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INTERNATIONAL TEXTILES AND CLOTHING BUREAU

Council of Representatives
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**Welcome address by
H.E. Mr. K.M. Chandrasekhar
Ambassador and Permanent Representative of India to the
World Trade Organization
and
Chairman ITCB**

Distinguished Mr. N.K. Singh
Distinguished Mr. Mohapatra and Mr Dipak Chatterjee
Excellencies and distinguished delegates,
Ladies and Gentlemen,

It is a great honour and pleasure for me to speak on behalf of the members of the ITCB and to express our deep appreciation and gratitude to the Government of India for its kindness in hosting the 39th Session of the ITCB Council of Representatives here in this historic city. Being an Indian national myself, it would be presumptuous on my part to comment on the quality of arrangements made by the organising team. However, the members of the ITCB would have considered that I had been remiss in my task this morning if I fail to convey how impressed they are with what the organizers have done. Without fear of being contradicted, I can perhaps dare say that we are all delighted to be here and are looking forward to enjoy traditional Indian hospitality.

India is one of the founding members of the ITCB and, in keeping with its longstanding commitment to the cause of South-South cooperation, has extended unflinching support to its activities. Indeed, it was in the very first year of the Programme of Cooperation among Developing Countries, Exporters of Textiles and Clothing, the forerunner to the ITCB, that our members had the opportunity to participate in a workshop here in New Delhi. The workshop was devoted to discussing the problems of protectionism faced by developing countries in textiles and clothing. That, and similar workshops held in other developing countries, became instrumental in bringing developing countries together on a common platform, thus giving birth to the idea of the ITCB. It is therefore befitting that the Bureau should be meeting in New Delhi again; this time on the eve of a landmark event in less than nine months' time. This event is largely the fruit of our collective efforts. That the MFA restrictions shall have been behind us, owes much to the ITCB's resolve and persistence.

Let me take this opportunity to extend a very warm welcome to all those who have stood by us in our endeavour and who have again travelled from far and wide to be able to join us in our annual deliberations here in Delhi---

- the representatives of the WTO, UNCTAD and the ITC, with whom we enjoy close working relations.
- our friends and allies, Ake Weyler, Erik Autor, Laura Baughman, Laura Jones, Frank Kelly, Julia Hughes and Jan Eggert. They know how deeply we value their co-operation and advice. Unfortunately, Brenda Jacobs has not been able to make it this time. Yet she has sent her thoughts in the form of a paper. We hope our friends from USA-ITA would convey our deep appreciation to her.
- and last, but by no means the least, Mr. András Szepesi, the Chairman of the Textiles Monitoring Body of the WTO, on which we placed our reliance to uphold the integrity of the WTO rules and our rights.

I also recognise our friends and partners from Kenya, Mauritius, Mexico, the Philippines and South Africa and appreciate the fact that they accepted our invitation to

participate in this session. We share much in common with them in this sector, and I believe that mutual dialogue and understanding between us is essential to advancing our trade interests especially at this critical juncture. I hope we can use the occasion of this meeting to identify some key areas in which we can work together, lest we all remain mired or drift into seeking less-than-optimum short-term individual fixes.

Finally, let me say how honoured we are to see Mr. Sanjoy Bagchi, the former Executive Director of the ITCB. I wish to extend a special tribute to him for his assistance to the Bureau. He gave the cause of developing countries in this sector his very best; first as textile consultant to them as a senior member of the GATT Secretariat and, then, as executive head of the ITCB.

Dear friends and colleagues, we are less than nine months from a momentous occasion. From 1 January 2005, quota restrictions, for the elimination of which we invested so much, would be no more. It is a singular achievement of our resolve and efforts. We can rightly take credit for it. Let us reflect on an appropriate way to celebrate this event in a befitting manner, sometime in January or February next.

