs. With the PC forecast level of TCF employment being 43.7 thousand for 2020, this is equivalent to 1564 jobs (3.58 per cent of 43.7 thousand). The long-run loss of TCF jobs under the PC interpretation of the post-2005 package is more severe than that under the DITR interpretation because the PC interprets the removal of SIP as a new policy (part of the package) while DITR interprets the no-SIP situation as the status quo.

Although the long-run employment *deviations* are quite different in our analyses for DITR and the PC (512 and 1564 jobs), the long-run results for the *levels* of TCF employment are quite similar. In the policy simulation for DITR, TCF employment in 2020 is 42,188 (=42700 – 512). In the policy simulation for the PC, TCF employment in 2020 is 42,136 (=43700 – 1564). In 2020 the TCF policy

variables in the DITR and PC policy simulations have the same values: zero SIP and 5 per cent tariffs, explaining the similarity in the levels of TCF employment. That they are not precisely the same is a reflection of dynamic factors. In the DITR policy simulation, the SIP is not fully removed until 2015 whereas in the PC policy simulation the SIP is zero from 2010 onwards. Similarly, in the DITR policy simulation the full adjustment of TCF tariff rates is not completed until 2015 whereas for the PC this adjustment is completed by 2010. This means that in the PC policy simulation, TCF employment in 2020 is more fully adjusted to lower levels of assistance than is the case in the DITR policy simulation.

Under DITR assumptions, is a loss of 500 jobs or 1.2 per cent a reasonable estimate of the long-run effect on TCF employment of the post-2005 package? To answer this question we need to work through a sequence of points.

The first point is that with the DITR interpretation of the package, the long-run policy change involves only reductions in tariffs. These impose reductions in landed-duty-paid prices of TCF products of between zero (for leather) and 10.6 per cent (for clothing)<sup>1</sup>, see Table 2.

The second point is that margins for TCF products (wholesale, retail and transport costs inside Australia) are a high percentage of purchasers prices (about 50 per cent for clothing and footwear). By the time we go from landed-duty-paid prices to purchasers prices, the tariff-cut-induced reductions in the prices of imported TCF products are in the range 0 to about 5 per cent.

The third point is that cuts in TCF tariffs reduce the price of domestic TCF products by reducing the costs of imported intermediate inputs to Australian TCF production. Taking this into account we find that on average the tariff cuts increase purchasers prices of domestic TCF products by only about 2 per cent relative to the purchasers prices of imported TCF products, see Chart 1.1DITR.

The fourth point is that substitution elasticities between imported and domestic TCF products are high, but certainly not infinite. Given the elasticity values built into MONASH, a competitive advantage to imports of 2 per cent generates an increase in

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<sup>1</sup> For clothing the tariff cut takes the landed-duty-paid price from 1.175 to 1.05, a reduction of 10.6 per cent.

the ratio of imported TCF products to domestic TCF products in the Australian market of about 3.4 per cent.

The fifth point is that the elasticity of demand for TCF products overall (import plus domestic) is quite low. Thus, the tariff cuts cause little change in total TCF sales in Australia, implying that the 3.4 per cent increase in the import/domestic ratio must be bought about by an increase in imports and a decrease in domestic sales on the domestic market. With imports dominating the TCF market in 2020, the 3.4 per cent increase in the import/domestic ratio is generated mainly by a reduction in domestic sales of domestic TCF products: a 2.2 per cent reduction in domestic sales of domestic TCF products and a 1.2 per cent increase in sales of imported TCF products, Chart 1.2DITR).

The sixth point is that TCF tariff cuts stimulate TCF exports by reducing costs in the TCF sector. With extra exports, the percentage reductions in TCF output and employment are less severe than the percentage reduction in domestic sales of domestic TCF products: about 1.2 per cent for output and employment compared with 2.2 per cent for domestic sales of domestic products.

The final point in the argument is to recognise that TCF employment is falling sharply independently of the post-2005 package. In our basecase forecasts TCF employment in 2020 is only about 40 thousand people, down from about 70 thousand today. Thus, for 2020, a policy-induced 1.2 per cent reduction in TCF employment translates to a loss of only 500 jobs.

As can be seen from the employment line in Chart 1.1DITR, the journey to the eventual long-run loss of 500 jobs under the DITR interpretation of the post-2005 package has three phases. Between 2005 and 2010 TCF employment is increased by about 2 per cent through the reinstatement of the SIP. In 2010 the removal of 80 per cent of the SIP and the initial tariff cuts reduce TCF employment by about 3 per cent, leaving it about 1 per cent below the DITR forecast path. In 2015, the removal of the last 20 per cent of SIP and the final adjustment in tariffs by 5 per cent cause a further small reduction in TCF employment.

By contrast, the journey to the eventual long-run loss of 1564 jobs under the

PC interpretation of the post-2005 package has only one phase. In Chart 1.1PC, TCF employment moves down sharply in 2010 and stays at about 4 per cent below the PC forecast path for the rest of the simulation period. There is a single-step adjustment in employment and other TCF variables in the PC policy simulation because all of the policy shocks (the reductions in tariffs and the elimination of SIP) occur in a single year, 2010.

#### 4.2. Quantitative relationship between DITR and PC deviation results

In the previous subsection we explained the TCF sectoral results for both the DITR and PC simulations mainly in qualitative terms. In Dixon *et al.* (2003) we explained the PC deviation results in considerable depth, both quantitatively and qualitatively. Rather than providing further quantitative explanation of the DITR deviation results, we will explain quantitatively how the DITR deviation results differ from the PC deviation results. Readers requiring a deep quantitative explanation of our DITR results can then obtain it by referring to our earlier report.

For the long run, say 2020, the DITR deviation results for any TCF variable can be explained to a large extent as:

$$\% \text{Dev DITR}(x, t) = \% \text{Dev PC}(x, t) + 1.3 * \% \text{Dev DITR}(x, 2005) \quad (1)$$

where  $\% \text{Dev DITR}(x, t)$  is the DITR deviation result for TCF variable  $x$  in year  $t$  and  $\% \text{Dev PC}(x, t)$  is the PC deviation result for  $x$  in year  $t$ . For example, the DITR result in 2005 for employment in the TCF sector (Chart 1.1DITR) is 1.76 per cent. The PC employment result in 2020 is -3.54 per cent (Chart 1.1DITR). Equation (1) gives the DITR employment result for the TCF sector in 2020 as:

$$\% \text{Dev DITR}(\text{emp}, 2020) = -3.54 + 1.3 * 1.76 = -1.25 \quad (2)$$

This is very close to the actual values (-1.21) in Chart 1.1 DITR.

Apart from the 1.3 in the last term on the RHS, the reason that equation (1) works can be seen from Tables 1 and 2. In 2015 and beyond the setting of TCF policy variables in the DITR policy simulation is the same as in the PC policy simulation: the SIP is zero and TCF tariffs are 5 per cent. Thus the levels of TCF variables in the two policy simulations are very similar. This means that differences between the PC

and DITR deviation results are a reflection of differences between the PC and DITR basecase forecasts. The basecase forecasts differ by the inclusion of the SIP in the PC forecasts but not in the DITR forecasts. This difference is 1.3 times the difference between the DITR policy and basecase forecasts in 2005. The role of the 1.3 is to correct for the difference between the DITR and PC assessments of the size of the SIP. For the PC the SIP is 1.3 times the size assumed by DITR (\$130 million p.a. for the PC and \$100 million p.a. for DITR).

#### *4.3. TCF industries*

Charts 2.1DITR and 7.2DITR show percentage deviations in TCF industry variables away from their values in the forecasts prepared for DITR. Corresponding results for the PC are given in Charts 2.1PC and 7.2PC.

A difficulty with analysing the implications of the post-2005 TCF package for individual TCF industries is that the tariff data summarised in Table 1 are on a different commodity classification from

Within the TCF sector, the industry that is likely to be worst affected by cuts in assistance is Footwear. Because Australian footwear is highly substitutable for imported footwear, employment and output in the industry is highly sensitive to changes in relative import/domestic prices. The modelled cuts in assistance would be likely to reduce Footwear employment by about 9 per cent.

The TCF industries that would be least affected by cuts in assistance are Leather products and Textile products. Both these industries export a high proportion of their output.

#### **4. Welfare effects**

As explained in Dixon *et al.* (2003), the MONASH model implies slightly negative welfare effects from the post-2005 TCF package. With the export demand elasticities adopted in MONASH, the terms-of-trade effects associated with reduced TCF assistance outweigh the efficiency effects. As can be seen from Charts 8 DITR and PC, the DITR interpretation of the post-2005 package (which includes the

reinstatement of SIP in 2005), generates smaller welfare losses than those under the PC interpretation. However this is merely an artefact of how the movements in policy variables are allocated between the basecase and policy simulations.

### **Reference**

Dixon, Peter.B., Yinhua Mai and Maureen T. Rimmer (2003), “The Textile, Clothing and Footwear Sector from 1997 to 2020 and the Effects of reductions in Assistance”, report prepared for the Productivity Commission, May 20, pp. 66, available from the Centre of Policy Studies, Monash University.

*Table 1. Tariff rates*

|                                | (1)                 | (2)               | (3)          | (4)          | (5)          |
|--------------------------------|---------------------|-------------------|--------------|--------------|--------------|
|                                | Forecast simulation | Policy simulation |              |              |              |
|                                |                     | PC & DITR         | PC           | DITR         |              |
|                                | 2005 to 2020        | 2005 to 2010      | 2010 to 2020 | 2010 to 2015 | 2015 to 2020 |
| Clothing and finished textiles | 17.5                | 17.5              | 5            | 10           | 5            |
| Cotton sheeting and fabrics    | 10                  | 10                | 5            | 5            | 5            |
| Sleeping bags, table linen     | 7.5                 | 7.5               | 5            | 5            | 5            |
| Carpet                         | 10                  | 10                | 5            | 5            | 5            |
| Footwear                       | 10                  | 10                | 5            | 5            | 5            |
| Footwear Parts                 | 7.5                 | 7.5               | 5            | 5            | 5            |
| Other (eg yarns, leather)      | 5                   | 5                 | 5            | 5            | 5            |

*Table 2. SIP levels*

| Year | PC       |         | DITR     |             |
|------|----------|---------|----------|-------------|
|      | Forecast | Policy  | Forecast | Policy      |
| 2005 | 2001SIP  | 2001SIP | 0        | 2001SIP     |
| 2006 | 2001SIP  | 2001SIP | 0        | 2001SIP     |
| 2007 | 2001SIP  | 2001SIP | 0        | 2001SIP     |
| 2008 | 2001SIP  | 2001SIP | 0        | 2001SIP     |
| 2009 | 2001SIP  | 2001SIP | 0        | 2001SIP     |
| 2010 | 2001SIP  | 0       | 0        | 0.2*2001SIP |
| 2011 | 2001SIP  | 0       | 0        | 0.2*2001SIP |
| 2012 | 2001SIP  | 0       | 0        | 0.2*2001SIP |
| 2013 | 2001SIP  | 0       | 0        | 0.2*2001SIP |
| 2014 | 2001SIP  | 0       | 0        | 0.2*2001SIP |
| 2015 | 2001SIP  | 0       | 0        | 0           |
| 2016 | 2001SIP  | 0       | 0        | 0           |
| 2017 | 2001SIP  | 0       | 0        | 0           |
| 2018 | 2001SIP  | 0       | 0        | 0           |
| 2019 | 2001SIP  | 0       | 0        | 0           |
| 2020 | 2001SIP  | 0       | 0        | 0           |

