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Issues related to the Implementation of the Agreement on Textiles and Clothing (ATC) and other WTO Agreements & Their Implications for Developing Countries

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A. Background

At the Second Session of the WTO Ministerial Conference held in Geneva in May 1998, Ministers agreed that: "Full and faithful implementation of the WTO Agreement and Ministerial Decisions is imperative for the credibility of the multilateral trading system and indispensable for maintaining the momentum for expending global trade, fostering job creation and raising standards of living in all parts of the world. When we meet at the Third Session we shall further pursue our evaluation of the implementation of individual agreements and the realization of their objectives. Such evaluation would cover, *inter alia*, the problems encountered in implementation and the consequent impact on the trade and development prospects of Members. We reaffirm our commitment to respect the existing schedules for reviews, negotiations and other work to which we have already agreed."

During the preparatory process in 1999 leading up the Third Session of the WTO Ministerial Conference in Seattle (USA), developing countries devoted considerable time and efforts, pursuant to the above-mentioned mandate, to present their problems and areas of concern with respect to the implementation of the WTO Multilateral Trade Agreements (MTAs), which were incorporated and/or reflected in paragraphs 21 and 22 of the draft Ministerial Text of 19 October 1999.

Following the setback of the WTO Seattle Ministerial Conference, there has been a wide-spread recognition of the issues and areas of concern of the developing countries deriving from the experience with implementation of the MTAs and the need to address these issues and areas of concern with a view to reducing their impact on the trade and development of developing countries. However, over the past a year and half, the most contentious topic of discussions at the WTO has been when and how these problems and areas of concern of developing countries in relation to implementation should be addressed.

From the point of view of many developing countries the issues and areas of concern to them in relation to implementation can be categorised in broad terms. In view of the outcome of the Uruguay Round responded mainly to the concerns and interests of developed countries, the implementation of some of these agreements has caused serious concerns to developing countries. For instance, many developing

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countries' government encountered with institutional constraints and the lacking of financial and human resources; faced difficulties in meeting the various procedural (including notification requirements) and enforcement obligations of the MTAs. They feel that the transitional periods under some of the agreements are unrealistic, and financial burdens faced by their administrations as well as the economic implications of adjustment of their domestic producers to new rules are too high. The agreements on TRIPS, TBT, SPS, customs valuation and contingent protection (anti-dumping/countervailing/safeguards) have placed burden to them as developing countries are required to comply the practices, standards and norms, which more-or-less have already been used and established by developed countries.

On the other hand, developing countries faced with problems deriving from the inadequate implementation of the MTAs by developed countries. For many developing countries, the major concerns with regard to the implementation of the MTAs are that progress towards liberalization in sectors of particular interest to them is lagging behind. When the Uruguay Round was concluded in 1994, it was estimated that the benefits deriving from the package of trade liberalization as resulted from the Round could amount to $200 to $500 billion. However, after six and half years implementation of the MTAs, such package of benefits has been very imbalanced against the interests of developing countries, and for many of them their share in world trade has witnessed a decrease rather than an increase. In this regard, few agreements have given rise to as many concerns as the ATC given the great importance of trade in textiles and clothing for many developing countries (arranging from 20 to 60 per cent of their exports of manufactured products). However, the implementation of the ATC so far has failed to come up to their legitimate expectations; after being in effect for more than 6 years, the committed progressive liberalization of quotas has not yet materialized in meaningful terms. As a result, only a few quota restrictions have actually been eliminated, leaving the great bulk of restrictions still in place. In addition, there has an increased recourse to transitional safeguard actions and anti-dumping measures. In some cases, it would seem that initiation of these actions was only to "harass" imports from developing countries.

