Poor nations in crisis over end of textiles quota

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Port Louis, October 19: Clutching a tattered CV, 49-year-old Saraswati looks weary after another day wandering from one textile factory to another in search of a job.

"I lost my job stitching garments at Summit Textiles in May last year, but it's been impossible to find a job since then," said Saraswati, who spent 25 years sewing garments for retailers like Marks & Spencer in Britain.

Saraswati is one of thousands of textile workers on the Indian Ocean island who have lost their jobs in the past two years as dozens of textile factories have shut, unable to compete with increasing competition from larger, low-cost textile-producing countries.

"We had to close one of our five factories, as we registered losses of $400 million from February 2002 to March 2003. We are losing orders from clients who are going to larger markets like Vietnam, China and Cambodia," said Summit Textile director Raymond Chow.

The situation is set to worsen for Mauritius and other poor textile-producing countries as a Jan. 1, 2005, deadline for the end of their guaranteed textile exports to rich countries looms.

The elimination of the World Trade Organisation (WTO) Agreement on Textiles and Clothing, which has governed the sector for the past 40 years, will force poor textile-producing countries like Mauritius, Madagascar, Uganda and Sri Lanka to compete with larger producers like China and India.

TEXTILE SUCCESS

Mauritius embarked on a major industrial development programme at the beginning of the 1970s, shifting its economy which was based almost exclusively on sugar production to a more industrialised one.

In a move to diversify, garment production became one of the main motors driving the economy, with the island taking advantage of an international agreement giving it textile export quotas for the lucrative American and European markets.

Mauritius's mainly textile export processing zone (EPZ) now employs 70,097 of the island's 1.2 million population, compared to 15,000 in 1978, with the number of manufacturing plants growing to 539 from 51 over the same period.

Foreign revenue from textiles, together with sugar, tourism and financial services, has made Mauritius one of Africa's strongest economies -- boasting an average annual growth rate of 6 percent over the last two decades.

Mauritius says African textile producers will be the big losers in the transformation of the WTO trade regime, estimating that Africa's textile and garment exports will plunge by 70 percent.

"We predict around 27 million textile workers around the world, most of whom are women, will lose their jobs when the quota system ends," said one Mauritian trade official.

Officials say the impending elimination of the quota system is already taking its toll, with Mauritius's EPZ sector shrinking 4 percent in 2003 following a contraction of 6 percent the previous year.

The EPZ sector, 61 percent of which is textiles, made up 9.8 percent of the island's gross domestic product in 2003, compared with 11.1 percent in 2002.

The volume of textile exports amounted to 24,168 million rupees in 2003, compared to 25,315 million in 2002.

As a result, the sector has been forced to shed 13,000 jobs since June last year to 55,000. This has seen overall unemployment on the island soar to 10 percent.

MORE TIME TO RESTUCTURE

Mauritius, together with other poor textile producers, is asking the WTO to commission a study of the global impact of the phasing out of the quota system.

Industry officials say they would also like to see the quota system extended for two or three years to give the textile sector time to restructure and lower production costs.

The government and private sector have set up a textile emergency support team to help and advise factories about how to cut costs and modernise production techniques.

"We are also introducing higher value added products to create a niche market for Mauritian textiles, offering more than the cheap t-shirts produced by China," said Danielle Wong, Director of the Mauritius Export Processing Zone Authority (MEPZA)."But we know it's going to be tough for us."