



Asia-Pacific  
Economic Cooperation

**APEC SEMINAR ON TEXTILE TRADE  
UNDER THE WTO LEGAL FRAMEWORK**

**24-25 May 2005, Ningbo, China**

**Proceedings**

**APEC Working Group on Trade Promotion**

**May 2005**

Reproduced electronically in September 2006

© 2005 APEC Secretariat

By China Council for the Promotion of International Trade

Produced for  
APEC Secretariat  
35 Heng Mui Keng Terrace Singapore 119616  
Tel: (65) 67756012 Fax: (65) 67756013  
Email: [info@apec.org](mailto:info@apec.org) Website: [www.apec.org](http://www.apec.org)

APEC#205-TP-04.1

## Table of Content

Preface	2
Program	3
Session Summary	6
Opening Plenary Session	9
Plenary Session I -The Important Role of the APEC Mechanism in Resolving Textile Trade Disputes	35
Plenary Session II -Complementarity of Textile Trade among APEC Economies	52
Plenary Session III-Textile Trade in APEC Developing Economies	84
Plenary Session IV-Market Access for Textile Trade between APEC Developed Economies and Developing Economies	130
Plenary Session V-Exchange and Cooperation in Intellectual Property among APEC Economies	157
Comment on the Seminar	180
Delegate List	183

## **Preface**

### **General Description of Implementation**

The APEC Seminar on Textile Trade under the WTO Legal Framework, partly funded by TILF budget, was organized by the China Council for the Promotion of International Trade (CCPIT). Held on May 24-25, 2005 in Ningbo, the Seminar met the interests of most participants from both public and private sectors of member economies. 206 delegates from the following 14 APEC member economies attended as speakers, moderators or participants: Australia; China; Hongkong, China; Indonesia; Japan; Korea; Chinese Taipei; Papua New Guinea; Peru; Philippines; Russia; Thailand; US; and Vietnam. The delegates included representatives from trade promotion organizations, trade related governmental agencies, international organizations and trading companies. Under the theme of "Complementarity and Cooperation-Win-Win for APEC Textile Trade", 18 speakers with professional backgrounds delivered speeches at the seminar.

The topics covered included the following:

1. The Important Role of the APEC Mechanism in Resolving Textile Trade Disputes
2. Complementarity of Textile Trade among APEC Economies
3. Textile Trade in APEC Developing Economies
4. Market Access for Textile Trade between APEC Developed Economies and Developing Economies
5. Exchange and Cooperation in Intellectual Property among APEC Economies

### **Project Evaluation**

The project satisfied the needs of the beneficiaries as follows:

#### **I. Representatives from TPOs and government related agencies:**

They gained knowledge of textile trade environment so that they could counsel their members or clients in international business. In such a way the benefits of the seminar will spread to a much wider cross-section of business community in APEC.

#### **II. Traders:**

They shared experiences in doing international business in the textile and garment sector. They also discussed with experts and policy makers about better solutions to the trade disputes.

According to the feedback, most delegates including both speakers and participants believed that this project had achieved its objectives.



## Program

Wednesday, May 25<sup>th</sup> 2005

0700- **Registration**

0900

0900- **Opening Plenary Session**

1000

Welcoming Remarks

Mr. Yu Ping

Vice Chairman, China Council for the Promotion of International Trade(CCPIT)

Welcoming Remarks

Ms. Yu Hongyi

Vice Mayor, Ningbo Municipal People's Government

Welcoming Remarks

Mr. Wang Renzhou

Director General, Ningbo Municipal Bureau of Foreign Trade & Economic Cooperation

Opening Keynote Address

Mr. Du Yuzhou

President, China National Textile and Apparel Council (CNTAC)

Moderator: Mr. Zhao Zhenge

Deputy Director General, Department of International Relations, China Council for the Promotion of International Trade(CCPIT)

1000- Break

1020

1020- **Plenary Session I**

1200

*The Important Role of the APEC Mechanism in Resolving Textile Trade Disputes*

Moderator: Mr. Zhang Yankai

Director General, Market Department, China National Textile and Apparel Council(CNTAC)

Deputy Executive Chairman, The Sub-Council of the Textile Industry, China Council for the Promotion of International Trade (CCPIT TEX)

Speaker: James J. Jochum

Former Assistant Secretary of Commerce of USA

Speaker: Paul Cohen

Former President, Council of Textile and Fashion Industries of Australia

Speaker: Mr. Li Yueyin

Senior Advisor, Shanghai WTO Affairs Consultation Center

*Interventions & Questions from the floor*

1200- **Luncheon**

1400

1400- **Plenary Session II**

1540

*Complementarity of Textile Trade among APEC Economies*

Moderator: Mr. Chen Dapeng  
Deputy Director General, Market Department, China National Textile and Apparel Council (CNTAC)  
Deputy Chairman & Secretary General, China National Garment Association (CNGA)

Speaker: Mr. He Chengming  
Chairman, Veken Holding Group Co., Ltd.  
Vice Chairman, Federation of China Textile and Garment Entrepreneurs

Speaker: Ms. Fawn Evenson  
Vice President, American Apparel and Footwear Association (AAFA)

Speaker: Mr. Hideo Otsuki  
Chairman, Itochu Textile (China) Co., Ltd.

*Interventions & Questions from the floor*

1540- Break  
1600

1600- **Plenary Session III**  
1740

*Textile Trade in APEC Developing Economies*

Moderator: Mr. Chen Dapeng  
Deputy Director General, Market Department, China National Textile and Apparel Council (CNTAC)  
Deputy Chairman & Secretary General, China National Garment Association (CNGA)

Speaker: Mr. Young-kie Ahn  
Chairman, Korea Chemical Fibers Association (KCFA)

Speaker: Mr. Vince Gowan  
Chairman, Apparel Manufacturers Association of Indonesia (AAMI)

Speaker: Mr. Virat Tandaechanurat  
Executive Director, Thailand Textile Institute (THTI)

*Interventions & Questions from the floor*

1800- **Welcome Dinner**  
2000

<b>Thursday, May 26<sup>th</sup> 2005</b>
---

0900- **Plenary Session IV**  
1020

*Market Access for Textile Trade between APEC Developed Economies and Developing Economies*

Moderator: Mr. Xu Yingxin  
Deputy Secretary General, China National Textile and Apparel Council (CNTAC)  
Deputy Chairman, The Sub-Council of the Textile Industry, China Council for the Promotion of International Trade (CCPIT TEX)

Speaker: Ms. Julia K. Hughes  
Vice President, United States Association of Importers of Textile and Apparel (USAITA)

Speaker: Mr. Boris Fomin  
President, Russian Union of Entrepreneurs of Textile & Light Industry

Speaker: Mr. Nguyen duc Thanh  
Deputy Director General, Export-Import Department, Ministry of Trade of

Vietnam

*Interventions & Questions from the floor*

1020- Break

1040

1040- **Plenary Session V**

1200

*Exchange and Cooperation in Intellectual Property among APEC Economies*

Moderator: Mr. Xu Yingxin

Deputy Secretary General, China National Textile and Apparel Council (CNTAC)

Deputy Chairman, The Sub-Council of the Textile Industry, China Council for the Promotion of International Trade (CCPIT TEX)

Speaker: Ms. Wen Xikai

Deputy Director General, Law and Treaty Department, State Intellectual Property Office of P. R.C

Speaker: Mr. Denis Croze

Acting Director Advisor, Economic Development Sector, World Intellectual Property Organization (WIPO)

*Interventions & Questions from the floor*

1200- **Comment:** Mr. Sun Huaibin

1220

Spokesman, China National Textile and Apparel Council (CNTAC)

Editor in Chief, *China Textile*

1230- **Luncheon**

1400

1400- **Closing Session: Colloquium on Local Experiences**

1530

Participants are invited to share with fellow participants their local experiences of textile trade.

Moderator: Mr. Zhao Zhenge

Deputy Director General, Department of International Relations, China Council for the Promotion of International Trade (CCPIT)

1530- **Visiting Veken Industrial Zone**

1730

## Session Summary

### *The Outlines of Representation and Discussion*

#### **1. The Important Role of the APEC Mechanism in Resolving Textile Trade Disputes**

This session aims at finding proper ways of resolving the international textile and clothing trade disputes by studying the systematic characters of the APEC cooperation mechanism.

On January 1<sup>st</sup> 2005, the textile quota was formally lifted. With the elimination of the textile quota, the textile and clothing disputes has been increasing in the world market, especially among APEC economies. Before 2005, the economies including the United States of America, Mexico and Peru have imposed the anti-dumping and safeguard measures to restrain the textile and clothing imports from China.

On one hand, these measures are due to the expediency taken by certain economies to protect their own textile industry. On the other hand, they are also the strategies applied for maintaining the favourable positions in the international competition for those economies, where the textile industry occupies a dominant percentage. Nevertheless, the adoption of these measures are totally contrary to the WTO principle of promoting the free trade and the original intention of bringing the textile and clothing trade back to the free trade system. The increase of the textile export from some export economies including China will not cause the decline of textile industry in the other economies.

One important character of the APEC cooperation mechanism is to foster mutual development among the APEC economies by consultation instead of reapplication of trade protectionism. APEC economies should make full use of the forums and channels provided by APEC cooperation mechanism for communication and exchange. And the disputes concerning the textile and clothing trade should be resolved by coordination and dialogue in order to achieve win-win situation among APEC members.

#### **2. Complementarity of Textile Trade among APEC Economies**

In this plenary session, delegates discussed on the complementarity of the textile and clothing industry.

One of the important characters of the textile and clothing industry is the long industry chain. The industry chain of textile and clothing extends from the raw materials including the cotton and wool to the semi-finished products, such as yarn and fabric, and the finalized products, which includes the garment, home textile and industrial textile. Hence, resources, technology, market and brand names play different roles in different sectors along the industry chain. Among the APEC economies, the different economies also have the different advantages in different sectors. Some economies, such as China, Indonesia and Vietnam are much powerful in the capacity of processing, while the developed economies including USA and Japan dominate in regard of technology, market and brand names. Moreover, USA and Australia are also the economies rich in resources for textile industry while China is the main economy for the consumption of the textile raw material. Therefore, with the full use of the different advantages for the different economies in the textile and clothing chain, it is possible to reach the goal of the joint development among the APEC economies.

#### **3. Textile Trade in APEC Developing Economies**

In this plenary session, delegates tried to find ways to promote textile and clothing trade

in APEC developing economies and maintain long-term development after the elimination of the textile quota.

As one of the traditional industry, the textile and clothing industry always maintain the dominant position for the developing economies. Before the elimination of the textile quota, the export of the textile and clothing were mainly restricted by the quota. There is no doubt that the phasing out of the quota is favourable for the export of textile and clothing from the developing economy. However, many economies are very concerned about whether their advantage will continue after the elimination of the quota. Moreover, , there is still a big gap between developing and developed economies in terms of capital, technology, brand names and market. Therefore, it is particularly significant to upgrade the textile and clothing industrial level by taking advantages of the elimination of the textile quota.

The economic growth of the developing economies especially that of the textile and clothing trade, will make great contribution to the world economy.

#### **4. Market Access for Textile Trade between APEC Developed Economies and Developing Economies**

In this plenary session, delegates studied the rules and regulations concerning the market access and the existed problems.

Good market access is the precondition for the promotion of the textile and clothing trade. Under the facilitated market conditions, the textile and clothing trade will reach a smooth development. However, the textile and clothing products have faced the different unfavourable market access conditions in different economies. In particular, kinds of non-tariff trade barriers including anti-dumping, countervailing, safeguard measures, the special safeguard mechanism for the Chinese textile and technological barriers are frequently taken in certain economies where the textile and clothing import are strictly restrained. Since most APECE economies are WTO members, the above non-tariff barriers are permitted under the precondition that they are in accordance with the WTO rules. However these measures should not be abused even being the obstacle against the development of textile free trade. Moreover, as the trade facilitation is one of main topics discussed during the Doha Development Agenda, to promote the understanding of the market access rules, avoid the confusion in this regard and booster the trade facilitation will greatly contribute to the development of Doha development Agenda.

#### **5. Exchange and Cooperation in Intellectual Property among APEC Economies**

This plenary session is aiming at the research on how to promote the exchange and cooperation in intellectual property rights among APEC economies.

Intellectual Property has the particular impact on the textile and clothing industry. Copyright, trade marks and patent are widely used in all the textile and clothing industrial sectors. For example, the copyright is important for the design of fabrics while the trade mark is important for the apparel and patent for the industrial textiles.

Nevertheless the situation faced by the developing economies and developed economies are totally different. The over monopoly on the intellectual property is obviously unfavourable for the development of the textile and clothing industry in the developing economies. On the other hand, the infringements on the intellectual property owned by the developed economies concerning the textile and clothing industry also widely exist. Meanwhile, the development of the intellectual property is more and more affective on

the international trade. Therefore, to intensify the exchange and cooperation between the developing and developed economies of APEC and avoid both the over monopoly on the intellectual property and the frequent infringement of intellectual property will finally contribute to the development of international trade and the win-win situation between the developing and developed economies in textile and clothing trade.

### **6. Colloquium on Local Experiences**

A half afternoon was dedicated to exchanges of local experiences in textile trade among delegates themselves.

Representatives from APEC economies discussed on current topics of general interest. Since the exports of Chinese textiles and garments to developed economics have been increasing considerably, the representatives wished to exert their own advantages and strengthen competitive ability, and push common development in textile and garment industry through the complementarity of advantage among APEC economies. Ms. Evesen, vice president of American Apparel and Footwear Association referred that unemployment rate was rising in recent years, and suggested that APEC mechanism could communicate with the government to effectively solve and soften the conflicts faced by America textile and garment industry. In addition, the participant from Vietnam said that there mainly are middle and large scale enterprises in textile and garment industry in Vietnam, and he expected to communicate and study with strong economies in the field of textile and garment industry and strengthen and enlarge the cooperation through attending the meetings like APEC seminar on textile trade this time.

Representatives spoke highly of the organization work of this seminar. This event built a good platform for textile and garment industry among economics. The closing session ended at animated atmosphere.

## Opening Plenary Session



**Mr. Yu Ping**  
**Vice Chairman**  
**China Council for the Promotion of International Trade (CCPIT)**

Mr. Yu Ping was born in June 1955 in Guangdong Province. He graduated from the English department of the Guangzhou Institute of Foreign Languages in 1975, later completed training in the advanced studies program on International Trade, in the Department of Finance and Trade, the Graduate school of the Chinese Academy of Social Sciences, and is now having, starting from September 2002, the in-service training program for EMBA degree in the Peking University.

Mr. Yu joined the Ministry of Foreign Trade in June 1976, and was later transferred to the Department of International Relations of the China Council for the Promotion of International Trade (CCPIT) in February 1977. He took the in-service study of Literature and English between October 1977 and July 1979 in the Bayero University, Nigeria.

Mr. Yu became Deputy Director of the Division of European Affairs, the Department of International Relations, CCPIT in June 1985, Director of the Division in May 1988, Deputy Director General of the Department in February 1990, Director General of the Department in March 1994, and the CCPIT US Chief Representative in July 1995. Mr. Yu became Deputy Secretary General of the CCPIT in July 1999, and took the concurrent seat of Director General of the Personnel Department of the CCPIT in April 2002. Mr. Yu was appointed Vice Chairman of the CCPIT and the China Chamber of International Commerce in August 2003.

Mr. Yu served as Lead Shepherd of APEC Working Group on Trade Promotion (WGTP) from 2001 to 2003.

**Welcoming Remarks by Mr. Yu Ping**

Distinguished delegates, ladies, gentlemen and friends,

Today, at this grand opening of the APEC Seminar on Textile trade, I would like, on behalf of the organizer, the China Council for the Promotion of International Trade (CCPIT), to extend my sincere congratulations to the meeting.

The year 2005 opened the gate to a post-quota era featuring free trade for the global textile sector. On this occasion, delegates from the textile and garment enterprises, the related associations, governmental departments in China and other APEC member economies and international organizations come together to discuss on establishing the new order of the textile trade by seeking mutual benefit and mutual development. This would be a big event to the world's textile and clothing industry. At this seminar, delegates will have a better understanding of the great complementarity and distant foreground of cooperation among APEC member economies in the textile trade. We hope that this seminar may help APEC exporting member economies deepen their understanding of the trade policies of the major importing economies in textile sector around the Asia-Pacific region, and provide advice to the participants on the development of textile trade in the post-quota era. I believe that this seminar is an ideal platform for APEC delegates to exchange views on the possible ways to minimize the textile trade frictions under the WTO legal framework by taking advantage of the complementarity and cooperation potentials among APEC member economies in textile and clothing sector.

