

Trade in Textiles and Clothing Priority Issues for Women in the Post-ATC

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Comments can be sent to:
genderDITC@unctad.org,
or to the author
michiko.hayashi@unctad.org

Michiko Hayashi

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Abstract

The textiles and clothing sector is a highly important source of employment for women in developing countries, often being their largest employer after agriculture. It is also a sector where developing countries have a clear comparative advantage and potential to continuously benefit from growing trade. Therefore, the sector offers significant opportunity and prospect for women to improve their welfare, but at the same time, what affect trade in textiles and clothing would have direct linkage to women's livelihood.

The international trade regime of textiles and clothing is going to experience a historical and critical event at the end of this year, i.e., the expiration of the Agreement on Textiles and Clothing (ATC) Agreement, and abolition of the remaining quota restrictions. Hence, textiles and clothing, which have been subject to discriminatory treatment for over 40 years, will be brought into the normal rules and disciplines of the WTO. While this event will bring considerable gains to global income and welfare, there will be some challenges which would have direct relevance to women in textiles and clothing exporting developing countries.

The paper discussed these challenges. The first section provided a statistical overview to highlight the importance of the sector for the economies and for women's employment in developing countries. The second section summarised the history of the trade in textiles and clothing. The third section is the core part of the paper, and it discussed the current pertinent issues of the trade, which would impact women directly. In concluding the paper, the fourth section identified gender-sensitive policy measures that would be necessary in promoting women's interests in the post-ATC phase.

I Statistical overview

1. During the last two decades trade in textiles and clothing grew significantly, and developing countries made a considerable contribution to this growth. In this period, clothing export from developing countries has increased by 7 times and textile export by 5, while the corresponding figures for developed countries were 3 and 2 times.¹ Textiles and clothing were the second most dynamic products in world trade with the growth rate of 13 percent a year, after electronic and electrical goods which increased by 16 percent annually.² In 2000, developing countries accounted for 60 percent of the total world export of clothing, and 46 percent for textiles, while twenty years ago the corresponding figures were 8 and 9 percent. The case of Bangladesh is an example of a spectacular growth. Its clothing export grew from US\$1 million in 1978 to US\$ 4.5 billion in 2001.³

2. The leading exporters of textiles and clothing in 2000 are indicated in Table 1 and Table 2. The major developing country exporters of textiles were China, Hong Kong, Taipei Chinese, India and Pakistan. The corresponding countries for clothing export were, China, Hong Kong, Mexico, India, Indonesia, and Bangladesh. Many developing countries experienced a phenomenal growth particularly in clothing exports. Also, textiles and clothing export is a very important source of foreign exchange earnings for many developing countries. The figures in Table 3 shows extremely high dependency on the products for generating export revenues.

Box 1

Garment Export from Bangladesh

Garment export from Bangladesh has increased dramatically from US\$ 1.5 million in 1980 to US\$ 5 billion in 2002. This rapid growth contributed to an increase in real per capita income and played an important role in poverty alleviation. Also, the sector is highly important for female employment, and women consist more than 90% of the 1.8 million workers. The sector has not only contributed to women's income but has also had positive effects on their educational attainment, on their decisions about marriage and on the number of children they desire. Many studies found that the employment has increased their economic independence and improved their position within the household, resulting in the empowerment and liberation of women in Bangladesh society

Source: UNDP "Making Global Trade Work for People", and UNCTAD WITS-TRAINS Data Base.

¹ UNCTAD WITS-TRAINS Data Base

² UNDP, "Making Global Trade Work for People", p. 174, 2003.

³ Ibid., p. 171, and UBINIG, "Options for Women in the Textiles and Handloom Sector in Bangladesh", p. 231 in Veena Jha, ed., *Trade, Globalisation and Gender-Evidence from South Asia*, 2003, UNIFEM and the United Nations.

Table 1:
Leading Textile Exporters, 2000

Country	Value (million US\$)	Market Share (Percentage)	Growth Between 1994-2000 (Percentage)
EU (15)	22,000	17	23
China	16,000	12	37
Hong Kong, China	13,000	10	7
Korea, Rep. of	13,000	10	19
Taipei, Chinese	12,000	9	16
United States	11,000	8	66
Japan	7,000	5	4
India	6,000	5	54
Pakistan	5,000	4	14
Turkey	4,000	3	67
Indonesia	4,000	3	40
Mexico	3,000	2	174
Canada	2,000	2	88
Thailand	2,000	2	19
Switzerland	2,000	1	-27
Malaysia	1,000	1	53

Source: WTO(2002) G/C/W/36 6, and European Commission, "Trade in Textiles and Clothing Worldwide – Structural Data , Conference on the Future of Textiles and Clothing After 2005", Brussels, 5 – 6 May 2003