**Table 3. MONASH basecase forecasts for macro economic indicators  
(average annual growth rates)**

|                             | Forecasts prepared for   |                   |                     |
|-----------------------------|--------------------------|-------------------|---------------------|
|                             | PC & DITR<br>1997 - 2004 | PC<br>2004 – 2020 | DITR<br>2004 – 2020 |
| Real GDP                    | 3.71                     | 3.14              | 3.14                |
| Employment                  | 1.94                     | 1.21              | 1.21                |
| Capital stock               | 3.98                     | 3.82              | 3.82                |
| Real consumption            | 3.91                     | 3.00              | 3.00                |
| Real investment             | 5.68                     | 3.17              | 3.16                |
| Real government expenditure | 3.46                     | 2.71              | 2.71                |
| Real exports                | 4.34                     | 6.04              | 6.05                |
| Real imports                | 6.47                     | 5.47              | 5.47                |
| Real devaluation            | -3.32                    | 0.03              | 0.04                |
| Terms of trade              | 0.96                     | -0.31             | -0.31               |
| Real wages                  | 1.59                     | 1.50              | 1.50                |
| Consumer price index        | 2.67                     | 1.83              | 1.83                |
| Exchange rate               | -0.93                    | -0.39             | -0.40               |

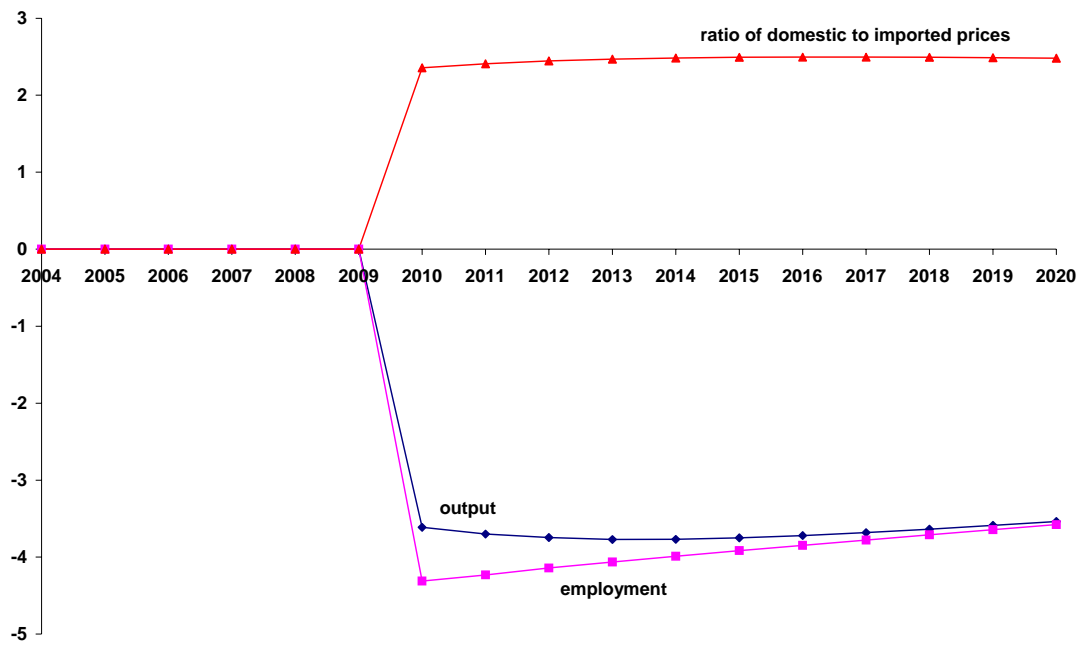
**Table 4. MONASH basecase forecasts of TCF output and employment  
(average annual percentage growth)**

|                           | Forecasts prepared for |                    |             |
|---------------------------|------------------------|--------------------|-------------|
|                           | Productivity Comm.     | Productivity Comm. | DITR        |
|                           | 1997 - 2004            | 2004 – 2020        | 2004 – 2020 |
| <b>Fibre &amp; yarn</b>   |                        |                    |             |
| Output                    | -0.38                  | 2.11               | 1.91        |
| Employment                | -7.01                  | -5.17              | -5.34       |
| <b>Textile prods</b>      |                        |                    |             |
| Output                    | 3.96                   | 2.43               | 2.30        |
| Employment                | 3.34                   | -0.34              | -0.45       |
| <b>Knitting mills</b>     |                        |                    |             |
| Output                    | 0.26                   | 0.64               | 0.52        |
| Employment                | -4.42                  | -4.68              | -4.79       |
| <b>Clothing</b>           |                        |                    |             |
| Output                    | -6.99                  | -1.52              | -1.64       |
| Employment                | -11.51                 | -6.32              | -6.43       |
| <b>Footwear</b>           |                        |                    |             |
| Output                    | -8.74                  | -4.29              | -4.64       |
| Employment                | -9.18                  | -4.97              | -5.31       |
| <b>Leather prods.</b>     |                        |                    |             |
| Output                    | -1.73                  | 3.15               | 3.01        |
| Employment                | -1.74                  | 1.87               | 1.73        |
| <b>All TCF industries</b> |                        |                    |             |
| Output                    | -2.19                  | 1.22               | 1.07        |
| Employment                | -5.82                  | -2.79              | -2.92       |

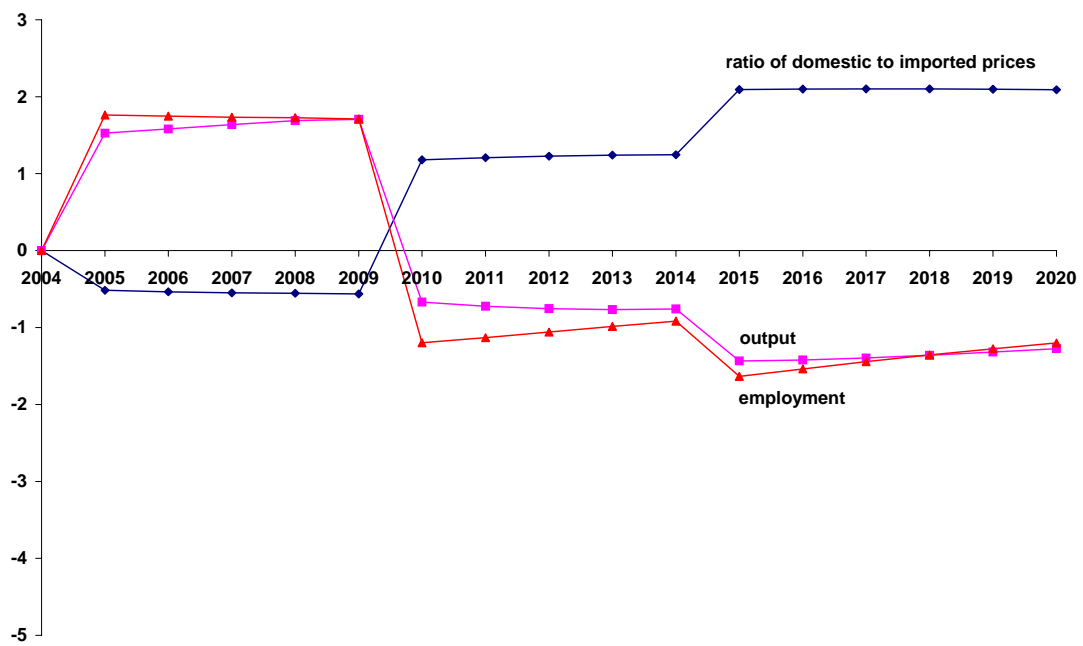
**Table 5. MONASH basecase forecasts of TCF employment:  
'000s of persons**

|                           | PC & DITR | PC & DITR | PC   | DITR |
|---------------------------|-----------|-----------|------|------|
|                           | 1997      | 2004      | 2020 |      |
| <b>Fibre &amp; yarn</b>   | 12.5      | 7.5       | 3.2  | 3.1  |
| <b>Textile prods</b>      | 19.3      | 24.3      | 23.0 | 22.6 |
| <b>Knitting mills</b>     | 4.5       | 3.3       | 1.5  | 1.5  |
| <b>Clothing</b>           | 52.4      | 22.3      | 7.8  | 7.7  |
| <b>Footwear</b>           | 7.0       | 3.6       | 1.6  | 1.5  |
| <b>Leather prods.</b>     | 8.8       | 7.8       | 10.5 | 10.2 |
| <b>All TCF industries</b> | 104.5     | 68.7      | 43.7 | 42.7 |

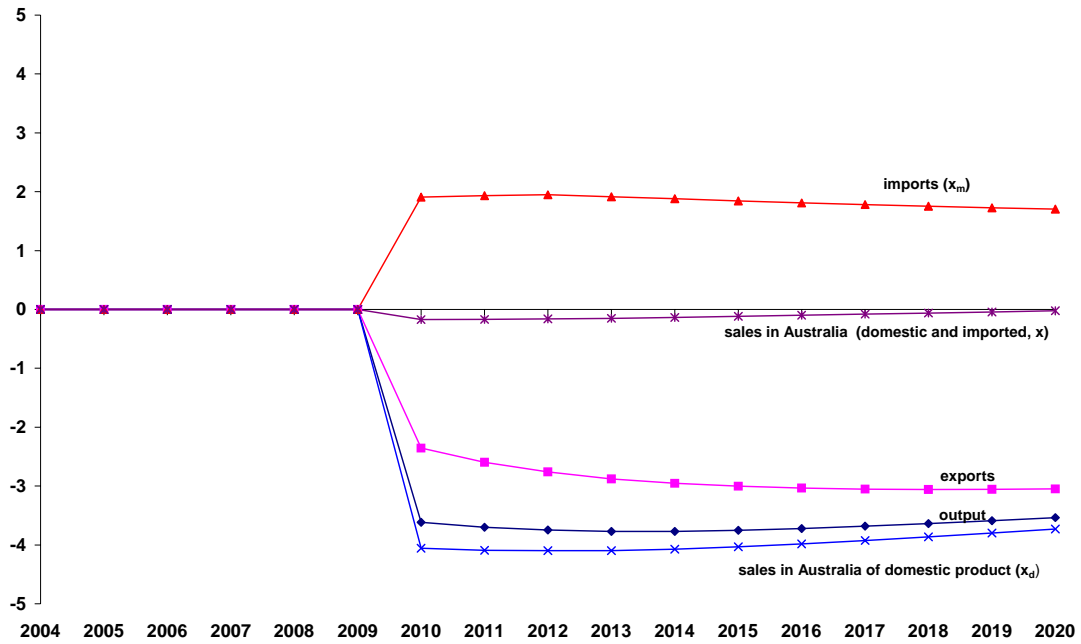
**Chart 1.1 PC. Output, employment and dom/imp consumer price ratio for TCF**  
 (% deviations from basecase)