Textile and clothing is all the while playing a crucial role in the world trade, no matter in the past or in the future. The ancient Silk Road bore the flow of Chinese silk and western products and witnessed the prosperity of trade between the east and the west and the friendly exchanges between China and the rest of the world. In the modern international trade, GATT and afterward WTO were devoted to promoting textile and clothing trade in a sound system under multi-lateral co-operations.

For a long time, the global textile and clothing trade has been beyond the free trade system. Distorted by the quota system, the export of textile and clothing in the vast developing economies including China was under the restriction, which has disturbed the full play of the relative advantages of developing economies in the international trade and deviated from the WTO principles. The elimination of quota in 2005 leads the world textile and clothing trade into a new age of free trade and fair competition, with reasonable distribution of production elements all over the world and development of economic globalization. This is a landmark event, nothing less than a revolution in the circle of the international trade. The integrated world trade of textile and clothing will no doubt lower the investment risk, improve the profitability and expand the business for the manufacturers and buyers of textile and clothing in the world.

Textile and clothing industry plays an important role in China's industrial regime. The industry has achieved a rapid growth thanks to the rich labor force and the giant domestic market. In 2005, the industry offers 19 million employments and creates over



100 million job opportunities directly or indirectly. Over 70% of the textile and clothing production is put to the domestic market that is at a higher growth rate than export. The rapid development of Chinese textile and clothing industry has another account. In the current international trade framework, the traditional textile and clothing industry has lost its relative advantages in the developed economies and it is necessary to migrate the productions into the developing economies because of the international labor division. In 2004, the gross export of Chinese textile and clothing reached US\$114.189 billion, accounting for 9.88% of the nation's total import and export with a growth rate of 21.01% compared to the previous year, and the import topped US\$16.804 billion with 7.81% increase. When the world consumers are enjoying the high quality textile and clothing at reasonable prices, they are indeed sharing the benefits brought by the international division of work and the international trade.

The Chinese textile and clothing export will mount up to a certain extent on account of the removal of quota. However, this is a natural course of returning to the free trade regime. The quota system had distorted the world textile and clothing trade and curbed Chinese exports of textile and clothing. The integration eliminates the trade distortion and is bound to release the rapid growth of Chinese exports in a certain period. But, in the short and long views, this growth cannot last for a long time due to the various conditions of raw material supply, energy and environment. Looking back upon the 18 categories of textile and clothing that had been freed from the quota system since 2001, we could conclude that the exports of these categories had walked through a path of "Growth, Growth at half growth rate and the final stabilization" from 2002 to 2004. Therefore, the growth rate of Chinese textile and clothing export will be dropping gradually in the following three years. Furthermore, with the quota elimination, the Chinese textile and clothing industry will attract more foreign investment, latest technologies and advanced management, hence the acceleration of the industrial upgrade.

As the largest trade promotion organization of China, CCPIT is committed to promoting trade and economic relations between China and other economies in the world and enhancing cooperation, understanding and friendship of the peoples. We are willing to join the hands with every one of you to make contributions to push forward the cooperation and trade between China and all APEC economies in the sector of textile and clothing.

Before ending my speech, I would like to convey my sincerest wish for the success of the APEC Seminar on Textile Trade.

Thank you!



**Ms. Yu Hongyi**  
**Vice Mayor**  
**Ningbo Municipal People's Government**

### **Welcoming Remarks by Ms. Yu Hongyi**

Distinguished Mr. Yu Ping and Mr. Du Yuzhou:  
All leaders, gusts, ladies and gentlemen:

Good morning! It is my pleasure to present APEC seminar on Textile Trade. On behalf of Ningbo municipal government, I extended warm congratulation for smoothly opening of this seminar, and expressed sincere welcome to all leaders and guests who have come to Ningbo.

Since the establishment at the end of 1980's, APEC followed the tenet and objective of dependence each other, common benefit, multi trade system insisting on opening up and decreasing regional trade barrier. With the development of tens of years, APEC has become the important economic cooperation forum in Asia-Pacific region, and played a vital role on the factor of strengthening economic and technology cooperation and exchanges between members and so on.

Under the frame of WTO, APEC cooperative regime still plays a dispensable position and role on the field of international textile and garment trade in post quota era, including strengthening cooperation and softening disputes. As we know, APEC member economies plays an important role on international textile and garment, and the largest manufacturing center and consuming center in the globe are within these regions. Due to immanent characteristic for long industrial chain of textile and garment industry and diversity among APEC member economies, The APEC economies have huge complementary and broad cooperation prospect in the field of textile and garment trade, and could realize win-win situation in textile and garment trade among economies through international distribution cooperation, and promote common prospect in Asia-Pacific region.

Currently, There is a problem which all of us must highly concentrate and attach importance in international textile and garment trade: With the coming of post quota era, the argues and trade disputes if textile and garment products will return to free trade orbit in the world increasingly appeared, and those trade conflicts happened among APEC economies. It is obvious to be disobedient with basic principal of APEC and the tenet of WTO, and not be beneficial exertion of comparative advantage and optimizing allocation of global resources among members. Numerous historic experiences and lessons told us that it would gain mutual benefit through cooperation, and be injured if both sides struggle with each other. Therefore, this seminar organized by the China Council for the Promotion of International Trade(CCPIT) and APEC aims to provide a cooperation platform on which all relevant governmental officials, industrial associations and enterprises from APEC economies as well as textile and garment industry express their ideas and exchange views, and commonly discuss how to effectively escape and perfectly solve trade disputes of textile and garment under the cooperation systems of APEC and the WTO legal framework, and deepen trade

cooperation in textile and garment sector among APEC economies, push all members to commonly develop in textile and garment industry, and it will play realistic and far-reaching significance on pushing forward headway of Doha Round negotiation of WTO.

It is our honor that CCPIT and APEC hold this seminar in Ningbo, and it is also affirm for the development of Ningbo textile and garment industry. Textile and garment industry is traditional advantage industry in Ningbo. Since reforming and opening up, its general strength, energy and international competitiveness have made a wide range promotion, and changed into new style industry of modern science and technology from traditional labor intensive industry, and Ningbo has gradually been an important textile and garment manufacturing base in China and world, by some ways of continually deepening reforms of mechanism and system, accelerating optimizing upgrade of industrial structure and actively develop international cooperation of economy and technology. The volume of jacquard of width, garments & accessories, home textiles and colored spun yarns ranked top in China. By the end 2004, there are 1106 considerable enterprises of textile and garment manufacturing in Ningbo, and employees amounted to 274, 000 , appearing a great number of famous brands in home and overseas such as YOUNGOR, FIRS, VEKEN, ROMON, BEYONG, PROGEN, PEACEBIRD, PROGEN etc. The total of 11 enterprises were listed on the top 100 enterprises of Chinese textile and garment industry (3 enterprises on top 10 enterprises), and 9enterprises listed on the top 50 enterprises. There are 3 Chinese renowned labels and 11 famous brands in Ningbo. The value of sale reached 50.39 billion RMB, and delivering value of exporting was RMB 26.173 billion, the total of tax payment was RMB 4.386 billion. Currently, Ningbo textile and garment industry have mixed together circulation system of international textile and garment industry, Ningbo textile and garment industry was willing to actively develop cooperation and exchanges of economy and technology in all round, in multi-level and in broad field under cooperation regime of APEC and WTO legal framework, and build closer economic relation, commonly push the prospect of textile and garment industry in Asia-Pacific region. Hereon, We also wish that all leaders, experts and scholars and quest who were presenting the seminar could visit textile and garment enterprises in Ningbo, and give us some precious suggests and opinions.

Finally, I sincerely wish APEC seminar on textile trade could be successful, and cooperation prospect of textile and garment trade among economies will be beautiful. Good health and wishes for all leaders and guests! Thank you very much!



**Mr. Wang Renzhou**

**Director General**

**Ningbo Municipal Bureau of Foreign Trade & Economic Cooperation**

### **Welcoming Remarks by Mr. Wang Renzhou**

Ladies and gentlemen:

Good morning!

It is my great honor to accept the invitation to discuss about agenda of textile trade with all experts, scholars on APEC seminar on textile trade. According to the arrangement of meeting, I will introduce you about basic information of Ningbo City from following four aspects.

#### **1. Ningbo is a big international port city in China**

Opening to developmental history of Ningbo city, Ningbo vitalized business, trade and city relying on the port. In early Tang and Song dynasty, it along with Yangzhou and Guangzhou city were called as three large size foreign trade ports. After reforming and opening up, Ningbo has been developing rapidly depending on flexible system, favorable policy and predominant geographical condition., and today it has developed into a modern deepwater port with high reputation throughout world, containing inter-river port, river port as well as sea port., which is also only port of unloading bulk freighter with 300 thousand tons. Hundred mile port area consists of Beilun port area, Zhenhai port area, Ningbo port area, Daxie port area and Chuanshan port area, among them, Beilun port area is one of four international deepwater entrepots, which is development and construction of key project in China. Currently, there are 198 berths in Ningbo port, and 23 deepwater berths of them, which capability of unloading cargo is from 50thousand to 250thousand. Ningbo port is one of ports having the largest scale and especially large scale deepwater ports in China mainland. In 2004, the volume of freight handled of whole ports exceeded 220million tons , and have become the second port with handing capacity of 200million among the ports with handing capacity of 800million in the mainland of China, only being inferior to Shanghai port. The handling capacity of containers broke through 4 million standard containers, ranking the fourth among all ports in the mainland of China. It entered into 10 top ports in the world, and its consecutive increasing range of 6years stood the first in main container ports in the mainland of China. Today, there are 110 lines of regular passengers of container in Ningbo ports, sailing through over 600 ports of more than 100 economies and regions in the world, and ship companies ranking top the 20<sup>th</sup> in the globe have already landed on Ningbo port. Having natural deepwater port, Ningbo has been the second large port city and the most important one in Asia-Pacific region. According to the plan of provincial party committee and provincial government of Zhejiang, it will serve to integrate for Ningbo port and Zhoushan port. By 2020, The handing capability of good of combined port between Ningbo and Zhoushan is expected to surpass to 500million tons, and that of containers will exceed 18 million standard containers. On 25<sup>th</sup>, April 2005, the general plan of Ningbo port was passed the examination, and the ultimate objective of the plan is to make Ningbo protecting tax and logistic garden construct into economic experiment farm having the highest degree of freedom and openness, and finally push Ningbo port to become into the important part of Shanghai international sailing center and the hinge

of international logistic of north east Asia.

## **2. Ningbo is big city of opening up in Zhejiang**

As a foreign trade port with thousands years history, Ningbo ever created the brilliance—"silk road on seas, the road of porcelain" in ancient China . Since it became one of 14 opening cities approved by China, Ningbo rapidly developed on foreign trade, and have become a key port of coastal opening up and foreign trade in China along with the increasingly improvement of opening up degree. In 2004, opening economy gained performance of breakthrough, that the total value of trade reached 26.1billion USD, and export value was 16.7billion USD, and import value was 9.4billion USD, accounting for 31%, 29%, 35% respectively of that of Zhejiang province. The total value of foreign trade reached 51.6 billion USD, increasing by 52% compared last year, and export value was 26.6 billion USD, and import value was 24.9 billion USD, increasing 41% and 66% respectively. The dependence degree of foreign trade exceeded 100%. Currently, there are over 4000 enterprises having tangible achievement of import and export in whole city, emerging some enterprises with over 1billion turnover. Utilizing prominent achievement of foreign trade, by the end of 2004, a sum of 9153 foreign funded enterprises in Ningbo had been approved accumulatively, with total investment up to 37.2 billion USD, of which the contractual foreign capital took up 21.2 billion USD and actual utilization of foreign capital reached 10 billion USD. Among 15 cities of sub-provincial level, Ningbo was ranked the third on the aspects of total volume of import and export, that of export, and number of foreign funded projects as well as contractual foreign capital, and actual utilized foreign fund was ranked the seventh, Currently, The economies and regions having direct trade contacts with Ningbo reached 204, and trade value surpassed 4.1billion USD. Among top 500 enterprises in the globe, more than 50 enterprises have been set up office in Ningbo, and nearly 10 large size trans-national retail groups such as Carrefour, Metro, Auchan, Walmart etc. entering Ningbo. There are four national level development areas such as economic & technology development area, protecting tax area, science & technology area, Daxie development area and so on and provincial and ministry level industrial garden such as Zhenhai economic development area in Ningbo. Zhejiang investment trade discussion meeting and China international commodity fair.

## **3. Ningbo is competitive and strong city in China**

As a city enjoying the first provincial level legislative of economic management and power of enacting local regulation, Ningbo is a vital city of economic center in the south of Changjiang delta and the second big city in Zhejiang. Since reforming and opening up in China, Ningbo has been a city with strong competitiveness and powerful development, due to continue development of economy in Ningbo. In 2004, the total value of GDP reached 215.8 billion yuan in whole city, and per capita GDP was 4698 USD, which was nearly 1/6 and 1.62 times of that in Zhejiang respectively. And tax payment amounted to 40.1billion RMB, ranked the first in Zhejiang. The total value of high technology products was 113 billion RMB, and value of sale was 108 billion RMB, increasing by 27% and 26% respectively. Common financial budgeted income amounted to 28.8 billion, and central financial income was 13.7 billion RMB, increasing by 19%, and local financial income 15.2 RMB, increasing by 29%. The proposal per capita income of city and town citizens reached 15882 RMB, up 11% compared with last year; and pure per capita income of rural citizens was 7018RMB, increasing 13%. It was showed from *The Blue Book of City Competitiveness in 2005* issued by society & science institution in March this year that comprehensive competitiveness of Ningbo ranked the sixth among 200 cities in China, having been continually entered top ten strong cities in China for three years and respectively ranked the tenth and the eighth in 2003 and 2004. In monomial index this year, competitiveness of enterprise management of Ningbo ranked the first, and that of system was the second, that of structural was the fourth, that of governmental

management was the seventh in China. The trans-sea bridge of Ningbo and Hangzhou bay, the longest trans-sea bridge in the world to be highlighting, is expected to be completed in 2008. At that time, Ningbo will further realize to connect with Shanghai, and actively mix together economy and life circle in Shanghai with distant of 2 hour. The railroad from Ningbo to Tiazhou has been approved, and will start to implement this year, and is expected to be completed in 2008. On the occasion, it along with railroads from Wenzhou to Fuzhou, from Fuzhou to Xiamen, and from Xiamen to Shenzhen which is still planned will form commonly the expressway from Changjiang delta to Zhujiang delta. The construction for the bridge of Hangzhou bay and the railroad from Ningbo to Taizhou will essentially change the current condition of transporting ending in Ningbo, making Ningbo grow into an important transitional hinge in network of Changjiao delta. It will not only be beneficial to enlarge areas of Ningbo port, and accelerate the development of port economy and international container transportation, but also help to Ningbo to further open up and go toward world.

#### **4. Ningbo is a big city of Chinese textile and garment manufacturing**

Ningbo had long history of garment manufacturing, and occupied key position in history of Chinese garment development. Enjoining the perfect name called the hometown of "hongbang dressmaker", it is also the cradle of neoteric garment industry, which the first suit, Chinese tunic suit, suit shop, theoretical book about suit as well as garment school were come from persons of Ningbo. Since opening up for 20years, Ningbo engaged in textile import and export trade relying on advantage of port, numerous foreign trade companies and foreign business institution in Ningbo. With rapid development of textile and garment industry, Ningbo has become one of Chinese the largest textile and garment manufacturing and exporting bases, also is the largest textile and garment city in south of China. There are nearly 4000 enterprises of textile and garment manufacturing in Ningbo, among of them, all sorts of garment enterprises occupied over half, and annual garment manufacturing capability amounted to about 1.4billion suits, and produced 12% of the total of Chinese garment manufacturing by garment enterprises of which number was less than 5% of total of that in China. In 2004, export value of textile and garment reached 4.1 billion USD, accounting for 25% of the total of that in Ningbo, and export of garments and textiles ranked the first and the second respectively in whole city. With great amount and perfect quality, textiles and garments in Ningbo had brands with high reputation and strong international competitiveness. It is also said that Ningbo became a big textile and garment city depending on brands. Currently, there are three famous garment brand of China such as YOUNGOR, FIRS and ROMON, and 10 brands of suit, shirt and home textile such as YOUNGOR, VEKEN, BEYONG, PEACEBIRD etc, 13 brands of provincial level and 19 brand of city level. Among 55 textile and garment brands of attaching importance on cultivation and development in 2005 and 2006 recently issued by Ministry of Commerce of People Republic of China, 7brands in Ningbo were on the list, accounting for 12.73% in China. Today, Modern garment industry in Ningbo entered a brand new era of rapid development, and have formed industrial clustering containing the manufacturing of knitting, garment, wool garment, children garment and leather garment, relying mainly on suit and shirt, and textile and garment industry have become a stunt industry. As a big city of Chinese textile and garment manufacturing, there are national level textile labs in our city, and textiles and garments could be tested in local region. Since 1997, international garment fair have been hold on 18th -22th, October every year.

