

## WTO Facing Quota Phaseout Fears



The WTO edged closer to addressing the quota issue.

By Kristi Ellis

WASHINGTON — The World Trade Organization on Monday took a step toward considering the problems that may arise when its members drop their textiles and apparel quotas on Jan. 1.

WTO director general Supachai Panitchpakdi has invited ambassadors from 19 nations to an informal meeting on Aug. 3 in Geneva to discuss the need for a larger, formal session on the elimination of the quotas, textile association executives and government officials said.

Trade envoys from the U.S., U.K., India, China, Hong Kong, Indonesia, Bangladesh, Sri Lanka, Mauritius, the Dominican Republic, Lesotho and Brazil are among those invited to the informal meeting called by Panitchpakdi, said Cass Johnson, president of the National Council of Textile Organization, which represents U.S. fabric firms.

Jayen Cuttaree, Mauritius' minister of foreign affairs, also confirmed the planned meeting, which follows months of clamoring by executives from about 50 countries who contend they are not prepared for the end of the system that has governed the global market in those products for more than three decades.

The quota issue has been a thorny one for the WTO. The organization's members agreed a decade ago to drop their limits on fabric and clothing imports, and have been phasing them out since then, and no negotiators have stepped forward to call formally for the quotas to be extended. But a lot has changed over the past decade. China has joined the organization and proved itself to be a formidable force in apparel and textile production.

Many smaller developing nations fear that they won't be able to compete with China and will lose market share in the apparel industry, which, for many, is a key export area.

In recent weeks, the governments of Mauritius and Bangladesh sent letters to the WTO asking that it take up the issue. Changing the long-standing plan would require an emergency meeting of the 147-nation organization.

In an interview last week, Panitchpakdi said he was mulling the quota issue.

“Internally, already I have asked some of our people involved in textiles to be looking at the work that needs to be done to try to find ways to help bring people together on the textiles [expiration] issue,” he said.

Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition, said, “This is an important step in the right direction. Obviously they are taking the Mauritian and Bangladeshi letters seriously and we hope that it leads to a bigger, formal session where all of our members have the opportunity to express their concerns about the phaseout.”

The news on the quota meeting came as trade ministers have gathered in Geneva to resuscitate talks that have sharply divided rich and poor nations over how to slash barriers to global trade.

Negotiators have set an end-of-the-month deadline to reach a consensus on a framework for how to advance the contentious negotiations, which have been snagged on agricultural subsidies in general and on cotton in particular. Despite some progress on agricultural subsidies since the global trade round collapsed in Cancún, Mexico, last September, vast differences remain between developing and developed countries.

A failure to reach a consensus on a framework in agriculture, industrial goods and services could cripple the entire global round of talks and deal a serious setback to efforts to eliminate tariffs on everything from steel to apparel.

Success would allow negotiators to continue the talks while the U.S. is sidetracked with the presidential election and the European Union leadership changes.

The chairman of the WTO's ruling General Council, Ambassador Shotaro Oshima of Japan, said the WTO delegates need to reach an agreement on the next step for the broader trade talks by the end of the week.

“We all have a lot hanging on this,” he said.

One of the negotiators' future objectives is the possible dropping of tariffs on industrial goods, which, after quotas, would be the sole remaining barrier to textile and apparel imports. While major industrial powerhouses such as the EU and U.S. have backed the idea, some developing nations — including India and Brazil — have argued that dropping tariffs should be voluntary.

Separately, WTO members this week are expected to give Libya the go-ahead in its bid to start WTO entry talks. That move is seen as a political reward for the North African nation's pledge to drop its nuclear weapons programs.

— With contributions from John Zarocostas, Geneva

