

News & Record (Greensboro, NC)
September 23, 2004 Thursday

QUOTAS MAKE WTO AGENDA ARGUMENTS ON TEXTILE AND APPAREL QUOTAS WILL BE HEARD AT THE WORLD TRADE ORGANIZATION NEXT WEEK.

BY DONALD W. PATTERSON Staff Writer

The issue of textile and apparel quotas will get an international airing Oct. 1 in Geneva, Switzerland. It's already getting international attention.

To date, three developing countries - Uganda, Madagascar and Mauritius - formally have requested that the World Trade Organization consider the pending expiration of quotas at its scheduled meeting that day.

In addition, textile officials from around the world will be in Geneva in the days leading up to the meeting to lobby their trade representatives to protect their countries from a surge of imports and a loss of jobs. Quotas limit imports flowing into a country.

"We need a hearing on this issue," said Lloyd Wood, a spokesman for the American Manufacturing Trade Action Coalition in Washington. "It looks like it is on the agenda."

In August, trade associations from around the world sought an emergency meeting of the WTO to discuss the adverse effects the end of the 40-year-old quota system would have, primarily on developing countries.

That request got rejected, but WTO Secretary-General Supachai Panitchpakdi said the countries that sought the discussion could air their concerns at a scheduled meeting Oct. 1.

The meeting is needed, international textile leaders say, because when quotas end, China will come to dominate the world textile industry, forcing nearly 30 million people out of work. Of that total, more than 600,000 jobs would be lost in the United States, including 85,000 in North Carolina.

Trade associations from more than 50 countries have said they want to see the quota system extended at least three years.

Textile leaders say it's unclear what action, if any, the WTO will take on quotas because the business of the world trade arbiter must be conducted by consensus.

But they believe a discussion of the quota phaseout in Geneva will help pave the way for the Bush administration to accept and approve temporary limits on Chinese imports before the end of the quota system.

If approved, these so-called China safeguards will restrict Chinese imports to no less than 7.5 percent growth above the previous year. The safeguards last one year and can be extended for two more.

Textile leaders said this week that they are preparing to file dozens of safeguard petitions that will be based on the threat of damage to their industry rather than actual damage, which has been the previous standard.

Commerce Department officials have said they will accept such petitions.

In other developments:

* The National Textile Association on Wednesday asked the Bush administration to take the lead in limiting imports from China rather than requiring the industry to file numerous petitions on its own.

Safeguard procedures permit the government to begin relief actions without requests from the textile industry.

"If the administration is serious about doing anything to help the 700,000 textile and apparel workers ... throughout the country, it would send a powerful message to the Chinese if (the government) were to self-initiate safeguard cases," NTA Chairman Jonathan Stevens said in a statement.

* The National Retail Federation has accused the administration of bowing to political pressure on the safeguard issue because the Commerce Department now is prepared to accept petitions based on threat.

"It is simply unacceptable for an agency of the U.S. government to change policy and rules governing an administrative procedure according to the direction of the political wind," Tracy Mullin, president and CEO of the NRF, said in a news release. "The uncertainty that flows from such abrupt policy changes has important negative consequences for American companies that rely on business with China."

* Chinese officials have urged the United States and other countries to stop trying to limit that country's exports and live up to their WTO commitments.

Haiyun Liu, a senior official at the Chinese Embassy in Washington, said in published reports that China would consider restrictions on exports "a breach of the WTO."

Liu added that China was within its rights to protest such actions.

* European Union officials have said they would limit imports from China in response to any U.S. restrictions after quotas expire.

"We are following very closely what is happening in the U.S.," Pascal Lamy, the EU's top trade official, said in Brussels, Belgium.

"If the U.S. were to try some sort of protection, it is not a theoretical problem for us. We would have to react to trade being diverted."

Contact Donald W. Patterson at 373-7027 or donpatterson@news-record.com