Ningbo is a coastal developed city being full of life and energy, and hope that all of you could deepen the understanding for Ningbo through my introduction. In the first of 21th century, We put forward making Ningbo construct into a international port metropolis with developed economy, harmonious society, beautiful environment, and the

development of Ningbo will enter a brand new rapid orbit. We sincerely welcome all friends from home and overseas to Ningbo to make investigation, investment and cooperation.

Thank you very much!



**Mr. Du Yuzhou**

**President**

**China National Textile and Apparel Council**

Mr. Du Yuzhou, born in 1942 in Qiqihaer of Heilongjiang Province, is a senior architect and professor of Manchu nationality. Graduated from Tsinghua University in 1966, Du had ever served in the Designing Institute of the Ministry of Textile as the Chief. Since 1985, he took up the appointments as the Vice-Minister of the Ministry of Textile, the Vice-President of the China National Federation of Textile Industry and the President of China National Textile Council. Now, Du is the President (Vice Minister) of China National Textile & Apparel Council, concurrently the Chairman of China National Garment Association and the Chairman of China National Federation of Textile Manufactures.



Opening Keynote Address by Mr. Du Yuzhou

**Uphold the Free Trade and  
Promote a Win-Win Cooperation**

**Mr. Du Yuzhou, CNTAC**  
May 25, 2005

- I. Free Trade is an Inevitable Approach as a Result of Economic Globalization
- II. Domestic Demand & Globalization are the Driving Power for the Sustained Growth of Textile Industry in China during the New Era
- III. Uphold the Principle of Fair Play in WTO, and Keep up the New Order of Textile Trade in Post-Quota Times

**I. Free Trade is an Inevitable Approach as a Result of Economic Globalization**

1.1 Globalized economy drives economy in every country into a transnational production networks that presents a more precise & closely-related international division of labor.

1.1.1 New & High Technology Gears up the World Industrial Restructuring Process

Developed countries, while striving to develop newly-emerging industries, are organizing their production in those cost-minimal countries & regions.

2001-2003 witnessed an annual averaged index of 1.25 as an indication of FDI flow into developing countries. To be more exact, 1.54 into Middle East & Southeast regions, and 0.92 into developed countries.

Prominently, the developing countries were also involved in this trend of international division of labor, playing their roles in the new-growth industries to seek for business expansion that led to their overseas investment growing at a faster rate than that of the developed countries to arrive at US\$900 billion, representing one-tenth of the world FDI's total profile.

By the end of 2004, China's FDI had already amounted to US\$562.1 billion, and the foreign-ventured enterprises numbered over 500,000 that constituted an immense import market for over US\$560 billion. Nevertheless, our overseas investment from the domestic enterprises other than the financing & banking institutions aggregated for US\$33.4 billion over the foregoing 5 years as of the end of 2003.

#### 1.1.2 The global industrial division presents to be a multilevel and stratiform network

Both the developed and the developing countries are looking for an optimized configuration of global resources, making it possible for the global production system to shift from traditional vertical division of labor to a more mixed stratiform mixture lengthwise & widthwise.

The division of labor by countries & regions, by industries & product profiles makes it possible, on one hand, to strengthen the complementarity between countries, and on the other hand, to enable the world resources to be growing at a faster rate than the world production. During 1980 – 2002, the world population had been growing by 39.48%, while the fiber production by 90.4%, and the fiber-based products by 269.44%.

2003	Population	GDP	All Exports	All Imports	Service Export	Service Import	Export of Fiber Products
Developed countries	16%	80.5%	75%	79%	79%	75%	35%
Developing Countries	84%	19.5%	25%	21%	21%	25%	65%

APEC members have 41.5% of the world population and 57.9% of GDP. Their commodity exports are 44.5% of the world total, fiber products exports 44.9%, of which 2/3 is conducted among the APEC members.

1.2 Free Trade, a Common Desire for Realizing Comparative Benefits in Different Countries

1.2.1 Free Trade Offers Growth Opportunity to Countries with Different Resources Availability & Income Level

IMF's data for the world economic outlook indicates that the free trade has enhanced the global economy. In the climate of free trade, high-tech. & capital advantages provided the developed countries with opportunities for industrial innovation, development of service industries and overseas investment. And in the meantime, the Internet Technology, network economy, human resources and natural productive forces have also provided the developing countries with equal opportunities for their subsequent growth. In the transitional process of economic re-structure in every country, the new sectors for employment have also been emerging.

	Growth rate 1991-2003	1990	2000	2001	2002	2003
World	3.3	2.8	4.7	2.4	3.0	3.9
Developed countries	2.5	3.0	3.8	1.1	1.7	2.1
Developing countries	4.3	2.5	5.9	4.1	4.6	6.1
China	9.7	3.8	8.0	7.5	8.3	9.3

1.2.2 Elimination of Quota System Makes Possible the Integration of Transnational Production with Transnational Retail

International retail business integrates transnational production as its first part of the value chains, and as the take-off line of the runway for personalized consumption. And more extensive international cooperation and even higher labor productivity will certainly provide humankind with greater gospel for apparel consumption.

**II. Domestic Demand & Globalization are the Driving Power for the Sustained Growth of Textile Industry in China in the New Era**

2.1 Domestic Demand will still be a main driver for sustainable growth in our textile industry in the future

In 2003, GDP arrived at US\$1000 on average in China in a sharp contrast to an averaged US\$153 of GDP in 1978, and is projected to reach US\$3000 as an averaged target in 2020 when the national GDP will arrive at about US\$4000 billion with our industrial modernization basically fulfilled. The textile industry will keep its important role in this historical period for comprehensively building up a well-off society in China.

2.1.1 Textile Industry Pulls on the Development of Macro-Economy, and This Role is Further Intensified

An Input & Output Data Sheet of China's Economy in 2000 shows a strong impact co-efficient that the textile industry exerts on the other sectors of national economy, and the exact factorial index goes up to 125%, a 25 percentage point higher than the averaged figure for all the other economic sectors.

### 2.1.2 Fiber Consumption for our 1.3 Billion Population Continues to Surge

2001-2003 saw a rapid growth of averaged expenditure on apparel consumption by 12.71%, a 5 percentage point higher than the growth rate during 1980-2000, and home-textile & technical textile are becoming the contributing factors to the new source of growth. In the turnover-sizable textile enterprises (referring to those enterprises whose sales turnover surpassed RMB(Yuan)5 million), the sales output value increased by 82.17%, and export shipment value by 70.34%.

### 2.1.3 National Employment Pressure is still an Important Driving Factor for Developing Textile Industry in China

The unemployment rate is registered at 4.6% in cities & towns while about 10 million people are added on to the new labor force every year, coupled with approx. 150 million surplus laborers in the countryside. The textile industry kept 19 million people in payroll in 2004. Of the turnover-sizable enterprises in the country, the employment in our textile industry increased from 13.28% in 2000 to 14.67% in 2004 of the entire industrial payrolls in the nation.

### 2.1.4 To Settling Down the Issues related to Agriculture, Farmers & Countryside is the most important Task to Sustain the Growth of Textile Industry in China

From 1978 to 2004, the rural population decreased from 82% to 58% in the nation's demography, still leaving 760 million people as farmers, working in only 0.2 hectares of arable land on average, accounting merely for 18% on world average level, 2% of Europe level, and 1.59% of North America's level.

In 2004, the income of rural residents was averaged at RMB(Yuan)2936, representing 31.16% of the dispensable income of urban residents' average level.

Our textile industry consumes more than 7 million tons of natural fibers provided by Chinese agriculture, and is closely related to the life & subsistence of 100 million farmers.

There are about 13.5 million rural workers in our textile industry, who come from countryside, which are just the leading factor of our comparative advantage in this industry.

The textile industrial production in geographic clusters that are scattered in the vast rural areas along the coastal lines in the East & South of China takes up 80% of the production capacity in the country, and are the important conditions for facilitating the urbanization process in rural areas.



Guangdong: 25
Jiangsu: 17
Zhejiang: 14
Shandong: 8
Fujian: 8
Hebei: 2
Liaoning: 1
Hubei: 1

2.2 China is making greater efforts to continue its economic system reform and its opening policy to the world in the new era in hope for Chinese textile industry to attain more vigorous & more extensive international cooperation.

2.2.1 China will continue to push forward the reform in countryside and in the state-owned enterprises, encouraging, supporting & guiding the development of non-governmental economies. Reform will also be accelerated in monetary, financing, tax & investment sectors to build up a highly-efficient market system.

Market reform has brought about fundamental changes in the capital structures in the textile industry, which has seen a rapid growth of non-governmental economies. Of 26,000 turnover-sizable enterprises ( whose annual sale turnover outnumbers RMB 5 million) in 2003 as per State Statistics Bureau, the total fixed assets amounted to RMB1200 billion, 26% higher than that in 1980. Of all the paid-up capitals, the state-owned capital was reduced from 29% in 1998 to 13% in 2003. These sizable enterprises took up 58% of the entire textile industry in terms of sale, and 71% in terms of factory shipment value for export. As for those smaller enterprises below RMB5 million sale turnover on annual basis, there are hundred thousands of them in number (family workshop included), their sale turnover make up 42% of the totals in the entire textile industry, and shipment value for export accounts for 29% in the same regime. The investment from society and overseas will be increasing in share. With this, this textile industry is further strengthened with growing vitality.

**Actual capital structure of scale-sizable textile companies with a year sales turnover exceeding RMB 5 million (%)**

Year	Paid-up capital	State capital	Collective capital	Corp. capital	Individual capital	Capital from Hongkong, Macao & Taiwan	Foreign capital
2000	100	24.67	14.81	18.91	12.15	17.45	12.00
2003	100	13.04	7.48	22.48	23.37	19.57	14.07

### 2.2.2 Chinese market is further opened

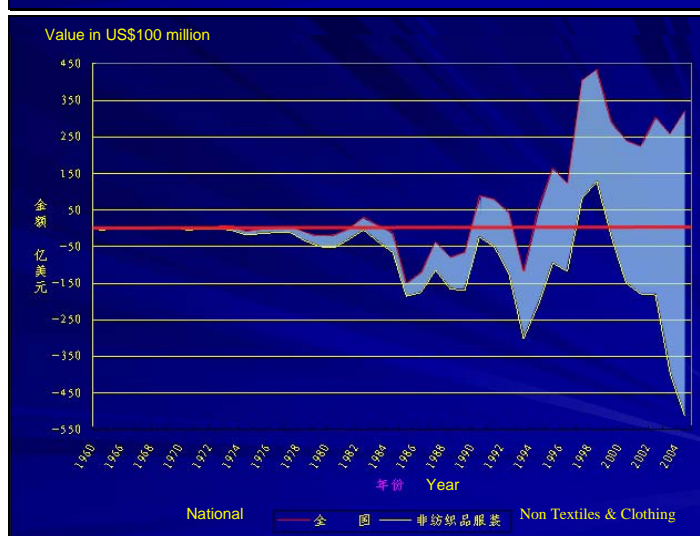
Chinese customs tariffs & market access have reached the level , just as we committed to WTO. And our service regimes are to be more accessible. The economic environment for building up a comprehensively well-off society and the international climate for peace, development & cooperation are conducive to a further development and attracting more advanced technology , equipment and rich variety of resources in our textile industry, and also instrumental in setting up international strategic partnership in broader spectrum.



**T&C Trade and National Commodity Trade in 2004 (in 100M US\$)**

2004	National Commodity Trade	T&C Trade	T&C Trade/National Total
Imp. & Exp.	11547.4	1141.89	9.89%
Inc: Exp.	5933.6	973.85	16.41%
Imp.	5613.8	168.04	2.99%
Net Exp.	319.8	805.81	251.97%
Net Exp/Total Trade	2.77%	70.57%	
General Exp.	2436	659.1	
General Exp./Total Trade	41.05%	67.68%	

Note: Not calculating the T&C trade, the ratio of the national net export against the total import and export trade was -4.67%, general trade against the national total export 35.83%.  
The national commodity import and export in 2004 was increased by 3.88 times over that in 1994 and the competitiveness coefficient was improved by 0.49 percentage over the 2.28% in 1994, while the national T&C trade was increased by 1.5 times and competitiveness coefficient 14.23% higher than 56.19% in 1994.



### 2.2.3 China Attaches Importance to Multi-& Bilateral Partnership & Promote Multi-Pole International Market

Our textile industry, restrained from quota system for a quarter of century in history, had been growing from a 3.5% in the early years to 20% in 2003 of the world market share. The growth lies with our efforts to develop the trade partnership with the quota-free countries and regions. In 2004, USA & EU took up 60% of the world textile & apparel import market, while China, as a most severely affected country by quota system for a long time, only shipped 22% of our total textile & apparel exports to EU & USA in 2001, one year prior to China's accession to WTO, and only 33% of the total shipment in these two markets in 2004.



**The structure of Chinese textiles and clothing export**

	2001		2004		2004/2000	1st Quat. 2005	
	Value	%	Value	%	Growth	Value	%
<b>Total Exp.</b>	530.44	100.00%	973.85	100.00%	83.59%	229.11	18.99%
Asia	328.60	61.95%	539.41	55.39%	64.15%	108.95	1.35%
Europe	82.78	15.61%	194.00	19.92%	134.36%	53.68	35.70%
EU	51.91	9.79%	121.46	12.47%	133.98%	39.68	47.42%
Africa	14.54	2.74%	40.99	4.21%	181.91%	9.58	34.72%
Oceania	13.64	2.57%	22.76	2.34%	66.86%	6.3	15.48%
FTA North America	73.31	13.82%	143.48	14.73%	95.72%	42.46	57.69%
US	62.96	11.87%	117.86	12.10%	87.20%	36.66	66.78%
Canada	7.24	1.36%	14.56	1.50%	101.10%	4.43	49.89%
Others	17.57	3.31%	33.21	3.41%	89.02%	8.14	
QINs	123.76	23.33%	258.15	26.51%	108.59%	82.03	56.07%
EU and US	114.87	21.66%	239.32	24.57%	108.34%	76.34	56.12%
NQINs	406.68	76.67%	715.70	73.49%	75.99%	147.08	5.06%

QINs refers to the quota-imposing nations  
NQINs refers to the non-quota-imposing nations

### 2.2.4 Textile Industry in China Expands Utilization of Many Kinds of International Resources

In 2004, the turnover-sizable wholly-funded, joint-ventured & cooperative ventured enterprises take an important position as seen in this table:

Share in sales value	29.23%
Share in export value	34.52%
Share in import value	68.93%

### Increasing Foreign Investment in Chinese Textile and Clothing Industry

Year	No. of Projects		Contracted Foreign Investment (US\$ 10 thousand)	
	Number	%	Value	%
2000	901	68.41%	198833	65.90%
2001	881	-2.22%	239669	20.54%
2002	1363	54.71%	362897	51.42%
2003	1599	17.31%	445070	22.64%
2004	1544	-3.44%	559300	25.67%

**Chinese imports of textiles and clothing in 2000-2004**

	Cotton (A)	Wool (A)	Monomers (A)	Chemical fiber (A)	Textile machinery (B)	Dyeing stuff (A)	Textiles (B)	Clothing (B)
2000	8.40	30.07	450.47	165.3	19.13	4.21	127.03	11.84
2001	11.26	30.91	559.58	147.3	25.14	4.63	124.58	12.62
2002	20.80	23.72	754.91	172.0	35.19	5.63	130.26	13.37
2003	87	19.27	904.52	185.8	46.11	10.8	141.83	14.04
2004	198	23.92	1126.83	177.68	47.55	11.02	152.73	15.31
2004/2000 Growth %	2257.14	-20.45	150.15	7.49	148.56	161.76	120.23	29.31

**2.3 Industrial Upgrading is the general trending momentum for the development of Chinese textile industry in the new era**

**2.3.1 Stick to the Philosophy of Developing Economy in a Scientific way to constitute a harmonious society**

We stick to the philosophy of developing our economy in a scientific way, characterizing a humanistic, all-round & coordinated and sustainable growth to the effect that the development of textile industry should be subject to the national blueprints that take into a good account the coordinated & harmonious development between cities and rural areas, between different regions and areas, between economic benefits and social welfares, between humans and Mother Nature, and between domestic growth and opening up to the rest of the world so as to play our own role well in the process of building up a harmonious society in China.