Table 2:
Leading Clothing Exporters, 2002

Country	Value (million US\$)	Market Share (Percentage)	Growth between 1994-2000 (Percentage)
China	36,000	23	52
Hong Kong	24,000	15	13
EU (15)	15,000	9	21
Mexico	9,000	5	408
United States	9,000	5	54
Turkey	7,000	4	43
India	6,000	4	63
Korea, Rep. of	5,000	3	-11
Indonesia	5,000	3	48
Bangladesh	4,000	3	187
Thailand	4,000	2	-17
Sri Lanka	3,000	2	91
Philippines	3,000	2	183
Morocco	2,000	2	225
Romania	2,000	2	134
Malaysia	2,000	1	9
Tunisia	2,000	1	21
Pakistan	2,000	1	36

Canada	2,000	1	152
Poland	2,000	1	4
Macau, China	2,000	1	54
Singapore	2,000	1	20
Hungary	1,000	1	23
Mauritius	1,000	1	30

Source: WTO(2002) G/C/W/366, and European Commission, "Trade in Textiles and Clothing Worldwide – Structural Data , Conference on the Future of Textiles and Clothing After 2005", Brussels, 5 – 6 May 2003

Table 3
Countries Where Textiles and Clothing Exports are the Major Source of Foreign Exchange Earnings

Country	Percentage of Total Export Earnings*
Afghanistan	39
Bangladesh	89
Bhutan	35
Cambodia	89
Hong Kong	33
India	33
Lao PDR	86
Maldives	84
Myanmar	75
Nepal	89
Pakistan	80
Sri Lanka	68
Benin	35
Burkina Faso	47
Cape Verde	32
Lesotho	95
Madagascar	51
Mali	43
Mauritius	61
Swaziland	28
Chad	75
Egypt	30
Jordan	46
Morocco	41
Tunisia	53
Dominica	51
Guatemala	53
Honduras	69
Haiti	83
Nicaragua	50
El Salvador	83

Source: WITS-TRAINS Data Base

* The figures in this column are the percentage of textiles and clothing exports to OECD countries in the total exports to these countries.

3. Availability of gender-specific employment data is highly limited, and it is not possible to do a sufficient comparison on female workers in the textiles and clothing sector, but the available data included in Table 4 indicated the importance of the sector for female employment. Women consisted for 50 to 90 percent in the sector, and for example, in Bangladesh 1.8 million female workers are employed.⁴ For India, the ratio of female workers is much lower than the other countries, however the textile and clothing sector is the largest employer after agriculture.

Table 4:
Ratios of Female Workers in the Textiles and Clothing Sectors
in the Selected Countries

Country	Female Workers (Percentage)
Bangladesh*	90
Cambodia*	90
Hong Kong	63
India	11
Macau	76
Philippines	72
Sri Lanka*	87
Botswana	80
Mauritius	67
Colombia	62
Costa Rica	58
Ecuador	56
Mexico	57
Peru	43

Source: *ILO Yearbook of Labour Statistics 2003*, and for the country with asterisk the figures are from the country studies referred in the paper.

⁴ "Options for Women in the Textiles and Handloom Sector in Bangladesh", p.231, op. cit. , and "Making Global Trade Work for People", p. 171, op. cit.

II International trade regime for textiles and clothing

4. For over forty years exports of textiles and clothing from developing countries have been the target for special discriminatory measures. This discriminative regime started with cotton products under the Cotton Textile Arrangements in the late 1950s, and subsequently, they became the Multi-Fibre Arrangement (MFA) expanding the coverage to synthetic fibres and wool affecting nearly all fibres. All restricting countries have been industrialized countries, while all restricted countries have been developing ones. Over the course some restricting countries ceased their quota restrictions permanently, and currently the EU, the US and Canada maintain the quotas.

5. Under the MFA developing countries had to negotiate annual quotas for their exports of textiles and clothing with the restricting countries. While developing countries gained an important share of world trade in textiles and clothing, the opportunities for growth of their exports were seriously hampered by the MFA. The MFA regime lasted until 1994 when the Uruguay Round of Multilateral Trade Negotiations concluded the Agreement on Textiles and Clothing (ATC). The ATC has succeeded the MFA and agreed to eliminate the remaining quota restrictions by the end of 2004. During the transition period no new quotas can be introduced, and the ATC itself will expire on 31 December 2004 integrating textiles and clothing fully into the normal rules and disciplines of the WTO.

6. The ATC integration programme has set out the elimination of the quotas over the 10-year-transition period, and minimum thresholds have been established for "integration" of products in four successive steps. These include: 16 percent on 1 January 1995, 17 percent on 1 January 1998, 18 percent from 1 January 2002, and 49 per cent on 1 January 2005. Up to present, 51 percent of the products covered under the ATC have been integrated, however, the commercial significance for developing countries is very much limited.

