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WTO to Consider Concerns About China and Phasing Out Textile Quotas

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The World Trade Organization agreed Friday to explore growing concerns that the year-end removal of apparel and textile quotas will lead to massive job losses and domination of global markets by countries such as China and India.

It was an unusual position for the Geneva-based trade group, whose mission is dismantling trade barriers.

But trade officials and industry leaders said an unexpected outpouring of concern from several dozen countries, including Turkey, Mexico, Bangladesh, Mauritius and Lesotho, persuaded the WTO to consider the call for global action.

Those governments testified at a WTO meeting in Geneva on Friday to the potential economic disruption that could result when restrictions on global apparel and textile trade are lifted on Jan. 1. They said a shift of orders to more efficient and cheaper products in China could lead to the loss of millions of jobs across the globe.

Even the United States, which has strongly supported the WTO's decision to proceed with the quota phaseout, said it was "open to further discussions on how these difficulties might be addressed," a U.S. trade official said Friday.

At the meeting's conclusion, Argentine Ambassador Alfredo Vicente Chiaradia, chairman of the Council for Trade in Goods, agreed to consult with WTO governments on how the 147-member trade group should proceed. The council, which oversees matters dealing with goods trade and reports to the WTO's ministerial conference, is scheduled to meet again Oct. 18.

"Nobody was expecting that so many countries would react, and nearly all of them saying, 'Yes, there are problems and we have to do something,' " said Narainduth Boodhoo, deputy trade minister for Mauritius.

U.S. retailers, who support elimination of quotas and other barriers to trade, downplayed Friday's action. Brenda Jacobs, counsel for the U.S. Assn. for Importers of Textiles and Apparel, said opponents had given up calls for a delay in the phaseout and the WTO had agreed only to "informal consultations."

But **Zia Sukun**, executive director of ITKIB Assn., a Turkish manufacturing group, remained optimistic about the possibility for WTO action. Although specific solutions weren't discussed at

Friday's meeting, Sukun said most countries preferred the creation of a global safeguard that would be triggered if any country's exports surged quickly, dominating another market.

Other proposals would provide duty-free access to major markets for the hardest-hit countries, or the creation of a fund to help poor countries increase their competitiveness or diversify their economies. The textile and apparel industry has been a primary vehicle for poor countries trying to enter the global economy.

But China and India strongly oppose any restrictions on their growth. They argue that the WTO must live up to its promise to open up the heavily controlled textile and apparel industry to global competition.

Auggie Tantillo, executive director of the American Manufacturing Trade Action Coalition, a trade group critical of the quota phaseout, said he was "highly pleased" with Friday's decision. **Tantillo** said U.S. manufacturers intended to continue pressing for unilateral action against China. He said they would file petitions soon asking the Bush administration to restrict some of China's most popular textile and apparel imports.

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