

Conference “The Future of Textiles and Clothing after 2004”
Brussels, 5 May 2003

Statement Jaqueline Peltier, President of the Foreign Trade Association

Ladies and Gentlemen,

In the first place, I should like to thank Mr Lamy for his invitation to join this conference in order to explain the position of the import businesses.

The quality of attendance and the in-depth approach of this two-day conference reflect the fact that we are addressing an event of crucial importance, which will take place just over a year and half from now.

But is this forthcoming event actually so important? From a certain point of view, it could be argued that it is not, for, after all, what we shall experience after 31 December 2004 is essentially a return to normalcy following a 30-year period of regulatory constraints in world trade in textiles. Indeed, if we trace back the beginning of regulation to the 1962 agreement on cotton textiles, we should speak of 40 rather than 30 years!

Depending on the viewpoint of the observer, a return to normalcy may be a reason either for concern or for jubilation. This became very obvious at a conference – organised on 20 March last by the Directorate-General for Enterprises – which, among other issues, considered the future of the Textile and Fashion Industry after 2004 in an enlarged Europe. We had the distinct feeling that the opponents of deregulation of world trade in textiles were determined not to miss even the smallest opportunity – even after 2004 – to hinder imports, which are still considered dangerous.

The European commerce sector rejects this idea flatly. With 4.5 million companies and 22 million employees, the commerce sector represents the European union's second largest employer. Its aim is to purchase quality products at the best price, while at the same time striving to ensure respect for human dignity and to protect the environment. If these conditions are fulfilled, it feels entitled to buy those products anywhere in the world.

The opponents of trade liberalisation often ignore the positive economic impact of imports. To begin with, imports favourably affect price levels since imported goods are often much cheaper than products manufactured in the European Union, and today this applies to high-quality goods too. Therefore imports contribute to price stability. Furthermore, the savings this entails for consumers also benefit European manufacturers and service providers.

What's more, the import of mass consumer products and the European export economy are closely interdependent. In fact, European industries can only increase their exports if their clients have enough money to buy European products, bearing in mind that these are relatively expensive for them.

Finally, it should be pointed out that, in theory, neither the commerce sector nor industry in general is responsible for development policy. However, in the age of "corporate social responsibility" it is undeniable that textile and clothing imports do have a role to play in development policies. Purchases made in developing countries significantly contribute to improving the economic situation – and, in the medium term, the social situation – in those countries. This is particularly true when the import businesses concerned recognise they have a responsibility to developing countries and take the necessary measures to fulfil it.

The European commerce sector is only too aware that the textile and clothing industry underwent a deep-going and painful process of restructuring in several EU countries, and that this led to quite a few conflicts. In spite of this, however, for the reasons I have just outlined – and in the general interest – we must oppose all hindrances and barriers to free trade in textiles and clothing. Clearly, many European industries have anticipated

developments after 2004, and many even manufacture a large proportion of their goods outside Europe. Nevertheless, there is a danger that some players, in order to defend real or imaginary interests, may strive to activate increased protective measures, particularly vis-à-vis the People's Republic of China. This risk will become more serious with the accession of the Central and Eastern European countries to the EU, given that they have a relatively well-developed textile industry.

Such protective measures have undoubtedly been included in the Protocol on the Accession of the People's Republic of China to the WTO, but I believe there was no need to echo these measures, point by point, in European legislation. After all, we had the general safeguard regulations which hold for all WTO members, as well as the possibility of introducing an antidumping procedure. These possibilities should have been considered enough, particularly since anti-dumping procedures already entail the danger of a drift towards protectionism. Furthermore, we should not forget that any unjustified use of the antidumping instrument by the European Union could encourage textile-exporting developing countries to put in place strengthened antidumping measures on their side, and this could adversely affect our own exports.

I should also like to stress that, even though the need to keep track of textile quotas, as well as their attendant costs and documentation problems, were extremely onerous for importers in the European Union, it was still possible to manage and plan purchases in advance taking these factors into account. What will happen, though, if more or less draconian protective measures are introduced which risk disorganising the import market completely?

What is a legitimate move on an exceptional basis should not become the rule. I mentioned, in my introductory remarks, that we were going to deal in the next couple of days with the issue of the return to normalcy in world trade in textiles. I do not believe that normalcy should be regarded as a threat. Rather, normalcy offers an opportunity to benefit from the advantages of the global division of labour and its positive impact on consumers and national economies alike.

Thank you for your attention.