7. Products which had not been subject to quota restriction were included in the integration programme, and the selection of products for integration was left to the discretion of the restricting countries. The restraining countries chose to liberalize the majority of restrained products at the last moment. This has meant that 80 per cent of the products under quota remain restricted until the last moment, i.e., 31 December 2004.⁵ Textiles and clothing imports in the restrained countries account for 60 percent of the total world import of the products, and the fact that one-half of these imports are restricted by the quotas signifies the importance of 1 January 2005 for the developing-country exporters.

8. Because of the magnitude of the global welfare gains which would result from the quota elimination, the conclusion of the ATC was regarded as one of the major achievements of the Uruguay Round. Studies estimated that import expansion as the result of the quota-lifting would be in the range of 100 to 240 percent.⁶ For

⁵ WTO, "Second Major Review of the Implementation of the Agreement of Textiles and Clothing by the Council for Trade in Goods", p. 5, G/C/W/325, 22 October 2001.

⁶ Marcelo de Paiva Abreu, "Trade in Manufactures: The Outcome of the Uruguay Round and Developing Country Interests", p. 61, in Will Martin and L. Alan Winters, eds., *The Uruguay*

developing countries it was estimated that the annual export revenues and income gains from the liberalization would be US\$ 40 billion and US\$ 24 billion, respectively, while about 27 million jobs would be created.⁷ The gains from the quota elimination, especially for employment opportunity, imply considerable benefit for women's welfare in poor countries.

Box 2:

Discriminatory and Managed Trade Regime under the MFA

Restriction on textiles and clothing trade started when the US asked Japan in December 1955 to restrain its exports of cotton textiles and clothing to the US. Subsequently, the UK signed "voluntary" restraint agreements with Hong Kong, India and Pakistan to limit their exports of cotton products to the UK. Soon, other products such as wool and man-made fibres were included covering practically all textile products, and the interim arrangements were concluded to restrict textiles and clothing exports from increasing number of developing countries. In December 1973, the Multi-fibre Agreement (MFA) was concluded to commence on 1 January 1974. The restricting members of the MFA were Austria, Canada, the EC, Finland, Japan, Norway, Sweden, Switzerland, and the US, though Japan and Switzerland had never taken recourse to MFA's quota system. Restricted members were more than twenty-five countries, mostly developing nations, and a few were Eastern European countries. No developed countries were restricted. Annual quotas were negotiated bilaterally between restricting and restricted countries. The MFA was supposedly a temporary arrangement, but it was extended four times and lasted until the ATC replaced it in 1 January 1995.

Round and the Developing Economies, World Bank Discussion Paper 307, Washington, D.C., 1995.

⁷ International Monetary Fund and World Bank, "Market Access for Developing Country Exports: Selected Issues", 26 September 2002, p. 42-43.

III Women in the post-ATC

A Post-ATC adjustment

9. The potentials of developing countries to develop the textiles and clothing sector will finally be unleashed by elimination of the quotas, but at the same time international competition will intensify. In this regard, the post-ATC phase poses a particular challenge for textiles and clothing manufacturers and women in the sector in developing countries. Under the MFA the availability of quotas was the key element for becoming successful exporter, and this has led to the formation of the structure of exporting countries, which is not based on comparative advantage. Importers in the restricting countries did "quota-hopping" to overcome quota limitation, moving from one country to another searching for suppliers who could assemble garments cheaply and export to their countries without being restricted by quota. Investments were made in such countries to build factories, quotas secured their market access, and eventually export of textiles and clothing has become a major source of foreign exchange earnings for them.

10. Countries and firms which have relied on quotas, however, might be forced to retrench or shutdown their operations unless they are tuned for competition. Industrial experts and scholars predict that significant consolidations and adjustments will take place in the textiles and clothing industries during the first few years of the post-ATC. Also, they regard China's accession to the WTO another major factor affecting competition in textiles and clothing trade, particularly when the transitional safeguard provision in the China's WTO Accession Protocol expires in 1 January 2009.⁸ There have been cases where employment opportunities for women have increased as the result of the quota phase-out implemented so far,⁹ however, it is certain that some women will be affected by the rigours of the post-ATC adjustment process. The social and economic impact for them could be considerable as their prospective for alternative employment is small. Providing support and alternative employment opportunities to affected female workers is one of the most urgent issues upon which the governments, the international community, and the NGOs need to act.