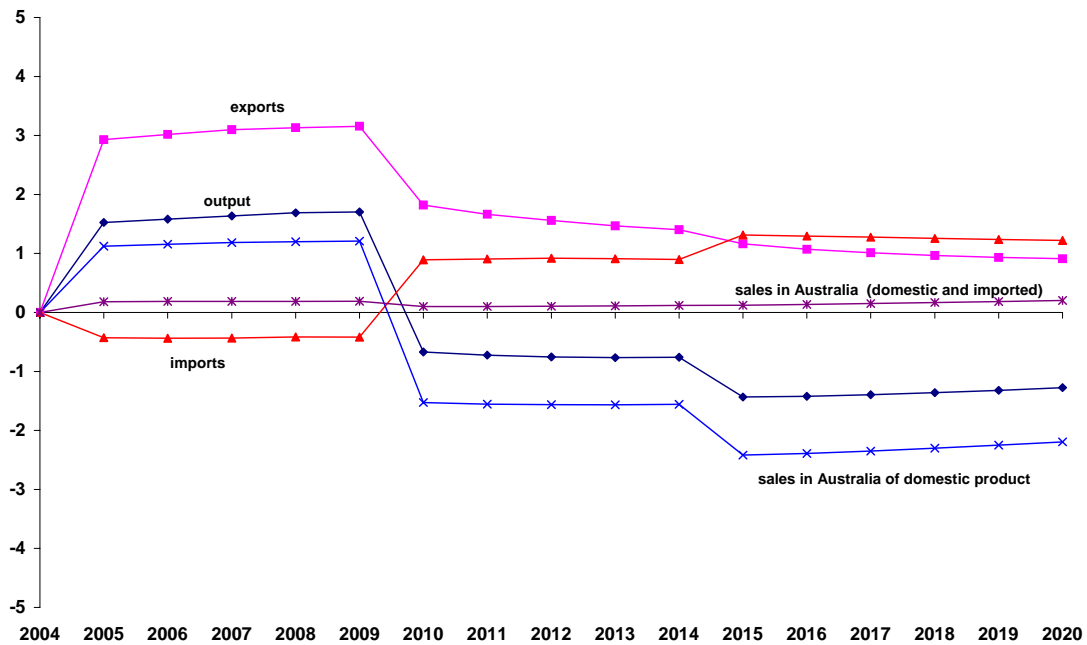
**Chart 1.1 DITR. Output, employment and dom/imp consumer price ratio for TCF**  
 (% deviations from basecase)



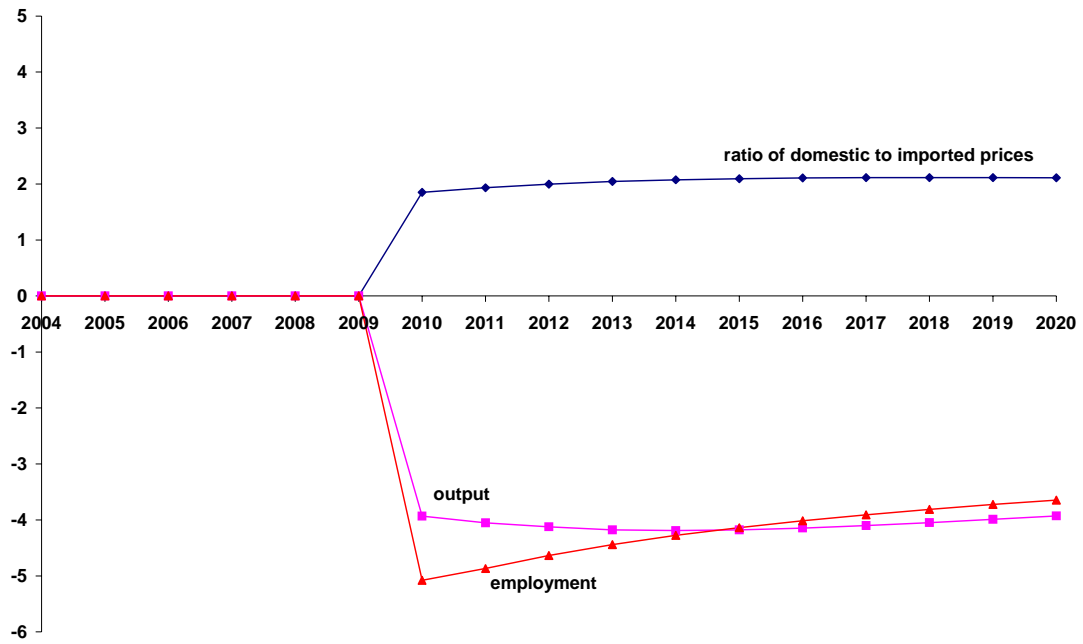
**Chart 1.2 PC. Output, imports, exports and sales of TCF**  
 (% deviations from basecase)



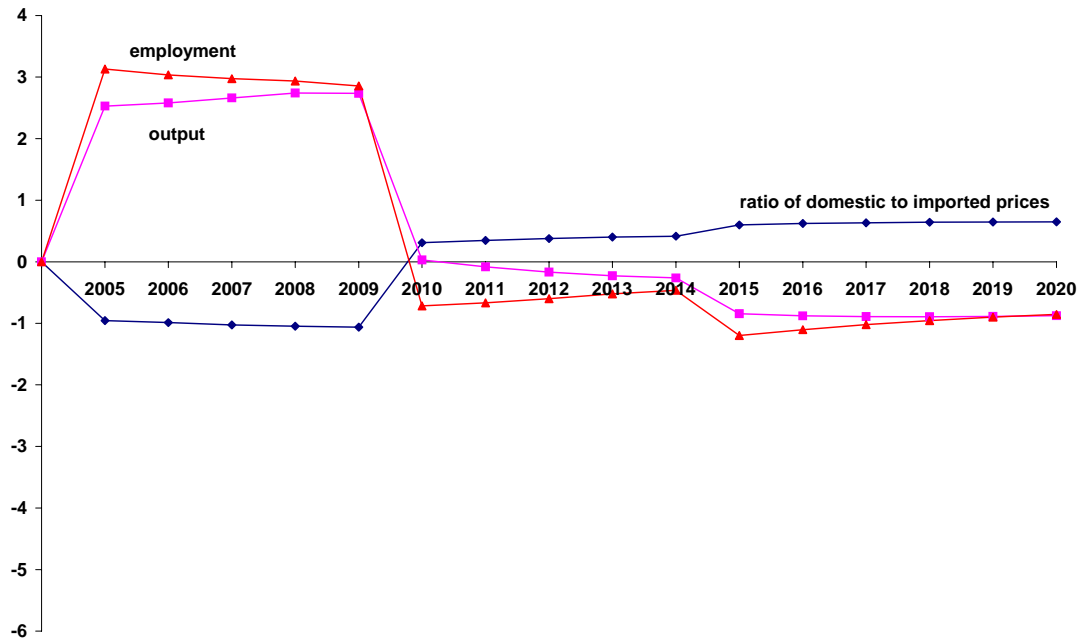
**Chart 1.2 DITR. Output, imports, exports and sales of TCF**  
 (% deviations from basecase)



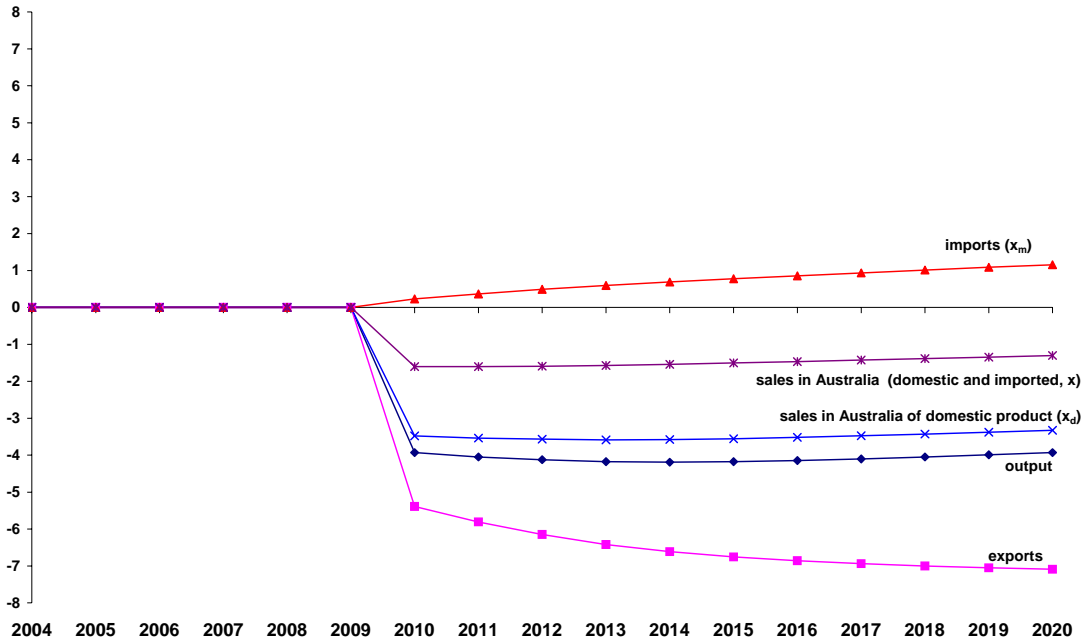
**Chart 2.1 PC. Output, employment and dom/imp consumer price ratio for Textile fibres and yarns (% deviations from basecase)**



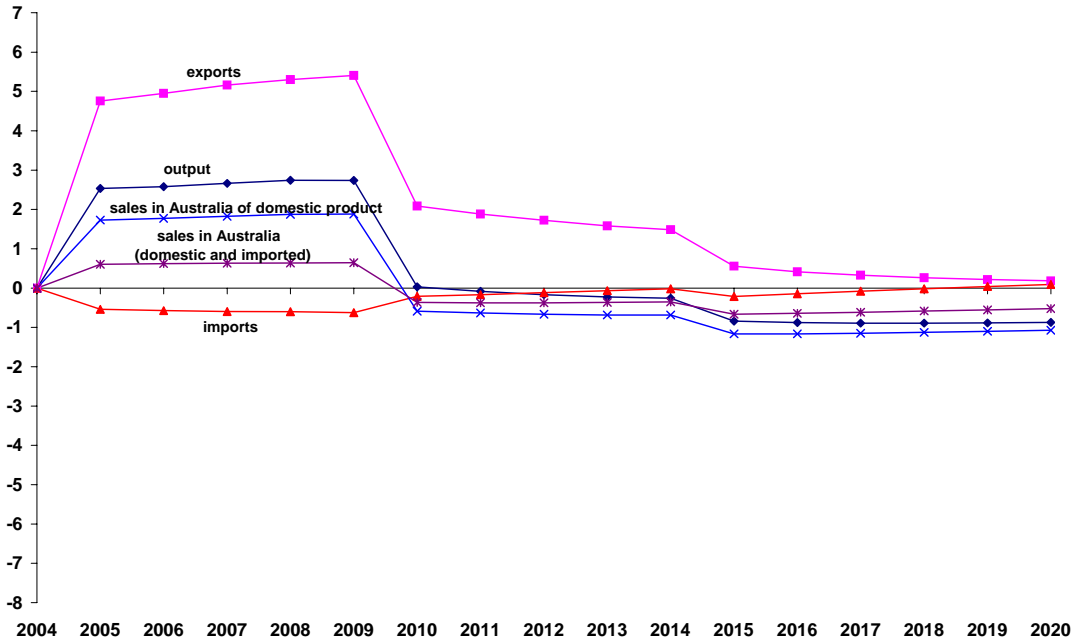
**Chart 2.1 DITR. Output, employment and dom/imp consumer price ratio for Textile fibres and yarns (% deviations from basecase)**



