WTO rejects textile quota reprieve

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There will be no reprieve for a decades-old international textile quota system that is due to wind up at the end of this year, despite pressure by US and other textile industries for an extension, a senior World Trade Organisation official said yesterday.

"It's a deal that's already been done. It can't be undone," said Cheidu Osakwe, director of the WTO's textile division, in a speech to trade policy specialists in Washington.

As the deadline approaches, textile industries in both rich and poor countries have become increasingly fearful about the impact of Chinese and Indian competition.

A US industry study last year predicted that China could seize up to three-quarters of the US market, with the closure of more than 1,300 US textile plants and related job losses estimated at 650,000.

World Bank analysts have estimated that roughly $200bn (&euro169bn, £113bn) in clothing trade will shift to China over the next few years, the main losers being non-Asian developing countries.

Last month textile industry associations in the US, Turkey, Mexico and a dozen sub-Saharan African countries backed the so-called "Istanbul declaration" calling for a three-year extension of the quotas to 2008. African nations said the quotas should stay in place until 2010 pending elimination of unfair trade practices by China and others. The 1994 Uruguay round world trade agreement gave rich countries 10 years to phase out all textile quotas, as part of a finely balanced deal that required all WTO members to make concessions in different areas.

The US, EU and Canada have already formally notified the WTO of their plans to eliminate all remaining import quotas by the end of 2004. Mr Osakwe said he did not think any government would push for an extension, which would risk unravelling the 1994 accord.

Some smaller non-Asian producers will continue to benefit from preferential trade arrangements such as the Caribbean Basin Initiative and the African Growth and Opportunity Act in the US and the European Union's "Everything but arms" arrangement that gives duty-free access to least-developed countries.

* New Zealand yesterday called for a complete ban on government subsidies to the fishing industry that encourage overcapacity and overfishing, as part of an overhaul of WTO rules on subsidies. Although big fishing nations Japan, South Korea and Taiwan vigorously rejected the proposal, trade experts say there has been a significant shift of opinion within the WTO in favour of curbs on the $20bn a year paid out in fisheries subsidies worldwide, due mainly to recent backing by the EU for new restrictions.