### 2.3.2 New Issues that Challenge Chinese Textile Industry

Chinese textile industry is fully aware of the new challenges: the speedy development of technology in the world textile industry; an increasing demand for quality & high-end apparel consumption in domestic & international market, a growing over-supply pressure in the world market for apparel, the sustainable issues related to fiber resources, energy, water, environment etc., and the increasing costs for human resources and others. Also, Chinese textile industry is faced with the new challenges from the international trade protectionism.

### 2.3.3 Take a New Industrialization Program to Accelerate Industrial Upgrading

The new industrialization program is mainly featured with the following factors: speeding up the construction & application of IT-based information system, increasing scientific & technological inputs, improving economic benefits, reducing energy consumption, developing perpetually-recycling economy, treating environmental pollution, practicing clean production, putting the advantages of human resources into full play, strengthening education & training and regulating social accountability.

### 2.3.4 Main Targets for Industrial Upgrading

- improve product quality;
- strengthen innovative & creative capability;
- sharpen Quick Response awareness

With these targets to be reached, the labor productivity in the 3 important categories, like apparel, home-textile and tech.-textile production, will be enhanced by a large margin.

### 2.3.5 Top Priorities in the Industrial Self-Discipline

- intensify quality control: set up a service system for quality inspecting;
- regulate corporate social compliance: enforce laws, carry out training, supervising, accreditation, corporate culture;
- strengthen intellectual property protection

### III Uphold the Principle of Fair Play in WTO and Keeps up the New Order of Textile Trade in Post-Quota Times

- 3.1 On Jan.1,2005, the quota for world textile trade was terminated & integrated into trade liberalization. Just as the Marrakesh Protocol put it on April 15,1994, it " will strengthen the world economy, and expand trade & investment, increase employment and income in the world". But, it is not difficult to comprehend that there must be some contradictions that inevitably keep cropping up in the transitional process from the quota system that was once lone in effect under the arrangement of trade protectionism to the liberalized trade system that has come force under the principle of comparative advantage theory.

WTO's unique contribution to the multilateral trade system rests with its reconciliation principle for settling disputes and repelling unilateralism. We think the new problems & changes that occur in textile trade shortly after the beginning of the post-quota era will be overcome through bilateral consultation and efforts in perspective light of strategic views of multilateral trade relationship . Chinese government and industrial sectors staged a series of initiative & positive actions in this regard even prior to 2005.

3.2 The first quarter of the year witnessed a normal growth ,as a whole, for textile & apparel export from China

The first quarter brought our total textile & apparel export up to US\$22.91billion, 18.98% higher than the same period of last year, but its growth margin was reduced by 5.96 percentage point. Even though, Jan.-Feb. saw a growth by a margin of 29.69%, it slumped to 3.28% in March, a reduction of 22.38 percentage point as against the same time last year.

The export was increasing by a margin of 56.07% to the previous quota-imposing countries in the first quarter, and by a margin of 74.57% in Jan. & Feb., and the March saw a growth margin by 44.59%, a reduction of 29.98 percentage point in growth rate.

The export was increasing by a small margin of only 5.06% to the previous non-quota regions. Although there was a growth by 11.6% in Jan. & Feb., a down-slide was registered by a negative growth in March, to arrive at a -8.25%.

The growth margin for the export in the first quarter is seen as an inevitable result from trade liberalization for the following reasons:

Firstly, it is a reasonable market release as China was just extricated from the fetters of a long quota system; Secondly, the situation was intensified as a result from the quota- imposing countries' action to keep 70%-90% of the quota until the very last day in 2004. Thirdly, China was given too small a share of quota during quota period, which has led to a large gap between a growth by an absolute variables and by a relative variables. For example, if a piece of goods was imported by a growth from zero to one unit, its relative variables will be an infinity.

The initiative measures taken by China to ease the existing problem is playing a positive role in restraining our export to those previous quota-imposing countries, but a negative effect has also occurred when we see our export to those previous quota-free regions.

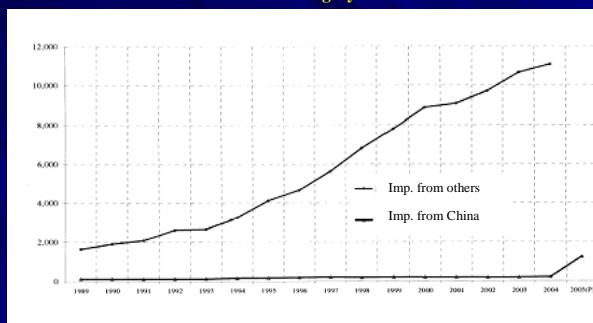
With respects to Sino-US textile trade, United States has been so hasty to make the determinations on 7 categories of Chinese-origin textile import in response to its industry's threat-based requests , and the decision was made just on the basis of the data for the fore-going three months, a short time , indeed, for the safeguard action that has for many times been utilized with reference to Paragraph 242 of the Report of Working Party on the Accession of China to WTO. EU has also been active in investigation into safeguard cases to limit textile imports from China, and two categories have already been announced for safeguard actions. All of these actions are very unfair to our textile industry, and indeed a continuation of the policy of trade protectionism.

Just take as an example the category 338/339 which are now under safeguard action (data source: US Department of Commerce):

338/339 Category	Quota Times			Post Quota Times	
	1988	NAFTA Times		2005.3	Year Growth
		1994	2004		
Total Imp. (in dozen)	37,096,292	66,014,731	322,211,788	97,197,970	16.20%
% over 1988	0	77.96	768.58		
Imp. From China	2,279,203	2,286,215	2,816,081	7,137,399	1276.80%
% over 1988	0	0.31	23.56		
% of Chinese Imp.	6.14%	3.46%	0.87%	7.24%	
Imp. From Mexico	374,392	3,493,678	44,621,047	10,139,623	-15.64%
% over 1988	0	833.16	11818.27		
% of Mexico Imp.	1.01%	5.29%	13.85%	10.43%	

In million US\$

338/339 Category



Note: Import from China was 7.15% of the total import from the world in the first quarter of 2005. The total import in the quarter was increased by 7.15% comparing to the same period of the previous year.

### 3.3 Actively Carry out view exchanges & dialogues with industrial counterparts in various countries

International exchanges & dialogues are instrumental in enhancing mutual understanding, erasing discrepancy, defusing friction, expanding bilateral complementarity and cooperation, fostering a coordinated growth. China National Textile & Apparel Council has established partnership relations with many industrial counterparts both in developed countries and in developing countries.

#### 3.4 Actively Carry out Cooperation with International Retail Industry

Efforts are being made to develop textile industry into a transnational supply chain system, building up a fluent, convenient and safe trade pipeline between Chinese textile industry and international retail trade. We are willing to take this conference as a starter to further establish a consistent partnership relations between us, and discuss the probable cooperation in e-commerce & modern material flow etc..

In the principle of WTO's fair play, let us work together to enhance communication & cooperation for a win-win goal by making a good use of bilateral comparative advantages, and usher in the new prosperity both for the world textile & apparel manufacturers and retailers!

## Plenary Session I

# The Important Role of the APEC Mechanism in Resolving Textile Trade Disputes



**Mr. James J. Jochum**

**Former Assistant Secretary of Commerce of USA**

James Jochum joined Mayer, Brown, Rowe and Maw as a Partner in the Government and Global Trade Group in January, 2005 after a distinguished career in the Bush Administration and on Capitol Hill. Mr. Jochum served in the Bush Administration as Assistant Secretary of Commerce for Export Administration and Assistant Secretary of Commerce for Import Administration. In the latter position, Mr. Jochum was responsible for implementing U.S. antidumping cases and the special textile safeguards, overseeing the Office of Textiles and Apparel. While Mr. Jochum was the head of Import Administration, he led the prosecution of the three largest antidumping cases ever brought against China (on shrimp, wooden bedroom furniture and color televisions). During his tenure, the Commerce Department invoked special safeguards on the following imports from China: category 332/432 and 632 (cotton, wool, and man-made fiber socks); category 222 (knit fabric); category 349/649 (cotton and man-made fiber brassieres); and category 350/650 (cotton and man-made fiber dressing gowns). In addition, Mr. Jochum cochaired two working groups with the Chinese government; one on China's non-market economy status, the other on the application of trade remedy laws by the two economies. Mr. Jochum has extensive public speaking experience on the U.S. trade remedy laws, including antidumping and special safeguards.

Prior to joining the Bush Administration, Mr. Jochum was the lead international trade counsel for Senator Phil Gramm, then-Chairman of the U.S. Senate Banking Committee and Senator Charles Grassley, current Chairman of the Senate Finance Committee. In these positions, Mr. Jochum played a key role in all the trade legislation considered by the U.S. Congress during the period 1994-1999, including China's accession to the World Trade Organization and Normal Trade Relations with China.



PowerPoint Presentation by Mr. James J. Jochum

APEC Seminar on Textile Trade  
Ningbo, China  
May 25-26, 2005

James J. Jochum  
Partner  
Washington, D.C.

MAYER  
BROWN  
ROWE  
& MAW

### U.S. Trade in Textiles and Apparel

- **U.S. Production Has Declined Over Time**
- **World Imports Have Risen Over Time**
- **China Imports Have Recently Surged**

2

MAYER  
BROWN  
ROWE  
& MAW

### Liberalization of Textile Trade

- **Free Trade Agreements**
- **January 2005: End of WTO Quotas**
- **Few Barriers Remain**

3

MAYER  
BROWN  
ROWE  
& MAW

### Rise in Protectionism: China Specific Safeguards

- **2003 – Three Safeguards Imposed**
- **2004 – Twelve Threat-Based Petitions Filed**
- **2005 – Seven Safeguard Petitions Filed**
  - **Three Safeguard Proceedings Self-Initiated by CITA**
  - **Seven Safeguards Imposed**

4

MAYER  
BROWN  
ROWE  
& MAW

### Threat of Future Actions

- **Anti-Dumping Cases**
- **Countervailing Duty Cases**
- **421 Safeguard**
- **201 Safeguard**

5

MAYER  
BROWN  
ROWE  
& MAW

### Why Safeguards

- **Low Cost**
- **Political Process**
- **Limited Judicial Review**

6

MAYER  
BROWN  
ROWE  
& MAW

## U.S. Political Environment

- **1994 – Divided Government**
- **2001 – Divisive Politics**
- **Narrow Majorities Lead to Parties Seeking Advantage**
- **Need To Rapidly Address Real and Perceived Problems; Or**
- **Place Blame**

7

MAYER  
BROWN  
ROWE  
& MAW

## Pre-2004 Election Issues

- **Slow Economic Growth, Job Loss**
- **Decline in U.S. Manufacturing Sector**
- **Increasing Trade Imbalance**
  - **Imports Up**
  - **Exports Down**
- **Pressure to “Enforce” Trade Laws**

8

MAYER  
BROWN  
ROWE  
& MAW

## Role of APEC

- **Elevate the Debate**
  - **Not Us *versus* Them**
  - **Not Zero Sum Game**
- **All Face the Same Competitive Pressures**
- **Governments Must Work Together to Exploit Each Other’s Competitive Advantage**

9

MAYER  
BROWN  
ROWE  
& MAW

## Post-Election Drivers

- **CAFTA**
- **TPA**
- **Doha Round**
- **New Trade Agreements Contingent on Trade Enforcement**

10

MAYER  
BROWN  
ROWE  
& MAAW

## Conclusion

- **Trade Too Important to be Left to Politicians and Government**
- **Industries Must Work Together**

11

MAYER  
BROWN  
ROWE  
& MAAW



**Mr. Paul Cohen**

**Fomer President**

**Council of Textile and Fashion Industries of Australia**

Paul Cohen was born in 1944 and began working at the family business, Berkeley Apparel, in 1962 following the completion of his secondary education. Within five years Paul was Production Manager for the business and in 1979 was appointed as a director of Berkeley Apparel. Paul took on the role of Joint Managing director in 1983 and five years later was appointed Managing Director in his own right. Paul continues to hold this position today.

In addition to his 43 years of practical experience in the production, design and selling of men's suits Paul has completed studies in Accountancy, Methods Engineering and holds a Diploma of Business Management.

Paul was President of the Clothing Institute, Australian division from 1981 to 1984 and held the position of President, Council of Textile and Fashion Industries, the peak industry employer body for the Australian textiles and clothing sector from 2002 till 2004. During this time Paul was instrumental in the development of the Australian industry's Post-2005 program working with both the industry and Government to achieve a positive outcome.

Paul has been a fellow of the Clothing and Footwear Institute (London, United Kingdom) since 1986.

**Speech by Mr. Paul Cohen**

Firstly, let me thank the organizers of this seminar for inviting me to address you in this session on the role of APEC in dispute resolution. I am going to focus on the issue of non-tariff barriers and how APEC can ensure that these unfortunate aspects of international trade are treated in a manner that lends itself to effective dispute resolution. I have been involved in the clothing business all my life, being a fourth generation clothing manufacturer and have seen a great number of changes to both my business and the marketplace more broadly. These changes have seen the introduction of new competitive pressures and new opportunities although too often these opportunities are hindered by barriers. Owning my own business also gives me a different perspective on trade issues as a person rather than a government or association related person.

Before I discuss the issues around NTB's I would like to briefly outline the Australian TCF sector for you. Australia is one of the most open economies in APEC and the world. Our general tariff rate on manufactured goods is 5% or less and only two sectors - automotive with tariffs of 10% and TCF with tariffs ranging from 5% to 17.5% - remain above this level. Australia removed its quotas in 1993 and has undertaken an extremely extensive process to ensure that its customs procedures and all legislation is open, transparent and in line with international agreements.

Australia currently has bi-lateral free trade agreements with New Zealand, Singapore, Forum Island Countries (Fiji), the United States of America and Thailand in addition to a one way agreement with least developed countries allowing these countries duty free entry into Australia if they meet the necessary requirements. In addition to these six trade arrangements the Australian government is currently negotiating Free Trade Agreements with China, Malaysia, ASEAN and United Arab Emirates and exploring the feasibility of a free trade agreement with Japan and thus Australia's push for greater trade liberalization continues.

Against this backdrop the Australian TCF industry is a mature industry and remains a significant part of the manufacturing base in Australia. Sales by manufacturers are growing as are exports and companies are using innovation and R&D to maximize the commercial benefits of their products. One significant change is that whereas once there were numerous large companies now there are many more small and medium sized enterprises making up the industry.

From the perspective of a TCF business, market access becomes critical in this liberalized domestic environment as we search to expand our customer base and markets off-shore. In some respects the range of trade agreements Australia already has provided some assistance – New Zealand is Australia’s biggest trading partner in TCF for example – but some of the more recent agreements have not been so successful at allowing access to off-shore markets for Australian TCF companies. While I accept that liberalization is occurring at the bi-lateral, regional and even global level it seems that many trade distorting elements remain including tariffs, subsidies and non-tariff barriers.

For business trade liberalization is about reducing the transaction cost of doing business internationally and thus reducing the cost pressures on companies and allowing more trade to occur. While there is a considerable amount of effort put into identifying and discussing NTB’s what matters to me as a business person is seeing these barriers actually removed in a timely fashion.

It is critical also for APEC which has as its common goal the Bogor Declaration for free and open trade among its members by 2010 for developed countries and 2020 for developing countries. In addition it is useful to note that both the APEC Economic Committee and several World Trade Organization (WTO) and World Customs Organization (WCO) groups have stated that the removal of NTB’s produces a greater trade benefit to countries than just pure tariff reductions. I would argue that this is so provided that NTB’s are removed in both countries and not just one.

In preparing for this presentation it was interesting to see that surveying done by the Australian TCF Association the Council of Textile and Fashion Industries of Australia complemented the results of the APEC Business Council in finding that Customs procedures and administration regulations consistently outrank tariffs in terms of the biggest barriers to trade. As a particular example the TFIA in preparing a submission to the Australian government on a free trade agreement with China conducted a survey of its membership. The survey showed that even where all tariffs applied by China were reduced to zero this would have little to no impact on increased trade flows due to the range of NTB’s identified. It is clear to all involved that this will be one of many areas that will require considerable work in the negotiations. I would surmise that this would be a common finding in other trade agreements.

There are many ways to categorize NTB's and the ones I note below are those that have been identified by the Australian industry in numerous research reports and submissions on free trade agreements. Indeed a report prepared for the TCF&L Forum in 2003 outlines an entire range of NTB's and market access problems. Of most relevance and confirmed by the many other international studies undertaken are those that stem from Government regulations and policy whether intentional or not - even the best designed legislation sometimes gets it wrong in implementation - such as Customs procedures, licensing requirements, standards, labeling requirements, government bureaucracy and quarantine procedures although this last one in terms of manufactured TCF products is perhaps less relevant.