Many developing countries attached great importance to trade liberalization in the sector of textiles and clothing and disappointed with current pace of the integration process under the ATC. In their opinion, this is the key to the process of confidence-building (or the credibility) of the multilateral trading system. In this context, they pointed out that the policy makers in both Europe and North America are lacking the political will to put the necessary structure adjustment process in place and to prepare for trade liberalization in the textile sector. Developing countries in their proposals made before the Seattle Conference have called upon developed import restraining countries:[2]

- to ensure that at least 50 per cent of the volume of 1990 imports of products, that were under specific quota limits, be liberalized by the start of the next stage of implementation of the ATC on 1 January 2002;
- to apply moratorium on anti-dumping actions until two years after the entire textiles and clothing sector is integrated into the GATT;
- that any changes in rules of origin shall be examined in the CTG for its possible

[2] See WTO document: Job (99) 5868/Rev.1 - paragraph 21 of the draft Ministerial Text of 19 October 1999.

impact on market access of exporting countries before it is applied;

- to apply growth-on-growth for stage 3 ahead of the scheduled time-frame;
- to increase substantially the growth rate in quotas for small suppliers;
- to apply the methodology employed by the EU in implementing the growth-on-growth for small suppliers and extend the same treatment to LDCs;
- to increase all growth rates that are lower than 6 per cent to 6 per cent;
- to avoid double jeopardy to the exporting countries concerned and agree not to initiate anti-dumping actions against products under quota restrictions. And to lend certainty to trade, they should not take such action during a period of two years after the elimination of quota.

This paper intends to review the main issues that are involved in the implementation of the ATC and in the next round of multilateral trade negotiations, and their implications for developing countries. In addition, it also examines the difficulties faced by African countries in the area of textiles and clothing production and trade.

B. Main Issues and Areas of Concern of Developing Countries with respect to the Implementation of the ATC

1. Phasing out of quota restrictions

As one of the major achievements of the Uruguay Round, the inclusion of the ATC with a definite life-span to dismantle the long-standing discriminatory trade regime - GATT-inconsistent quota restrictions – over a 10-year transition period represented an essential step towards achieving trade liberalization in this sector of vital interest to developing countries.

The ATC, first and foremost, provides a legal framework for the phasing out of the quota restrictions through a “mechanism of integration”. At the end of the 10-year transition period, normal GATT rules shall apply to trade in textiles and clothing as other goods sectors.

The ATC established minimum thresholds for “integration” of products in three successive steps (16 per cent from 1 January 1995, another 17 per cent from 1 January 1998, and a further 18per cent from 1 January 2002). The remaining 49 per cent shall stand integrated at the end of the 10-year transitional period on 1 January 2005.

However, the selection of products for integration was left to the discretion of the import restraining country concerned. The only stipulation in the ATC was that the products to be integrated in each stage must include products from each of the following four groups: tops and yarns, fabrics, made-up textile products, and clothing.

According to the information notified to the Textiles Monitoring Body (TMB) under the ATC, the integration programmes for stage 3, which will come into effect from 1 January 2002, together with those already implemented in stages 1 and 2 have just met the minimum threshold requirements (i.e. the fulfillment of the 51 per cent of individual import restricting countries’ 1990 imports covered by the ATC in volume terms). Annexed Table I provided an overview of the integration programmes of the developed import restraining countries.

However, the underlying commercial significance is much less pronounced. This mainly due to the ATC included a large number of products that were never covered by quota restrictions and such products accounted for more than 40 per cent of each developed import restraining country's base year imports in 1990. Taking undue advantage of the inflated product coverage, the developed import restraining countries included virtually all un-restrained products in their integration programmes for the first three stages. Thus, they have had to include only about 11 per cent of imports, which were actually restrained, to show that they fulfilled the threshold requirement of integrating the compulsory minimum of 51 per cent in these three stages.

As illustrated in Annexed Tables II and III, much smaller percentages of restrained products have been integrated. Thus, they have greatly diluted the commercial significance expected of the integration process. As a result, the US and EU have integrated only 19.5 per cent and 21 per cent of their restrained imports respectively, consisting mainly of non-clothing items. A comparison of Annexed Tables II and III with Annexed Table I made it obvious. Consequently, about 80 per cent of restrained imports have been kept for integration only at the end of the 10-year transition period.

Although, the key objective of the ATC was to provide improved and secured market access to developing exporting countries through progressive phasing out of quota restrictions, Annexed Table IV reveals a minimal progress towards that objective as most quotas have remained in place by the major developed import restraining countries. The only exception was Norway and it has eliminated all its quotas.

