



February 27, 2006

H.E. Don Stephenson
Chairman
Negotiating Group on Market Access
Doha Development Round
World Trade Organization
Centre William Rappard
Rue de Lausanne, 154
CH-1211 Geneva 21

Dear Mr. Chairman:

We, the undersigned, represent a virtual totality of the U.S. textile sector, including fiber, yarn, fabric, dyeing, finishing and printing production. Due to the late notice, we regret that many of us are unable to attend the February 27, 2006 WTO roundtable discussion on textiles. Nonetheless, we submit this letter for the official record in regard to this important meeting.

The United States represents the largest textile and apparel market of an individual country in the world, valued at well over \$200 billion annually on a wholesale basis. In 2005, \$89 billion, or nearly 45 percent of the U.S. market, was supplied by imported product. This \$89 billion represents approximately 20 percent of total global textile and apparel imports. The generous market access provided by the U.S. is fueled in part by a wide-reaching preference system, which grants quota and duty-free treatment to over eighty countries, the vast majority of which are developing or least developed nations. The U.S. itself is a significant participant in global trade, responsible for \$17 billion in exports last year. As result, according to WTO statistics, the U.S. is the third largest exporter of textiles and apparel. Based on these facts, the views of the U.S. industry should carry significant weight when calculating the "sufficient participation" equation referenced in Paragraph 16 of the December 2005, Hong Kong Declaration.

The U.S. textile industry is united in strong support of the establishment of a textile sectoral as part of the WTO Doha Round of negotiations for the following reasons.

1. The global textile and apparel sector is simply too critical and too sensitive to be handled in a generic fashion as part of the overall Non-Agricultural Market Access (NAMA) negotiations. The textile and apparel industry is one of the world's largest industrial sectors with global trade in textile and apparel

products valued at approximately US\$440 billion¹. According to United Nations figures, 102 countries import textile and apparel products and 104 export these products. More than any other single industrial sector, the Doha Round has the potential to impact the livelihood of millions of textile and clothing workers worldwide. Failure to address the unique needs and concerns of this industrial sector could have disastrous consequences for all involved, most especially for smaller developing and least developed nations.

2. There are enormous trade-debilitating market access distortions in this sector. As noted above, the United States provides generous access to its market for imported textile and apparel items. Unfortunately, U.S. exporters often times confront tariff levels eight to ten times higher than U.S. duty rates when trying to access key overseas markets. Even more troubling is that the highest tariff rates are often held by countries that are themselves export superpowers in the global textile marketplace. Though many of these nations still claim “developing country” status under the WTO, they maintain sophisticated textile and apparel sectors with massive production and export capacity. Indeed, the discussions under NAMA to date have outlined a final framework that would sanction and protect these massive tariff differentials for the foreseeable future. A sectoral is needed to provide full discussion of alternative concepts, such as tariff harmonization, in an effort to improve the egregious tariff imbalance that plagues this sector.
3. A textile sectoral is needed to consider the impact of preference erosion in key markets. The United States, as well as the European Union, provides substantial enhanced access to their respective markets through various preferential arrangements. As noted above, these programs have been of tremendous benefit to many of the world’s smallest and most vulnerable economies. In addition, the preferential trading partners serve as valuable outlets for U.S. exports of yarns and fabrics. A generic formula approach, as envisioned in the NAMA talks will almost certainly dismantle these critical preferential programs. Without a specific textile sectoral, there will likely be severe unintended consequences in the form of substantial market displacement for many of the true developing countries. The end result will certainly be the dislocation of millions of workers in countries and regions that have virtually no possibility of providing substitute employment.
4. Finally, a textile sectoral is needed in order to have an exhaustive discussion regarding the overwhelming potential for global markets to be monopolized by suppliers from only a handful of countries. Some of these countries, which hold the potential to dominate world markets, enjoy enormous unfair advantages such as a purposely undervalued currency and state-sponsored loans that are never repaid. Acknowledging this reality, the sectoral must consider measures necessary to achieve orderly and fair long-term development of trade in the post-Agreement on Textiles & Clothing (ATC) environment.

For these reasons, we reiterate our strong support for a textile sectoral as part of the WTO Doha negotiations. We respectfully request that our views be given full consideration during the February 27th roundtable discussion.

Sincerely,

American Manufacturing Trade Action Coalition (AMTAC)
National Council of Textile Organizations (NCTO)
National Textile Association (NTA)
National Cotton Council (NCC)
American Cotton Shippers Association (ACSA)
American Fiber Manufacturers Association (AFMA)
South Carolina Manufacturers Alliance (SCMA)
The Association of Georgia's Textile, Carpet and Consumer Products Manufacturers (GTMA)
Manufacture Alabama – Textile Council

¹ United Nations Comtrade Database. World imports in 2004 equalled \$439,477,777,628 for Categories 50-63.