



## European Apparel and Textile Confederation

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### From the President

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Brugge, 1st October 2010

**Mr. Herman VAN ROMPUY**

President of the European Council

**Mr. Durão BARROSO**

President of the European Commission

**Mr. Yves LETERME**

Belgian Presidency of the Council of the European Union

Cc

**Baroness Catherine ASHTON**

EU High Representative for Foreign Affairs

**Mr. Antonio TAJANI**

Commissioner for Industry

**Mr. Karel De GUCHT**

Trade Commissioner

**Mr. Steven VANACKERE**

Belgian Presidency

*Only by e-mail*

Dear Sir,

### **Concerns: Trade concessions to Pakistan**

I am writing you to express my deepest concern and that of EURATEX Board gathered today regarding the Trade Concessions the EU is planning to give to Pakistan. We are sympathetic with the suffering and the terrible conditions the people of Pakistan are enduring at this moment. However it is our conviction that the envisaged trade concessions will have no impact whatsoever in improving the life conditions of the affected populations.

We are perfectly aware that Pakistan's Authorities are asking for the Trade Concessions to be concentrated on Textile and Clothing (T&C) products. It is well known that Pakistan is recurrently asking for Duty Free Access to the EU market in our sector. They have asked it before in the context of the fight against terrorism, afterwards it was the financial and economic crisis and now they are using this unfortunate catastrophe. Everyone is well aware that the T&C Industry of Pakistan is located outside the flooded areas and it was not affected by this disaster. Moreover Pakistan T&C Industry is composed of very competitive, well equipped and efficient companies. Most of these companies are performing remarkably well today with average turnovers between 100-200 million € well above the EU T&C average size. So in fact the benefits of the EU concessions will go to them and not to the populations in need.

For us it is unacceptable that the EU is prepared to sacrifice its T&C Industry, still employing over 2 million workers across the EU 27, to the unreasonable demands of one of the most powerful and dominant players in the world market. A country that even in a year of crisis like 2009 has managed to increase its Exports to the EU in percentage by two digits for some T&C products. A country that has a consistent policy of using trade as a tool to protect local industry - as an example the decision taken this year to impose a 15% Export Duty for Cotton Yarns.



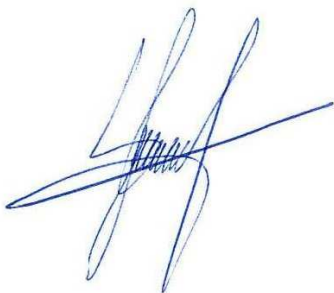
The economic crisis has put additional strain on EU T&C companies but in spite of the demanding environment our Industry has kept its Technological and Fashion edge and we are striving to invest and maintain core competencies within Europe. Within the framework of the EU 2020 Strategy we are making considerable efforts in order to be able to respond positively to the challenge of becoming a more sustainable and responsible Industry. In this context we welcome globalization as a means to develop competition, improve worldwide market access and at the same time generate new business opportunities for our companies. However it is impossible for our companies to maintain a regular flow of investments if by political decisions the competitive and business environment in our sector is changed systematically and always in favour of our competitors.

It is our conviction that Trade can be an excellent instrument to improve the economic situation in the EU provided there is coherence among the EU policies. The development of T&C Exports to Third Markets is high on our Agenda. For this reason we are very supportive of the Bilateral Trade Negotiations which intend to promote better market access in a reciprocal and symmetrical way. Euratex has stated repeatedly that the EU T&C Industry is prepared to accept duty free access to the EU market provided we manage to obtain the same from our counterparts. The EU T&C Industry is not afraid of competing with other Industries on equal footing.

We are not prepared though to be continuously the sector to let go whenever something has to be given for political reasons to a Third Country. There is no economic or political rationale that can justify the systematic undermine of a sector's interests and sensitivities. Even more when, as it looks the case regarding Pakistan, we are only at the beginning of the concessions since apart from the request for a Waiver at WTO level there is also the intention to change the GSP+ criteria in the new regime with the sole purpose of benefiting this country. The GSP is supposed to be a development instrument aimed at assisting the least developed countries. In practice the ones taking more advantages out of it are the most competitive and developed countries, at least in our sector, like India or Pakistan. A decrease in the vulnerability threshold of the GSP+ will be an additional distorting element that will only broaden the gap in GSP utilization between the more vulnerable and the more competitive countries.

Euratex has always defended an open and constructive cooperation with EU Commission in all the matters concerning the business and competitive environment of our Industry. The least we can expect from EU Authorities is that our interests and sensitivities are fully taken into account in this important issue. Otherwise this decision will have an immediate negative impact on the EU T&C jobs.

Kind regards,



**Dr. Peter PFNEISL**  
**President of**  
**EURATEX**