A most recent WTO study on market access also admitted that: " It is apparent that the integration programmes of the major importing Members have begun the shift to WTO rules by focusing on the least sensitive textile and clothing products. Consequently, few quotas on products of export interest to developing countries have been removed. In later stages (2002 and 2005) more products will be integrated and ultimately all quotas will be removed. However, most of the products of actual or potential importance to developing countries will remain under quota, though with increasing growth rates, up to the end of the transition period. Many developing-country Members are concerned about the implications of the failure to spread the removal of quotas on products of commercial interest to them over the total phase-out period, and the resulting "backloading" of the adjustment process in the importing countries to the end of the process."

2. Increases in growth rates for the products remain under quotas

The phasing-out process of the ATC also comprises the increases in growth rates for products still remain under quota restriction and accordingly, the pre-ATC quota growth rates at the start of each of the three stages (i.e., by 16 per cent from 1995, a further 25 per cent from 1998 and another 27 per cent from 2002). While no doubt quota access has increased, Canada and US employed a different methodology for small suppliers compared to the one used by the EU. As a result, according the analyses by the International Textiles and Clothing Bureau (ITCB), the increases provided by Canada and the US for small suppliers were less than the EU.

Despite the ATC calling for better treatment – “meaningful increases” also be provided to least developed countries, both Canada and US who restrict imports from least developed countries have not done so. Consequently, they treated the least developed countries such as Bangladesh at par with normal suppliers.

3. Transitional safeguard actions

During the transitional period, under Article 6 of the ATC – “transitional safeguard mechanism”, new restrictions can continuously be introduced for non-integrated items of textiles and clothing. Certain countries (including the US and some developing countries such as Brazil, Colombia and Argentina) have frequently invoked transitional safeguard actions since the ATC took effect, but there has been a substantial deceleration of new transitional safeguard actions due to its stringent requirements. Such actions were invoked by the US for as many as 24 cases within a matter of few months after the ATC went into effect in 1995. Thanks to concerted efforts by developing exporting countries, including through recourse to the TMB and WTO dispute settlement procedures, there has been a marked deceleration in later years. More importantly, only a few safeguards invoked by the US and other developing countries have stood the test of scrutiny.

It is also noteworthy that in the case of the only safeguard action invoked by the US in 1998 against imported combed cotton yarn from Pakistan, the US declined to accept the TMB recommendation for the first time since the coming into effect of the ATC. A dispute settlement panel has recently ruled this measure inconsistent with Article 6 of the ATC. A couple of important panel findings in this case bear highlighting.

The US argued that the panel must interpret the terms of Article 6 “within the four-corners of the ATC”, asserting that the interpretation of similar terms from the GATT or other WTO agreements was not relevant for purposes of interpreting the ATC. It further argued that the ATC was an outgrowth of the MFA’s regime, rules and structure. Therefore, the MFA was highly relevant as “context” for interpreting the ATC; the panel should draw strong inferences from the MFA (and indeed from US practices under the MFA). The same arguments that were made by the US in pervious WTO dispute settlement cases concerning imports of cotton and man-made fiber underwear from Costa Rica and woven wool shirt and blouse from India.

The panel has once again rejected both US contentions. Firstly, it ruled that ATC was an integral part of the WTO Agreement. Therefore, the interpretation of terms from WTO agreements (including GATT Article III) was relevant for interpreting the same terms under the ATC. Secondly, it has ruled that the MFA cannot be a part of the “context” of the ATC because MFA is neither an integral part of the WTO Agreement nor was it made “in connection with the conclusion of” the WTO Agreement.

These and other rulings by previous panels and the Appellate Body are significant developments towards anchoring the ATC (and the textile and clothing sector) into the normal framework of the WTO Agreement.

4. Alleged circumvention

The ATC also addresses the problems of "circumvention" of the quotas such as by transshipment, rerouting, false declaration of place of origin, and falsification of official documents. It requires the establishment of national legal framework for dealing with circumvention. Procedural provisions are codified to enable members to take appropriate actions against circumvention practices, including the obligation and scope of cooperation in the investigation, and the type of measures that can be taken when the fact of circumvention has been established.

