

GLOBAL ALLIANCE for FAIR TEXTILE TRADE (GAFTT)

96 Trade Groups from 54 Countries Supporting the Principles of the Istanbul Declaration – Fair Trade for a Safer World

Chinese Efforts to Silence Developing Countries

on Textile and Clothing Quota Crisis Thwarted

Heavy-Handed Tactics Decried

November 30, 2004

GENEVA, SWITZERLAND – Defying a substantial bloc of developing and least developed countries in the World Trade Organization’s Council on Trade in Goods (CTG), China, joined by India and Pakistan, failed again last week in its continuing attempts to silence those countries who have been campaigning to put their concerns about the quota phase-out on the CTG agenda. China’s efforts were strongly and successfully opposed by a coalition of countries lead by Turkey, Sri Lanka, El Salvador, Mauritius, Tunisia, Kenya and others.

According to reports, China also attempted to quash a series of already scheduled regional seminars on trade adjustment assistance that were begun last year and are continuing into 2005. The purpose of these seminars is to help developing countries with WTO trade assistance programs. The Chinese effort to cancel this WTO outreach effort reportedly sparked outrage among member countries.

“By its strident opposition to any discussion in the CTG, China unambiguously demonstrated its intention to use its manipulative and unfair trade practices to wrest an additional \$100 billion in global textile and clothing trade from other countries,” said Ziya Sukun, Executive Director of the ITKIB Association USA, a trade association responsible for promoting the Turkish textile and clothing industry. “Instead of viewing China as a friend on textile and clothing issues, the developing world now sees China as a predator stalking them like prey.”

“The expiration of textile and clothing quotas is an issue with global economic impact because textile and clothing exports are so important to so many countries. For the sake of its own organizational effectiveness, the WTO would be remiss to allow a single country to prevent it from addressing an issue of such critical global importance like the textile and clothing quota crisis,” continued Sukun.

GAFTT also noted attempts to prematurely end discussion on the economic impact of quotas by shunting the issue off to the International Monetary Fund (IMF) and the World Bank. Reportedly, these institutions have proposed sending several hundred million dollars in grants and loans to LDCs impacted by the expiration of quotas. While World Bank and IMF assistance is appropriate, such limited one-time aid packages cannot adequately compensate for the loss of \$100 billion in annual global textile and clothing trade to China and the accompanying destruction of tens of millions of manufacturing jobs in the developing world once quotas expire.

In contrast, GAFTT believes that only a comprehensive solution can meaningfully mitigate the negative economic impact of the quota crisis. That is why GAFTT renews its call for thorough discussions of the Mauritian and Turkish position papers on the quota expiration issue during formal meetings of the CTG. The Mauritian proposal calls for the WTO to study the economic impact of the expiration of quotas and for the quota issue to be put on the CTG's Permanent Work Program. The Turkish proposal calls for a safeguard mechanism that would prevent a few countries from monopolizing global textile and clothing markets. These moderate and reasoned proposals are worthy of extended and careful consideration by the CTG because they would comprehensively and directly address the negative economic impact of the expiration of quotas.

“China’s impact on global textile and clothing trade will be severe in 2005,” said Cass Johnson, President of the National Council of Textile Organizations (NCTO). “In the clothing categories removed from quota in 2002, China went from 9 percent U.S. import market share in 2001 to 72 percent market share as of June 2004. With China’s continued use of unfair and illegal practices such as currency manipulation, export tax rebates, and tolerance of non-performing loans, we expect China to capture a similar amount of U.S. import market share post 2005.”

Remarked Auggie Tantillo, Executive Director of the American Manufacturing Trade Action Coalition (AMTAC), “The impact of the expiration of quotas is a crisis of global proportions as textiles and clothing account for 10 percent or more of merchandise exports from at least 32 countries. Including the EU 15 as one country, there are 35 countries with textile and clothing exports of \$1 billion or more. With so many countries so severely impacted, it would be irresponsible for the WTO to sweep the quota issue under the rug.”