



*Trade Groups from more than 50 Countries Supporting Fair Trade for Textiles and Clothing
“The Istanbul Declaration Coalition”*

www.fairtextiletrade.org

GAFTT Report – WTO Hong Kong Ministerial

Status for Special Textile Sectoral Proposal

January 6, 2006

During the week of December 13-18th, trade ministers from nearly 140 countries met in Hong Kong in an effort to further negotiations associated with the WTO Doha Development Round.

Trade ministers made enough progress in the final hours on Sunday the 18th to produce a text that will serve as the basis for the remaining Doha Round talks.

While exact timelines are uncertain, there will be a significant push to finish these negotiations by the end of 2006. For your convenience, we are attaching a copy of the WTO's final Ministerial Declaration developed and agreed to in Hong Kong.

The following is an update on what happened at the meeting and a list of critical next steps that we and our governments must take.

NAMA – The Non-Agricultural Market Access (NAMA) component of the Ministerial Declaration is contained in paragraphs 13- 24. In addition, Annex B provides a report by the Chairman of the NAMA Negotiating Group, Ambassador Johannesson of Iceland, as to the state of talks within NAMA prior to the Hong Kong ministerial.

A key position taken in Hong Kong was the adoption of a Swiss formula for tariff reductions allowing for multiple coefficients.

Textile Sectoral -- On Thursday December 15th, GAFTT partners held a meeting at the Renaissance Harbor View Hotel adjacent to the Hong Kong Convention Center. The meeting was attended by various GAFTT members including representatives from Turkey, Egypt, France, Mexico, Poland, Nepal and the United States.

In addition, government officials from many of the above mentioned countries were also in attendance. The purpose of our meeting was to discuss strategies for obtaining a special textile sectoral as part of the Hong Kong NAMA text.

Due to pressure from the governments of Turkey, the United States, and support from European Union, we were successful in having language inserted in the Ministerial Declaration that does allow for sensitive product categories to be handled as separate sectorals under the NAMA. See below:

“In furtherance of paragraph 7 of the NAMA [Non-Agricultural Market Access] Framework, we recognize that Members are pursuing sectoral initiatives. To this end, we instruct the Negotiating Group to review proposals with a view to identifying those which could garner sufficient participation to be realized. Participation should be on a non-mandatory basis.” -- Ministerial Declaration, Paragraph 16.

It should be clearly noted, however, that this language does not guarantee the creation of a special textile sectoral.

Instead, it simply develops a process to determine which product areas will be allowed a sectoral. Most important is the language in paragraph 16 that requires that any proposal for a sectoral have *“sufficient participation to be realized.”*

This clause requires that there be strong support among a wide number of WTO members to ensure that a textile sectoral is created. If the request for a sectoral only comes from a small number of WTO members, the Chairman of the NAMA Negotiating Group may block the establishment of a textile sectoral. This is due to strong initial opposition from countries such as China and India. In addition we note Paragraph 23 which sets specific timelines for making such determinations.

“However, we recognize that much remains to be done in order to establish modalities and conclude negotiations. Therefore, we agree to intensify work on all outstanding issues to fulfill the DOHA objectives, in particular, we are resolved to establish modalities no later than 30 April 2006 and to submit comprehensive draft schedules based on these modalities no later than 31 July 2006.” -- Ministerial Declaration, Paragraph 23.

It is now absolutely critical that all GAFTT members communicate to their respective governments their strong desire to see the creation of a special textile sectoral. In addition, it is vital that each of our governments make known to the Chairman of the NAMA Negotiating Group their desire to see the adoption of a sectoral approach for textiles. Developing countries, especially, will need to come forward in support of this proposal in a forceful manner at this point. Failure to gain sufficient momentum for a textile sectoral prior to April of this year will almost certainly result in textiles being handled as part of the general NAMA talks for the rest of the Doha Round.

In case there is no Textile Sectoral and textiles remain under the basic NAMA talks, China wins and every other country loses.

Under the general NAMA framework, there will be no possibility of discussing unique concerns such as the need to extend the textile safeguard system on China beyond its expiration date of December 31, 2008.

In addition, the NAMA will likely eliminate any tariff advantages currently enjoyed by trading partners that have preferential arrangements with the United States or the European Union.

To assist us in this effort, we would ask the following:

1. Meet with your government as soon as possible to pressure them to formally request a textile sectoral under the terms of the Ministerial Declaration – Paragraph 16.
2. Relay to us your government’s position on promoting a textile sectoral to the Chairman of the NAMA Negotiating Group by February 10, 2006.
3. Provide us with any feedback that you receive from your government based on your government’s meeting with the Chairman of the NAMA Negotiating Group.

This is clearly the most important period in our fight to keep China from dominating world textile and apparel markets by its eliminating competition from the industries of virtually every other country. It will take the support of all GAFTT countries at this critical point in the process if we are to be successful in gaining a Special Textile Sectoral.

Thank you for all of your past assistance, and we will keep you informed of any developments or information that we gather in regard to this matter.

Sincerely,

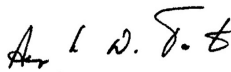


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