I would like to focus on a couple of the barriers I just noted being those that are perhaps most consistently identified as NTB's. It is probably not surprising that customs procedures and regulations come in for a beating as an NTB being at the front-line of international trade. Of particular concern is a lack of transparency in the decision making process, a perceived lack of continuity among decisions made and significant delays in processing paperwork and products. In addition many companies often raise issues around the determination of pricing for goods for customs purposes. These barriers add time and cost to products and in the TCF market time to market is critical, in some cases more critical than price.

A further issue identified in existing agreements is the potential for the Rules of Origin (RoO) to act as a barrier to trade through their interpretation. I and many of my colleagues have been frustrated by a strict application of RoO by a government which delays or outrightly rejects a shipment of product, yet for others allows product through. Again this comes down to a question of consistency in interpretation and application. While I acknowledge the importance of RoO to ensure that the benefits of any agreement is enjoyed only by those members of it, APEC as a group must be aware that RoO can just as easily become a NTB if not designed properly or where no effective form of resolution is available.

Equally frustrating for business are those regulations requiring particular conditions for licensing and distribution such as requiring the opening of offices in the destination country to comply with administrative requests, product standards, labeling where



companies may be required to re-write pre-existing labels in the foreign language and provide additional information often with differences between domestic and foreign products or in some cases the payment of additional taxes and duties on top of already paid excise duty – generally charges not levied on domestic manufacturers. Again each of these adds cost to the item being exported either directly or indirectly. In some cases companies have sought to employ a representative in the country they are exporting to and while this has solved some of the problems it in its self also increases the cost of doing business as you now have an extra staff member.

Aside from the Government imposed barriers are those that stem from the particular development of markets and indeed culture of doing business. This includes such things as transport and distribution, pricing and seller concentration and business arrangements. In some cases this last one applies just as equally to direct investment into the country as it does to goods and services. Again each of these barriers add to the cost of doing business in a foreign country and make it difficult to fully access marketplaces.

I have identified quite a few NTB's that I and my colleagues have experienced in our time as TCF manufacturers and traders so what is the solution?

From my perspective it is the removal of these barriers so that my costs are lowered and I am able to compete on a level playing field where quality, price and functionality determine whether a product sells or not. From the perspective of APEC I see that it needs to push harder into not only identifying and putting up for discussion NTB's but actually working for their removal. As a significant regional trading grouping APEC is in a position to pro-actively drive the physical removal of identified NTB's. This drive should come from individual members in their pursuit of bi-lateral trade agreements and from APEC as a whole raising the issue at the WTO level. The APEC Market Access Group must push for greater change in the views held by members over NTB's if APEC is to truly reach its free and open trade and investment goal. This session is on textile trade disputes and a pro-active approach to the removal of NTB's will assist in the resolution of trade disputes by identifying publicly NTB's and their path and timeframe for removal.

I noted at the start of this presentation that Australia is one of the most open countries in

APEC and thus you have a working case study of the impacts of liberalization, good and bad, from which you can learn. For my perspective this status of Australia has allowed many off-shore companies to take domestic market share to the detriment of Australian industry yet Australia has been constrained even where agreements are in place to achieve similar benefits outside of Australia.

There are several opportunities coming up for APEC to seriously move forward on the removal of NTB's including upcoming rounds of WTO and WCO discussions. However, more immediately the range of bi-lateral FTA's being negotiated currently by APEC members provide the perfect opportunity to not just identify the barriers and agree to undertake further investigation and assessment activities but to actually identify the NTB's and build into agreements a dedicated action plan for their removal. An action plan that is in itself transparent and monitored over time to ensure it is implemented effectively.

The issue of Textile Trade in APEC is one of extreme potential but it is also one of trade distortion and the inefficient functioning of the marketplace. This occurs through tariffs, subsidies and NTB's. While the former two are being addressed in trade agreements the third and perhaps in the current trading environment the most critical still seems to be a theoretical exercise rather than a practical activity of removal.

APEC remains a prominent and effective vehicle through which to pursue the goals of:

- Increased transparency in customs and other government administrative bodies
- The removal of bureaucracy and red tape
- Consistency in pricing and other government determinations
- A level playing field between preferential trading partners
- Ensuring no new NTB's are created

Achievement of these goals will result in the reduction of barriers and hindrances to international trade thereby lowering the transaction costs to business and improving the trading environment within the APEC region.

I thank you for your time and again for the opportunity to address the seminar.



**Mr. Li Yueyin**

**Senior Advisor**

**Shanghai WTO Affairs Consultation Center**

Mr. Li is an international trade policy specialist and invited by Shanghai government, currently as a senior consultant for the Shanghai WTO Affairs Consultation Center. Meanwhile, he is a guest speaker on the WTO issues and cross-cultural communications.

He began to serve the Ministry of Foreign Trade and Economic Cooperation (MOFTEC, now named as MOFCOM) in 1988. Since then, much of his career has been involved in international trade policy issues. He used to be the textile negotiator and experienced through the Uruguay Round Trade Negotiations. He has worked closely with WTO, UNCTAD, APEC and other international economic organizations.

Between 1995 and 1997, he was posted to Australia as vice-consul (commercial) in Melbourne where he dealt with bilateral trade and economic relations.

He has also become a strategic policy advisor for China Textiles Industry Council (CNTIC), Hebei International Center for Economics and Laws Exchange and Cooperation (ICELEC), Chongqing WTO Affairs Consultation Center. He is a guest professor for Zhejiang Wanli University of and Shanghai Fisheries University. He is the writer of many books including Understanding the Law of China's Accession to the WTO (A handbook for Ministry of Justice), Current International Trade Issues, Guide to the Trade in Textiles, GATT and China, GATT: A Handbook.

He was born in 1963 and graduated with bachelor degree of economics from the University of International Business and Economics and with master degree of international trade and investment law from Deakin University of Australia.

PowerPoint Presentation by Mr. Li Yueying

**APEC合作机制对化解纺织品服装国际贸易争端的作用**  
**APEC's Role in Dispute Mediation of Trade in Textiles**

上海WTO事务咨询中心主任咨询员  
Shanghai WTO Affairs Consultation Centre

李月印  
Yueyin Li

2005年5月25日，宁波  
Ningbo, May 25, 2005

**APEC合作机制的特征**  
**Features of APEC Mechanism**

**亚太区域合作的复杂性**  
**Multiplex of APEC**

APEC成员的经济互补性为合作提供了必要性，同时，其多样性带来不少障碍，使得这种合作有其局限性。

Basically, the economic complementarity provides various needs of multilateral cooperation. However, the diversity results in the insufficiency of such cooperation.

**APEC成员经济体的多样性**  
**Diverse Characters of Member Economies**

- 跨文化的差异：东西方文化、历史观和价值观的正面碰撞和阶梯式融合  
Disparity of Cross Cultural Issues  
East Meets West → Views Collision → Escalating Integration
- 国际分工差异：价值链中的不同地位和利益关联  
Differences of International Work Division  
Distinct location in value chain and interrelated interests
- 经济发展水平的差异：发达国家、新型工业化国家、发展中国家  
Different Levels of Economic Development
- 不同的利益集团：排他性的次区域贸易集团、正在形成的贸易集团  
Exclusiveness of Trade Blocks  
NAFTA, ASEAN, CERs, CEPA, ASEAN+

### 合作进程（1994）：茂物宣言 Process Review: Bogor Declaration

1994年，《茂物宣言》提出了三项具体目标：  
The vision of a community of Asia-Pacific economies was established at Blake Island, and a number of specific goals and objectives were set at Bogor, including:

- 1、发达国家在2010年、发展中国家在2020年实现贸易投资自由化的目标；  
Free and open trade and investment in the Asia-Pacific no later than 2010 in the case of industrialized economies and 2020 in the case of developing economies,
- 2、促进贸易和投资便利化；  
Expansion and acceleration of trade and investment facilitation programs, and
- 3、加强合作，实现可持续增长、均衡发展和国家稳定。  
Intensified development cooperation to attain sustainable growth, equitable development, and national stability.

### 合作进程（1995）：大阪行动议程 Process Review: Osaka Action Agenda

考虑到成员多样性和协议软约束性，1995年《大阪行动议程》提出可采取鼓励、协商、渐进、自愿、敦促、刺激等办法来落实。表现在：

To encourage and concert the evolving efforts of voluntary liberalization in the region, to take collective actions to advance liberalization and facilitation objectives, and to stimulate further momentum for global liberalization, it provides:

- 1、愿意提供争端调解服务，在符合WTO和国际协定的前提下以平和方式化解和改善经贸紧张关系。

The desirability to provide a dispute mediation service that trade and economic tensions be resolved in a non-confrontational manner to ameliorate trade friction without prejudice to rights and obligations under the WTO Agreement and other international agreements

- 2、确定一系列处理问题的基本原则，即“范围全面、符合WTO、具有可比性、无歧视、透明、维持现状、同时开展、进程不间断、时间节点因事而异、具有灵活性、合作精神”。

Fundamental principles: comprehensiveness, WTO consistency, comparability, non-discrimination, transparency, standstill, simultaneous start, continuous process, and differentiated time tables, flexibility, and cooperation

- 3、促进履行乌拉圭回合义务，如通过降低关税，及早实施，放宽限制以扩大WTO一揽子协议的执行成果。

The acceleration of the implementation of Uruguay Round commitments and to deepen and broaden the outcome of the Uruguay Round through, for example, acceleration of tariff reductions, early implementation of WTO agreements, and pursuance of deregulation

### 合作进程（1996以后）：纺织品全面自由化被忽视 Process Review: Weak-Relevance, Non-Relevance

- 1996 马尼拉框架：提出六大优先合作领域（如开发、基础设施、资本市场、科技、环保、中小企业）  
(WR) Manila: Manila Action Plan - ECOTECH on 6 weak-relevance priorities
- 1997 部门自愿提前自由化：提出15个部门（除钢铁、珠宝、玩具、水产、林产、化工、环境、医疗器械、电信设备、汽车、橡胶、食品、化肥、民用航空器、油籽）  
(WR) Vancouver: EVSL Proposal - 15 sectors excluding textiles
- 1998 其中9个部门提交WTO，供非亚太成员考虑  
(NR) Kuala Lumpur: Liberalization - 9 out of 15 EVSL sectors with non-APEC WTO members
- 1999 便利化：无纸贸易  
(WR) Auckland: Facilitation - Paperless trading
- 2000 便利化：电子单边行动计划、新经济  
(WR) Brunei: Facilitation - E-IAP
- 2001 便利化：电子商务、反恐  
(WR) Shanghai: Facilitation - E-APEC
- 2002 便利化：数字经济、反恐  
(NR) Los Cabos: Facilitation - Digital economy
- 2003 便利化：重启多哈回合谈判、安全、非典  
(WR) Bangkok: Facilitation - Security and Re-energizing DDA
- 2004 便利化：重申区域合作的重点、反恐、出口管制  
(WR) Santiago: Facilitation - Best Practices for RTAs and FTAs



### 开展纺织品亚太区域合作的重要性 Importance of Regional Cooperation in Textile Sector

- 1、亚太经济体多为WTO的重要成员  
Energizing the role of major trading partners both in the WTO and the APEC
- 2、区域间合作是WTO的重要补充  
Supplementing the WTO system
- 3、亚太地区主要经济体对贸易自由化出现畸形状况负有责任  
Undertaking the responsibilities to rectify the abnormality in the liberalization
- 4、保持贸易和投资自由化和便利化的势头  
Maintaining the momentum of T&I liberalization and facilitation
- 5、增强人们对多边贸易体制的信心  
Heightening people's confidence to the MTS
- 6、增加亚太地区各经济体的经济福利  
Increasing economic welfare in the region
- 7、发展中经济体实现经济持续增长，保持亚太经济活力  
Maintaining economic dynamics and sustainable growth in the region
- 8、鼓励中国责任能力建设，继续为全球经济发展做出更大贡献  
Encouraging the capacity building in shouldering more responsibilities and making greater contribution to the development of global economy

### 纺织品合作的必要性 Necessity of Regional Cooperation on Textile Sector

- 1、APEC的自身发展：需要完善合作机制  
Improvement of ECOTECH for self-development
- 2、任何区域性贸易集团：有必要成为更加开放务实的平台  
More open system in regional trade blocks
- 3、遵循WTO重要原则：允许更加自由化的区域和双边合作、发展中国家优惠待遇  
WTO compliance: more liberalized RTAs, S&D treatment to developing economies
- 4、保持经济活力的需要：国际分工和国际价值链贸易关系互相依存，你中有我，我中有你  
Interdependence of trade relations and indivisibility of international value chain
- 5、健康发展的要求：只要消除自由化的畸形，多样性与互补性可以协调一致  
Needs of liberalization and compatibility between diversity and complementarity
- 6、各经济体有义务维护多边贸易体制健康发展  
Responsibility of each member economy to maintain the MTS
- 7、发达经济体成为进口的受益者，发展中经济体则不应该成为出口的受害者  
Developed economies benefit from imports and the developing should not be the victim
- 8、减少争端解决的成本、提高争端解决的效率  
Cost-effective of earlier conciliation between the disputed parties

### 纺织品合作的可能性 Possibilities of Textiles Cooperation on Textile Sector

- 1、合作与发展是大势所趋，不可阻挡  
The general trend is led by cooperation and development.
- 2、合作机制有了一定的基础  
ECOTECH has set the base for further cooperation.
- 3、加强经济技术合作是区域贸易和投资自由化和便利化的保证  
Strengthening the ECOTECH will ensure the regional cooperation on trade & investment liberalization & facilitation.
- 4、中国可以提供“庭外调解制度”经验  
China's experience may be shared in the conciliation system.

### 对发达经济体的建议 Expostulations for the Developed Economies

- 1、扩大技术援助范围，重视纺织品领域的实质性合作  
To enlarge the scope of technical assistance and focus on TC
- 2、积极构筑发展中经济体同行之间、企业和成员政府之间互相沟通的平台  
To form a platform for business communities
- 3、积极考虑发展中经济体的实质利益，给予差别优惠待遇  
比如反倾销协定的执行，知识产权保护中给予有意义的技术援助  
To accord substantially meaningful treatment to Developing economies in the areas of Anti-dumping, IPR, MA
- 4、优先对发展中成员放宽限制  
To earlier liberalize the restrictions against developing economies
- 5、摒弃“以邻为壑”的贸易政策，从放弃“对华纺织品特定产品保障机制”和“对华特定产品保障机制”这些具有单边主义色彩的典型做法开始  
beginning with the elimination of unilateral measures

### 对发展中经济体的建议 Expostulations for the Developing Economies

- 1、尽快恢复纺织品出口国际协调机制，积极参加多边贸易谈判  
To resume ASAP the exporter's coordination system  
To take part in the MTN in an active manner
- 2、协调多哈回合谈判立场，最大限度保护发展中国家权益  
To coordinate their position in the DDA  
To maximize the interests of developing economies
- 3、彼此率先开放市场，成为市场开放的最先受益者  
To improve market access mutually  
To become the earlier beneficiary for the opening market
- 4、加强产业分工协作，充分利用阶梯式互补优势  
To combine their efforts among the industries  
To take the advantage of escalating complementary
- 5、以实现共赢为目标，优先合作，良性竞争  
To aim at achieving win-win cooperation before competition

### 对亚太所有成员的建议 Suggestions for All Members

- 1、拿出足够的政治意愿，维护有关“相互依存，共同利益，坚持开放的多边贸易体制和减少去与贸易壁垒”的宗旨和目标。  
To energize sufficient political wills to achieve the objective and goals
- 2、鼓励亚太内部互相投资，共同获益，形成“你中有我、我中有你”格局，扩大共同利益  
To enlarge the common interests and encourage mutual investment
- 3、在区域范围内，减少政策不确定性的风险，为企业创造可预见的贸易环境  
To build foreseeable foreign trade environment  
To reduce the risks of policy uncertainties in international transactions
- 4、引入专家调解制度，强化贸易争端前期磋商  
To introduce the conciliation system and form a make-peace group  
To conduct earlier consultation
- 5、弥补WTO的不足，允许企业尽快向调解小组提出磋商和调解要求  
To make up the WTO/DSB  
To allow private enterprises to address quickly to the MPG
- 6、采取逐级合作方法，实现全方位合作  
To adopt step-by-step approach  
To achieve full cooperation

## 纺织品合作方法 An Approach for Cooperation

- 第一步: 首脑们认同创造纺织品贸易和谐发展的重要性  
Summits to concert the importance of harmonious development and cooperation of trade in textiles
- 第二步: 部长级会议做出加强纺织品技术合作的决定  
发达经济体提供技术援助和专项拨款  
Ministerial meetings to make decisions on furthering the industrial cooperation, firstly to provide technical assistance and set up a special fund
- 第三步: 高官会议确定区域纺织品磋商和调解专家组(MPG)  
就反倾销、反补贴、保障措施和知识产权保护等问题设立分组(Sub-MPG)  
专家组由产业和贸易专家共同组成  
High level officials to determinate MPG and its composition on ad hoc groups of anti-dumping, circumvention, countervailing, safeguard and IPR  
Industrial and trade experts submit solutions for the Parties and governments
- 第四步: 高层评议及行业磋商和实施  
Review by interested governments and implementation by interested industries

谢谢

Thank You

Yueyin.Li@gmail.com  
(+8621) 5878 3606



## **Plenary Session II Complementarity of Textile Trade among APEC Economies**



**Mr. He Chengming**

**Chairman**

**Veken Holding Co., Ltd.**

**Vice Chairman**

**Federation of China Textile and Garment Entrepreneurs**

May 2004-

Chairman of Veken Holding Co., Ltd.

