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SDPI-UN-TIHP: Workshop conclusions

What comes after the quota went? Human development effects of the ATC expiry

**SDPI-UN-TIHP Workshop
Islamabad, November 21-22, 2005**



The Agreement on Textiles and Clothing (ATC) ... and its expiry

- **Phased out quota system that governed textiles&clothing (T&C) trade since 1974 in January 2005**
- **Expiry as quantum leap in freer trade as gradual phase out was obstructed by quota countries**



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The ATC: a case for human development

- **Main export industry across South Asia**
- **Highly labour- and female intensive**



Workshop

- **Participants representing different countries and perspectives (industry, labour, government, research) discuss**
 - ⇒ **effects of quota expiry, and**
 - ⇒ **strategies to make sure:**
- **Trade liberalisation supports human development in the region**



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Effect: regional, national, sectoral

- **Overall: increased exports from SA**
- **India gains overall, Nepal loses**
- **Expected crash in Bangladesh and Sri Lanka did not set in**
- **Indian and Pakistani garment production struggles**



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What happens to human development? I

- So far: expected large scale job losses not materialised
- Nepal loses garment employment
- Employment-intensive sectors struggle in Pakistan and India (knitwear, apparel)



What happens to human development? II

- Higher competition after quota expiry potentially reduces wages and worsen working conditions for textile and clothing workers
- Unskilled and women workers most vulnerable, least alternatives



What should be done? (1)

- **Strengthen product quality by investing in workers' skills and R&D**
- ← **strengthens both workers' bargaining power and industries' competitiveness**



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What should be done? (2)

- **Support vulnerable/dismissed workers by e.g. provision of training, help for business development**



What should be done? (3)

- **Workers, employers, and government should join hands**
- **← industrial cooperation improves international competitiveness and improves working conditions**



What should be done? (4)

- Labour standards should be enforced at national, regional, and international (WTO/ILO) level
- ← minimum standards provide level playing field for competition and end blackmailing of countries by Textile and Clothing buyers



What should be done? (5)

- **Producing countries should join hands at regional and international levels (e.g. SAARC)**
- **← joint negotiations end blackmailing of producing countries by Textile and Clothing buyers**



What should be done? (6)

- **Importing countries (e.g. EU, US) should actively work for more predictable, less discriminatory trade regime**



What should be done? (7)

- **Governments should support producers by reducing costs of inputs (e.g. taxes, electricity prices) or provision of subsidies as well as...**



What should be done? (8)

- ... provide incentives for industrial diversification away from T&C production that has made countries vulnerable



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What should be done? (9)

- **Awareness raising about trade impacts for stakeholders from cotton growers/pickers to government**



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What should be done? (10)

- Investment in social development, e.g. health and education
 - ← Serves human development directly, but also supports industrial development that is less vulnerable to exploitation by industrialised countries



What should be done? (11)

- **Industrialised countries should support transition to freer trade in textiles and clothing through bi- and multilateral aid, e.g. in the area of skill development**
- ← **Importing countries benefit from quota expiry and have taken responsibility for reaching MDGs**