



## **European Apparel and Textile Organisation**

### **From the Director General**

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**Geneva, 27<sup>th</sup> February 2006**

### **EURATEX - The European Apparel and Textile Organisation**

**Statement to WTO Meeting - 27<sup>th</sup> February 2006 in Geneva**

### **A sectoral approach for the Textile and Clothing industry within the DDA**

**W. H. Lakin – Director-General**

On 21<sup>st</sup> and 22<sup>nd</sup> September 2002 EURATEX hosted a meeting of the textile and clothing industries of 38 countries from around the world here in Geneva to discuss market access in the Doha Development Agenda.

The major unanimous conclusion to emerge from that two-day meeting was the following:

*Participants were unanimous in calling for closed markets to be opened and for the removal of all non-tariff barriers. They also reached broad agreement that market access negotiations in the Doha Round should be based on a sectoral approach starting from tariffs that are currently being applied to reach resultant bound levels.*

In the intervening years we in the European industry have seen no reason whatsoever to change that view. On the contrary, we consider that the case for a sectoral approach within NAMA as set out in paragraph 7 of Annexe B of the July 2004 package has become stronger rather than otherwise. Let me just however remind you at this point that EURATEX represents the textile and clothing industries of the enlarged European Union, of the candidate countries Romania, Bulgaria and Turkey, together with Croatia and Serbia and the countries of the Mediterranean rim: Morocco, Tunisia, and Egypt. In all we believe then that we can speak on behalf some 230.000 of companies employing in excess of 5 million workers in those countries.

I make no bones about the fact that we in Europe, having with Japan the lowest textile and clothing bound duties in the world, maintain our ambitions to achieve improved market access to the many developed and growing markets around the world and that we are prepared to be flexible to a point in our efforts to realise this. It must however be absolutely clear that we as the European textile and clothing industry cannot accept that we should pay for a success in the round. In a word our objective is reciprocity. But the important point to be made here is surely that we threaten no one. In our many bilateral contacts with sister-industries around the world and with their authorities, there has never been any suggestion that our desire to increase our exports of fashion and quality apparel and innovative technical and industrial textiles are a risk to jobs in other WTO member-countries.



As you are all aware, however, the international textile and clothing industry emerged on January 1<sup>st</sup> 2005 from a lengthy period of “managed” trade. That no doubt had also contributed to a situation of considerable imbalance in both tariff and non-tariff barrier terms where market access is concerned, which we have long believed it is high time for WTO to address. We also recognise that textiles and clothing are of significant importance to the economies of a number of emerging and developing nations, including those which are the least advanced, or in textile/clothing terminology, among the most vulnerable. The importance then of this sector of manufacturing industry cannot be neglected and indeed is in our view worthy of special attention when we view it in the broader NAMA context. It is for this reason that we believe that a sectoral approach is required if proper account is to be taken of the needs of this industry, wherever it may be found, including in the European Union.

Irrespective then of formulae and coefficients in the broader scheme of things, we would urge that textiles and clothing be treated on their own merits. Naturally, as the expression goes, charity begins at home, and we are seeking from the Doha Agenda an outcome which does provide for us future opportunities for export growth in the form of reciprocity – in other words a harmonisation of tariffs which we would like to see for all but the least developed at bound levels of below 15%, together with an organic link to the removal of non-tariff barriers, which I hardly need point out prove a frequent and often unpredictable form of obstacle even to the most determined exporter.

Here we do not consider that in our area this would be too difficult to achieve since we have some very good examples of countries which in the context of bilateral deals with the EU undertook to eliminate or not to introduce a range of NTBs in return for quota-free or enlarged quota access to Europe under the third phase of ATC. The important thing here is less a question as to whether they are capable of treatment within NAMA or Trade Facilitation, but that there should be a commitment through the sectoral approach to their removal. Should we in the final analysis be compelled to accept a formula approach, you will understand that we could only accept one where the coefficients were so close together so as to ensure genuine market access for our exports.

We must also bear constantly in mind that, as its title indicates, the Doha Development Agenda is a round for development. Here I feel very sincerely that the European Union has every reason to be proud of its Everything But Arms initiative at the time when Pascal Lamy was EU Trade Commissioner. EURATEX always supported that important step. No one surely could disagree that it would be unfortunate today if its advantages were to be eroded as a result of over-zealous tariff cuts, leaving our preferential partners in the paradoxical position of having to face added competition at a time when the DDA is seeking above all to aid them. We believe that a sectoral approach can avoid such problems, in an area, I repeat, of particular concern to many of them.

If then we are all serious about improving market access to developed and developing markets alike, through more comparable tariff levels, the removal of non-tariff barriers, whilst still offering an adequate level of preference to those who are clearly most in need, I can only submit that the logical approach is the sectoral one. However, in thanking the Commission for convening this meeting, I would add that we are very open to discussions on alternative solutions which would lead to similar results.

In conclusion let me also quote from a message received from our colleagues in the Japanese textile and clothing industry on Friday of last week.