11. Another crucial aspect for women in the post-ATC is that their skills will have to be up-graded so that they will not become redundant in the process of enhancing competitiveness. Studies have reported that new technology and modernization have replaced many women working in the sector. Most of them were on less-skilled jobs like sewing and finishing. Technological up-grade has created new job-opportunities, but they were taken by male workers who were more skilled. In preparing for the post-ATC competition, manufacturers need to modernize their factories and up-grade their products through introduction of new technologies. In this light, there is a genuine apprehension that women would be pushed aside in the post-ATC adjustment

⁸ Under the provision, any WTO member could introduce safeguard measures to Chinese textiles and clothing under the condition specified in the Accession Protocol.

⁹ For example, there has been a substantial rise in female employment along in India as a consequence of the phasing out of the MFA. "Trade, Globalisation and Gender-Evidence from South Asia", p.6, op. cit.

process, and concerted efforts are required by the governments, the international community and the NGOs to integrate them in the process.

12. The handloom and handicraft sectors are largely domestic market oriented, but they are traditionally the key employers of women. For example, in Bangladesh, the handloom sector comprises nearly a million weavers accounting for about one third of country's manufacturing employees.¹⁰ In India, these sectors employ over half of the total workers in these sectors.¹¹ The home-based single loom producer might have limited productivity but these craft oriented operations are gainful for the weavers and their families, and moreover, they contribute significantly to rural development. While studies have indicated that the handloom and handicraft sectors have a potential to grow further, they are not sheltered from the post-ATC challenges. Increasing imports and smuggling, as well as intensifying competition and pressure for price-cut would adversely affect women in the handloom and handicraft sectors. The national governments and the international community must be sensitive to the needs of women in these sectors in the post-ATC phase.

13. Addressing the issue of adjustment, it is essential to note that the ATC has provided the ten-year transition period to phase-out the quota restriction. However, the restraining countries chose not to use the opportunity for adjustments. Had the purpose of the transition period been respected the adjustments in the sector would have been gradual and had less impact. Now, the brunt of the adjustments has been shifted to manufacturers and their employees, many of them are women, in the restrained countries. Recently, there have been a series of press articles with the supposition that quota elimination is wrong portraying women working in garment factories in poor countries as a victim. Negative impact on female workers should not be used for excuse to continue the discriminative and distorting trade regime, but the policies of the restraining countries not to liberalize until the very last moment should be held accountable.

B Market access

14. Market access of textiles and clothing from developing countries will remain an important agenda in the post-ATC, and some issues will have a direct bearing upon women in these countries. The issues include: rise of protectionist pressures, tariff escalation and pressures for reciprocal liberalization, entry conditions relating to sustainability, and duty-and-quota free market access for textiles and clothing from LDCs.

a) Rise of protectionist pressures

15. Since the ATC has become effective the restraining countries have initiated numerous contingency protective measures. For example, the EU started 53 anti-dumping and countervailing actions in the textile sector between 1994 and 2001, while the US invoked 28 safeguard measures under the ATC between 1995 and

¹⁰ "Options for Women in the Textiles and Handloom Sector in Bangladesh", p. 232, op. cit.

¹¹ Centre For Special Research, "Gender and Trade: Impact of Globalisation on Women Workers in the Textiles and Food Processing Industries in India", India, p.232 in *Trade, Globalisation and Gender-Evidence from South Asia*, op. cit.

2001.¹² These measures were used even for the imports under the quota restrictions and targeted to individual enterprises, often small and medium-sized enterprises which did not have adequate resources for defending their actions. Also, they suffered from the immediate damaging effect of the market share retrenchment.¹³

16. Studies on anti-dumping found that women were often first to suffer from the damage caused by anti-dumping initiatives. For example, Oxfam reported that the EU anti-dumping duties imposed on bed line imports from India resulted in cutting more than 1000 employees, mostly women.¹⁴ Furthermore, it predicted that it would take over 2 years to rebuild the company at the previous level after these duties were removed.

17. The record of the contingency measures invoked in the ATC period is not encouraging for women in the textiles and clothing sector. There is a realistic concern that exports of these products from developing countries would be seriously restricted by contingency measures. Especially the fact that 80percent of the remaining quota is due for elimination at once makes this concern all the more realistic. This concern was also reflected in the IMF/World Bank joint study which pointed out that *"the back-loading of effective liberalization under the ATC is particularly unhelpful, as it turns out what could have been a gradual adjustment process into a shock at the end of the transition period. This raises concerns that political pressures might spark greater recourse to other forms of protection once quota are phased out, with trade remedy actions becoming a new 'line of defence' "*.¹⁵

18. In addition, the current positions of the EU and the US concerning the imports from China does not augur well for the upcoming shift.¹⁶ Recently, the US made a decision to re-impose quotas on some textile products from China, and the EU is also considering to follow the US for the fear that the Chinese export would be diverted to the EU market.

