

THE MAIN OBSTACLES FOR WORLD TRADE WITH TEXTILE AND CLOTHING PRODUCTS

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Key words: exports restriction, textile and clothing products, the protection clause regarding the markets perturbation by China, import tariffs, anti-dumping legislation, technical barriers.

Abstract: Exports of textiles and clothing from developing countries have always been subjected to quantitative restrictions established by the developed countries by imposing some contributions for the import. In the first part a short historical introduction is presented with regard to the exports restriction of textile and clothing products and in the second part are presented the most common barriers encountered in world trade with such products, and these are: the protection clause regarding the markets' perturbation by China, import tariffs, anti-dumping legislation, technical barriers.

1. SHORT HISTORY OF EXPORTS RESTRICTIONS OF TEXTILES AND CLOTHING PRODUCTS

Textiles and clothing exports from the developing countries were subjected in time to some quantitative restrictions established by imposing some contributions by the developed countries.

The first agreement, called Short Term Cotton Textile Arrangement (short term agreement regarding cotton textiles) was signed in 1961 and was replaced a year later by the Long-Term Agreement Regarding International Trade in Cotton Textiles - LTA (the long term agreement regarding international trade with cotton textiles). LTA was renewed many times until 1974 when it was replaced by the Multifibre Arrangement – MFA (Multi Fibre agreement) [4] which expands its area to synthetic fibers and wool, affecting, in this way, practically all the fibers.

In 1994 within the Uruguay Round it is negotiated the Agreement on Textiles and Clothing – ATC, agreement which establishes the programme for eliminating the contributions, or in other words, it liberalizes gradually the developing countries' trade. [6]

The stages, the dates of their application and the restricted production percentage which was liberalized, are shown in the following table:

Table no. 1 - Stages of application of Agreement on Textiles and Clothing

Stage	The date it was enforced	Liberalized production (% out of the total restricted production)
I	1 st January 1995	16 %
II	1 st January 1998	17 %
III	1 st January 2002	18 %
IV	1 st January 2005	49 %

Source: Trebilcock, M.J., Howse, R., *The Regulation of International Trade*, Reuteledge, UK, 2005, p. 494

2. EXISTING BARRIERS IN TEXTILE AND CLOTHING PRODUCTS WORLD TRADE

1. The protection clause regarding the markets' perturbation by China

When China entered the World Trade Organization (WTO) in 2001, the entering agreement included a rescuing stipulation in order to protect the importing countries of possible "market perturbations" (or radical modifications). This allowed the importing countries to require reintroducing the contributions until the end of 2008, fact achieved by signing the Memorandum of Understanding (MOU) agreement, signed on the 1st of June 2005 between the European Union and China, which establishes the limitation of certain exports of textiles and clothing from China into the European Union. [9] The 10 categories of restricted products and their export limits into EU are shown in the following table.

Table no. 2 – China's export limits on EU market, for the 10 categories of restricted textile products.

Category of products	Unit	Quantitative limits of imported products form China towards EU/years		
		11 th June – 31 st December 2005	2006	2007
Cotton fabric	Tone	26217	61948	69692
Sports T-shirt	1000 pieces	150985	540204	594225
Pullover	1000 pieces	68974	199704	219674
Trousers	1000 pieces	104045	348072	382880
Blouses	1000 pieces	24761	80493	88543
Bed sheets	tones	6451	15795	17770
Table and kitchen clothes	tones	5521	12349	13892
Dresses	1000 pieces	7959	27001	29701
Bras	1000 pieces	96086	225692	248261
Flax and ramie fibers	Tones	1911	4740	5214

Source : *** *Textile and footwear sector, Bilateral agreements*

<http://ec.europa.eu/trade/issues/sectoral/industry/textile/legis/legitext1.htm> - 11th October 2006

2. Import tariffs

The importing countries, even if they do not apply contributions, can trigger discriminations between the exporting countries by their tariffs. The force of this obligation for textiles and ready-made clothes consists in the high tariffs as compared to the tariffs for other industrial goods. For example, in USA the tariffs value for industrial goods is on average of 3,5% of the goods value and for textiles and clothes is on average of 14,6%, in EU these tariffs are 3,6% and respectively 9,1% and in Japan they are 1,7% and 7,6%. [5]

The taxes applied by USA on clothing products imports differ according to the products' type, they are higher for cheaper garments than the luxury ones. For example the tariff of 16,7% which applies for blue-jeans is 50 times higher than the tariff applied for silken trousers. There are extreme cases, for example: for artificial fibers clothing the import tax is 32% and for cheap snickers the tax is something like 48%. [7]

The importing countries can offer concessions to these tariffs for certain favourite countries. For example USA offers reduced tariffs to the countries from North America by the North American Free Trade Agreement (NAFTA) and to the countries from central

America by the Central American Free Trade Agreement (CAFTA) and other special tariffs to some African countries by the African Growth and Opportunity Act (AGOA). European Union does not have tariffs either for exchanges between the member countries or for the imports from many countries in Central and Eastern Europe (among which Romania too from the 1st January 1997).

3. Anti-dumping legislation

The importing countries can take decisions for stopping the imports from the countries which tend to have very low prices, under the production costs level. *Jahan Selim* states that such measures were based on false information. [3] It is considered that such actions will not be reduced as a result of the elimination of contributions. [8]

UE has started many times anti-dumping measures, for example between 1993 and 1998 it has forbidden the imports of cotton clothes made in India, Indonesia and Pakistan.

4. 4. Technical barriers

The technical barriers mainly refer to standards. "Standards become technical barriers in trade's way only if they are different from one country to the other or if they are not recognized in other countries. As a result, the external market is narrower or larger, the access is cheaper or more expensive according to such barriers. The methods for overcoming these barriers which follow up different standards in the respective countries consist in either establishing common standards or promoting mutual recognition of standards".[1]

The most popular certification wanted by the Romanian producers is the one regarding the quality management ISO 9001. Together with this, in the last years, the solicitations for the environment standard ISO 14001 have also increased. There are other standard of social responsibility which force the companies to respect their employees, to offer them better labour conditions, to be protected by the syndicate, to obey the labour protection norms.[2]

The Uruguay Round clauses allow a lot of interpretations, saying only that the technical standards should be applied in such a way so that they are not discriminatory between the external and internal buyers. Still, Rajivan A. and his collaborators state that until now there was no increase of the use of protectionism registered through these means.[5]

CONCLUSIONS

Barriers in textile and clothing products world trade have always existed, as we have shown at the beginning since 1961 and they still exist nowadays, despite the many efforts made for completely eliminating them.

From our point of view the complete elimination of these barriers will never be achieved because the developed countries will continue to protect their economies through such measures, while the developing countries, whose economy depends on most of the times, in proportion of 60%, on the export of these products, will be forced to accept them.

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