

Istanbul Declaration Regarding 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 1st, 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.