19. Countering the rise of protectionism, the Members of the International Textiles and Clothing Bureau (ITCB) have proposed to the WTO that developed-country Members implement a grace period of two years not to initiate anti-dumping investigations on imports of textile and clothing products from developing countries.¹⁷ This proposal is based on the Implementation-Related Issues and Concerns of the Doha Declaration, which agreed to improve disciplines in initiating anti-dumping

¹² WTO, "Anti-Dumping Actions in the Area of Textiles and Clothing: Developing Members' Experiences and Concerns", TN/RL/W/48/Rev.1, p. 2, 5 February 2003, and "Second Major Review of the Implementation of the Agreement on Textiles and Clothing by the Council for Trade in Goods: Communication from Uruguay", p. 14, op. cit.

¹³ "Second Major Review of the Implementation of the Agreement on Textiles and Clothing by the Council for Trade in Goods: Communication from Uruguay", op. cit., p. 14.

¹⁴ "Trade, Globalisation and Gender-Evidence from South Asia", op.cit., p.7

¹⁵ "Market Access for Developing Country Exports- Selected Issues", paragraph 68, op. cit.

¹⁶ Inside US-China Trade, "EU to Monitor China Textiles in Wake of Pending US Safeguards", 4 December 2003.

¹⁷ WTO, "Anti-Dumping Actions in the Area of Textiles and Clothing : Proposal for a Specific Short-Term Dispensation in Favour of Developing Members Following Full Integration of the Sector into GATT 1994 from January 2005", WT/GC/W/502, 14 July 2003.

actions taking into account special situation of developing countries.¹⁸ A threat of protectionism in the post-ATC is a grave concern, and developing countries exporting textiles and clothing have a strong case in pressing for improvements in the rules and procedures on anti-dumping measures. Such a moratorium would also be gender-sensitive and contribute significantly to job security of women working in the sector.

b) Market access negotiations

20. During the Uruguay Round of the Multilateral Trade Negotiations, negotiations on trade in textiles and clothing concentrated on elimination of quota restrictions and did not address abolition of tariff peaks. As shown in Table 5 tariffs on textiles and clothing are much higher than the average tariffs on industrial products, and they remain the highest among industrial products in developed countries.

21. The average post-UR tariffs on textiles and clothing for the three major industrial country markets are 14.6 percent for the United States, 9.1 percent for the European Union, and 7.6 percent for Japan, while average industrial tariffs are 3.5 percent, 3.6 percent, and 1.7 percent, respectively. Furthermore, disaggregated tariffs reveal that remarkably high tariffs are imposed on textile products. For the post-UR rates, 52 percent of textiles and clothing imports in the US have the tariff rates of 15.7 percent to 35 percent, 54 percent of the EU imports have the duties between 10.1 percent to 15.0 percent, and 55 percent of the Japanese imports have the duties between 5.1 percent to 10.0 percent. Thus, even after the quota elimination, the tariff escalation in the industrialized countries will continue to be a significant barrier to trade in textiles and clothing.

22. At present, tariff negotiations are taking place in the WTO Negotiating Group on Market Access, and developing countries have demanded that the tariff peaks be eliminated. Countering to this demand, the industrialized countries have insisted that developing countries must make reciprocal liberalization and that the textiles and clothing sector be included in the sectorial negotiations. Such negotiations aim at rapid full liberalization of the sectors concerned, and countries participating in the negotiations would have to agree to eliminate all tariffs and non-tariff barriers in the sector on a negotiated timetable. This sort of a sweeping liberalization will send a shock wave to the textiles and clothing industries in developing countries, particularly when they also have to go through adjustments due to the quota elimination. Impact on women working in the sector would also be massive. Moreover, it will be counterproductive to rural development and poverty alleviation as the sector plays an important role in these aspects.

23. Developing countries are insisting that their participation in the sectoral negotiations should be voluntary. This is a legitimate demand to pursue development-friendly. The right of developing countries to progressively liberalize is assured by the WTO legal framework, and this right must be respected in market access negotiations

¹⁸ Article 15 of the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994 recognizes necessity for special and differential treatment of developing countries in initiating anti-dumping and countervailing actions.

for textiles and clothing. On the other hand, it would be counterproductive for developing countries to be overly protective of their textiles and clothing sectors, and liberalization must be progressed. In this regard, these countries need to identify adequate liberalization policy which would be gender-sensitive and include measures addressing specific concerns of women working in the sector

Table 5:
Bound Tariff Treatment of Textiles and Clothing Imports and Average Tariffs of Industrial Products in the Three Major Industrial Country Market (Percentage)

