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SDPI-UN-TIHP: Workshop background and introduction

What comes after the quota went? Background and objectives

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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**



Salient features T&C industry

- **Start-up industry for developing countries**
- **Labour-intensive industry with large amount of unskilled employment**
- **High concentration of female workers**



Hopes...

- **Developing countries have “advantage” of cheap labour force, and thus gain from unrestricted trade**
- **⇒ T&C liberalisation important objective for developing countries in WTO negotiations**



... and fears

- Major shift in production and thus employment to large, cost-efficient producer countries (particularly China)
- ⇒ expected employment losses:
e.g. 1 mio. Bangladesh/Indonesia, each,
about 350,000 Sri Lanka
- ⇒ price competition might lead to lower pay and poorer working conditions



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Safeguard measures

- **China's WTO accession protocol allows importing countries use of safeguard measures in case of sudden import surges**



Reactions

- ⇒ **EU: Chinese textile exports in 10 categories of concern will be limited to agreed growth levels until end 2007**
- ⇒ **US: imposed limits on nine types of Chinese imports, e.g. T-shirts, blouses, underwear**



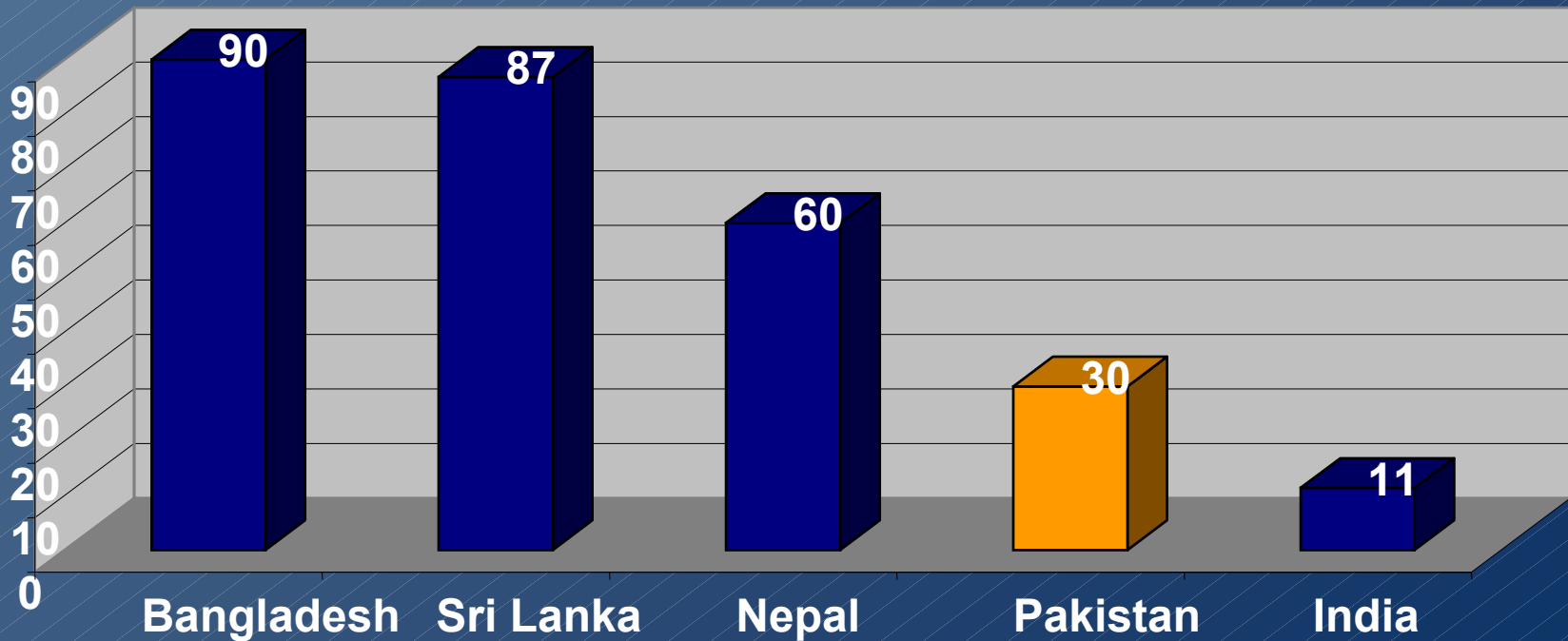
The challenge for employment ...

	Textiles	%	Clothing	%
Bangladesh	NA	NA	2000000	NA
India	1182123	15.7	463319	6.2
Pakistan	NA	NA	2300000	42.9
Sri Lanka	72499	15	165388	34.2



... and for women's empowerment

Female workers (%)





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... and possible indirect effects

- Girls' schooling ↓ ?
- Gendered violence ↑ ?



Questions

- **Winners and losers ATC expiry?**
- **Buffers for negative effects?**
- **Lessons for trade liberalisation under WTO and other?**



Workshop objectives

- **Assessment of human development effects of ATC expiry**
- **Effectiveness of mitigation mechanisms**
- **Strategy development to ensure development-friendliness of multilateral trading system**