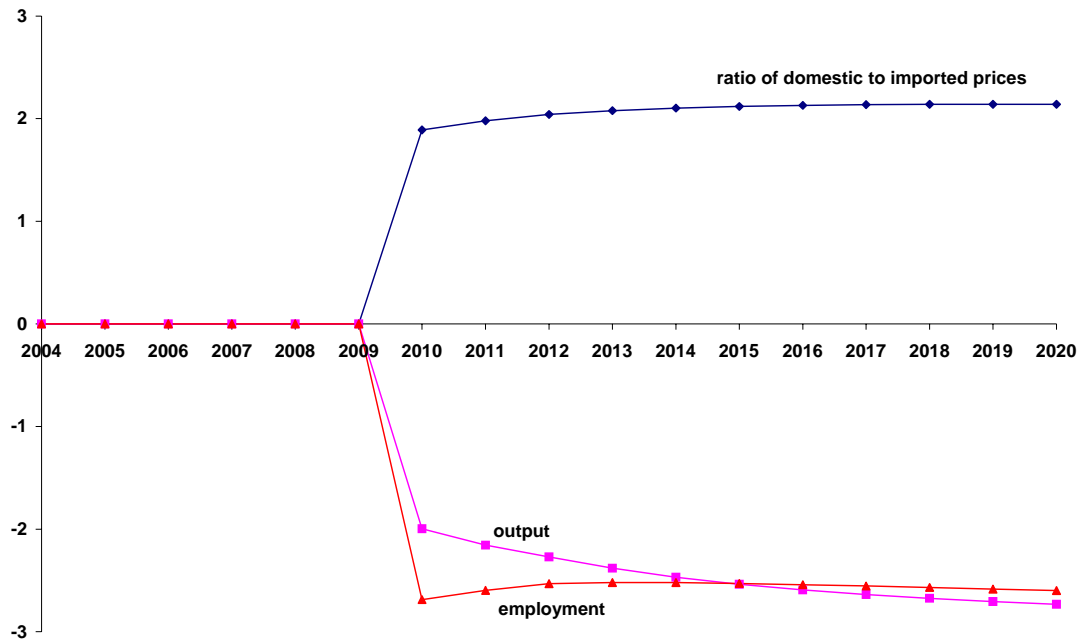
**Chart 2.2 PC. Output, imports, exports and sales of Textile fibres and yarns (% deviations from basecase)**



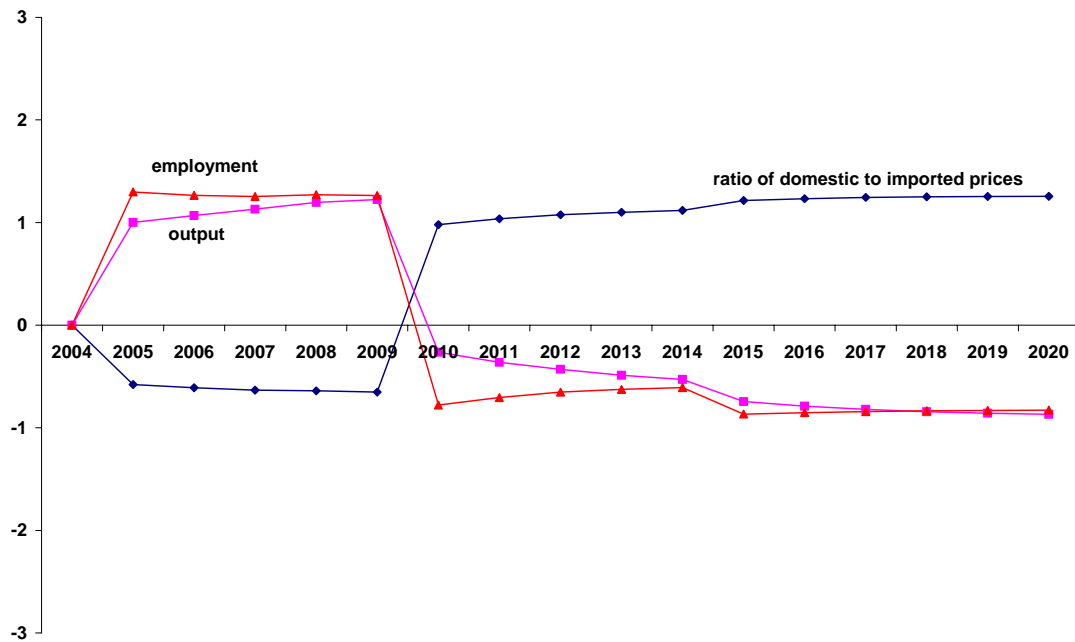
**Chart 2.2 DITR. Output, imports, exports and sales of Textile fibres and yarns (% deviations from basecase)**



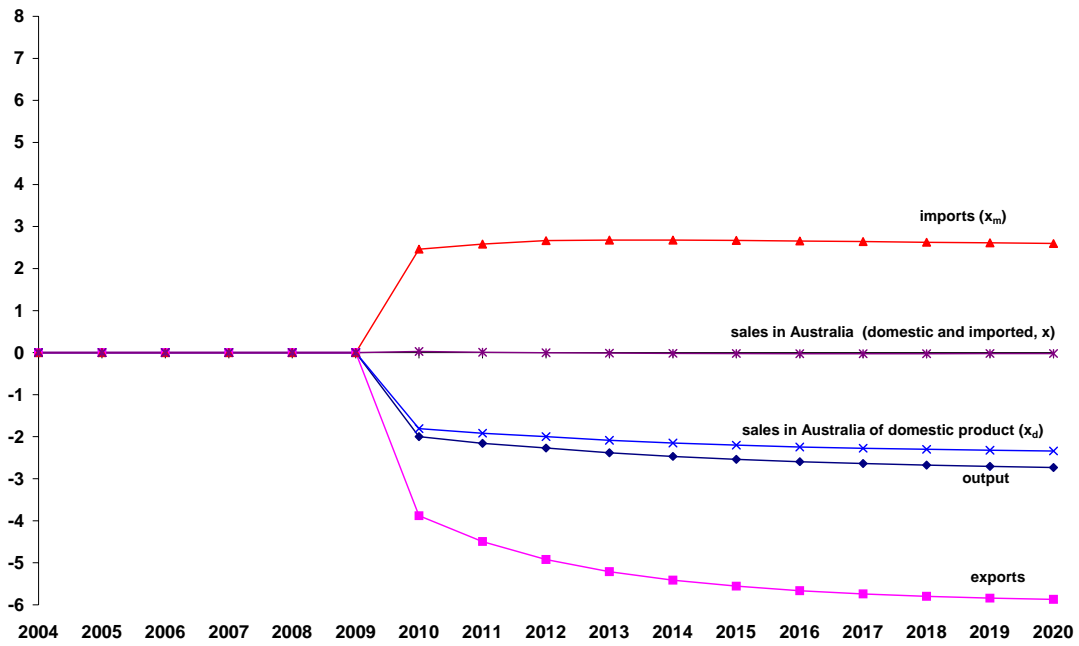
**Chart 3.1 PC. Output, employment and dom/imp consumer price ratio for Textile products (% deviations from basecase)**



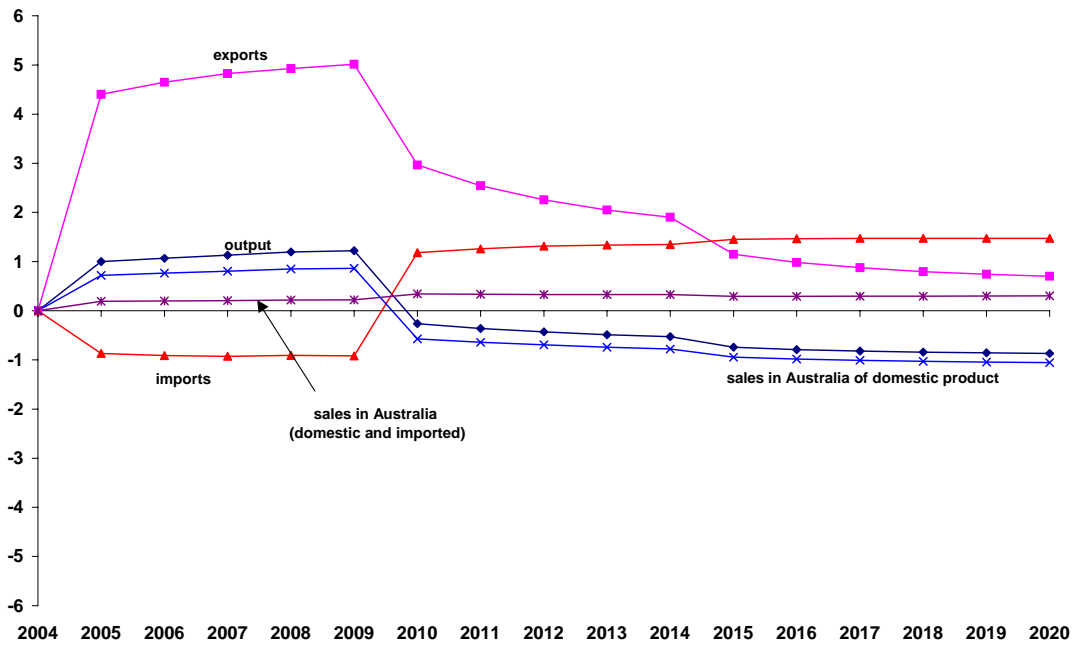
**Chart 3.1 DITR. Output, employment and dom/imp consumer price ratio for Textile products (% deviations from basecase)**



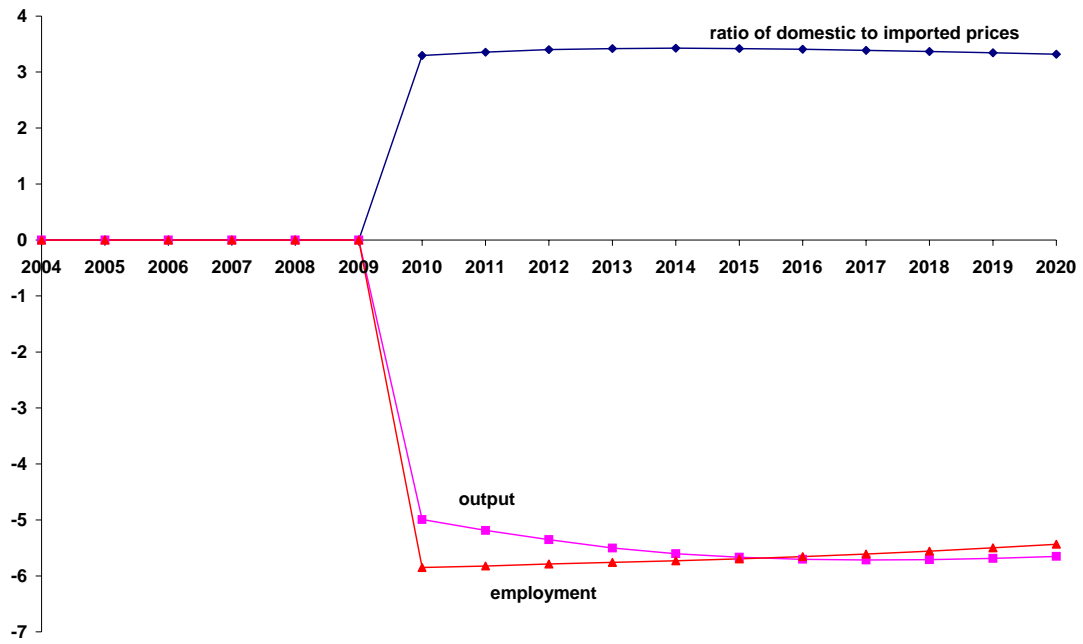
**Chart 3.2 PC. Output, imports, exports and sales of Textile products**  
 (% deviations from basecase)