However, despite the cooperation by developing exporting countries in agreeing to frequent factory visits and inspection of production and other records by the investigating team of the developed import restraining countries, developed import restraining countries, particularly the US, continue to allege widespread circumvention of quota restrictions. The estimates of such imports in the US alone are sometimes claimed to be as high as US $2 – 4 billion per year. They generally assert concern about the adequacy of cooperation from developing exporting countries to prevent illegal transshipments. And a variety of procedures and requirements have been established with the ostensible purpose of preventing circumvention or transshipments**.**

In 1999, the US Customs issued a regulation providing that textile products will be denied entry where the manufacturer named in the entry document is, *inter alia*, "unable to produce records to verify production". This requirement effectively establishes a presumption of circumvention, causing adverse consequences for exporters and importers.

Pursuant to the above requirement, imports from companies from a number of exporting countries are denied entry, and the concerned companies are placed on a so-called convicted list, leading to harassment of legitimate trade.

But the problem appears greatly exaggerated. According to the US Customs' own report, actual shipments seized as transshipped or detained as suspected transshipment in 1999 amounted to only 0.068% of its total imports. Furthermore, the burden of proving innocence is shifted entirely on to the exporters concerned while investigations into instances of alleged circumvention are made unilaterally and usually in a summary manner. These have adversely affected the utilization of access by developing exporting countries and their image.

Given the emphasis and publicity to alleged circumvention and the institution of disproportionate procedural requirements, it raises a genuine question if indeed these allegations and requirements might not be a pretext to impede the utilization of access by exporting countries.

5. Demand for improved market access by developing countries:

The results of the Uruguay Round constitute a single undertaking and the ATC forms an integrated part of the WTO "single undertaking" commitments. Nevertheless, Article 7 of the ATC establishes a specific linkage between the integration process and the fulfillment of certain commitments under other MTAs.

Recently, developed import restraining countries are complaining of closed markets in developing countries for their exports of textiles and clothing. As their complaints were without reference to any specific market access commitment undertaken as a result of the Uruguay Round by developing countries, nor as they were willing to undertake any further commitment beyond those undertaken in the Uruguay Round, this has been viewed as a tactic to justify lack of progress towards any meaningful dismantling of quota restrictions, or to "use existing quotas as a bargaining chip to obtain improved market access". Indeed, the EU has been actively pursuing this strategy, although with meager results so far.

C. Issues related to the Implementation of other MTAs

1. Non-preferential rules of origin

It may be recalled that the US in July 1996 changed its rules of origin [only] with respect to textiles and clothing products as part of its Uruguay Round Agreements Act. As these changes were challenged by the EU to bring the matter to the WTO dispute settlement procedures, the US finally formed a bilateral deal with the EU to rectify the situation through Section 405 of its Trade and Development Act last May, restoring the pre-ATC rules for products of export interest mainly to the EU. The products of export interest to developing countries appear to have been ignored and some are even subject to more stringent or value origin criteria.

2. Impact of regional arrangements – preferential rules of origin

In parallel to the implementation of the ATC, some countries have also engaged in the processes of forming or enlarging their regional trading arrangements. These arrangements, particularly NAFTA and enlargement of the EU (including the Europe Agreement) have had considerable impact on trade of textiles and clothing of developing countries.

Furthermore, we have seen that the traditionally protectionist sectors are trying to shift to the "free trade" camp or at least, to be globlized. In this regard, the textile and clothing industries in North America and West Europe are good examples. These industries have tried to be involved in outward processing traffics in the sense that a large number of firms in the industry have adopted a strategy of sub-contracting to producers in developing countries with a proliferation of preferential trade arrangements (e.g. CBI, Mediterranean initiatives and AGOA) which could protect of these industries through high tariffs, rules of origin, etc.

Many trade policy experts have described this phenomenon as "discriminatory trade liberalization" or "positive discrimination" (otherwise, in a world of MFN treatment, rules of origin will lose most of their importance) which means supporting preferential trade arrangements and programmes, allowing duty-free and quota-free imports from some countries, maintaining barriers to imports from other source.

