



NG Rules Meeting: 6 – 7 February 2003
Paper: “Anti-dumping actions on textiles and clothing; developing Members’ experiences and concerns” (TN/RL/W/48)

Statement by Mrs. Betty Berendson
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and
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Mr. Chairman,

I’m introducing document TN/RL/W/48 on behalf of 18 developing countries and economies Members or Observers of the WTO, that are also members of the International Textiles and Clothing Bureau (ITCB).

I am confident that many others in the room would share our concerns.

Allow me, first of all, to clarify that the paper (TN/RL/W/48) we have presented is without prejudice to other submissions by any of its co-sponsors. Also, that it is not intended to introduce any hierarchy between various issues they might have been indicated for improved disciplines.

I need not over emphasize the importance of textiles and clothing for a large number of developing economies, both for export earnings and employment generation including for women in these economies.

Allow me also to recall that trade in this sector has been the subject of protection in major developed country markets for over four decades, by means of quota restrictions on imports mainly from developing countries.

Although Ministers in their Doha Declaration “pledged to reject the use of protectionism”, noises from various quarters continue to cause a sense of anticipation lest quota restrictions are simply replaced by trade remedy actions. Indeed, as we point out in paragraph 28 of our paper, prestigious institutions such as the World Bank and the IMF are also expressing apprehension that “political pressures might spark greater recourse to other forms of protection

once quotas are phased out, with trade remedy actions...becoming 'a new line of defense' “.

Turning to the paper itself, let me say that we seek, with concrete analysis, to bring to the attention of this negotiating group a particularly egregious practice used by protection seeking interests: that of prompting investigations into allegations of dumping. To that end, we wish to share our experience and to spell out the needs of developing countries in line with the Ministerial mandate in the area of WTO rules. The mandate specifically provided that these negotiations are aimed at clarifying and improving disciplines on anti-dumping “taking into account the needs of developing and least developed participants”.

Let me now turn to the paper. In this connection, I wish to highlight several points from our experience. These are spelled out in the paper at some length.

First, it is apparent that textile and clothing has seen a significant level of anti-dumping activity, especially in the EC where it ranked third among all sectors in terms of new initiations in recent years, with developing countries bearing the brunt. Lest there were a temptation to cast these initiations as involving a relatively minor share of overall trade, I wish to emphasize that for developing countries concerned they represented a large chunk of their exports. Indeed our analysis shows that imports in the targeted products involved major proportions of extra-EC imports.

Second, a cursory glance through table 1 of the paper is extremely telling. It is notable that in each one of the three products, the complaints are lodged by the same industry association at the same time. There could be hardly any mistaking the protectionist aim behind these complaints. Notice, also the volume and shares of imports targeted.

Third, it is also noteworthy that the investigations dragged on for two years, or even longer, despite that the anti-dumping agreement clearly provides that these be concluded within 18 months of their initiation.

It is obvious that no relief or remedy was available to the affected countries or companies even as these investigations did not result in any affirmative findings.

Fourth, in the same vein it is also a matter for reflection that the investigating authorities could not prevent damage to the exporting countries despite the fact that the complainant association grouped a large number of products which could not properly qualify as “like products”. The table annexed to our paper brings this

out clearly with respect to cotton fabrics. The investigation in respect of synthetic fabrics also involved a similar grouping of products.

The plain question is: how could highly processed printed fabric be considered “like product” alongside raw, unbleached fabric? Yet the investigation continued! Indeed, the later second and third investigations, for which the product coverage was reduced as shown in the annexed table, proved that the grouping in the first investigation had been misused.

Fifth, table 2 in the paper is also worth pondering over. It brings out the continuation of protectionist pattern: the same industry association persisting with complaints, sometimes even before an earlier one results in no action. It highlights the lacuna in initiating investigations simply on receipt of complaints.

Sixth, in the end, these initiations proved to be unfounded and unjustified. But they nevertheless resulted in noticeable damage to exports of the countries concerned.

Attention here is invited to table 3 in the paper. Notice the declines in import shares of affected countries. In cotton fabrics for example, it dropped from 59% before the initiation of investigations to 38% when the investigations were dropped without any affirmative duty. Even after the action lapsed the share of imports from the affected countries could not recover, thus resulting in a lasting damage to their interests without any justification.

Seventh, table 4 brings out a fact particular to developing countries: that their enterprises are rather small, raising a question, *ab initio*, as to whether they could be capable of dumping and causing injury.

It also raises the question as to whether companies with such small volumes of trade could be expected, physically or financially, to defend their interests by taking advantage of any procedural rights during investigations, even when these rights might in theory be available to them.

Eighth, table 5 reveals yet another problem, namely that once anti-dumping duties are imposed, they tend to stay; for as long as 19 years or more, irrespective of whether trade might have totally disappeared in the meanwhile.

All in all, Mr. Chairman, the problem for developing countries starts from the very complaints and initiations of investigations. As shown by the analysis in our paper, most often these are lodged with protectionist aims. Once the

investigative process starts, the adverse effects begin to reflect on trade. The investigations also involve a heavy financial burden on exporters concerned.

In the textile sector, industry associations in major developed countries are predisposed to equating any price declines with dumping, and applying pressures for anti-dumping actions.

It is therefore imperative that adequate disciplines are provided to protect developing countries against the abuse of unjustified initiations.

Before closing, let me recall that, in this connection, Ministers in Doha had decided that “Members will exercise particular consideration *before initiating investigations* in the context of antidumping remedies on textile and clothing exports from developing countries previously subject to quantitative restrictions under the Agreement [on Textiles and Clothing] for a period of two years following full integration of this Agreement into the WTO”. Mr. Chairman, we shall appreciate if Members concerned indicate as to how they propose to give effect to this Ministerial decision.

We wish to invite attention to a significant element recognized by Ministers in this decision. Whereas Article 15 of the Anti-dumping Agreement refers to S&D treatment “before *applying* anti-dumping duties”, the Ministerial decision provides for this to be accorded “before *initiating investigations*”.

We reserve our right to make specific proposals on the issue in due course.

I thank you, Mr. Chairman.

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