Having said that, I am of course conscious of the worries that have of late been surfacing about the impact of the removal of quotas in certain quarters. Such concerns are perfectly understandable. After all, the system had been with us for over forty years and there is a natural propensity to get used to doing things in a particular way. I trust however that we all recall the pernicious nature of this regime and its long-term negative effect on our economies. Let us look to the future with confidence and channel our efforts towards securing further liberalization of trade in this sector to the mutual advantage of all our countries.

I am reminded here of what Mr. Harbinson often drew our attention to: the value of cohesion and coalition-building. We have reached the present point only by standing together. Individually, we could not have withstood protectionist forces. It is only by a collective effort that we were able to press on, and win the restoration of multilateral control to the sector. The working of the ATC has already demonstrated the superiority of the multilateral approach. That the ATC was multilateral in its character and

approach, enabled us to avoid pressures from powerful importing countries these past years – pressures which used to be the hallmark of the MFA and its predecessor arrangements.

Friends and colleagues, quota restrictions were only one part of the story in trade in textiles and clothing. As we are only too aware, there are other instruments that have of late been coming into play. As the end of ATC's transitional period approaches, protectionism is coming back out into the open and can be expected to increase further. As ITCB Chairman, I offer three main points for your consideration as our preparation at this meeting.

First, we must maintain our focus on full and faithful implementation of the ATC. In the immediate term, this means dealing with the issues that still remain of concern, not the least of which are (a) the upcoming major review of implementation of the Agreement in different WTO bodies, (b) the non-availability of carry-forward quotas, (c) the EU decision to widen the scope of its quota restrictions to the markets of ten more countries that are due to join the Union from May, especially when only eight months will be left for the abolition of all quotas, and (d) the administrative arrangements that were part and parcel of the quota regime and have been another layer of non-tariff barriers on our exports.

Secondly, we must continue and intensify the efforts to prepare ourselves for the future. Protectionism will not be phased out on 1 January 2005. On the contrary, it can be expected to find or invent other channels. Unwelcome developments in anti-dumping and rules of origin are already a reality. We can also anticipate a major challenge to reducing the tariff peaks – peaks which, to take just one example, saw Bangladesh pay almost as much in US customs duties as France last year, despite an enormous disparity in trade volumes. While France paid \$ 325 million on its exports of \$ 29 billion, Bangladesh had to pay \$ 302 million on its exports of only \$ 2 billion. We should look upon the Doha Development Agenda as an opportunity to counter some of these restraints to our trade.

Thirdly and finally, we should deliberate on how best we can press for further liberalization of trade in the sector and utilise ITCB resources to our mutual advantage. Trade in textiles and clothing stands at over \$ 350 billion. With the abolition of quotas, this is bound to expand. It would increase further still, if we can consolidate this gain and secure a good outcome on tariffs in the context of the Doha Round.

We have a focussed agenda. It is designed to promote reflection and deliberation on all these issues. We also have the presence of experienced policy makers and trade practitioners from our capitals, the private sector, and international organisations. This time, we have also the privilege of participation by some very high dignitaries – the Commerce Secretary of Pakistan, the Ambassadors of Argentina, Brazil, China, Hong Kong China, Indonesia, Kenya, Mexico and the Head of the Delegation of South Africa. We are grateful to them for having spared the time to come here to New Delhi. We will surely benefit from their experience, their wisdom and their advice.

We have worked together for many years now. Pressing home on our efforts, we must build on our successes. Let me quickly add that governments cannot operate in a vacuum. I want to pay tribute here to the tireless efforts of the private sector importing communities, the main representatives of which have been with us all the way and have made enormous efforts to be here in New Delhi too. We truly appreciate their co-operation and advice. We must seek to broaden our base of allies in order to overcome the challenges we face. The road ahead is not going to be easier than in the past. Storms of protectionist pressures are already gathering overhead. But experience has shown that, with mutual dialogue and understanding, we can advance our interests.

In closing, let me again extend our sincere thanks to the organising team for an extraordinary effort and making such impressive arrangements for the session.

I thank you, Excellencies and distinguished delegates.