At a meeting of the Council of Representatives of the International Textiles and Clothing Bureau (ITCB) held in Rio de Janeiro of Brazil in June of this year, the representative of the US national retail federation pointed out that more US retailers were opting to pay duty on non-qualifying goods from CBI countries rather than order clothing made with US yarn and fabric. Clothing made with US fabric would be just too expensive relative to Asian fabric. Thus, the new US textile liberalization programmes, like AGOA would not ultimately do much for clothing producers in the beneficiary countries. For the programmes to "work" for the developing exporting countries (particularly, those of the LDCs), provisions for use of regional or third country fabric would be key. And the development of a strong regional fabric industry would therefore be necessary.

3. Anti-dumping and countervailing duty measures

While the committed progressive liberalization of trade in textiles and clothing through the phasing out of quotas has not yet materialized, there has been an increasing resort to the anti-dumping and countervailing measures against textiles and clothing by the major import restraining countries. For instance, according to available information, during the five years of operation of the WTO Agreement, nearly 20 per cent of the anti-dumping measures initiated by the EU were related to textiles. This made the EU the most frequent user of anti-dumping measures against textiles. During the same period, the EC has also increasingly initiated anti-subsidy proceedings against textile products. These AD/CVD cases are mainly targeted at producers in developing countries such as India, Indonesia, Pakistan, Korea, China, etc.

Anti-dumping actions on imports of textile and clothing products from countries whose exports of these products were already under severe quota restriction have been the subject of consideration in a number of fora. While recognizing the right to anti-dumping actions, it is to be stressed that the targeting of restrained products has the effect of causing double jeopardy to the exporting countries concerned and of impairing their rights to utilize access under the ATC.

Although antidumping investigations by the EU into alleged dumping of fabrics from some developing countries resulted in negative determinations, they nevertheless caused substantial damage to their exports to the EU.

It is noteworthy that the EU also investigated into bed linen imports and imposed antidumping duties on three ITCB members. On a challenge by India, the WTO Appellate Body has since ruled those duties to be inconsistent with the Antidumping Agreement. The punitive duty has not been withdrawn so far, however. (The duties imposed on imports of bed linen from the other two exporting countries were applied on the basis of the same general methodology and are also still in place).

In December last year, UNCTAD convened an expert meeting on "impact of anti-dumping and countervailing actions". At that meeting, experts considered that a tightening of the disciplines was an urgent matter, to prevent the situation where the elimination of the MFA quotas under the ATC would be followed by a wave of anti-dumping actions against exports of textiles and clothing from developing exporting countries.

Experts noticed that there has been an increase in recourse to the WTO dispute settlement mechanism with respect to anti-dumping measures, and welcomed the efforts in establishing greater precision and predictability in the rules with a view to facilitating international trade.

D. Other Issues of Interest or Concern to Developing Countries

1. Tariffs

After full implementation of their Uruguay Round commitments with respect to textile and clothing products, the average incidence on these products will remain three times the average for all industrial products as a whole, at 12% against 3.8% ad valorem overall. A most recent WTO study indicated that: “It should be recalled that tariff reductions are not part of the ATC, and that tariffs on textiles and clothing products continue to be considerably higher than for other industrial products. Moreover, this gap has widened as a result of tariff reductions for textiles and clothing products in the Uruguay Round that were only half those of other industrial products. For the developed countries as a group, they average 12%, three times the average for all the industrial products. Clearly there is considerable scope for tariff reductions in these two product groups in future negotiations.”

Thus, it is obvious that many developing exporting countries would like to see tariffs be placed on the agenda for future round of multilateral trade negotiations.

2. Environment concern

In a discussion paper issued by the Directorate General for Trade of the European Commission in January this year, it was argued that, following the elimination of textile quotas, a shift in production from industrialized countries to developing countries would create negative environmental impacts in the form of increased water and air pollution. Short of prescribing any specific measures to avoid such perceived negative impacts, the paper advocated “flanking measures", including greater emphasis on ensuring that developing countries understand in good time the challenges ahead. This has brought serious concern to some developing countries as they worry about this may end with delay in trade liberalization for the textiles and clothing sector which they have been looking forward for decades.