Sept.1997-May 2004

Chairman of Ningbo Textile Holding Co., Ltd.

**Speech by Mr. He Chengming**

**Waving the Sail of Understanding and Building the Bridge of Cooperation**

Ladies and Gentlemen, friends,

Good afternoon.

On behalf of the Federation of China Textile and Garment Entrepreneurs and all the Chinese textile and garment enterprises, I would like to extend warm welcome and sincere congratulations to all the guests.

I am very honored today to discuss the topics on the cooperation and development of the textile and garment trade within the Asia-Pacific region and anticipate the future, together with all the friends. I hope my speech will be helpful for building the bridge of understanding and cooperation among us and promote the sustainable and healthy development of the Asia-Pacific textile industry.

**I Nature of the Chinese Textile and Garment Industry**

Being the important part of the Chinese economy, the Chinese textile and apparel industry has some notable natures compared with the other industries:

1. The employment for the textile industry is the largest among all the traditional industries

Textile industry has a long history and has always been the main force to push forward both the economic and social development in China. According to the statistics, there are 19 million people in China working directly for the textile industry and around 100 million rural people are engaged in the planting of cotton and other related industries. Besides, as textile industry also has provided million of job opportunities for the other industries, such as petro-chemical industry and logistic, it has made special contribution for the employment, stability and economic development for all China.

2. Textile industry is one of the first market oriented industries in China

Textile and garment industry is the first industry shifted from the planning economy to market economy. When China entered the Reform and Open period in 1978, the Chinese textile industry has transformed from the state of closing to opening, not only open to certain regions but also to all over the world, to adopt the development and change of the world. The Chinese textile industry also has experienced the painful reform for the consequent successful transition from planning economy and market economy, which has provide the valuable exploration and precious experience.

3. Textile industry is one of the industries with outstanding advantage in China

The Chinese textile and garment industry is provided with compared advantages for its long textile tradition, deep industrial base, plenty raw material stock, completed production capacity, huge market potential, advanced technology and equipment, strict management and standard, and skilled and low cost labor.

With the integration process of the global economy, today, the Chinese textile and garment industry is the important component part for both the Chinese economy and the global economy as the Chinese textile and garment industry has deeply merged into the global economy. So it is very necessary for us to discuss how to find out the proper ways to realize the corporate-win situation in the post-quota era under the preconditions such as mutual understanding, cooperation and complementarity.

## **II The World has Changed us and We are Changing the World**

With the steps toward the economic globalization, the fifth world wide economic restructuring is surely to come in the near future, which will first happen on the textile industry, although the Chinese textile and garment industry has experienced this kind of painful baptism caused by the industrial restructuring, which continues to today.

In order to deepen the understanding of the history of development of the Chinese textile and garment industry, please let me make a brief introduction, citing an instance of the restructuring of Venken Group.

Veken Group, with the core of public company named Veken Elite, mainly produces home-textile and garment. In the process of merging into global economy, Veken Group has primarily built up the modern production and management system, which accords to the international practices. At present, the Group has built the R & D centre of home-textile and garment and industrial zone with area of more than 2 million square meters in Shanghai, Zhejiang, Jiangsu, Jiangxi, etc, and the Group has been equipped with the internationally advanced textile, print and dyeing and finishing equipment, and the production chain of home-textile and garment has been completed. The largest production base for high count and high density tissue figured cloth of broad width in China, the largest raschel blanket production base in China, the largest thread production base and the accessory production base for high class spinning and dyed yarn in Asia, the production base for the garment fabric of natural silk and the other bases for high class knitted apparel and fabric have also been funded, in which the annual sale value has reached RMB 6 billion.

In the process of being merged into the international economy, Veken Group has experienced the pain of transformation from the planning economy to market economy, the pain of industrial competition caused by economic globalization, and the pain happened in process of self reform such as labor system reform and property reform. So it is the typical case of the transition of one Chinese state-owned textile enterprise.

### **1. Transition: to merge into the world economy**

Veken Group grew out of a state-owned enterprise in Ningbo, whose history can trace back to the industrial civilization in Ningbo one hundred years ago. During a quite long history, the Chinese textile industry was the main component part of the Chinese economy. Because of the existence of the sellers' market and state monopoly for purchase and marketing, the enterprise didn't take the market and brand name into account. On 1979, with the Reform and Open policy in China, the door to the world economic cooperation was opened. The textile industry, the most traditional industry in China, was first transformed from the planning economy to the market economy. The Chinese enterprises, which totally lack the experience of marketing operation, were faced with the global industrial competition abruptly. With a few years, number of Chinese enterprise began to suffer the serious loss, and the loss even occurred in the whole region. The Chinese textile and garment enterprises had become the burden for the Chinese economic development. The textile industry also fallen into the lowest point. About twenty enterprises, amounted to 95% of the total enterprise also were in the state of loss and struggling at the edge of death. To help the textile industry break away the difficult situation, the government laid out series of reform policies to encourage the enterprises to reform. Under this kind of circumstances, for the purpose of being merged into the global economy as soon as possible and meeting the requirements of the industrial competition, the about twenty state-owned textile enterprises were reorganized according to the principle as "conformity of industries, unification of operation and

integration of capital". Meanwhile, Veken reduced the staff and abandoned nearly all the backward equipment. To reduce the production cost, Veken also removed all the production enterprises from the centre to the suburb and suffered the great loss. For all the Chinese textile and garment enterprises and people who were engaged in the textile industry for it was a hard time when the Chinese textile and garment industry suffered the domestic sacrifice for emerging into the global economy. We deeply expect a relatively fair environment of competition after the entry of China into WTO, especially when the Chinese textile and garment industry entered the post-quota era and reach the target of win-win situation based the mutual complementarity and cooperation.

## 2. Transition: contribution to the society and world economy

The transition of the Chinese textile and garment industry has provided large amount of opportunities for the development of the world textile industry and made the world economic restructuring smoothly completed. The open of the Chinese textile market, the renewal of the Chinese textile equipments and any other measures taken by the Group are greatly contributed to the development of the world economy.

Taking the textile and garment as main businesses, Veken Group has made great contribution to the world textile industry with the goal of being the high-tech Veken, brand Veken, humanistic Veken, modernized Veken and internationalized Veken in the process of the development.

High-tech Veken, making full use of the world textile resources and enhancing the development of the textile industry

The internationalized Veken staff, considering themselves duty bound to combine the essential of the world fiber science, put much emphasis on the scientific investment, which amount to large mount of capital annually used for the research and exploration of the new product. Therefore the state-level, province research centers and the enterprise technology developing centers have been built up and the Group invited the experts from JODC and other organizations to give instruments. The Group also has the cooperative relationship with reputed experts from the academic institute including Donghua University, Zhejiang University etc. With the success of exploring the originally created technology, Veken developed the series of products named "coral fleece" in 2004. With the excellent quality, the products are deeply welcomed by American and Japanese consumers and supply falls shorts of demand. To satisfy the market demands, Veken has decided to make use of the production equipment of the Japanese enterprises to expand the production of "coral fleece" and the core technology to carve out the market combining the textile resource of China, USA and Japan. Veken has transformed from the passive product manufacturing enterprise to the enterprise with exploitation of self owned product.

At present the Group is planning to establish the platform of research while the Group will build up the long term research and cooperation relations with the main clients from the United States, Japan and Europe. The experts from all the textile and garment fields will be invited to participate in this kind of research to accelerate the innovation of Veken product and improve the technological level of the product.

Brand Veken, combining the industrial resource by means of advantages of management and product

The brand name of Veken is being the very important strategic property of Veken Group. Veken home-textile has been praised as the China Brand Name and is also being applied for the reputed trademark of China. Estimated by the World Brand Name Laboratory, the brand name of Veken is worth RMB 4.482 billion, occupied the fifth among the textile

and garment industry. The sawing thread with the brand name of “Dun Huang” has been sold broadly in both the home and abroad market.

Veken has implemented the regional strategy centralized in Shanghai and with Jiangsu and Zhejiang provinces as two wings. In 2004, Veken Group has successfully merged several textile companies in Jiangsu and Jiangxi province. With the advanced managing experience and culture, all the merged enterprises have reversed losses into profit. The brand name of Veken has been the powerful lever for the expansion.

Meanwhile Veken actively creating the self-owned trademarks, our Group is very willing to have strategic cooperation with the world famous brand names. The manner of production of Veken will be transformed from OEM to ODM and OBM, and be turned into the company with the operation of trademark and establish their own network and logistic chain system.

Humanistic Veken, bearing the social responsibility bravely and take the safeguard for the employees as duty

SA8000, as a kind of social responsibility, is also a kind of protection for the employees' interest. For the enterprise in developing countries, that means the increase of the cost, however Veken applied for and implemented SA 8000 without hesitation. At present, the Group has completed the establishment of quality management system of ISO 9001: 2000, SO 14001 Management Certificate System, 2001 Social Responsibility System and OHSAS 18001 Professional Health and Security Management System.

The staff in Veken considers that although the advanced equipment is important for the development of the Group, the staff, who are highly satisfied and devoted to the profession is more important and is the most valuable wealth for the company. Therefore pursue of the staff's satisfaction, the consideration of the overall demand of the staff, the assistance for the staff to grow up, the safeguard for the staff's interests, and drawing and realizing the professional life program of staff, have been the start points of the human resource strategy of the Group.

Modernized Veken, the beneficial experience for the Chinese textile and garment industry

In May 1998, in the tide wave of the Chinese state-owned enterprise reform, Ningbo Veken Group has been founded on the base of the Ningbo textile industry after the large-scale of reorganization by the integration of the industry, operation and assets.

In 2002, Veken carried out the property system reform of MBO and the modern enterprise system with the multi-type property was built up.

In May 2004, in accordance with the requirements of the modern enterprises, Veken Holding Group Ltd. was founded. Veken Holding Group introduced the company structure of parent company and subordinated company, which consists of the holding group, industrial sectors and production and management enterprises. The effective surveillance to the enterprises has been realizes under the co-share management theory, in ties of property and the routine operation is achieved by the combination of specialization and scalization.

Veken sticks to the importance of the share holder's interest, and with the concept of creating the nice life, Veken will co-work with the overall staff to share the future and realize the value and dream of the life.

Internationalized Veken, creating the platform for the world textile industry and contributing to the development of the world textile industry

In 2004, Veken was praised as “the Best Global Supplier” by “LOTTO SPORT ITALIA” and this is only one of the successes that Veken has gained. In regard with the textile and garment, Veken has established the strategic investment and cooperation relationship with many internationally famous enterprises, such as Itochu Corporation, Sumitomo Corporation, Nisshinbo Industries Inc., Notokinu Co. Ltd, Kawashima Textile Manufacturers Ltd. and American & efird Corporation.

The long term commercial exchange has enhanced the mutual understanding and confidence. Many abroad clients of Veken deeply believe in the products of Veken and trust in staff team of Veken. They even send their experts to participate in the R & D of art and technology and some of them have moved their R & D center into Veken. Through the close cooperation with the international clients, the scientific ability regarding textile and garment are strengthened. This year, a European client ordered with us for military uniforms in the next five years. We also signed a acquisition contract with a Japanese enterprise. The cooperation between one American company and us has also been reached and the other cooperation with one European company with high reputation in brand name has begun. Veken has built the completed domestic market sale platform for the purpose of international cooperation and commenced the win-win cooperation with internationally famous brand name and cooperation. At present, the trade business of Veken has spread to more than 130 countries or regions all over the world. This kind of international cooperation will surely promote the development of world textile industry.

In course of the world economic restructuring, the world has changed us while we are also changing the world in the process of the reform.

Among the Chinese textile and garment industry, there are many enterprises, which have assumed the more social responsibilities and enter the ranks for the modern textile enterprises and step toward the most advanced textile enterprises in the world after the painful transition and they will make greater contribution for the world textile industry and world economy.

### **III Cooperation and Complementarity, Win-win in Long Term, Creating the New Situation of the Textile and Garment Trade**

Post-quota era is totally new situation for the global textile and garment industry and a new challenge for all sides. Therefore the mutual understanding is deeply needed while we can look for the cooperation under the precondition of observing the market rules to promote reciprocal prosperity.

The elimination of quota is the general trend of times and free trade is the original meaning of the market economy. The phasing out of the quota will optimize the distribution of the resources. The new situation means the transfer and the adjustment of the international textile and garment industry. The industry chain has been dismantled and is being re-constructed in the world wide range. The competitive advantages of the developed countries are more integrated. The developed countries will control the more resources by means of brand names and distribution channel while the international market barriers are reduced and the market are more open. The production and manufacturing sectors are concentrating into the developing countries with the advantage of labor to promote the industrialization and the development of the textile and garment consumption. I think it is a lasting resolution that all of the world textile industry should be merged into the recycling of the international economy to find the

opportunities of complementarity and cooperation and seek the joint development. The compared confusing situation appeared shortly after the elimination of quota is only the auspice of the restructuring of the whole situation which is the temporal phenomenon. The developed countries can use this opportunity to readjust the industrial chain and the textile industry in developing countries will also complete their readjustment of the industrial construction. The real victors in this process should be the enterprises which apply the flexible cooperation in the global wide range. The American and Japanese enterprises need the more competitive manufacturing base to link with their brand name, technology and distribution channels while the developing countries, such as China, also need the cooperation with the giant to develop their own brand names and market by help of the developed countries. Therefore the post-quota era should be a period of complementarity and cooperation for the long-term win-win situation, not the era of mutual restricting or being self closed.

Seeking the wide and flexible joint cooperation in the world wide range should be first choice of the textile and garment enterprises. Because of the huge market and rich industrial resources, the Chinese market has its own hearty demands and unlimited developing potential. Today, many internationally famous textile and garment enterprises have entered into China and are integrating the manufacturing sectors including those in China by right of the advantaged brand name, technology and distribution channels, whose products will be spread and sold for all over the world. At the same time, many domestic enterprises, including Veken Group, are increasingly being internationalized. They also expect their product and brand names to be internationalized and the enterprises themselves deeply merged into the world economy. Many Chinese textile and garment enterprises, just like Veken, have established their own industrial resources and network all over the world after their participation into the internationalization for so many years while the internationalized strategy for their own brand names has just started. Therefore they deeply expect by using the platform built by APEC Seminar on Textile Trade to communicate and exchange views with all of you and find the convergence regarding the effective cooperation about R& D of product, design, marketing, brand names and distribution channels for reaching the win-win situation.

To promote the harmonious development of the international textile and garment industry and realize the win-win situation, we should create a kind of cooperation relationship with characters of mutual credence and assistance and reciprocal dependence based on the abidance of the APEC basic principles and the law of their member state for the purpose of establishing and maintain the orderly cooperation platform and investment environment. Secondly, the Chinese textile industry should actively carry out the self discipline, promote the exchange and cooperation and actively participate in the establishment and protection of the new textile international trade order. The textile enterprises should also subdivide the market, extend the R & D, adjust the restructure, create the new product and avoid the malice competition to realize the sustainable development for the textile and garment industry. Only if we wave the sail of understanding and put up the bridge of cooperation, can we stick to the target and principle of funding APEC and therefore promote the cooperation and development between the economies with the region and realize the win-win situation.

Thank you!



**Ms. Fawn Evenson**  
**Vice President**  
**American Apparel and Footwear Association**

December 2001 – present  
Vice President, Global Business and Services  
American Apparel and Footwear Association

September 2000 – present  
President, Footwear Division  
American Apparel and Footwear Association

April 1987 – September 2000  
President,  
Footwear Industries of America

June, 1976 – present  
Chairman,  
Industry Sector Advisory Committee for  
Footwear, Leather and Leather Products

July 1974 – April 1987  
Vice President, Government Affairs  
Footwear Industries of America

1971 – 1974  
Office of Congressional Affairs  
The Price Commission/Cost of Living Council

1968 – 1971  
Office of Congressional Affairs  
Office of Economic Opportunity

Born October 11, 1944 in San Francisco, CA. Graduated San Francisco College for Women, January 1967. Degree in Social Sciences and a California Teacher's Credential for Life, equivalent of a Masters degree.