		Distribution of imports												
	Average tariff	Duty-free	0.1percent-5.0percent	5.1percent-10.0percent	10.1percent-15.0percent	15.1percent-35.0percent	Over 35percent							
<i>United States</i>														
All industrial Products	5.4	3.5	10.4	39.5	59.6	42.9	20.4	10.2	2.4	1.3	7.0	6.0	0.2	0.1
Textiles and clothing	16.7	14.6	0.7	4.9	9.2	27.9	27.9	25.9	6.6	8.0	57.7	52.0	0.5	0.0
<i>European Union</i>														
All industrial Products	5.7	3.6	23.6	37.7	26.3	34.2	35.5	19.0	13.2	8.2	1.4	0.9	0.0	0.0
Textiles and clothing	11.0	9.1	1.3	5.3	5.3	19.1	29.7	25.5	64.3	54.1	0.1	0.0	0.0	0.0
<i>Japan</i>														
All industrial products	3.9	1.7	34.8	71.0	40.5	16.6	16.7	9.7	5.5	2.0	2.5	0.7	0.0	0.0
Textiles and clothing	11.3	7.6	3.0	4.5	3.3	19.1	33.7	54.7	44.4	21.5	15.6	0.2	0.0	0.0

Source: "The Uruguay Round and Market Access: Opportunities and Challenges for Developing Countries", 1995

c) Duty-and-quota free market access for textiles and clothing exports from LDCs

24. In the effort to integrate LDCs to the global economy WTO member countries have committed to the objective of unrestricted market access for products originating from LDCs. Subsequently, the EU and the US have initiated the non-reciprocal preferential trade arrangements with LDCs, i.e., the Everything but Arms (EBA) Initiative enacted in 2001, and the African Growth and Opportunity Act (AGOA) legislated into force in 2000, respectively.¹⁹ The EBA provides duty-and-quota-free access to textiles and clothing products from all LDCs, except Myanmar which at present is excluded for political reason. The AGOA covers 48 Sub-Saharan countries, however, to be certified for the duty-and-quota free access for textiles and clothing, they must meet strict conditions on apparel visa system and related customs requirements, and at present only 20 countries are certified for the preferential treatment.²⁰

25. The EBA and the AGOA have their specific preferential rules of origin. The primary objective of these rules is to prevent circumvention of origin requirement, however, another important function is policy instrument. These rules have been designed to promote the use of inputs such as textiles and accessories from the preference giving countries with the objective of salvaging their domestic industries. Preference receiving countries must meet the high threshold for inputs either from their own countries or from preference giving countries. As LDCs are not capable of supplying most inputs from their domestic markets they import them from preference giving countries. Garments are assembled using these imports, and the products are exported to preference giving countries under the preferential schemes.

26. The preferential trade arrangements have contributed to the development of the garment industries in LDCs, however, studies on the efficacy of these arrangements found that the utilization of preference for textiles and clothing was significantly low due to the restrictive rules of origin and cumbersome administrative procedures for qualifying the preferential treatment.²¹ These studies concluded that flexibility in the preferential rules of origins and reduction of administrative burden would be required to make the preferential trade arrangements really meaningful to LDCs.²² Improving the efficacy of these arrangements would also greatly contribute to creation of employment opportunity for women in LDCs.

¹⁹ Japan, Canada and some developing countries also provide unrestricted market access to the products from LDCs, but the paper addressed the EBA and the AGOA given their significant impact on textiles and clothing exports.

²⁰ These include: Benin, Botswana, Cameroon, Cape Verde, Ethiopia, Ghana, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Senegal, South Africa, Swaziland, Tanzania, Uganda, Zambia.

²¹ For example, Stefano Inama, "Market Access for LDCs - Issues to Be Addressed", in *Journal of World Trade*, Vol. 36, No. 1 February 2002, Kluwer Law International, and Paul Brenton, "Integrating the Least Developed Countries into the World Trading System: The Current Impact of EU Preferences under Everything But Arms", World Bank, 27 February 2003.

²² The Cambodian study recommended that the EU should give the same generous conditions as provided by Canada through improving the ratio of imports against local value added and enlarging the participation of beneficiary countries. UNDP, "Cambodia Country Study on Trade in Textiles and Clothing", to be published

27. Although some important initiatives have been made to provide unrestricted market access to LDCs, the implementation of the commitment is far from satisfactory, and opportunities for women in these countries are not fully emerged. Those countries, particularly industrialized ones, that have not granted unrestricted market access to textiles and clothing from LDCs are urged to meet their pledge. In addressing the implementation issue, the current US policy is of particular relevance. Asian and Pacific LDCs are not beneficiary of any preferential trade arrangements given by the US, except the Generalized System of Preferences which does not cover textiles and clothing.²³ Therefore, at present, their textiles and clothing exports to the US market are subject to the most-favoured-nation tariffs, and moreover, countries such as Bangladesh, Cambodia, Lao PDR and Nepal, are under the quota restrictions.²⁴

