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MAJOR TURKISH and U.S. TEXTILE ASSOCIATIONS CALL FOR ACTION TO PREVENT MARKET MONOPOLY BY CHINA

In an unprecedented show of cooperation, the major textile and clothing associations in Turkey have joined with their U.S. counterparts to call on the World Trade Organization (WTO) to prevent a global take-over of textile and apparel trade by a few large supplier countries. In a letter to be sent to the Director General of the WTO, U.S. and Turkish industry officials specifically called for an extension of the textile and clothing quota phase-out process until December 31, 2007.

The Turkish and U.S. groups called on other textile and apparel associations in affected countries to join them in this crucial fight to prevent global monopolization of this sector.

U.S. and Turkish industry associations, namely the Istanbul Textile and Apparel Exporters Association (ITKIB), the American Manufacturing Trade Action Coalition (AMTAC) and the American Textile Manufacturers Institute (ATMI) argue that circumstances associated with the textile and clothing quota phase-out process have changed dramatically since the adoption of the Uruguay Round and the initiation of the quota phase-out process in 1995.

For example, the January, 2002 admission of the People's Republic of China into the WTO represents a severe and disruptive change in circumstances not present during consideration in the early 1990's of a timetable for the phase-out of quotas. The groups point out that numerous studies warn that unlimited access by China to global textile and apparel markets would result in massive job disruption and business bankruptcies in dozens of countries dependant upon textile and clothing trade.

In addition, the groups stated that global trade in this sector has been compromised by the use of illegal practices. These practices include deliberate currency undervaluation, state subsidies and the proliferation of non-performing loans and rebate schemes, among others. These illegal practices have allowed countries such as China to reduce prices for textile and apparel products by as much as 75 percent, giving them an overwhelming and unfair advantage in world markets for textiles and clothing.

Cass Johnson of ATMI stated that "the phase-out of textile and clothing quotas was intended to liberalize trade for all nations, not to ensure domination of world trade in textiles and clothing by countries that use unfair trade practices."

Ziya Sukun of ITKIB added "that the creation of a monopoly position by a very few countries will be disastrous to many developing world economies that count on this

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vital export sector. In fact, recent analysis indicates that as many as 30 million jobs could be lost in developing countries as a result of a massive global market invasion by China.”

Auggie Tantillo of AMTAC went onto say “unless the WTO takes immediate action to address this critical issue, there will be one or two big winners and everyone else will suffer dramatic economic losses as a result of the current quota phase-out plan.”

The industry initiative also proposes that WTO members undertake a full review of global textile and clothing production to determine whether to finalize the phase-out process on January 1, 2008 or to develop an appropriate alternative arrangement.

The Turkish and U.S. trade associations stated that they would conduct a worldwide effort to gather support among industry groups for the initiative.

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