3. Labour standards

Despite the failure of efforts to create a linkage between trade and labour standards in the WTO, developing countries continue to worry that labour standards to be brought into the trade agenda under the WTO as the social clauses have been included in a number of governmental initiatives including bilateral agreements. The same discussion paper issued by the Directorate General for Trade of the European Commission further postulated that liberalization may also result in “ill-regulated employment of children and vulnerable female workers in developing countries”.

D. Cotton and Cotton Textiles in Africa

1. African textiles industry

With some 770 million inhabitants, Africa comprises almost 13 per cent of the world population. However, the entire continent, with 54 countries, supplies only 1.7

per cent of international value added, only 1.9 per cent in world exports and 2.6 of entire foreign investment.

Of the entire industrial value added of Africa, the textile and clothing industry supplies about 10 per cent, corresponding in value to that of the textile and clothing industry of Switzerland in the mid-1990s. In absolute numbers this is a small value, though important to the African countries' economy. The textiles industry, with a contribution of 6 per cent, is more important than the clothing industry, with scarcely 4 per cent. In comparison with China (7.3 per cent and 2.8 per cent respectively) and with India (10.1 per cent and 1.6 per cent) the total textile proportion is similar, with the value of the clothing sector lower in both cases.

Africa's share of world spinning capacity in 1998, according to the ITMF's Textile Machinery Shipments Statistics was 4.4 per cent of the short-staple spindles and 1.5 per cent long-staple spindles. In OE rotors the proportion was just under 2.5 per cent. These figures clearly show Africa's technological backwardness: the old spinning systems prevail. In the years 1990-98 however there was an improvement. While short stable spindle capacity decreased by round 8 per cent, long staple spindles increased by above 18 per cent, and OE rotors by just under 7 per cent.

A similar or slightly better situation appears on the weaving side. In 1989 Africa had 2.8 per cent of the world capacity in protectionless looms for cotton, and in contactor looms 5.6 per cent. In looms for filaments however Africa had only 0.3 per cent. Since 1993 the number of looms for cotton has decreased by round 5 per cent but of filament looms rose sharply 154 per cent.

The allocation of these capacities by countries and regions shows a clear concentration in North Africa and in a few countries in the South. Of the spindles over half are in the Arab part of the continent – in 1998 some 55 per cent of the short staple and 63 per cent of the long staple spinning machines and 61 per cent of the OE rotors.

About half of all African weaving looms are in north of the Sahara; in cotton processing in 1998 this comprised 46 per cent of the contactor and 52 per cent of the contactor-less as well as 62 per cent of all weaving. Of the letter Egypt almost possesses a monopoly; the remainder being Algeria, the Sudan, Morocco and Tunisia. In black Africa next to the dominating Nigeria are in particular Tanzania, Ghana, South Africa, Ethiopia, the Congo, the Ivory Coast and Mozambique. With the protectionless weaving machines, which indicate a certain degree of modernization. South Africa is before Nigeria, followed by the Ivory Coast, Ethiopia, Zimbabwe, Madagascar; Kenya and the Cameroon.

2. *African cotton production and the impact of trade policy measures of other countries*

The capacity and the degree of the modernization are influenced by several factors. Among them, the size of the domestic market and the degree of self-sufficiency in textile raw materials play an importance role.

Africa is an important producer and worldwide supplier of textile raw materials, but almost exclusively cotton. In 1998-99 it achieved a production of 7.6 million bundles, a world proportion of 9 per cent as against 8.4 per cent in 1996-97. At present production concentrates mainly in North Africa (Egypt and Sudan), but Chad, Tanzania, Zimbabwe, Ivory Cost, Mali, Burkina Faso, Senegal, Guinea, Togo, Benin, Nigeria and Cameroon also possess considerable cultivation areas.