28. When the ATC expires, Bangladesh, Cambodia and Nepal will not have quota restrictions because of their WTO membership.²⁵ However, the rest of Asian and Pacific LDCs including the countries without quota restrictions at present can be restricted by them in the post-ATC as they are not WTO members. Indeed, it is highly likely that this will happen given the current protectionist pressures in the US. Such an action would be devastating to these countries and gravely affect women there. The discriminatory treatment of LDCs by the US is not compatible with the WTO rules, and unrestricted market access should be extended to textiles and clothing from Asian and Pacific LDCs. To do so would also contribute to reducing the negative impact of the post-ATC adjustments on women.

C Labour condition

29. Labour condition is a special concern of women in the textiles and clothing sector. Studies reported the cases of extremely poor working conditions including continuous inhaling of toxic substances, not being allowed to have toilet breaks, being forced to work excessively long hours, insufficient safety facilities causing their death, and prohibition of trade unions by law.²⁶ Also, there is a real danger that working conditions for women will further deteriorate after the quota elimination as competition intensifies and pressures to cut price would increase.

30. Large number of women working in the sector have migrated from desperately poor rural areas without alternative employment opportunities, and some have childcare responsibilities. Although it has been reported that employment in the sector offers better pay and a higher quality of life than might otherwise be possible for

²³ These include: Afghanistan, Bangladesh, Bhutan, Cambodia, Kiribati, Lao PDR, Nepal, Samoa, Solomon Islands, Tuvalu, and Vanuatu.

²⁴ Bangladesh has been urging that the US to offer duty-and-quota free exports of its apparel. A formal request was place on this issue when the US Secretary of State , Colin Powell visited Khaka on 19 June 2003. "Options for Women in the Textiles and Handloom Sector in Bangladesh", p. 241, op. cit.

²⁵ The accessions of Cambodia and Nepal were approved by the WTO in 2003, but these countries have not ratified their accessions, and hence, as of February 2004, they are not the members of the WTO.

²⁶ "Options for Women in the Textiles and Handloom Sector in Bangladesh", op. cit., p. 244 and 248, and "Impact of the WTO on Women Workers in Sri Lanka" in *Trade, Globalisation and Gender-Evidence from South Asia* , op.cit., p.352.

them,²⁷ they have practically no bargaining power and are vulnerable for exploitation. It is basic that for the government to ensure the labour laws are enforced in letter and spirit so that these women are not exploited.

31. While regulations and enforcement are necessary to protect labour conditions for women in the sector, it is also important to note that textiles and clothing exports from developing countries face a threat of protectionism disguised in the act of labour protection. This threat will likely increase after the elimination of the quota restrictions, and there is a real possibility that campaign on labour conditions motivated by protectionism interests would spark in the industrialized countries using gender issue. In this regard, private codes of conduct imposed by international contractors could be of a particular concern to textiles and clothing factories in developing countries.²⁸ Industry analysts predict that private codes of conducts are likely to be tightened by international contractors after the ATC expiration as competition between the domestic and foreign firms in their home countries will intensify and pressures from the unions and manufactures to increase requirements on labour conditions would mount.²⁹

32. Exporters of textiles and clothing in developing countries recognize that compliance to the ILO labour standard is a crucial factor for maintaining their competitiveness, and they have been making effort to meet the requirements,³⁰ however, arbitrary and unreasonably strict private codes of conducts seriously hamper their business operations. Cases of female workers affected by the disruptions caused by excessive demand for labour condition have been reported.³¹

33. In the post-ATC protection of women working in the textiles and clothing sector will continue to be a high priority issue and require close monitoring and interventions by the governments, the relevant international institutions, particularly the International Labour Organization, and the NGOs. At the same time, these institutions need to address the problem of excessive private codes of conducts which could affect women in the sector.

²⁷ "Making Global Trade Work for People", op.cit, p. 170, *Trade, Globalisation and Gender-Evidence from South Asia*, op.cit, p. 17, p.358 – 359. For example, in Bangladesh the daily wage rates of women in the garment sector are twice as high as those paid for agricultural labour and higher than would be earned at the construction sites.

²⁸ International retailers and apparel makers are under tight scrutiny in their home countries on their practices of labour conditions. Bad reputation would hurt their businesses seriously, and they impose their own codes of practices which go far beyond the international standard.