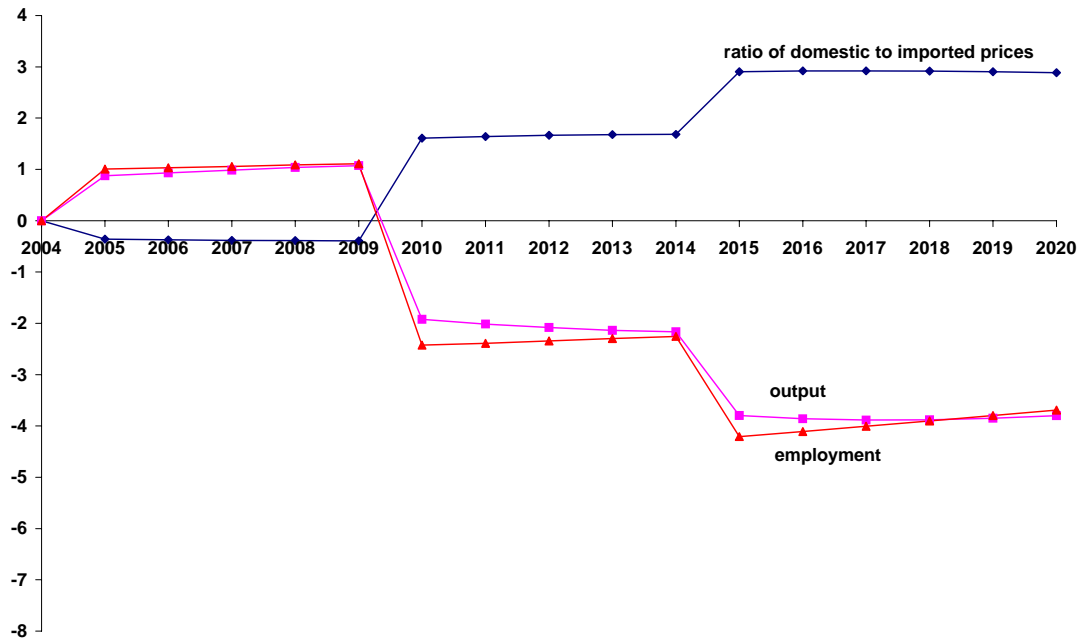
**Chart 3.2 DITR. Output, imports, exports and sales of Textile products**  
 (% deviations from basecase)



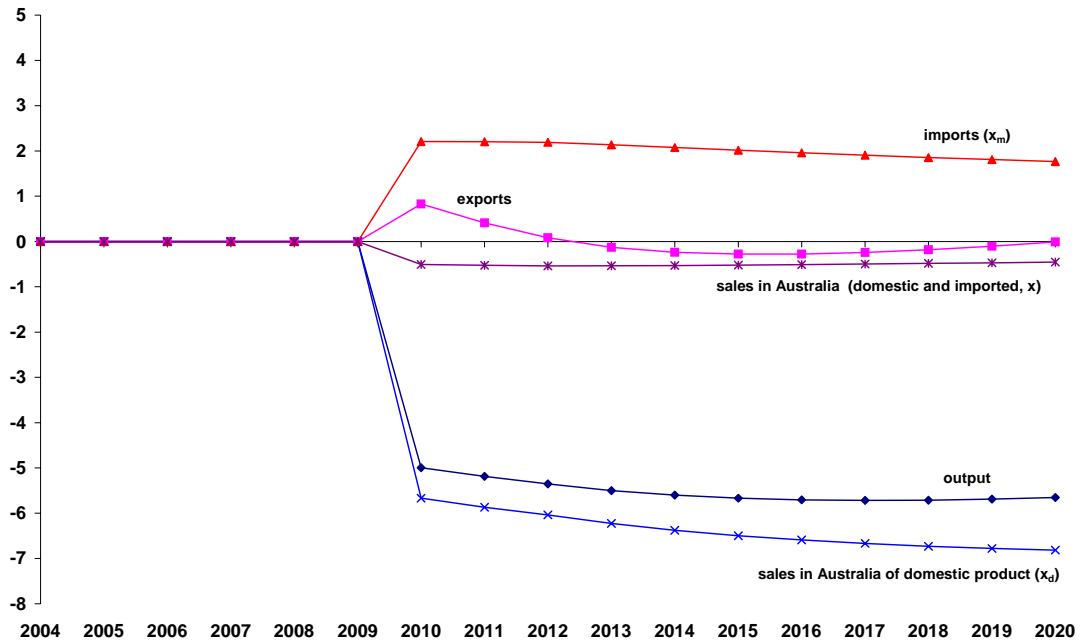
**Chart 4.1 PC. Output, employment and dom/imp consumer price ratio for Knitting mills (% deviations from basecase)**



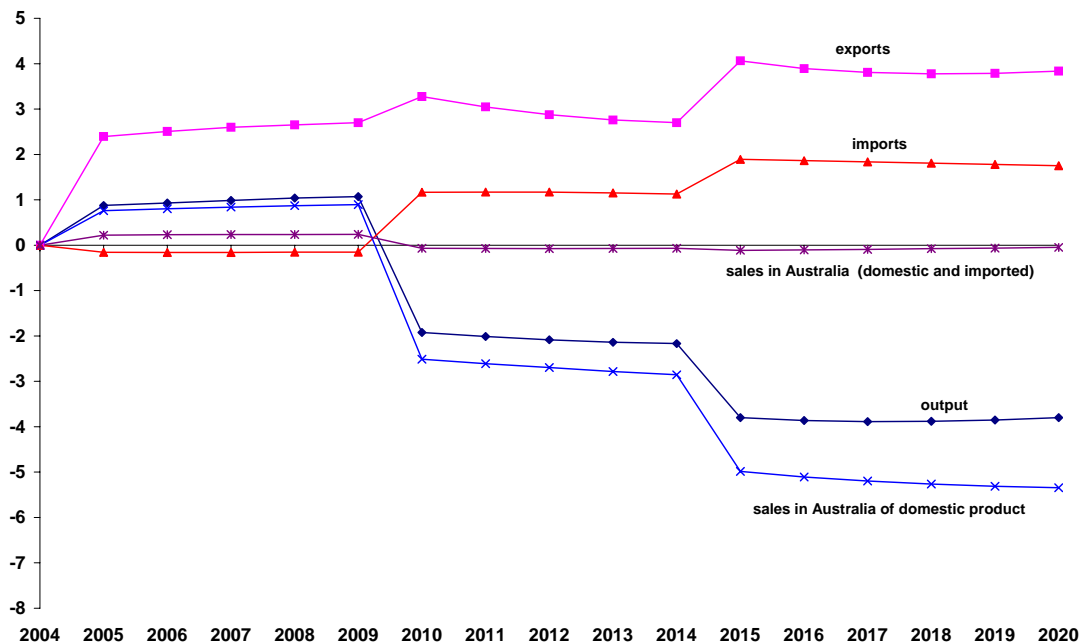
**Chart 4.1 DITR. Output, employment and dom/imp consumer price ratio for Knitting mills (% deviations from basecase)**



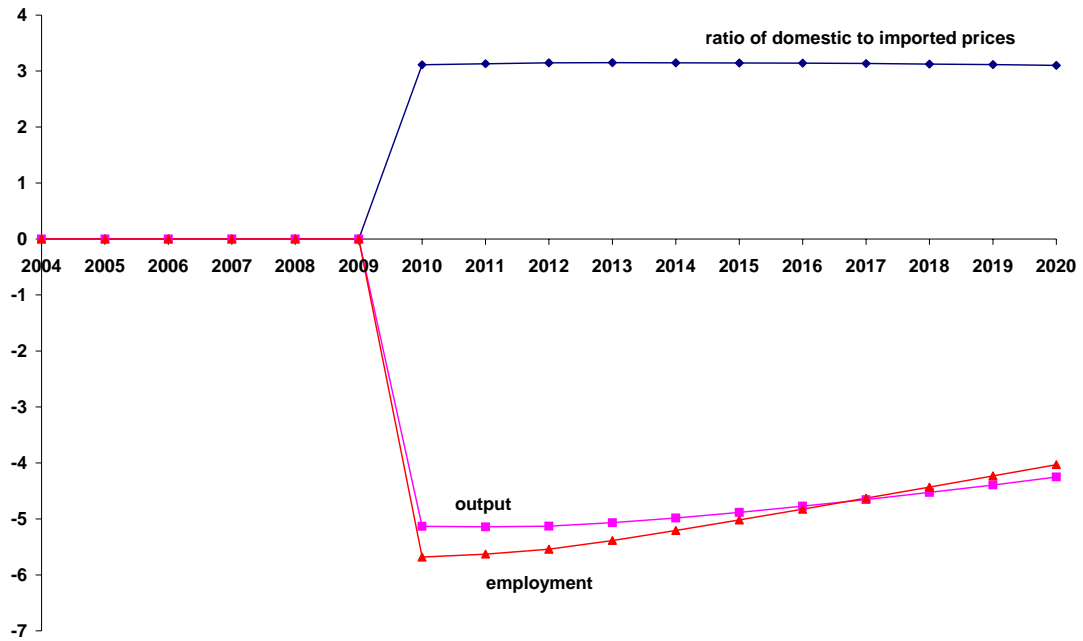
**Chart 4.2 PC. Output, imports, exports and sales of Knitting mills**  
 (% deviations from basecase)



