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China fears stir textile groups to seek own WTO pact

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By Doug Palmer

WASHINGTON (Reuters) - Textiles and clothing should be removed from broader world trade talks aimed at reducing tariffs and dealt with separately because of the threat posed by China to other textile producers around the world, an international coalition said on Tuesday.

"We're not going to let any single country ... take over business from 50 or 60 countries around the globe and monopolize the textile trade," said Ziya Sukun, executive director of ITKIB Association USA, which represents Turkey's textile and clothing exporters in the United States.

Sukun spoke by telephone from Geneva on behalf of a coalition of textile trade associations in 55 countries called the Global Alliance for Fair Textile Trade, or GAFTT. U.S. and Mexican industry representatives also were on the call.

The GAFTT coalition wants textiles and clothing excluded from steep tariff cuts that could be applied to other consumer and manufactured goods because of what they said were unique circumstances facing their industry worldwide.

That includes China, which many countries fear will dominate global textile and clothing trade following the end of an international quota system on Jan. 1. Textiles include towels, sheets and a range of other fabric goods.

In addition, many poor countries that have preferential access to the U.S. or the European Union markets in terms of reduced tariffs fear being hurt by a new world trade deal if all countries are given the same access.

"There are enormous issues confronting the textile sector that just can not be addressed through some kind of formulaic approach," where tariffs on all goods would be cut by certain amounts, said Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition.

A U.S. trade official said the United States had not decided whether to pursue a "sectoral" approach to textile and clothing negotiations, although Tantillo said the Bush administration had been receptive to that idea.

U.S. tariffs on clothing and textile products are among the highest of any sector. In 2002, the United States collected about \$7 billion in tariffs on clothing and \$900 million on textiles, which was about half of the \$19.1 billion in duties it collected on all goods that year.

At the same time, the United States is the largest clothing and textiles importer in the world, taking in about \$80 billion of product in 2002. Imports from China have surged sharply this year following the end of the global quota system.

The United States has restricted some clothing imports from China under a special "safeguard" provision of Beijing's entry into the United States in 2001. It also is trying to negotiate an agreement with China covering textile trade through 2008, when the safeguard provision expires.

One outcome of separate WTO negotiations on textiles and clothing could be an extension of the safeguard provision beyond 2008, said Cass Johnson, president of the National Association of Textile Organizations said.

Rich countries should examine ways to help poor countries such as Cambodia, Haiti and Sri Lanka with big textile sectors deal with the threat posed by China and other large Asian suppliers, said Viji Rangaswami, a trade associate at the Carnegie Endowment for International Peace.

But if WTO negotiations are "solely focused on continuation of the safeguard and preventing tariff cuts on textiles and apparel, I don't see it helping developing countries in the long run," Rangaswami said.

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