**Speech by Ms. Fawn Evenson**

**The U.S. Perspective on Global Trade in the Post-Quota World**

THANK YOU FOR YOUR GRACIOUS INTRODUCTION AND ALLOWING ME TO TALK WITH YOU ABOUT SUCH AN IMPORTANT TOPIC TO OUR INDUSTRY.

AAFA REPRESENTS U.S. BRANDED APPAREL AND FOOTWEAR COMPANIES THAT MANUFACTURE, MARKET, AND DISTRIBUTE IN THE UNITED STATES AND IN VIRTUALLY EVERY COUNTRY AROUND THE WORLD. EVEN MANY OF OUR SUPPLIER MEMBERS HAVE GONE GLOBAL.

FOR THE FIRST TIME IN OVER 40 YEARS, OUR TEXTILE AND APPAREL COMPANIES HAVE JOINED OUR FOOTWEAR MEMBERS IN COMPETING IN A WORLD LARGELY FREE OF QUOTAS. FOOTWEAR IN THE U.S. HAS BEEN QUOTA-FREE FOR OVER 20 YEARS. OUR APPAREL MEMBERS ARE JUST NOW REALIZING THE ENORMOUS ECONOMIES OF SCALE THAT OUR FOOTWEAR FIRMS HAVE ENJOYED FOR YEARS UNDER A QUOTA-FREE ENVIRONMENT.

ON JANUARY FIRST, A NEW WORLD DAWNED FOR THE GLOBAL APPAREL MARKET - ONE THAT HAD BEEN MORE THAN TEN YEARS IN THE MAKING. ON THAT DAY, THE UNITED STATES, AND OTHER DEVELOPED COUNTRIES, REMOVED QUOTAS ON VIRTUALLY ALL CLOTHING IMPORTS PURSUANT TO A MULTILATERAL COMMITMENT ESTABLISHED A DECADE EARLIER. TODAY, U.S. APPAREL FIRMS CAN SOURCE CLOTHING FROM JUST ABOUT ANYWHERE IN THE WORLD. THEY CAN NOW DO SO NOT BASED ON WHETHER A CERTAIN COUNTRY STILL HAS QUOTA AVAILABLE, BUT ACTUALLY ON MARKET PRINCIPLES - IN OTHER WORDS, WHO CAN PROVIDE THE PRODUCT:

- IN A TIMELY MANNER;
- AT THE BEST QUALITY;
- AT THE BEST PRICE; AND
- UNDER THE BEST WORKING CONDITIONS.

AT ITS PINNACLE IN THE EARLY 1990S, THE UNITED STATES MAINTAINED IMPORT QUOTAS ON OVER ONE THOUSAND DIFFERENT APPAREL AND TEXTILE PRODUCTS FROM OVER 50 DIFFERENT COUNTRIES. AS THE

URUGUAY ROUND OF WORLD TRADE NEGOTIATIONS REACHED ITS CLIMAX IN 1994, PRESSURE GREW FOR THE UNITED STATES AND OTHER DEVELOPED COUNTRIES TO DISMANTLE THESE RESTRAINTS AND "INTEGRATE" TEXTILES AND CLOTHING INTO THE NORMAL TRADE REGIME GOVERNING OTHER TRADED GOODS.

SO THE U. S. AND OTHER DEVELOPED COUNTRIES AGREED TO ELIMINATE ALL APPAREL AND TEXTILE QUOTAS OVER A TEN-YEAR PERIOD. THAT AGREEMENT, CALLED "THE AGREEMENT ON TEXTILES & CLOTHING", OR ATC FOR SHORT, HELPED LAUNCH THE WORLD TRADE ORGANIZATION - THE WTO, FOR SHORT - IN 1995.

ALTHOUGH THEY ADHERED TO THEIR COMMITMENTS TO DISMANTLE THE QUOTAS OVER A 10-YEAR SCHEDULE, THE U. S. AND OTHERS STRUCTURED THE PHASE OUT SO AS TO BACK LOAD THAT COMMITMENT AS MUCH AS POSSIBLE. ITEMS THAT WERE NEVER UNDER QUOTA WERE INTEGRATED IN THE EARLY PHASES WHILE THE MORE VALUABLE CATEGORIES - ITEMS LIKE PANTS AND SHIRTS - WERE DELAYED INTEGRATION UNTIL THE LAST PHASE. THIS HAD THE EFFECT OF DELAYING MUCH OF THE IMPACT OF THE ATC UNTIL THE FINAL YEARS.

ALTHOUGH CHINA WAS NOT PART OF THE ORIGINAL ATC AGREEMENT, CHINA WAS AN OBSERVER AND PARTICIPANT IN THESE TALKS. EVERYONE WAS ALREADY WELL-AWARE THAT CHINA WOULD EVENTUALLY JOIN THE WTO AND IT STARTED WTO ACCESSION TALKS IN 1987, WELL BEFORE THE ATC WAS EVEN CONTEMPLATED. BY THE TIME CHINA HAD COMPLETED ITS OWN ACCESSION PROCESS - IN 2001 - THERE WAS ENOUGH CONCERN ABOUT CHINA'S EVENTUAL ROLE IN THIS INDUSTRY THAT IT WAS FORCED TO ACCEPT SEVERAL SAFEGUARD MECHANISMS TO REGULATE ITS TRADE IN A

QUOTA-FREE ENVIRONMENT. IT IS THE IMPLEMENTATION OF THOSE VERY SAFEGUARD MECHANISMS THAT IS CAUSING MUCH DEBATE TODAY.

U.S. TEXTILE AND APPAREL MANUFACTURERS WERE, UNTIL JANUARY 1, 2005, ONE OF THE MOST PROTECTED INDUSTRIES IN THE UNITED STATES. DUE

TO CONTINUED HIGH TARIFFS, THEY STILL REMAIN ONE OF THE MOST PROTECTED TODAY.

DID ALL OF THESE MEASURES "PROTECT" U.S. TEXTILE AND APPAREL MANUFACTURERS OR THEIR WORKERS? DESPITE OVER 40 YEARS OF QUOTAS, THIS INDUSTRY HAS LOST MOST OF ITS DOMESTIC EMPLOYMENT BASE -- ALMOST ONE MILLION JOBS SINCE 1990 ALONE. TODAY, OVER 96 PERCENT OF THE APPAREL SOLD IN THE UNITED STATES IS IMPORTED. THESE "PROTECTIONS" HAVE DONE LITTLE TO PROTECT THIS INDUSTRY. IN FACT, THEY ONLY LOST PRODUCTION AND WORKERS.

BUT, THERE WERE SOME BIG WINNERS FROM IMPORTS.

CLEARLY, U.S. CONSUMERS ARE THE BIG WINNERS. THANKS TO IMPORTS, U.S. CONSUMERS CONTINUE TO BE ABLE TO BUY HIGHER-QUALITY CLOTHING AT LOWER AND LOWER PRICES. U.S. RETAIL PRICES FOR CLOTHING HAVE FALLEN OVER NINE PERCENT SINCE 1998, WHILE OVERALL U.S. RETAIL PRICES HAVE RISEN ALMOST SIXTEEN PERCENT OVER THE SAME PERIOD. IN REAL TERMS, REAL CLOTHING PRICES HAVE ACTUALLY DECREASED DRAMATICALLY IN THE LAST TEN YEARS.

ANOTHER GROUP OF WINNERS INCLUDE U.S. APPAREL FIRMS. THESE FIRMS HAVE REMAINED PROFITABLE WHILE GIVING THE U.S. CONSUMER EXACTLY WHAT THEY WANT. YET, THESE COMPANIES STILL EMPLOY HUNDREDS OF THOUSANDS OF U.S. WORKERS IN SUCH FIELDS AS RESEARCH AND DEVELOPMENT, SOURCING, DISTRIBUTION AND WAREHOUSING, SALES AND MARKETING, AND RETAIL. AND SOME STILL MANUFACTURE IN THE UNITED STATES. THESE EMPLOYMENT NUMBERS RIVAL THE AMOUNT OF WORKERS EMPLOYED IN APPAREL AND TEXTILE MANUFACTURING IN THEIR HEYDAY ALMOST 40 YEARS AGO.

U.S. APPAREL AND TEXTILE COMPANIES HAVE HAD TEN YEARS TO PREPARE FOR A WORLD WITHOUT QUOTAS. SO, WHAT DID THEY DO? U.S. APPAREL FIRMS USED THE TIME TO DEVELOP MANUFACTURING AND SOURCING STRATEGIES TO MEET THE COMPETITIVE CHALLENGES OF A

POST-QUOTA WORLD. THESE STRATEGIES USUALLY INVOLVED A BALANCED MIX OF U.S. AND FOREIGN MANUFACTURING, AND HAS EVOLVED SEVERAL TIMES OVER THE PAST DECADE.

BY ALL ACCOUNTS, MANY U.S. TEXTILE FIRMS HAVE NOT BEEN SO JUDICIOUS WITH THIS TIME. ACCORDING TO ONE RECENT STUDY, OVER ONE-THIRD OF U.S. TEXTILE FIRMS DID NOTHING TO PREPARE FOR THE END OF QUOTAS. MOREOVER, OVER TWO-THIRDS OF THE TEXTILE FIRMS SURVEYED INSTEAD USED THIS TIME SEEKING WAYS TO FURTHER EXTEND QUOTAS. MANY OF THESE SAME COMPANIES ARE NOW PUSHING THE U.S. GOVERNMENT TO RE-IMPOSE QUOTAS ON CHINA UNDER THE CHINA TEXTILE SAFEGUARD.

WHERE DO WE GO FROM HERE? TO REACH AN ANSWER, WE MUST CONSIDER THREE SIMPLE KEY QUESTIONS.

- FIRST, IS EVERYTHING GOING TO GO TO CHINA?
- SECOND, IF EVERYTHING DOES GO TO CHINA, IS THIS A GOOD THING OR A BAD THING?
- THIRD, IF EVERYTHING DOES GO TO CHINA AND IT IS A BAD THING, WHAT DO WE DO ABOUT IT?

ACCORDING TO VIRTUALLY EVERY MAJOR STUDY, CHINA WILL BECOME THE WORLD'S LARGEST MANUFACTURER OF CLOTHING IN THE POST-QUOTA WORLD. THESE STUDIES ESTIMATE THAT, WITHIN ONLY A FEW YEARS, CHINA WILL CONTROL 30 PERCENT TO 70 PERCENT OF THE WORLD MARKET. WHY? BECAUSE CHINA HAS THE LABOR, INFRASTRUCTURE, RAW MATERIALS, AND CUSTOMER SERVICE NECESSARY TO SUPPORT A COMPETITIVE VERTICAL INDUSTRY.

MANY OF THESE STUDIES OFTEN IGNORE SOME POTENTIALLY IMPORTANT FACTS THAT COULD HAVE A MITIGATING EFFECT ON THESE NUMBERS. SUCH THINGS INCLUDE:

- 1) THE U.S./CENTRAL AMERICA-DOMINICAN REPUBLIC FREE TRADE AGREEMENT, OR CAFTA-DR FOR SHORT;

- 2) EFFORTS IN BOTH EUROPE AND THE UNITED STATES TO NEGOTIATE OTHER TRADE AGREEMENTS OR ESTABLISH OTHER DUTY PREFERENCE PROGRAMS;
- 3) EFFORTS BY CAMBODIA AND OTHERS TO BECOME MODELS OF CORPORATE SOCIAL RESPONSIBILITY;
- 4) THE PORT CRISIS ON THE WEST COAST OF THE UNITED STATES.
- 5) ECONOMIC CONSTRAINTS ON CHINA ITSELF;
- 6) THE POTENTIAL FOR IMPOSITION OF RESTRAINTS ON CHINA'S IMPORTS;  
AND
- 7) CONTINUING NEED FOR DIVERSIFICATION

LET'S REVIEW THESE FACTORS.

1) CAFTA-DR.

ALREADY, CENTRAL AMERICA AND THE DOMINICAN REPUBLIC, COMBINED, SUPPLY OVER 18 PERCENT OF U.S. APPAREL MARKET. MANY U.S. APPAREL FIRMS SOURCE FROM THE REGION BECAUSE OF ITS PROXIMITY TO THE U.S. MARKET. ONLY A FEW DAYS AWAY BY SHIP, THE REGION CAN QUICKLY REPLENISH HIGH-DEMAND ITEMS AND QUICKLY RESPOND TO THE CONSTANTLY CHANGING DEMANDS OF THE FASHION-CONSCIOUS U.S. CONSUMER. MANY OF OUR MEMBERS BELIEVE THAT CAFTA-DR WILL EQUIP THE REGION WITH THE TOOLS IT NEEDS TO COMPETE WITH CHINA.

IN A RECENT SURVEY THAT AAFA CONDUCTED OF EXECUTIVES AT MAJOR APPAREL AND RETAIL FIRMS, 57 PERCENT SAID THEY WOULD INCREASE THEIR SOURCING IN CENTRAL AMERICA IF CAFTA-DR WAS APPROVED, WHILE 51 PERCENT SAID THEY WOULD DECREASE THEIR CENTRAL AMERICAN PRESENCE WITHOUT CAFTA-DR.

2) FREE TRADE AGREEMENTS OR TARIFF PREFERENCE PROGRAMS.

SEPARATE AND APART FROM CAFTA-DR, MAJOR DEVELOPED COUNTRIES ARE NEGOTIATING AGREEMENTS THAT WILL EXTEND OR MODIFY TARIFF PREFERENCES OR DUTY FREE ACCESS FOR A RANGE OF COUNTRIES. EUROPE IS WORKING ON PROPOSALS TO EXPAND ACCESS FOR TSUNAMI RAVAGED COUNTRIES, LIKE SRI LANKA. THE UNITED STATES IS CONSIDERING A SIMILAR MEASURE AND IS ALSO LOOKING AT DUTY FREE

ACCESS FOR LEAST DEVELOPED COUNTRIES, LIKE BANGLADESH AND CAMBODIA. THE UNITED STATES RECENTLY PROVIDED DUTY FREE ACCESS FOR CERTAIN PRODUCTS PRODUCED IN EGYPT IN COOPERATION WITH ISRAEL. OTHER TRADE AGREEMENTS WITH THE UNITED STATES ARE ON THE DRAWING BOARD FOR ANOTHER 12 COUNTRIES. TO THE EXTENT THESE MEASURES PROVIDE DUTY-FREE ACCESS UNDER VERY FLEXIBLE RULES TO MAJOR APPAREL SUPPLIERS, THESE MEASURES WOULD GIVE THESE LOW-COST SUPPLIERS A SIGNIFICANT TARIFF ADVANTAGE OVER CHINA.

3) ANOTHER FACTOR IS WHICH COUNTRIES PRODUCE IN A SOCIALLY RESPONSIBLE MANNER.

WE BELIEVE THAT THE END OF QUOTAS WILL ACTUALLY HELP IMPROVE WORKING CONDITIONS IN DEVELOPING COUNTRIES. DEALING WITH FEWER FACTORIES WITH LARGER PRODUCTION RUNS WILL ALLOW APPAREL FIRMS TO MORE FREQUENTLY MONITOR FACTORIES FOR COMPLIANCE. AT THE SAME TIME, U.S. APPAREL FIRMS WILL OBTAIN INCREASED BARGAINING POWER TO FORCE THOSE FACTORIES INTO COMPLIANCE OR FACE A LOSS OF A SIGNIFICANT AMOUNT OF BUSINESS. THIS LEADS TO AN IMPROVEMENT IN LABOR CONDITIONS AND CREATES A DYNAMIC WHERE GOOD LABOR CONDITIONS ARE SEEN AS A COMPETITIVE ADVANTAGE. WE HAVE DESCRIBED THIS PHENOMENON AS A "RACE TO THE TOP."

FOR EXAMPLE, CAMBODIA'S EFFORTS TO EXPAND ITS UNIQUE PARTNERSHIP WITH THE INTERNATIONAL LABOR ORGANIZATION COULD HELP IT REMAIN COMPETITIVE IN A POST-QUOTA WORLD. CAMBODIA'S SUCCESS IN IMPROVING WORKING CONDITIONS HAS ALREADY PAID OFF. U.S. IMPORTS FROM THAT COUNTRY HAVE GROWN BY DOUBLE DIGITS EACH OF THE PAST FIVE YEARS. EARLY DATA FOR 2005 INDICATES THAT CAMBODIA CONTINUES TO SUCCEED WITH THIS MODEL, WITH U.S. IMPORTS FROM THAT COUNTRY INCREASING 11.4 PERCENT IN THE FIRST QUARTER OF THIS YEAR. MANY OTHER DEVELOPING COUNTRIES HAVE BEGUN EXPLORING WAYS TO INCORPORATE THE CAMBODIA MODEL INTO THEIR POST-QUOTA STRATEGY.