However, it should be noted that domestic cotton production some African countries referred to above have also been affected by the trade policy measures of other countries. Notably, the major developed countries, despite the reduction commitments under the Agreement on Agriculture, still maintain the right to provide substantial level of domestic support (according to an OECD report, almost at the level of US$ 1 billion per day in 1999) and export subsidies, which undermined competitiveness of cotton and cotton textiles of these countries in domestic, regional and international markets. In this case, Tanzania's exports of cotton are a good example. In 1998, Tanzania's earnings from cotton full sharply by 66.3 per cent. Shipments of only 29,948 tonnes were made in 1998 compared to 75,514 tonnes in 1997, a decrease of about 60 per cent in volume, in addition to the fact that world market prices for cotton full by about 13.5 per cent.

3. African clothing production

The African clothing industry strongly shaped by foreign investment and outward processing. For instance, Mauritius, through solid investments from Hong Kong, France and United Kingdom, became a large export process zone and a considerable exporter of clothing. In Tunisia approximately half of the workstations have been in the clothing industry from foreign investments – among others from France and Germany. Other African countries are Morocco, Swaziland, Lesotho, Zimbabwe, Algeria, Cape Verde, etc.

The cross-section of production with the domestic textile industry is still small, and this is beset with the problems of ponderous and inefficient state enterprises. In some places import prohibition and high tariffs established for the protection of the domestic industry have been counter productive.

Another big problem faced by many African countries is the import of used clothing. For example, according to a study by the Swiss Academy for Development (SAD), in Ghana 95 per cent of the respondents to those being questioned wore used clothing, which meets about 60 per cent of the entire clothing requirement of the country.

4. African trade in textiles and clothing

The entire textiles and clothing exports of Africa in 1999 was US$7.6 billion accounting for 2.3 per cent of the world exports (SITC sections 65 and 84). African imports of the same goods amounted to US$10.5 billion and took a world share of 3.1 per cent. African's trade in textiles and clothing for all kinds is still insignificant due to many reasons, including high tariffs and quotas at both domestic and external level.

E. Concluding Remarks

As the preparatory process for the 4th WTO Ministerial Conference to be held Doha in November this year is underway, the differing positions regarding the future trade agenda for multilateral negotiations reflect different attitudes as to the role of the WTO in global governance. Many developing countries are of the view that trade liberalization should be the central theme of any new round. Traditional barriers and distortions to the trade of the developing countries must be addressed as a matter of priority, notably peak tariffs, abusive anti-dumping actions, and export subsidies on agricultural products, many of which have been addressed as "implementation" issues, including these problems relating to the implementation of the ATC as discussed above. There are a number of policy areas which certain developed countries seem to wish to be included in the WTO disciplines, such as environment, investment, labour standards, competition policy, etc. Developing countries are resisting this to varying degrees. The logic of the inclusion of new areas is necessary in that they affect trade policies, market access and investment flows and thus should be submitted to the multilateral trade disciplines. The problem with this logic is that in a globalized economy there are few measures taken by governments that do not affect trade, and there are few trade measures which do not affect the achievement of other government objectives, economic, social, cultural, environmental etc. Decisions to further extend the scope of the multilateral trading system should not be made in a piecemeal fashion, reflecting the negotiating strength and determination of certain governments, but be based on a conscious awareness of the possible implications for the system if it is to be attributed this governance role.

In the areas of textiles and clothing, it should be emphasized that the effective integration of the textiles and clothing sector into the GATT by the end of the 10-year transitional period under the ATC will also depend on how rules in other areas could be strengthened, such as rules of origin (both non-preferential and preferential), anti-dumping and countervailing duties measures, other administrative barriers, etc.

Given Africa as an important producer and a world-wide supplier of textile raw materials, mainly cotton, its trade in textiles and clothing has great potential to develop if both domestic and external policy environment are rightly evolved. This will not require efforts be made at national and regional level, but the international community, in particular, the major developed countries to effectively undertake their commitments of trade liberalization in the areas of agriculture and textiles under the relevant WTO agreements.

The new preferential trade programmes with stringent origin rules, like AGOA, would not ultimately do much for clothing producers in the African beneficiary countries. For the programmes to "work" for the African developing exporting countries (particularly, those of the LDCs), provisions for use of regional or third country fabric would be key. And the development of a strong regional fabric industry would therefore be necessary.

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