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**MINISTERIAL CONFERENCE**  
**Fourth Session**  
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**INTERNATIONAL TEXTILES AND CLOTHING BUREAU (ITCB)**

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*(As an Observer)*

We remain deeply disappointed and concerned that major developed countries have not yet delivered on their commitment to liberalize trade in textiles and clothing in any meaningful manner, for developing countries to benefit from. Seven years from the Uruguay Round Agreement on Textiles and Clothing (ATC), few quota restrictions have been phased out. The plans announced for the remainder of the ten-year period are no more encouraging. Unless major improvements are effected, the large bulk of quotas will remain until the end of the transitional period on 1 January 2005: 701 out of 758 in the United States, 167 out of 219 in the EU, 239 out of 295 in Canada.

We recall that for over 40 years the conduct of trade relations in textiles has been characterized by a sharp departure from the basic principles of the multilateral trading system, involving discriminatory treatment of developing countries and a set of quota restrictions on their exports. Developed countries' tariff protection in the sector has also remained markedly higher than their industrial tariffs in general.

The conclusion of the ATC in the Uruguay Round was therefore rightly welcomed as ushering in an era of great promise. Almost one-third of the gains from expansion of world income from the Round was attributed to liberalization in textiles under the ATC. The Agreement itself was designed to secure an end to the long-standing quota restrictions, in a phased and progressive manner. Developing countries had to offer significant concessions in the Uruguay Round to secure an end to these restrictions.

While only a few quota restrictions have been eliminated, the attainment of the objectives of the Agreement has also been impeded by new restrictions in violation of the provisions of the ATC, unjustified anti-dumping actions on products already under quota restriction, and other customs and administrative formalities including changes in rules of origin. Additional access has been limited by minimum increases in quota growth rates, depriving developing countries from the benefit of growing consumer demand. Pressures are continually exerted for additional market opening by developing countries as a condition for meaningful liberalization of quota restrictions.

And while quotas are maintained on developing economies Members of the WTO, these have been eliminated on certain countries that are not even Members of the WTO; this in obvious disregard of the fundamental principle of MFN treatment.

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<sup>1</sup> That are also Members or Observers of the WTO: Argentina, Bangladesh, Brazil, China, Colombia, Costa Rica, Egypt, El Salvador, Guatemala, Honduras, Hong Kong, China, India, Indonesia, Republic of Korea, Macao, China, Maldives, Mexico, Pakistan, Paraguay, Peru, Sri Lanka, Thailand, Uruguay and Viet Nam.

These concerns were also raised in the previous Ministerial Conferences. We are disappointed that they have not received an redress despite the fact that our delegations, together with those of the other developing countries, consistently made specific suggestions for improvement in the situation, including in deliberations on implementation issues under the General Council of the WTO.

The multilateral trading system stands at a crossroads. Developed countries carry the responsibility for inspiring confidence among developing countries. This responsibility necessitates concrete steps towards progressive and meaningful liberalization in textiles and clothing.

We stress that just three years are left for completing the process of dismantling quota restrictions. We also stress the need for ensuring full and faithful implementation of the Agreement within the committed timeframe. We therefore call upon the developed restraining countries to adopt immediate positive measures to ensure meaningful liberalization in the sector and allow for continuous industrial adjustment and increased competition in their markets. We note that the ATC already contains provisions that permit such measures. This will also help reinstate the balance of rights that was legitimately due to developing countries.

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