²⁹ Laura M. Baughman, "Prospects for Exporting Textiles and Clothing to the United States Over the Next Decade", Trade Partnership, Washington, DC, March 1997, prepared for the International Textiles and Clothing Bureau, p.34

³⁰ These rights include: (a) freedom of association and the effective recognition of the right to collective bargaining; (b) elimination of all forms of forced or compulsory labour; (c) effective abolition of child labour; and (d) elimination of discrimination in respect of employment and occupation. The ILO Declaration on Fundamental Principles and Rights at Work (June 1998). The EU and the US also have accepted the ILO standard, and compliance to the standard is one of the conditions for having preferential market access to their markets.

³¹ Information obtained from interviewing some trade associations in Asian exporting countries.

Box 3
"No Sweat-Shop"

For a country like Cambodia, more vulnerable than most because of its almost total reliance on the one industry, a "no-sweat shop" image is perhaps the only weapon it has in what is likely to become a fight for scraps under the intensified competition after 2005. With the gradual arrival of peace in the 1990s, Cambodia's garment sector grew at an astonishing rate, from just US\$ 4 million in 1994 to around US\$ 1.3 billion in 2002 accounting now for over 80 percent of all recorded exports. Being aware that sweat-shop labour scandals are devastating for the image and share price of large US and European clothing retailers, Cambodian garment factories have been making a special effort to improve their working conditions. The country has a relatively proven track record from the ILO, and under four years of monitoring by the organisation, working conditions and hence the size of the US quota have improved. The Commerce Ministry Secretary of State stresses the importance of "no sweat-shop" image, " We must be a place where the Nikes and Adidas are happy and confident to come and do their business."

Source: Reuter, "Cambodia's garment industry hanging by a thread", 27 October 2003.

IV Conclusions and recommendations

34. The post-ATC poses a serious challenge for women in the textiles and clothing sector in developing countries as they could be adversely affected by the rigours of the post-ATC adjustments and modernization of the industries. It is essential that at the national and the international levels adequate support will be provided to women during the adjustment period. However, the impact of women should not be used as an excuse for continuing the discriminatory and distorting international trade regime of textiles and clothing.

35. The handloom and handicraft sectors, which are traditionally the key employers of women, are largely domestic market oriented, but they are not sheltered from the post-ATC challenges. The needs and concerns of women in these sectors must not be neglected in the context of the post-ATC adjustment.

36. Increasing imports and smuggling, as well as intensifying competition and pressure for price-cut would adversely affect women in the handloom and handicraft sectors. The national governments and the international community must be sensitive to the needs of women in these sectors in the post-ATC phase.

37. Development of the textiles and clothing industries in developing countries are directly related to improvement of women's welfare in these countries. Hence, international market access of the products has a high stake for their livelihood. This paper addressed the four market access issues which would have particular relevance to women in the textiles and clothing sector. The issues of contingency measures and market access negotiations are currently being dealt with in the context of the Doha Work Programme and in their respective negotiating groups in the WTO. The results of the negotiations will have an important implication to the women, and their interests need to be voiced and asserted in these negotiations. The international organizations and NGOs could play a particularly important role in this regard.

38. The international commitment to provide unrestricted market access to products from LDCs should be fully implemented, and the rules of origin and administrative procedure for the respective preferential treatment should reflect the special situation of the LDCs, and they need to be development-oriented. Women in these countries will benefit considerably from such actions.

39. Increasing vigilance on labour conditions for women in the sector is required during the post-ATC adjustment period. Deterioration of working condition is a realistic concern in intensified competition and increasing pressure for price-cut. However, at the same time, it is necessary to address the problem of arbitrary and excessive private codes of conduct hampering business operations of textiles and clothing factories in developing countries.

40. In addressing the post-ATC challenge for women, it would be necessary to introduce comprehensive assistance programme for women at the national and the international levels to up-grade the skills of women in the sector, to find new employment opportunities, to improve their working conditions, and to undertake gender-sensitive sectorial studies further. Women in the countries that have relied on

the quotas for the market access of their textiles and clothing would particularly need such a programme. These countries are mostly LDCs, and as indicated in the statistic overview, many of them are African countries. Because of the availability of information, mainly the cases of Asian countries were cited in this paper, but the observations and recommendations made here apply equally to the African countries. In order to deal with the post-ATC challenge for women positively and constructively problems need to be tackled not only by concerned countries and factories, but also by assistance from importers and consumers as they are important players in trade in textiles and clothing. Active support and assistance from the international community are also called for to make the post-ATC adjustment a positive experience for women.

41. Gender-specific employment data is limited, particularly for LDCs. Access to such data is essential for policy makers and researchers in considering gender related issues. National governments and the relevant international institutions need to allocate adequate resources to improve the gender-specific employment statistics. Improvement on the availability of gender-specific data in the ILO Yearbook of Labour Statistics would be particularly helpful to the efforts of improving women's welfare.

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