JOB(06)/60 22 March 2006

Negotiating Group on Market Access

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Harmonization in the Textiles and Clothing Sectors

Communication from Turkey

I. INTRODUCTION

A. STRUCTURE OF TRADE:

1. Trade in the textiles and clothing constitutes a significant component of the world economy. According to the figures of 2004, textiles and clothing trade accounts for 5.1 percent of total world merchandise trade and represents one of the most dynamic sectors worldwide. The more labor-intensive clothing industries correspond to 57 percent of total textiles and clothing trade. [1]

2. In 2004, exports in textiles amounted to 2,2 percent of world merchandise exports, worth about 195 billion US Dollars. Exports in clothing products, on the other hand, accounted for 2,9 percent of world merchandise exports and it was valued at 258 billion US Dollars.[2]

3. Textiles and clothing sectors harbor a significant number of tariff peaks and tariff escalations. Moreover, there is huge gap among the tariff rates of the WTO members in a variety of products.

B. ECONOMIC GROWTH AND DEVELOPMENT:

4. The textiles and clothing industries stand out in the global economy with an exceptional significance in the economies of developing countries. These sectors have an important share in the export earnings of developing countries and provide employment opportunities to young and unskilled workforce most of whom are women.

5. Developing countries now account for half of world textiles exports and almost three quarters of world clothing exports. In sum, the textiles and clothing sectors have been the locomotive of economic development for many developing countries due to the above-mentioned characteristics.

6. Many least developed and developing countries depend on these sectors which, in certain cases, account for more than 80 percent of total exports and more than 50 percent of total employment. For instance, textiles and clothing exports together represent 86 percent of Bangladesh's total exports. This ratio is 80 percent for Cambodia; 74 for Pakistan; 57 for Mauritius and 56 for Sri Lanka.[3] In Europe, Turkey and Bulgaria are the most dependent countries on the sector.

7. With regard to the import side, major importers in the sectors are basically the United States and the European Union (EU) together with Japan. Developing countries are to a large extent dependent on these key destinations of import for their textiles and clothing products.

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[1] World Trade Organization, International Trade Statistics, 2005.

[2] *Ibid.*

[3] International Labor Organization (2005), *Promoting Fair Globalization in Textiles and Clothing in a post-MFA Environment,* International Labor Office, Geneva.

II. BACKGROUND

8. Until recently textiles and clothing sectors were the only major manufacturing sectors that did not come under the rules of the General Agreement on Tariffs and Trade (GATT). Trade in these industries was instead subject to use of quotas by major importing countries.

9. In this sense, the year 2005 heralded a vital change in world trade in textiles and clothing. The integration of trade in textiles and clothing to the World Trade Organization (WTO)'s general rules and disciplines has rendered customs tariffs as the only tool for protection. Nevertheless, this new period with new and unprecedented challenges have coincided with the tariff reductions that will be realized in scope of the Non-Agricultural Market Access Negotiations (NAMA) of the Doha Development Round. In that, the only means of protection in this new era will also be trimmed.

III. BUILDING AN INITIATIVE OF HARMONIZATION FOR TEXTILES AND CLOTHING

10. It is believed that the harmonization of the tariffs of all WTO members would be the right method to address the specific needs of the textiles and clothing sectors. Turkey asserts that textiles and clothing sectors be treated on their own merits since the economies of developing countries are highly dependant on those sectors.

11. The initiative, proposed in this paper, like the Chemicals Tariff Harmonization Agreement (CTHA), highlights the "harmonization approach" and allows differentiated treatment of various chapters of the textiles and clothing sectors. With this method, it is possible to reach a lower rate of reduction in the tariff rates of member countries in comparison to a formula while going for deeper cuts in certain sub-categories. This way, general liberalization can also be reached in scope of the initiative.

12. In this framework, it is important to keep in mind that this initiative should be considered outside the scope of traditional proposals for sectorals that aim basically at further liberalization than the formula.
The proposed initiative will also deal with trade-distorting practices and Non-Tariff Barriers (NTBs) in a comprehensive and coherent manner.

13. The advantages of such an initiative are:

- In line with Paragraph 16 of the Doha Declaration, reducing or as appropriate eliminating tariff peaks, high tariffs and tariff escalation, in particular on products of export interest to developing countries,

- Paving the way for increased South-South trade,

- In line with Paragraph 16 of the Doha Declaration, reducing or as appropriate eliminating NTBs.

IV. PRODUCT COVERAGE

14. A suggested product coverage for harmonization is shown in the table below:

HS-2	DESCRIPTION
Ch. 50	Silk
Ch. 51	Wool, fine/coarse animal hair, horsehair yarn & fabric
Ch. 52	Cotton (Except 5201 and 5202)
Ch. 53	Other vegetable textile fibres; paper yarn & woven fabrics
Ch. 54	Man-made filaments
Ch. 55	Man-made staple fibres
Ch. 56	Wadding, felt & nonwoven; yarns; twine, cordage etc.
Ch. 57	Carpets and other textile floor coverings
Ch. 58	Special woven fabrics; tufted textile fabrics; lace; tapestries etc.
Ch. 59	Impregnated, coated, cover/laminated textile fabric etc.
Ch. 60	Knitted or crocheted fabrics
Ch. 61	Articles of apparel & clothing access, knitted or crocheted
Ch. 62	Articles of apparel & clothing access, not knitted/crocheted
Ch. 63	Other made-up textile articles; sets; worn clothing etc.

15. Product coverage could further be discussed in line with the interests of participating members.

V. PARTICIPATION

16. In order for this initiative to be beneficial for all developing countries all competitive producers must be included.

VI. SPECIAL AND DIFFERENTIAL TREATMENT

17. In scope of the initiative, in line with the July 2004 Framework; developing countries could enjoy certain Special and Differential Treatment (S&D) provisions including longer implementation periods for their tariff reductions.

VII. CONCLUSION

18. The needs of the textiles and clothing sectors, which are unique by nature, can only be addressed through a comprehensive approach beyond a general formula. In this framework, the initiative foreseeing a harmonization among the tariff rates of member states is believed to be the right method.

19. The initiative will not only harmonize tariff rates but also it will address trade-distorting measures and NTBs within the sector. As such, through the proposed initiative, it will be possible to reduce or eliminate tariff peaks, high tariffs and tariff escalations; to enhance market access among developing countries (South - South trade) and to provide a comprehensive analysis of the sectors through the inclusion of trade-distorting practices and NTBs.