*“We JTF would very much appreciate if your organisation would kindly present to the meeting the following Japanese textiles and clothing industry’s positions on NAMA negotiations under DDA.*

*The Japan Textile Federation (JTF) still believes that sectoral approach is preferable to a Swiss formula with coefficients stipulated in the Ministerial Declaration of the 6<sup>th</sup> WTO Ministerial Conference held in Hong Kong in December last year. However, even if the Swiss formula would be taken as a modality for tariff reductions of textiles and clothing, we, JTF, would keep requesting the Japanese Government to negotiate at WTO for adoptions of coefficients (in the Swiss formula) which should substantially correct imbalance of tariffs on textiles and clothing among WTO members.”*

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# DDA - A sectoral approach for Textile and Clothing

Geneva 27th February 2006



## World Textile and Clothing Conference Conclusions

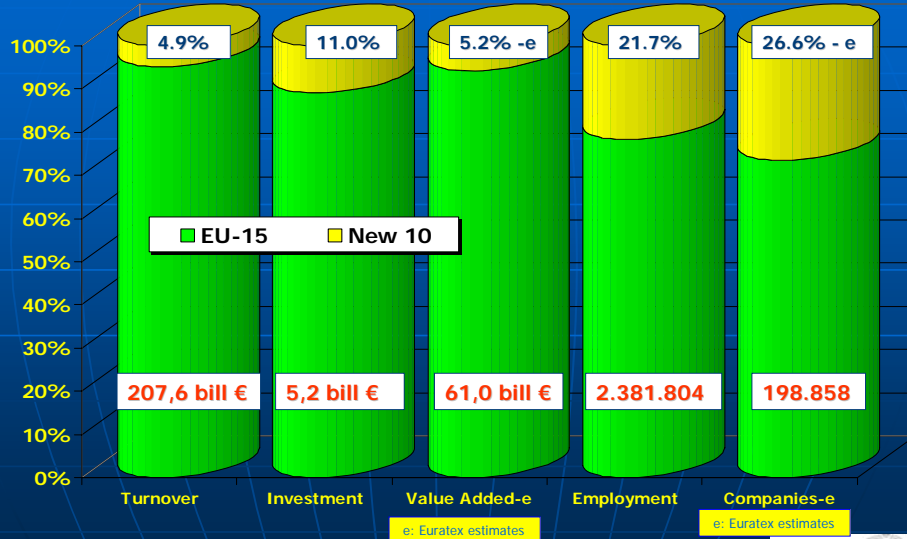
- *Participants were unanimous in calling for closed markets to be opened and for the **removal of all non-tariff barriers.***
- *They also reached broad agreement that market access negotiations in the Doha Round should be based on a **sectoral approach** starting from tariffs that are currently being applied to reach resultant bound levels .*

