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## **Istanbul Declaration Wins Endorsement from EUROCOTON**

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### **Trade Groups from 26 Countries Now Support Declaration**

April 6, 2004

WASHINGTON, DC –The Committee of the Cotton and Allied Textile Industries of the European Communities (EUROCOTON), representing textile and apparel groups from eleven European countries, formally endorsed the Istanbul Declaration on April 1.

EUROCOTON represents textile and apparel groups from Spain, France, Germany, Turkey, Belgium, Greece, Italy, Austria, Poland, the Czech Republic and Slovenia.

Over the last four weeks, textile and apparel trade groups from Europe, North America and Africa representing 26 countries have united behind the Istanbul Declaration.

The Istanbul Declaration is a letter to the Director General of the World Trade Organization (WTO) calling for an emergency meeting of the WTO and a delay in the phase-out of worldwide textile and apparel quotas.

According to studies, through the use of massive export subsidies and other illegal trade practices, China and a few other countries are poised to monopolize world trade in textiles and apparel if quotas are removed as scheduled on January 1, 2005. Up to 30 million jobs around the world are expected to be lost.

Many developing and least developed countries dependent on textile and apparel export markets face economic ruin if importers and retailers shift orders to take advantage of Chinese subsidies.

In the United States, over the last two years, importers increased their orders from China by 830 percent in 29 apparel categories where China was removed from quota. Chinese market share of those products rose from 9 percent to 60 percent and continues to grow.

Ziya Sukun of the Turkish textile and apparel trade association, ITKIB said, “We are grateful for the determination demonstrated by all members of EUROCOTON to address the threat posed by an uncontrolled export surge from China.”

“We would also like to thank EUROCOTON President Jean-Francois Gribomont, Vice-President Tito Burgi and Secretary General Michele Anselme for their decisive leadership in orchestrating a swift endorsement of the Istanbul Declaration.”

American Manufacturing Trade Action Coalition (AMTAC) Washington Coordinator Auggie Tantillo said, “Every national textile association in this coalition faces a three-dimensional threat from China’s highly subsidized export machine. Coalition members face the loss of significant market share in their own domestic market, in first-world markets, and in critical developing-world markets.”

National Council of Textile Organizations (NCTO) President Cass Johnson said, “China is today illegally subsidizing its textile and clothing exports to a degree never before imagined. Textile and apparel groups around the world see the writing on the wall and are now rising up behind the Declaration and demanding that their governments and the WTO act.”

#### **Textile and Apparel Groups that Support the Istanbul Declaration (as of 4/1/04)**

Austria – Fachverband der Textilindustrie Osterreichs (Die Textilindustrie)  
Austria – Eurocoton  
Belgium – Eurocoton  
Botswana – Botswana Export Development and Investment Authority (BEDIA)  
Czech Republic – Eurocoton  
France – Eurocoton  
Germany – Eurocoton  
Ghana – Gold Coast of Ghana  
Greece – Eurocoton  
Italy – Associazione Italiana delle Industrie della Filliera Tessile Abbigliamento (AIIFTA)  
Italy – Associazione Tessile Italiana (ATI)  
Italy – Eurocoton  
Ivory Coast – Agency for the Promotion of Exports (APEX-CI)  
Kenya – Kenya Association of Manufacturers (KAM)  
Lesotho – Lesotho Textile Exporters Association  
Madagascar – Madagascar Export Promotion Association (GEFP)  
Mauritius – Mauritius Export Processing Zone Association (MEPZA)  
Mexico – Camera Nacional de la Industria Textil (CANAINTEX)  
Namibia – Namibian Investment Authority  
Poland – The Gdynia Cotton Association  
Poland – Polish Textile and Apparel Chamber

