



*Trade Groups from more than 50 Countries Supporting Fair Trade for Textiles and Clothing*

## **GAFTT Position Paper – Special Textile Sectoral Approach**

The Global Alliance for Fair Textile Trade (GAFTT) has called on governments around the world to insist that textile issues be addressed on the basis of a Special Textile Sectoral (STS) Approach in the Doha Development Round talks on Market Access. This paper presents the STS approach in more detail. GAFTT represents more than 90 textile and apparel groups from 50 countries that exported over \$180 billion in textile and apparel products in 2004.

### Background:

Textile and apparel trade is the largest manufacturing employment sector - with particular importance for women – in dozens of developing and least developed countries around the world. The United States and the European Union provide preferential access in textile and apparel to more than 70 developing and least developed countries. This access has in turn enabled tens of millions of workers in these countries to be gainfully employed in the textile and apparel sector.

This combination of large scale employment and already existing zero duty access for many major exporting countries makes negotiations regarding liberalization in this sector a particularly sensitive issue. A further complication is the use of severely distorting trade practices, including currency manipulation, by some WTO countries. The danger of the domination of world trade in textiles and apparel by few countries is of the utmost concern.

For instance, Chinese exports rose so swiftly with the repeal of quotas on January 1st that the United States, the European Union, Turkey, Peru, Colombia, Mexico and Argentina have been forced to deploy safeguards or CVD penalties. In the United States and the European Union, imports from China increased by nearly \$9 billion in the first eight months of the year, while imports, mostly from developing countries and LDCs, fell by nearly \$5 billion dollars.

### Why a Special Textile Sectoral?

Textiles and clothing represent a disproportionate share of exports from LDC's and developing countries. For those countries, preferential access to the US and EU markets remain essential. A sectoral approach offers these countries the opportunity to deal with critically important market access issues on a sector-wide basis. In contrast, a non-sectoral approach – e.g., a formula tariff cutting approach for industrial products as advocated in the NAMA talks - could cause millions of workers in developed and least developed countries to lose their jobs

because the trade preferences upon which they depend would be essentially negated. Such a result would make a mockery of the development goals for the Doha Round.

In addition, unfair trade practices by a small number of non-market economies, including China, further threaten the orderly development of trade in textiles and apparel. A failure by the Doha Round to take into account the very real and dangerous market distortions that these practices cause – and to propose compensating remedies - would also severely undermine the development goals for the Round. For instance, in a sectoral, the question of the effective replacement or a compensating mechanism for the China textile safeguard, which expires at the end of 2008, could be raised.

Therefore, GAFTT believes that textiles and clothing must receive special attention in the Doha Round in the form of a Special Textile Sectoral in the NAMA negotiations.

#### Key Areas for a Special Textile Sectoral (STS) Approach

An STS approach on market access would differ markedly from other sectorals because it would allow WTO member countries to take into special account the unique aspects of the textile and apparel trade, including the special rules, circumstances and trade preferences that have allowed the sector to become a key employment sector for dozens of developing and least developed countries.

##### 1) Tariffs.

In sharp contrast to a NAMA formula approach or a "zero for zero" approach, which would result in deep cuts in existing tariffs and the negation of tariff preferences, an STS approach would enable a more balanced approach to resolving tariff differences through a gradual convergence of tariffs. An STS would allow member countries to seek a harmonization of tariff structures in a manner that protects important export markets created for developing and LDCs through preferential trade programs while still promoting market access for all member countries.

##### 2) Non-Tariff Barriers.

An STS would also allow member countries to address the pervasive problem of non-tariff barriers and other trade practices that continue to distort textile and apparel trade.

##### 3) Special Mechanisms

As the Doha Round proceeds, an STS could also allow for a discussion regarding the incorporation of specific measures necessary to achieve an orderly

and fair long term development of trade in the post-quota world. By doing so, an STS could include safeguards or other compensating mechanisms that would be designed to prevent the domination and monopolization of world wide textile and apparel trade by one or two countries and the concurrent loss of tens of millions of jobs in developing countries and LDCs.