



**AMERICAN TEXTILE
MANUFACTURERS INSTITUTE**

Textile News & Information

CONTACT: Robert DuPree (202) 862-0526 / rdupree@atmi.org

FOR IMMEDIATE RELEASE

**UPDATE: Mexican Textile Industry Joins US-Turkish Groups in Urgent
Call for WTO Action**

**MAJOR TURKISH and U.S. TEXTILE ASSOCIATIONS CALL FOR ACTION
TO PREVENT MARKET MONOPOLY BY CHINA**

UPDATE: On March 5th, the Mexican textile industry joined the Turkish and U.S. effort and called on other textile and apparel associations in affected countries to participate in the crucial fight to prevent global monopolization of this sector.

Istanbul (March 3, 2004) -- In an unprecedented show of cooperation, the major textile and clothing associations in Turkey have joined with their U.S. counterparts to call on the World Trade Organization (WTO) to prevent a global take-over of textile and apparel trade by a few large supplier countries. In a letter to be sent to the Director General of the WTO, U.S. and Turkish industry officials specifically called for an extension of the textile and clothing quota phase-out process until December 31, 2007.

Turkish, US and Mexican industry associations, namely the Istanbul Textile and Apparel Exporters Association (ITKIB), the American Manufacturing Trade Action Coalition (AMTAC) and the American Textile Manufacturers Institute (ATMI) and the Mexican National Chamber of Textile Industry (CANAINTEX) argue that circumstances associated with the textile and clothing quota phase-out 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 severe and disruptive change in circumstances not present during consideration in the early 1990's of a timetable for the phase-out of quotas. The groups point out that numerous studies warn that unlimited access by China to global textile and apparel markets would result in massive job disruption and business bankruptcies in dozens of countries dependant upon textile and clothing trade.

In addition, the groups stated that global trade in this sector has been compromised by the use of illegal practices. These practices include deliberate currency undervaluation, state subsidies and the proliferation of non-performing loans and rebate schemes, among others. These illegal practices have allowed countries such as China to reduce prices for textile and apparel products by as much as 75 percent, giving them an overwhelming and unfair advantage in world markets for textiles and clothing.

Cass Johnson of ATMI stated that “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.”

Ziya Sukun of ITKIB added “that the creation of a monopoly position by a very few countries will be disastrous to many developing world economies that count on this vital export sector. In fact, recent analysis indicates that as many as 30 million jobs could be lost in developing countries as a result of a massive global market invasion by China.”

Auggie Tantillo of AMTAC went onto say “unless the WTO takes immediate action to address this critical issue, there will be one or two big winners and everyone else will suffer dramatic economic losses as a result of the current quota phase-out plan.”

Nora Ambriz of CANAINTEX pointed out that “It is essential that the WTO act quickly to prevent China from taking over the textile and clothing trade and threatening hundreds of thousands of jobs Mexican jobs. CANAINTEX will wholeheartedly support this effort.”

The industry initiative also proposes that WTO members undertake a full review of global textile and clothing production to determine whether to finalize the phase-out process on January 1, 2008 or to develop an appropriate alternative arrangement.

The Mexican, Turkish and U.S. trade associations stated that they would conduct a worldwide effort to gather support among industry groups for the initiative.

###

(Note: An unsigned copy of the joint letter to the Director General WTO can be found on the following pages)

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.

ITKIB Textiles
Turkish Textile and Raw Materials Exporters
Association

American Textile Manufacturers Institute
ATMI

ITKIB Apparel
Turkish Ready Wear and Garments Exporters
Association

American Manufacturers Trade Action
Coalition
AMTAC

TGSD
Turkish Clothing Manufacturers Association

Mexico National Textile Chamber
CANAINTEX

TUTSIS
Turkish Textile Employers Association