Poland – Polish Chamber of Textile Industry  
Poland – Union of Employers of Textile Industry  
Poland – Eurocoton  
Senegal – Agency for the Promotion of Investments and Exports (APIX)  
Slovenia – Eurocoton  
South Africa – South African Clothing Industry Export Council (SACIEC)  
South Africa – South African Textile Industry Export Council (SATIEC)  
South Africa – Textile Federation of South Africa (TEXFED)  
Spain – Eurocoton  
Swaziland – Swaziland Investment Promotion Authority (SIPA)  
Tanzania – Tanzania Investment Center (TIC)  
Turkey – Turkish Textile and Raw Materials Exporters Association (ITKIB Textiles)  
Turkey – Turkish Ready Wear and Garments Exporters Association (ITKIB Apparel)  
Turkey – Turkish Clothing Manufacturers Association (TGSD)  
Turkey – Turkish Textile Employers Association (TUTSIS)  
Turkey – Eurocoton  
United States – American Manufacturing Trade Action Coalition (AMTAC)  
United States – National Council of Textile Organizations (NCTO)  
United States – National Textile Association (NTA)  
Zambia – Textile Producers Association of Zambia

**Contacts:**

**ITKIB – Ziya Sukun – (212) or [itkibusa@aol.com](mailto:itkibusa@aol.com)**  
**AMTAC – Lloyd Wood – (202) 452-0866 or [lwood@amtacdc.org](mailto:lwood@amtacdc.org)**  
**NCTO – Cass Johnson – (202) 756-1422 or [cjohnson@ncto.org](mailto:cjohnson@ncto.org)**

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## **Istanbul Declaration on Fair Trade in Textiles and Clothing**

Dear Director General of the World Trade Organization:

We the undersigned are representatives of textile and clothing producers from countries and regions throughout the globe. We have joined together to call upon the World Trade Organization (WTO) to act immediately to extend the deadline for implementation of the

final integration stage to December 31, 2007. We believe that it is critical that the WTO take this step as soon as possible for the following reasons:

1. Circumstances associated with the textile and clothing quota integration 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 substantial and material condition not contemplated when our countries agreed to the Uruguay Round timetable for the quota phase out. The fact that China will now be treated as a WTO member for purposes of the phase out has irrevocably altered the reasonable transformation of global production and sourcing patterns that the elimination of quotas had originally intended.
2. As numerous credible studies have shown, if quotas are removed on January 1<sup>st</sup>, 2005 global textile and clothing trade will be monopolized by a few countries such as China. The consequence will be massive job disruption and business bankruptcies in dozens of countries dependant upon textile and clothing exports.

In textile categories in the United States where a number of quotas have already been eliminated, China has taken almost 60 percent of the market in less than two years and is continuing to increase its share. Chinese textile exports have also quickly captured a dramatic portion of the market in other regions and countries, including the EU, Japan, and Australia. China's massive growth has come at the expense of virtually all other participants in the market, especially the least developed and the developing countries which are poised to lose as many as 30 million jobs due to the quota phase-out.

3. As the quota phase-out draws to a close, it is evident that trade in this sector has been compromised by the use of trade distorting practices in a few dominant countries. These practices include deliberate currency undervaluation, state subsidies and the proliferation of non-performing loans and rebate schemes, among others. For example, such trade distorting practices have allowed China to drop prices for textile and apparel products by as much as 75 percent, and have given China an unassailable and unfair advantage in world markets for textiles and clothing.
4. 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. The creation of a monopoly position by a very few countries will be disastrous to the health and well being of the many developing world economies that are dependent of this vital export sector.

Accordingly, we urge the World Trade Organization to act immediately to extend the deadline for implementation of the final integration stage to December 31, 2007. During

the interim period, WTO members should undertake a full review of global textile and clothing production, export and market circumstances so as to determine whether to finalize the phase-out process on January 1, 2008 or to develop an appropriate alternative arrangement.

Due to the threat of massive trade and economic disruption associated with the ending of the current textile regime on January 1, 2005, we strongly urge the World Trade Organization to convene an emergency session to discuss this proposal not later than July 1, 2004.

Thank you for your attention to this critical request.

Sincerely,

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