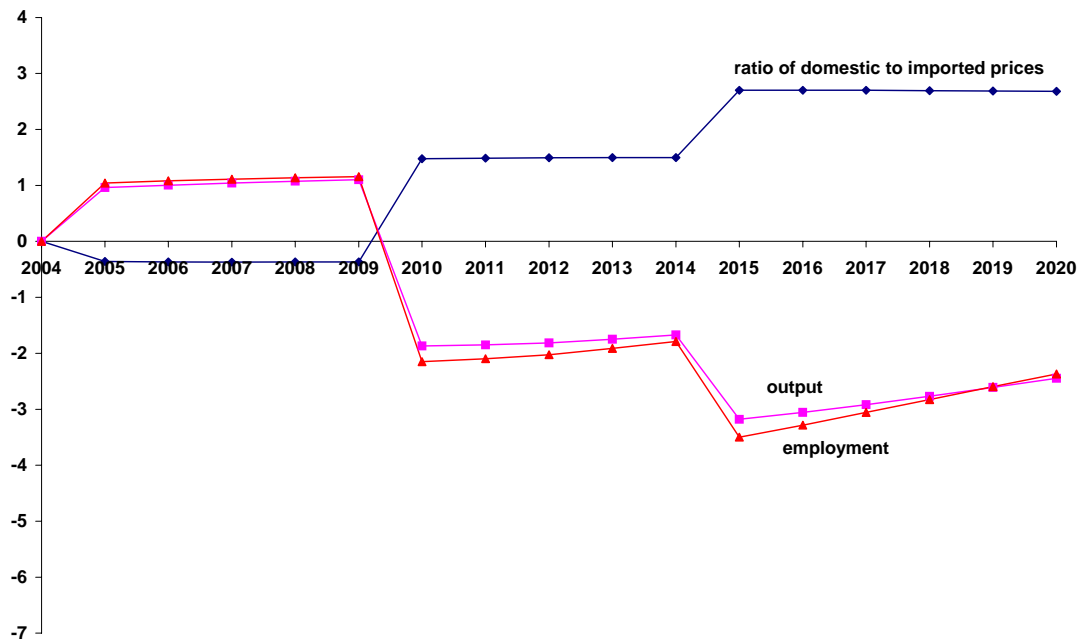
**Chart 4.2 DITR. Output, imports, exports and sales of Knitting mills**  
 (% deviations from basecase)



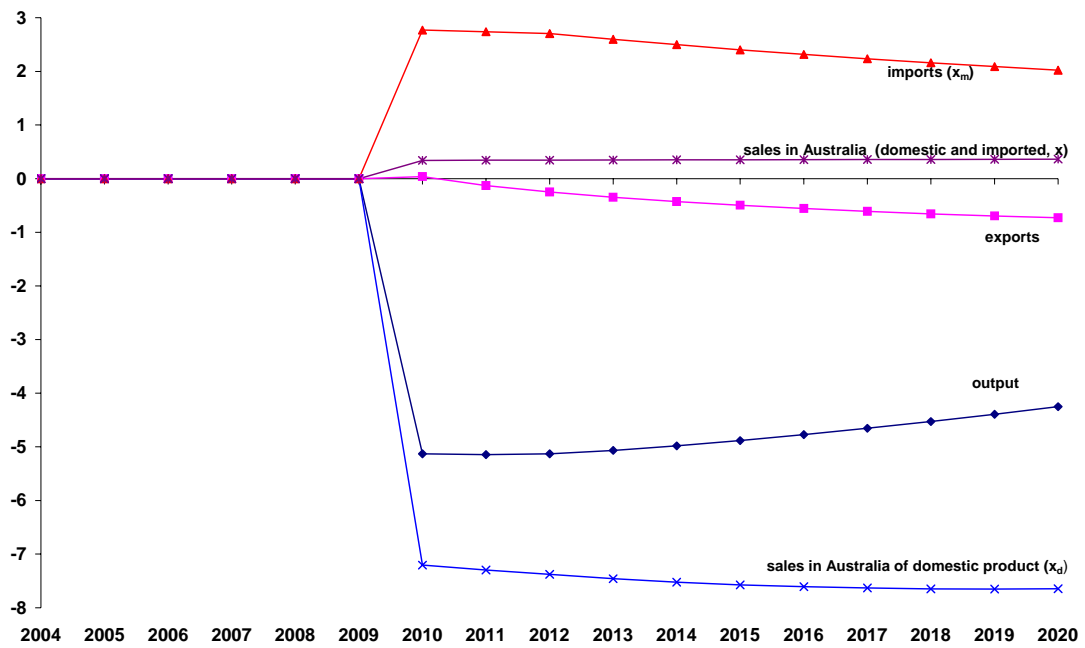
**Chart 5.1 PC. Output, employment and dom/imp consumer price ratio for Clothing (% deviations from basecase)**



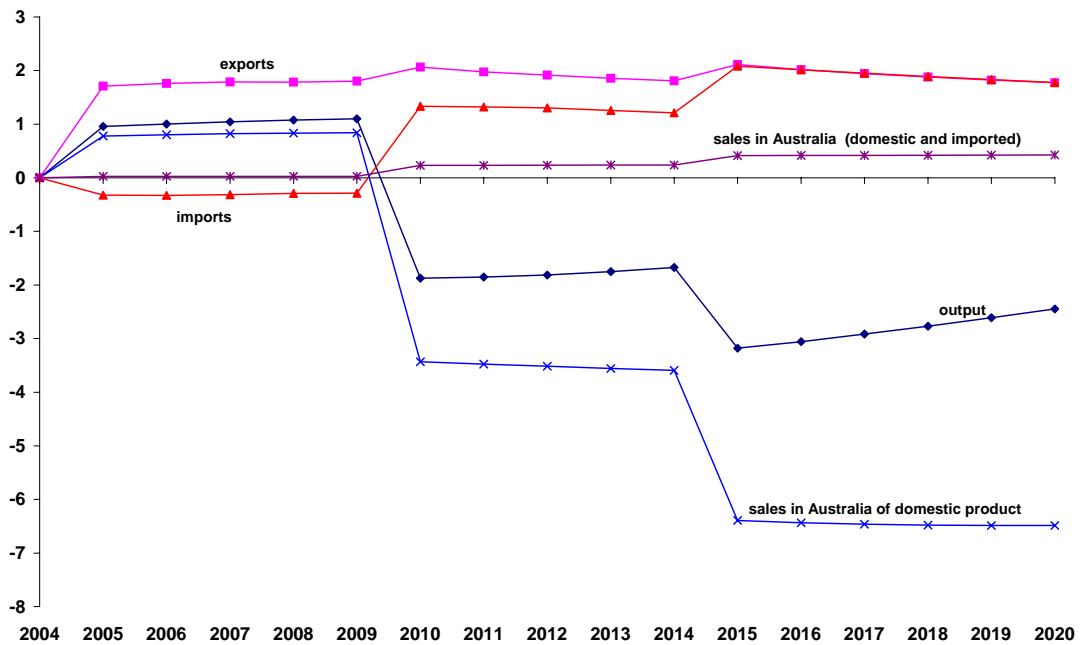
**Chart 5.1 DITR. Output, employment and dom/imp consumer price ratio for Clothing (% deviations from basecase)**



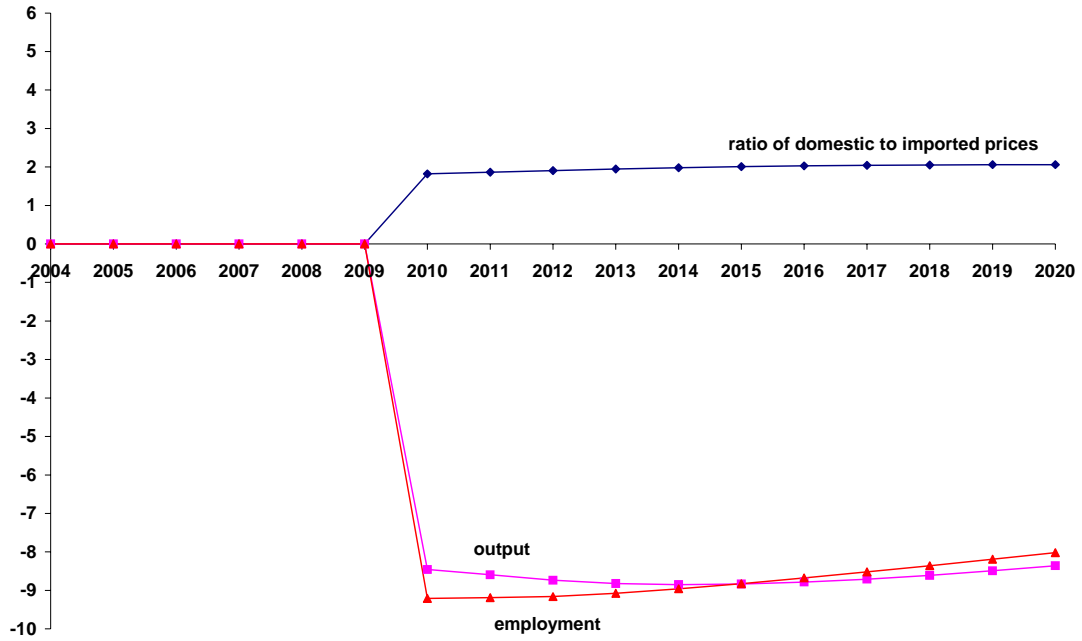
**Chart 5.2 PC. Output, imports, exports and sales of Clothing**  
(% deviations from basecase)



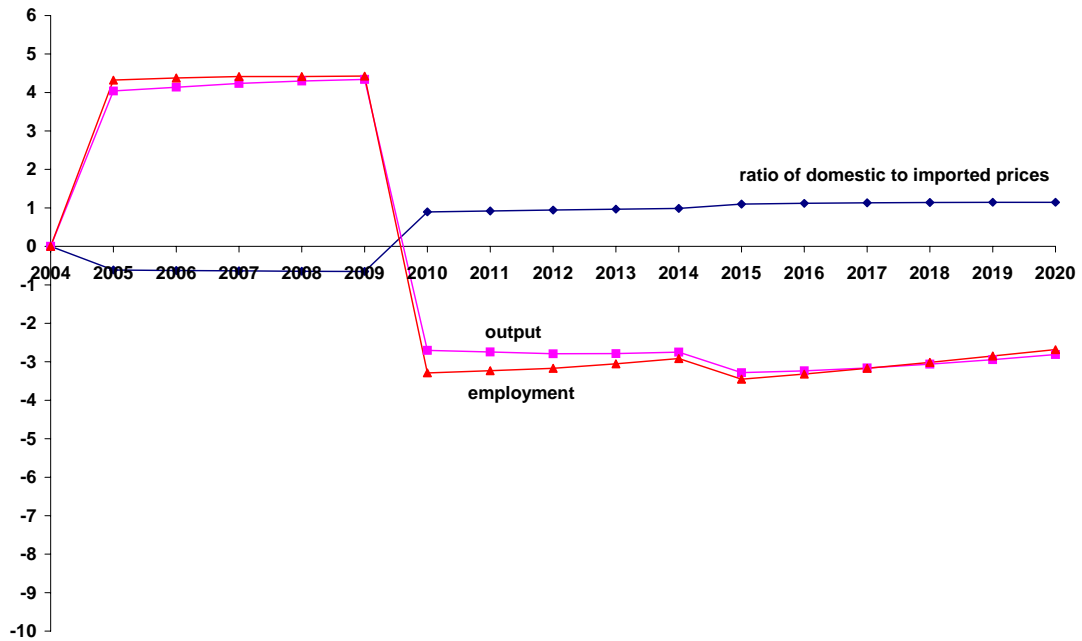
**Chart 5.2 DITR. Output, imports, exports and sales of Clothing**  
(% deviations from basecase)