21st and 22nd September 2002, Geneva

Geneva 27.02.2006



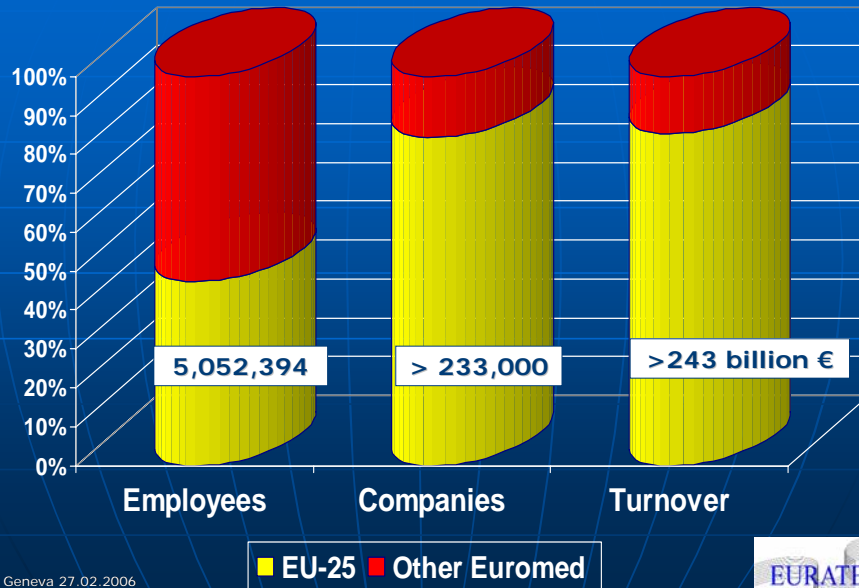
## EU-25 Textile & Clothing 2004 e



Geneva 27.02.2006



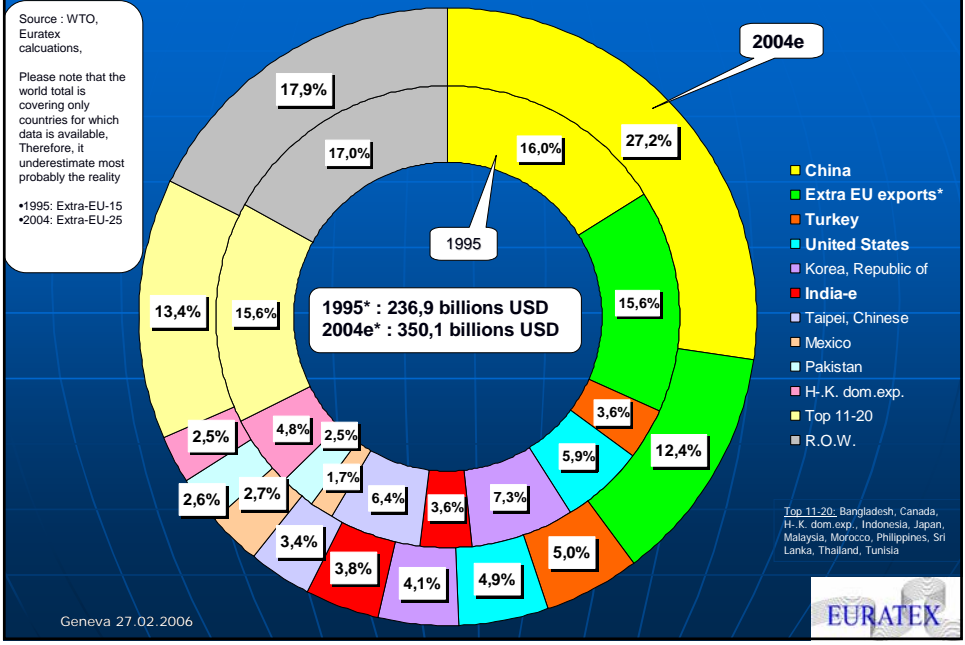
## Euratex representativeness – 2004e



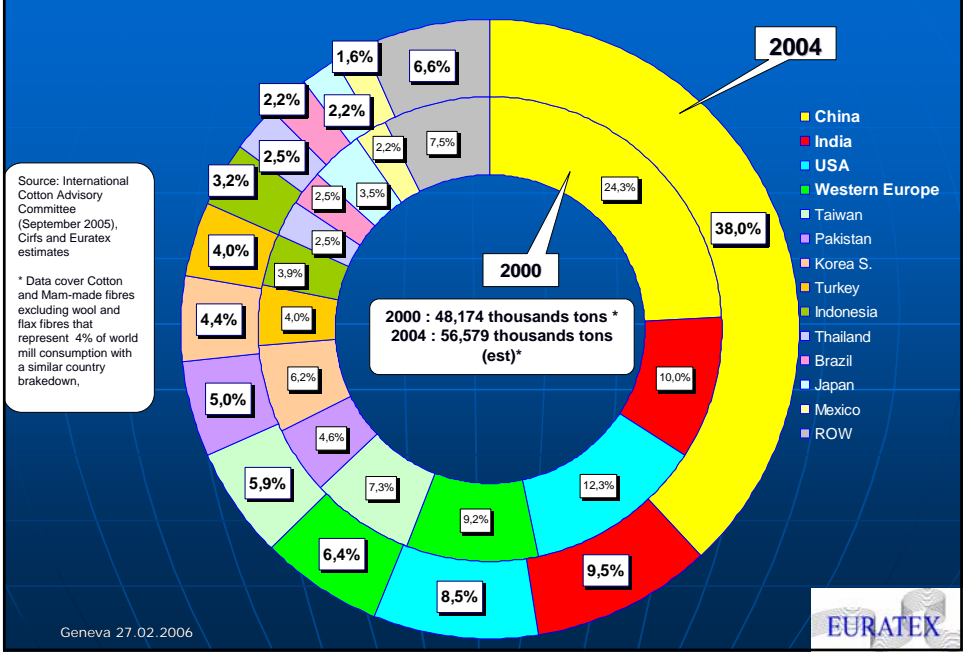
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### Share in World Exports in textile and clothing 1995-2004e



### World Mill Consumption of Fibres 200-2004e in 1000 tons



## List of non-tariff barrier to be eliminated within WTO

<b>Tariffs &amp; additional taxes</b>	
<b>Export Restriction</b>	
<b>Customs documentation</b>	Documentary requirement including Certificate of origin, licensing requirements and authorisations, lack of transparency in import procedures.
<b>Certification &amp; Technical barriers</b>	Certification requirements, technical regulations, Azo-dyes testing.
<b>Customs Valuation &amp; Prices</b>	Customs valuation & classification, retailing prices.
<b>Customs clearance &amp; procedure</b>	Time consuming customs clearances, pre & post-shipment inspections, security requirements.
<b>Labelling</b>	Complex labelling requirements linked also to standards.
<b>IPR</b>	Non respect of IPR protection.
<b>Restriction to distribution</b>	Restrictive access to distribution and payment problems.
<b>Other barriers</b>	Tariff Quota or rules of origin requirement.
<b>Sps</b>	Wood packaging and sanitary requirements.

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## In conclusion: Reciprocity!

- Sectoral approach on tariffs
- Organic link with NTBs: commitment
- Least developed and vulnerable countries treatment and permanence of attraction of preferences

Geneva 27.02.2006

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