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International Textile Group Urges Separate Sectoral Talks in Hong Kong WTO Round

An international coalition of textile industry groups, led by several U.S. trade associations, Oct. 4 called for textile and apparel trade to be considered in separate sectoral negotiations during the current Doha Round of World Trade Organization talks.

Separating textiles from other manufactured goods would ensure that textile and apparel tariffs would be considered apart from other tariffs, textile industry representatives said during a conference call, with the goal of smaller tariff cuts for textiles. It would also ensure that textile-specific issues are addressed, such as the potential domination of the sector by China.

The international textile group, known as the Global Alliance for Fair Textile Trade (GAFTT), represents 97 textile organizations from 55 countries. The GAFTT said that a Special Textile Sectoral (STS) would split off textiles from the ongoing nonagricultural market access (NAMA) talks. The NAMA talks are focused on the formula for calculating tariff cuts on all manufactured goods and do not take into account the unique aspects of textile and apparel trade, GAFTT representatives said.

"Since textiles and clothing represent a disproportionate share of exports from developing countries...and since that trade is threatened by the unfair trading practices of a small number of non-market economies, GAFTT believes that textiles and clothing must receive specialized treatment from the WTO if the WTO is to fulfill its Doha Development Round commitments," the group said in a prepared statement.

Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition (AMTAC), a leading member of the GAFTT, said that sectoral talks were necessary to address issues such as the impact of tariff cuts on trade preference programs.

In addition, U.S. and other textile groups hope to see a permanent safeguard or similar mechanism put in place to prevent large apparel producers, principally China, from capturing the vast majority of textile trade.

"We do have to discuss this issue of monopolization by one or two players damaging the economies of just about every developing country in every region of the world, and whether or not there needs to be some sort of system in place to prevent that," Tantillo said. A China textile safeguard included in China's WTO accession agreement expires at the end of 2008.

Opposition Likely

It may be difficult for separate sectoral talks to be established, given the likely opposition of China and some other large developing countries, such as India. China has opposed several previous efforts by developing countries such as Turkey to get the WTO to consider the impact of the Jan. 1, 2005 elimination of textile and apparel quotas.

Nevertheless, Ziya Sukun, executive director of the ITKIB Association, a Turkish textile and apparel group, said that approximately 17 WTO members have consistently supported Turkey's proposals in the WTO's Council on Trade in Goods for a WTO work program on textiles and apparel. Other sources have said those countries include Tunisia, Mongolia, Jordan, Kenya, Sri Lanka, and Mauritius.

Sukun said on the Oct. 4 conference call that a proposal for a global textile safeguard will be considered at the Nov. 10 meeting of the WTO's Goods Council.

The United States, for its part, proposed in late 2002 to eliminate tariffs on all manufactured goods--including textiles and apparel--as part of the Doha Round, which the U.S. textile industry opposed.

A U.S. trade official, speaking on background, acknowledged that the Doha declaration launching the current talks "does call for sectoral discussions," but the official added that the "United States still has to determine which products should receive sectoral discussions."

Tantillo, while refusing to characterize the official U.S. position, said U.S. trade officials "are very receptive to the concept that a sectoral may be the best way to address...the unusual problems that exist in the textile area. We know that they have had discussions with several other countries in regard to this."

The United States and the European Union "both understand ... that keeping textiles in the NAMA could create more problems than it solves," Tantillo said, "because too many countries are going to say, 'this doesn't address my bigger problem.'" Those "bigger problems" include China and the loss of preferences, Tantillo said. The value of duty-free preferential access to developed country markets is eroded if all tariffs are cut or eliminated.

GAFTT includes textile groups from many developing countries, including Bangladesh, Mexico, Senegal, Tunisia, Botswana, the Dominican Republic, Costa Rica, and others.

Carnegie Report Pushes Development

Separately, the Carnegie Endowment for International Peace released a new report Sept. 29 on ways developed countries such as the United States can assist developing country apparel producers that are vulnerable to China's increasing dominance of the industry.

The report, A Stitch in Time, focused on so-called "at risk" countries, which it defines as developing countries that depend on apparel for at least 50 percent of their exports. There are at least 14 such countries, according to the report, including Bangladesh, Cambodia, the Dominican Republic, Haiti, El Salvador, Lesotho, Mauritius, Nepal, and Sri Lanka, among others.

The report recommended several steps the United States can take to assist those "at risk" countries in their efforts to compete with China. It was written by Viji Rangaswami, an associate in Carnegie's Trade, Equity and Development project and formerly minority trade counsel to the House Ways and Means Committee.

The report noted that the China safeguard will likely deter retailers and apparel importers in the United States and Europe from completely abandoning "at risk" countries in favor of China, at least through 2008, but adds that the safeguards are "a short-term, and likely inadequate, response to the threat faced by at risk countries."

The "safeguard actions do nothing to promote at-risk countries' exports or assist the countries in overcoming their own efficiency limitations," the report said. "As such, they do little to promote long-term economic development, and at best, merely preserve an unsatisfactory status quo for a few more years."

The Carnegie study recommended a more comprehensive approach by the United States, including enhanced trade preference programs; technical assistance to help at-risk countries improve their competitiveness; assistance to help such countries "differentiate" their exports; and assistance to help at-risk countries with the dislocations that will occur with the loss of apparel manufacturing jobs.

Trade preference programs, such as the Caribbean Basin Trade Partnership Act (CBTPA) and the African Growth and Opportunity Act (AGOA), should be enhanced by relaxing complex rules of origin that require apparel manufacturers in those regions to use U.S. or regional yarns and fabrics, the report said. Such rules of origin are strongly supported by the U.S. textile industry.

By Christopher S. Rugaber