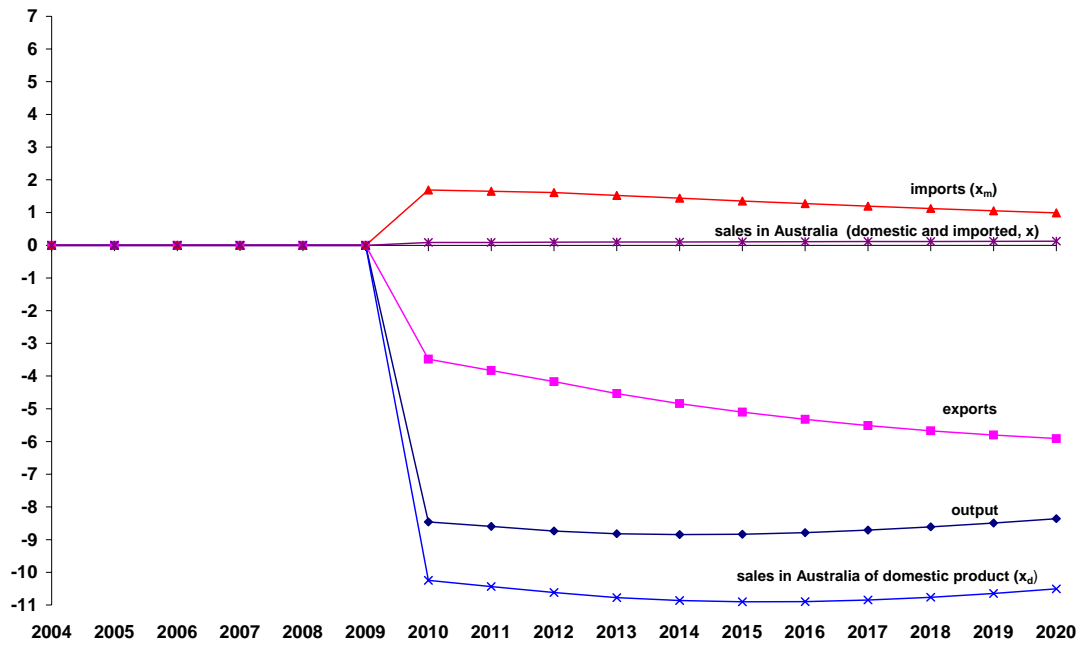
**Chart 6.1 PC. Output, employment and dom/imp consumer price ratio for Footwear (% deviations from basecase)**



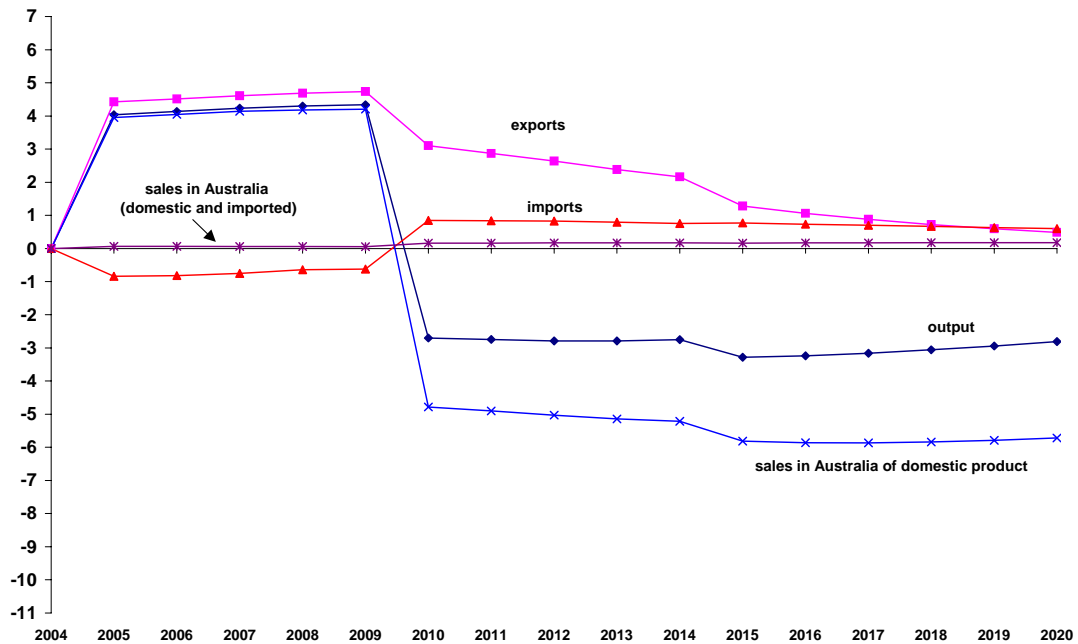
**Chart 6.1 DITR. Output, employment and dom/imp consumer price ratio for Footwear (% deviations from basecase)**



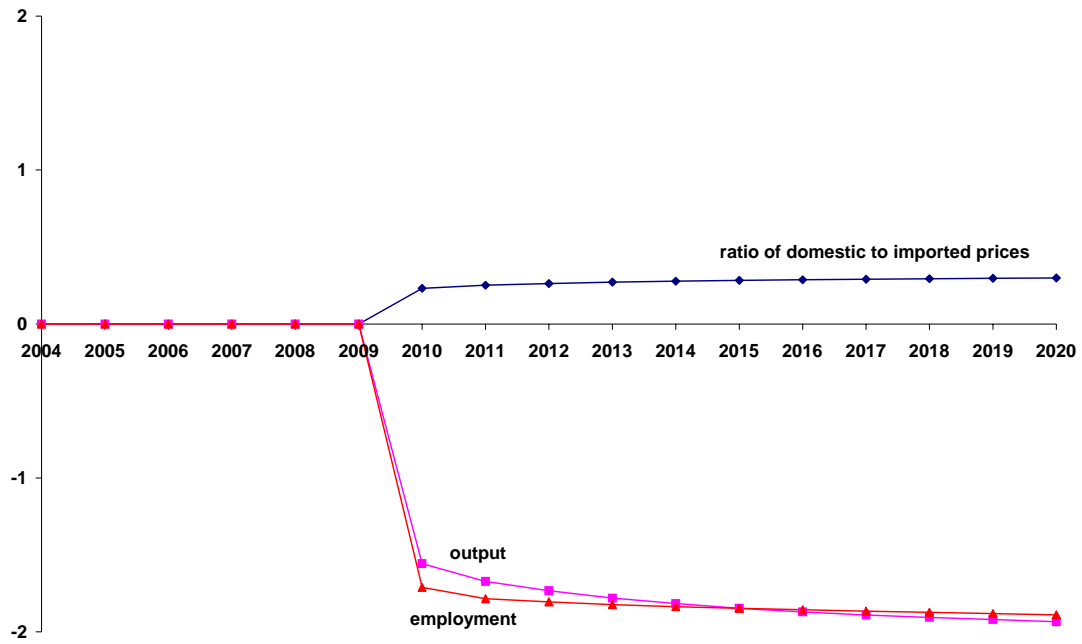
**Chart 6.2 PC. Output, imports, exports and sales of Footwear  
(% deviations from basecase)**



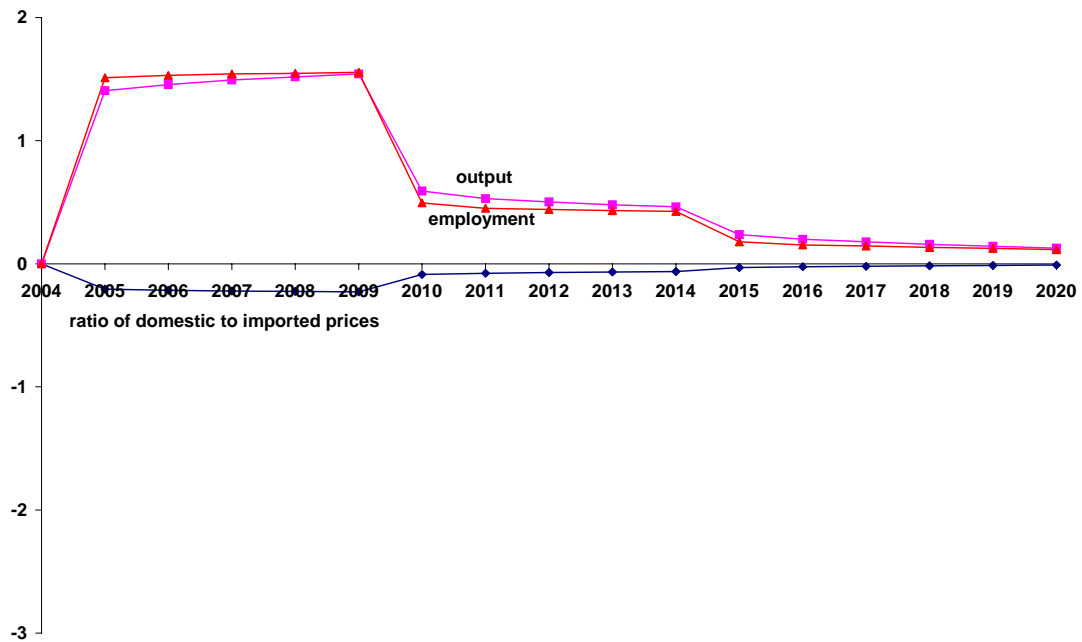
**Chart 6.2 DITR. Output, imports, exports and sales of Footwear  
(% deviations from basecase)**



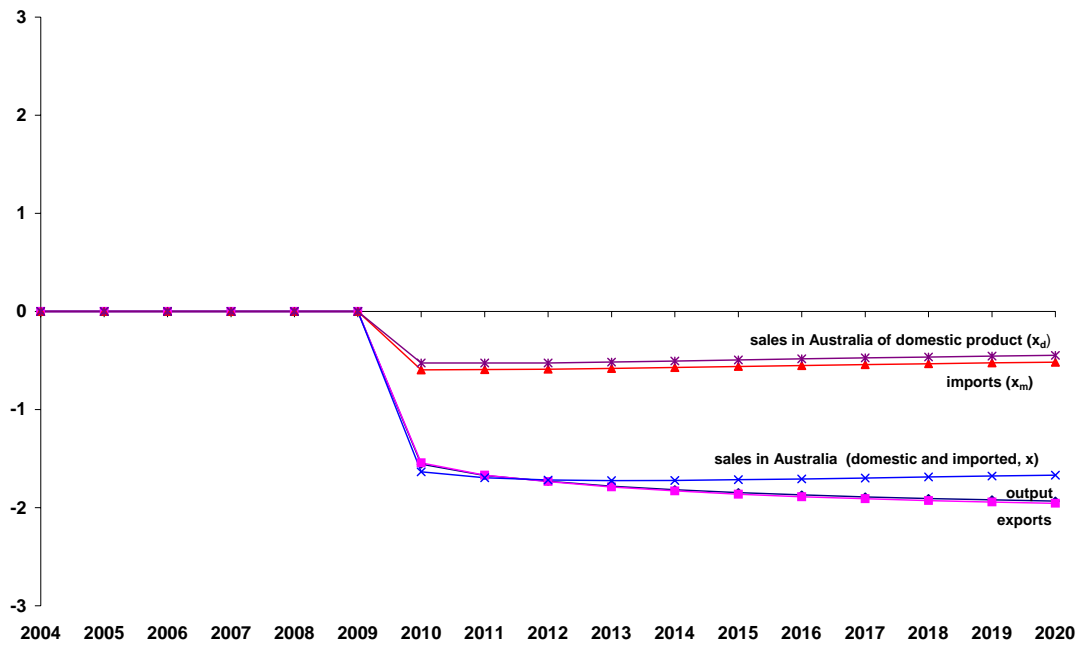
**Chart 7.1 PC. Output, employment and dom/imp consumer price ratio for Leather products (% deviations from basecase)**



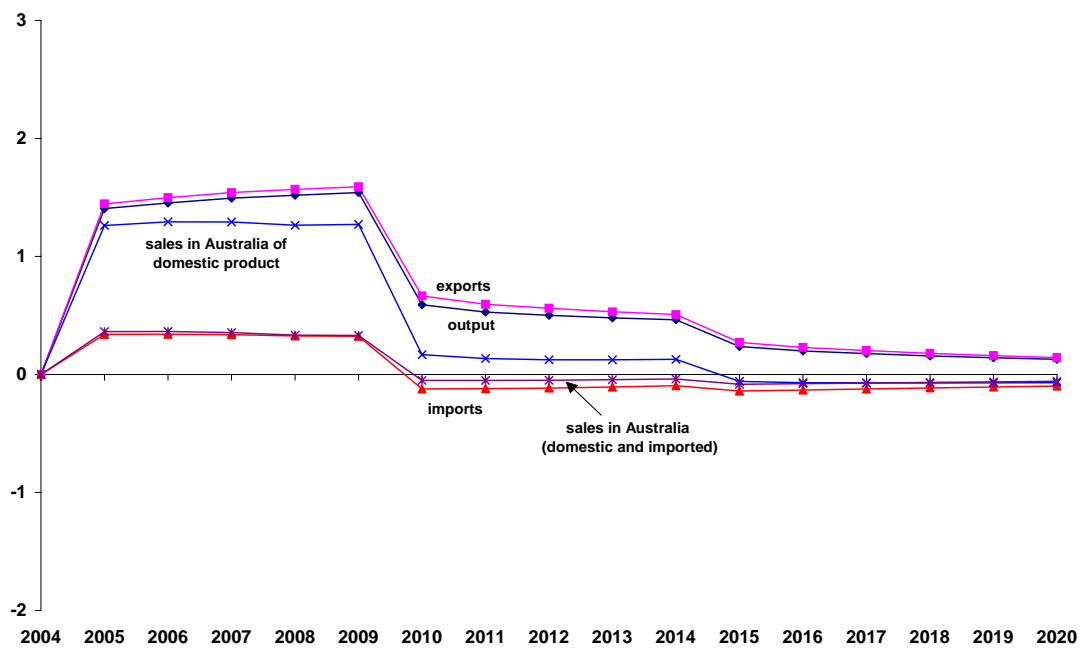
**Chart 7.1 DITR. Output, employment and dom/imp consumer price ratio for Leather products (% deviations from basecase)**



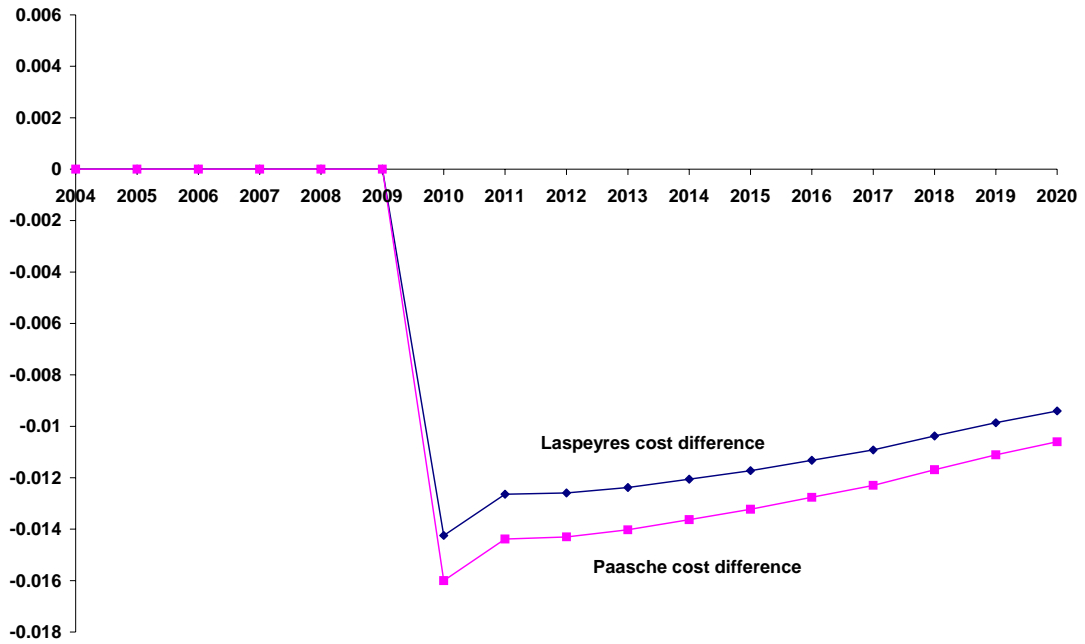
**Chart 7.2 PC. Output, imports, exports and sales of Leather products**  
 (% deviations from basecase)



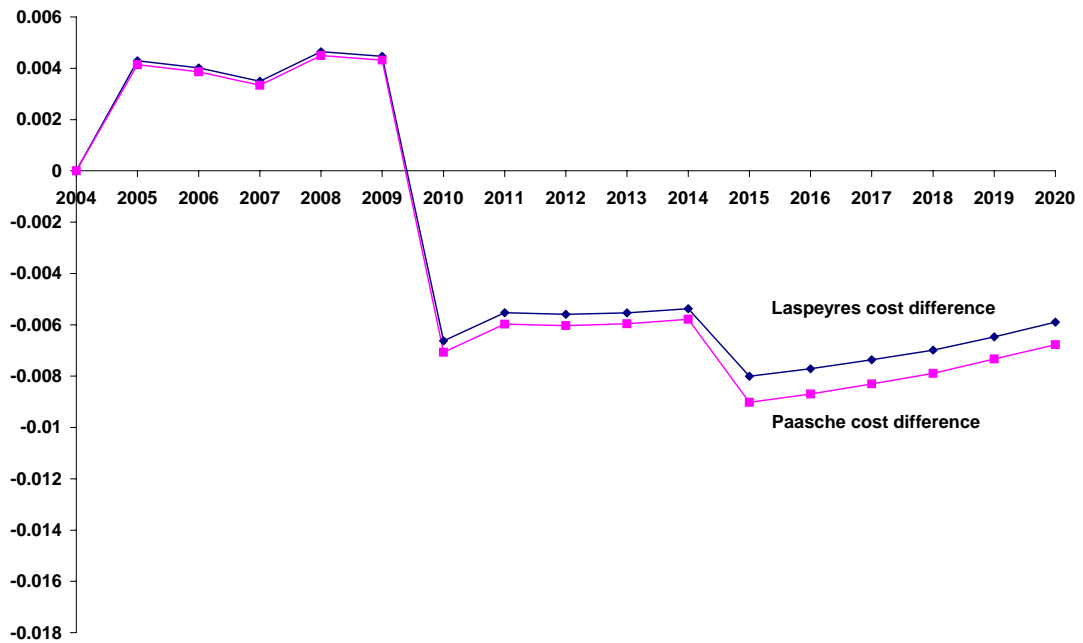
**Chart 7.2 DITR. Output, imports, exports and sales of Leather products**  
 (% deviations from basecase)



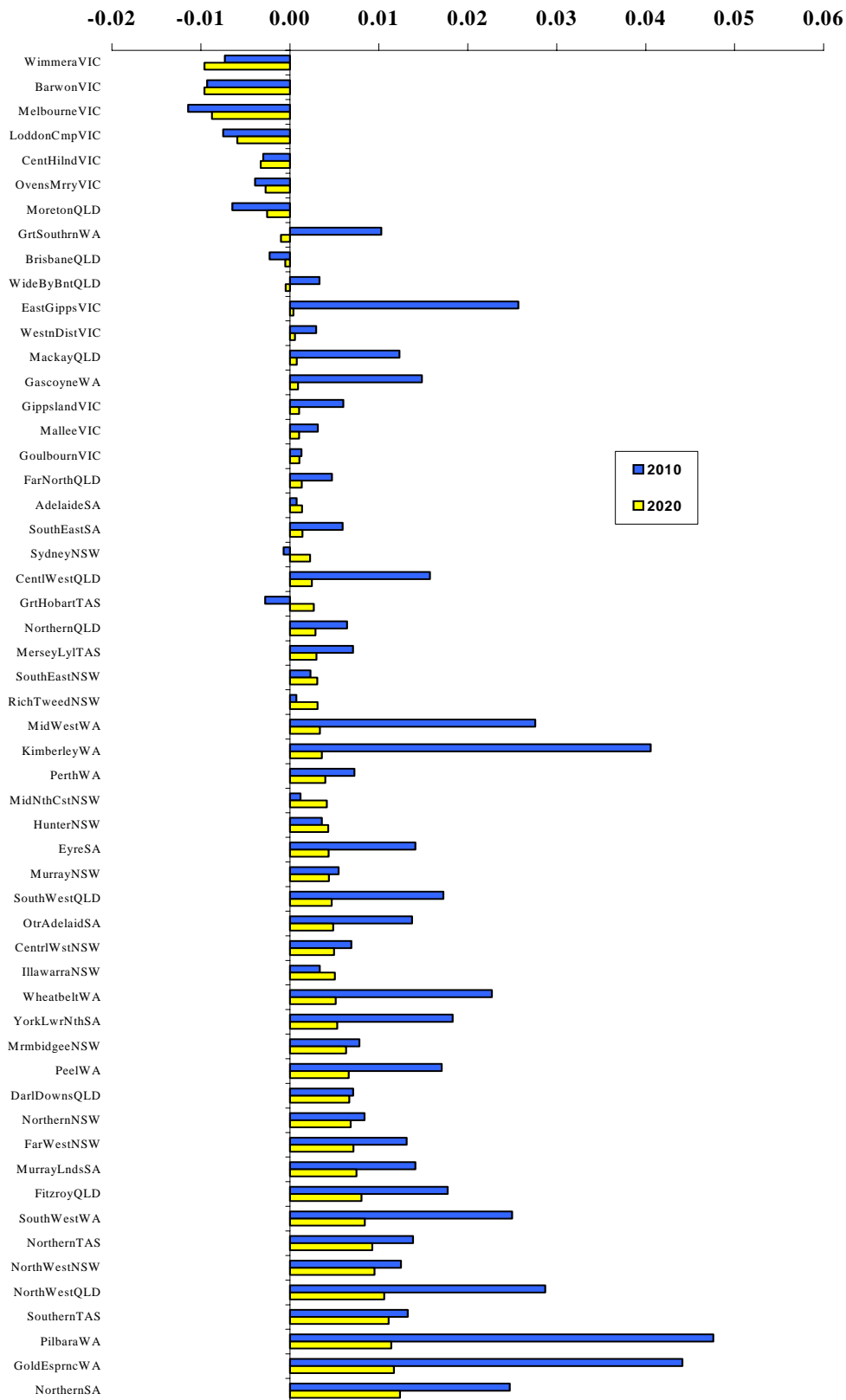
**Chart 8 PC. Welfare measures**  
 (% deviations from basecase)



**Chart 8 DITR. Welfare measures**  
 (% deviations from basecase)



**Chart 24. Employment by Statistical Division in 2010 and 2020**  
*(% deviations from basecase forecasts)*



**Chart 23. Employment by State and Territory in 2010 and 2020**  
*(% deviations from basecase forecasts)*