4) LOGJAMS IS ANOTHER FACTOR

MANY OF YOU MAY REMEMBER THE WEEKS LONG DELAYS THAT MANY U.S. PORTS EXPERIENCED LAST FALL OR THE LABOR PROBLEMS WE EXPERIENCED IN THOSE SAME PORTS A YEAR BEFORE THAT. A DRAMATIC GROWTH IN CARGO FROM ASIA COMBINED WITH DOMESTIC LABOR ISSUES AT THE PORTS CAUSED SIGNIFICANT LABOR SHORTAGES AND LOGISTICS BREAKDOWNS IN 2004. THIS, IN TURN, CAUSED CARGO FROM CHINA AND THE REST OF ASIA TO SIT ON SHIPS IDLING IN THE HARBOR OF THE PORTS OF LOS ANGELES & LONG BEACH FOR A WEEK TO 10 DAYS WAITING TO BE UNLOADED. IN OCTOBER 2004 ALONE, OVER 50 SHIPS WERE LEFT IDLING IN THE HARBOR WAITING FOR A BERTH, OVER FIVE TIMES THE NORMAL AVERAGE. THIS CARGO CONTAINED CLOTHES AND SHOES DESTINED FOR RETAILERS FOR THE CRITICAL U.S. HOLIDAY SHOPPING SEASON.

TO PREVENT A SIMILAR SITUATION IN THE FUTURE, WEST COAST PORTS HAVE HIRED MORE WORKERS AND HAVE ANNOUNCED PLANS TO EXPAND PORT HOURS. ALREADY, HOWEVER, AS YOU CAN SEE FROM THE RED BARS ON THIS CHART, THE NUMBER OF SHIPS WAITING FOR BERTHS ON A DAILY BASIS HAS SEEN A DRAMATIC SURGE OVER THE LAST MONTH. THESE NUMBERS COULD BE A SIGN THAT ANOTHER CRISIS COULD LOOM THIS FALL. THIS HAS RAISED CONCERNS ABOUT PERSISTENT CONGESTION AT WEST COAST PORTS, AND WITH TRANSPORTATION INFRASTRUCTURE SERVICING THESE PORTS, AND HAS INSTEAD ENCOURAGED U.S. FIRMS TO CONSIDER SOURCING IN COUNTRIES NOT DEPENDENT UPON ACCESS TO THE U.S. MARKET VIA THE WEST COAST.

5) CHINA ITSELF HAS PROBLEMS.

BESIDES THESE EXTERNAL FACTORS, THERE ARE ALSO FACTORS INSIDE CHINA THAT COULD AFFECT THE COUNTRY'S GROWTH.

THERE HAVE BEEN A NUMBER OF REPORTS RECENTLY ABOUT GROWING LABOR SHORTAGES AND RISING WAGES IN THE SOUTH OF CHINA. AS THIS TREND CONTINUES, FIRMS SOURCING IN CHINA WILL HAVE TO MOVE WEST AND NORTHWARD. THESE REGIONS HAVE CHEAPER LABOR, BUT THE TRANSPORTATION AND POWER INFRASTRUCTURE ARE NOT AS WELL

DEVELOPED AND THE DISTANCES TO PORTS ARE GREATER. OR FIRMS CAN STAY IN THE SOUTH AND PAY THE HIGHER WAGES AND PROVIDE OTHER BENEFITS IN THE COMPETITION FOR WORKERS. EITHER CHOICE WILL NOT ONLY LOWER THE MARGINS THAT MAKE CHINA ATTRACTIVE BUT, AS IN THE CASE OF MOVING NORTH, COULD ADD SIGNIFICANT TIME DELAYS THAT COULD COST FIRMS THEIR ORDERS.

MORE IMPORTANTLY, CHINA FACES THE VERY REAL SPECTER OF A CURRENCY REVALUATION IN ITS NEAR FUTURE. THE CHINA CURRENCY ISSUE HAS DOMINATED DISCUSSIONS IN THE U.S. CONGRESS THIS YEAR. THESE DISCUSSIONS HAVE LED TO MOUNTING PRESSURE ON PRESIDENT BUSH TO TAKE ACTION AGAINST CHINA FOR ITS FIXED CURRENCY REGIME. THE UNITED STATES IS NOT ALONE IN MAKING THIS DEMAND. THE G-7 GROUP OF INDUSTRIALIZED NATIONS JUST RECENTLY ISSUED A COMMUNIQUE DEMANDING THAT CHINA IMMEDIATELY MOVE TO A FLEXIBLE CURRENCY. CONTRARY TO POPULAR BELIEF, HOWEVER, ANY REVALUATION OF THE CHINESE CURRENCY WOULD LIKELY LEAD TO LOWER PRICES FOR CHINESE FACTORIES FOR SOME CRITICAL INPUTS LIKE OIL. IN THE CASE OF APPAREL, THOUGH, A REVALUATION COULD DRAMATICALLY INCREASE THE COST OF LABOR - A KEY COST COMPONENT FOR APPAREL.

#### 6) IMPOSITION OF TRADE RESTRAINTS

CHINA REMAINS UNDER THE PROSPECT OF CONTINUED TRADE SANCTIONS - BE THEY RESTRAINTS UNDER THE SAFEGUARD MECHANISMS, ANTI DUMPING OR COUNTERVAILING DUTY ACTIONS IMPOSED TO ADDRESS SUBSIDIES AND DUMPING, OR TRADE REMEDIES TO PRESSURE BEIJING ON INTELLECTUAL PROPERTY RIGHTS (IPR) ISSUES. THE POTENTIAL FOR ALL OR SOME OF THESE ACTIONS HAS A CHILLING EFFECT ON TRADE. NOT ONLY DOES IT CAUSE UNCERTAINTY, BUT IT ALSO RAISES COSTS, WHICH MAKE CHINA LESS ATTRACTIVE.

ALREADY, THE UNITED STATES HAS ANNOUNCED THAT IT WILL IMPOSE SAFEGUARD QUOTAS ON U.S. IMPORTS OF CHINESE COTTON KNIT SHIRTS, COTTON TROUSERS, AND UNDERWEAR. BASED ON OUR ESTIMATES, THE RESULTING QUOTAS WILL BE SO SMALL THAT U.S. CUSTOMS COULD CLOSE



THE BORDERS TO THESE CHINESE PRODUCTS FOR THE YEAR AS EARLY AS JULY OR AUGUST. THE U.S. GOVERNMENT IS CONSIDERING FIVE OTHER SIMILAR PETITIONS FOR SAFEGUARD QUOTAS ON A RANGE OF OTHER PRODUCTS, FROM WOVEN SHIRTS TO BRAS. LIKEWISE, EUROPE IS CONSIDERING SAFEGUARD QUOTAS AGAINST A NUMBER OF CHINESE PRODUCTS.

7) LASTLY, DIVERSIFICATION

FOR MANY OF OUR MEMBER COMPANIES, THE SUM OF ALL THESE ISSUES LEADS THEM TO THE SIMPLE MAXIM THAT, DESPITE THE CONSOLIDATION OPPORTUNITIES PRESENTED BY THE END OF QUOTAS, THEY STILL NEED TO MAINTAIN SUFFICIENT DIVERSIFICATION - ESPECIALLY WITH RESPECT TO CHINA. PUT ANOTHER WAY, THEY DO NOT WANT TO PUT ALL THEIR EGGS IN ONE BASKET.

BUT LET'S SAY THAT, DESPITE THESE FACTORS, CHINA STILL BECOMES THE DOMINANT SUPPLIER OF APPAREL TO THE WORLD MARKET. SOME BELIEVE THERE IS AMPLE EVIDENCE WE ARE ON OUR WAY TO THIS POINT. CHINESE APPAREL DOMINATES THE JAPANESE AND AUSTRALIAN MARKETS, AND, IN THOSE CATEGORIES RELEASED FROM QUOTA BEFORE 2005, CHINA'S MARKET SHARE HAS TOPPED 60-70 PERCENT.

THE NEXT QUESTION IS WHETHER WE BELIEVE CHINA'S DOMINANCE TO BE A GOOD THING OR A BAD THING?

APPARENTLY, U.S. FOOTWEAR FIRMS DON'T SEEM TO MIND. TODAY, FOR EXAMPLE, CHINA PRODUCES ROUGHLY 60 PERCENT OF THE WORLD'S FOOTWEAR. CHINA SUPPLIES OVER 80 PERCENT OF ALL SHOES SOLD IN THE U.S. MARKET. U.S. FOOTWEAR CONSUMERS SEEM TO LOVE IT, WITH U.S. SHOE SALES HITTING NEW RECORDS EVERY YEAR. U.S. FOOTWEAR FIRMS ARE ALSO DOING WELL WITH MANY GENERATING RECORD PROFITS IN 2004.

U.S. CONSUMERS HAVE ALSO ENJOYED LOWER PRICES. I NOTED BEFORE HOW PRICES HAVE DROPPED OVER THE PAST DECADE FOR APPAREL. THE ELIMINATION OF QUOTA COSTS AND THE CONCENTRATION OF

GARMENT PRODUCTION IN LOW COST PRODUCERS LIKE CHINA COULD - ACCORDING TO MANY STUDIES - GENERATE FURTHER PRICE DECLINES.

BUT WHILE SOME VIEW CHINA'S DOMINANCE AS A GOOD THING, THEIR COMPETITORS DO NOT. JOBS CREATED IN CHINA ARE OBVIOUSLY BALANCED BY THE JOB LOSSES WE WILL NO DOUBT SEE IN MANY OTHER PARTS OF THE WORLD AS COUNTRIES - WHOSE PRIMARY COMPETITIVE ADVANTAGE WAS THEIR ACCESS TO QUOTA - LOSE TEXTILE AND APPAREL EMPLOYMENT. ALREADY WE ARE HEARING STORIES OF JOB LOSSES IN AFRICA, LATIN AMERICA, THE MIDDLE EAST, AND THROUGHOUT PARTS OF ASIA. MANY CONCERNS HAVE BEEN RAISED OVER WHAT THE LONG TERM IMPACT OF THESE DEVELOPING COUNTRY JOB LOSSES WILL BE - PARTICULARLY IF NO OTHER EMPLOYMENT OPPORTUNITIES ARE CREATED TO REPLACE THEM.

OUR THIRD QUESTION OF COURSE IS THAT, ASSUMING CHINA DOES BECOME THE DOMINANT SUPPLIER AND WE REACH THE CONCLUSION THAT THIS IS NOT A POSITIVE THING, WHAT DO WE DO ABOUT IT?

MANY BELIEVE THAT THE ONLY ANSWER IS TO RE-IMPOSE QUOTAS ON CHINA UNDER THE CHINA SAFEGUARD. WE BELIEVE THAT SAFEGUARDS IN THEMSELVES ARE NOT NECESSARILY BAD. PRACTICALLY EVERY TRADE AGREEMENT CONTAINS SAFEGUARDS TO PREVENT DISRUPTIONS IN THE DOMESTIC MARKET CAUSED BY A SURGE IN IMPORTS.

IN THE CASE OF CHINA, THOSE SAFEGUARDS SHOULD BE IMPOSED ONLY IF (A) THERE IS A SURGE IN IMPORTS FROM CHINA, (B) THERE IS MARKET DISRUPTION - IN OTHER WORDS, INJURY - TO THAT PRODUCT IN THE UNITED STATES AND (C) THE SURGE IS THE CAUSE OF THE INJURY. IF WE FAIL TO ESTABLISH THESE CONDITIONS, IMPOSITION OF SAFEGUARDS WILL NOT HAVE THE EFFECT THAT MANY POLICY MAKERS IN WASHINGTON ARE TRYING TO ACHIEVE.

WE DO NOT SEE MUCH EVIDENCE THAT SAFEGUARDS IMPOSED ON CHINA ARE LIKELY TO WORK. SAFEGUARDS PREVIOUSLY OR CURRENTLY

IMPOSED ON CERTAIN CATEGORIES HAVE NOT BROUGHT PRODUCTION OR JOBS BACK TO THE UNITED STATES, LARGELY BECAUSE ANY MARKET DISRUPTION IN THE UNITED STATES WAS NOT CAUSED BY IMPORTS FROM CHINA. WHILE SAFEGUARDS ON CHINA MAY HAVE ACHIEVED SOME POLITICAL ENDS, THEIR PRINCIPAL ECONOMIC IMPACT HAS BEEN SEEN THROUGH THE DIVERSION OF TRADE TO OTHER COUNTRIES IN ASIA - SUCH AS BANGLADESH OR INDIA.

TO UNDERSTAND WHY, YOU NEED TO REMEMBER THAT, EVEN BEFORE QUOTAS WERE REMOVED, IMPORTS SUPPLIED 97 PERCENT OF THE U.S. CLOTHING MARKET. RESTRAINING CHINA WILL NOT LOWER THAT IMPORT PENETRATION. IT WILL MERELY RESULT IN RESTRAINING THE PERCENT OF THAT IMPORT PENETRATION THAT IS ATTRIBUTED TO CHINA. RESTRAINING CHINA MAY ALSO BRING ITS PRICES UP, ALLEVIATING SOME OF THE PRICE PRESSURES THAT ARE OFTEN ATTRIBUTED TO CHINA'S LARGE PRESENCE IN THE MARKET AND RESULTING DEFLATION. AGAIN, THAT IS NOT LIKELY TO BRING PRODUCTION BACK TO THE UNITED STATES BECAUSE THERE ARE SO MANY OTHER APPAREL SUPPLIERS THAT CAN QUICKLY FILL ANY GAPS CREATED BY THE SAFEGUARD SITUATION.

AT THE SAME TIME, TALK OF SAFEGUARD QUOTAS DISTRACT FROM POSITIVE EFFORTS TO HELP NOT ONLY U.S. TEXTILE FIRMS, BUT ALSO HELP OTHER COUNTRIES COMPETE IN A POST-QUOTA WORLD.

A GOOD EXAMPLE IS CAFTA-DR, WHICH WILL HELP CENTRAL AMERICA COMPETE AGAINST CHINA. IN TURN, A HEALTHY CENTRAL AMERICAN INDUSTRY WILL MEAN MORE U.S. TEXTILE SALES TO THE REGION, THE FASTEST GROWING MARKET FOR U.S. TEXTILES. WITHOUT CAFTA-DR, THE REGION'S INDUSTRY WILL GRADUALLY DISAPPEAR AND, WITH IT, THE BIGGEST EXPORT MARKET FOR U.S. TEXTILE MANUFACTURERS. YOU WOULD THINK THAT U.S. TEXTILE MANUFACTURERS WOULD BE LOBBYING THE CONGRESS TO APPROVE IT AS SOON AS POSSIBLE. BUT, A NUMBER OF U.S. TEXTILE MANUFACTURERS ACTIVELY OPPOSE CAFTA-DR. INSTEAD, THEY ARE SPENDING MUCH OF THEIR ENERGY AND RESOURCES ON LOBBYING THE U.S.

GOVERNMENT TO IMPOSE CHINA SAFEGUARD QUOTAS - AN ACTION NOT LIKELY TO CREATE OR SAVE MANY U.S. JOBS.

AS I MENTIONED PREVIOUSLY, THE UNITED STATES IS CONSIDERING MEASURES THAT WOULD GRANT MANY DEVELOPING COUNTRIES DUTY-FREE ACCESS TO THE UNITED STATES UNDER FLEXIBLE RULES OF ORIGIN. AGAIN, THESE MEASURES WOULD GIVE DEVELOPING COUNTRIES PREFERENTIAL ACCESS OVER CHINA TO THE UNITED STATES. HOWEVER, BOTH MEASURES HAVE BECOME HOSTAGE TO CHINA SAFEGUARDS AND OTHER CHINA ISSUES. IN THE UNITED STATES, EFFORTS TO PASS SUCH MEASURES THROUGH CONGRESS HAVE STALLED ALONG WITH ALL OTHER TRADE-RELATED LEGISLATION. INSTEAD, THE U.S. CONGRESS HAS BECOME CONSUMED WITH "PUNISHING" CHINA FOR ITS ALLEGED UNFAIR TRADING PRACTICES, AND ALL TRADE-RELATED HEARINGS ON ANY OTHER TOPIC HAVE JUST BECOME ANOTHER FORUM FOR CONGRESS TO COMPLAIN ABOUT CHINA.

THE U.S. APPAREL INDUSTRY, ON THE OTHER HAND, STRONGLY SUPPORTS ALL THESE EFFORTS. WE HAVE LOBBIED HARD FOR PASSAGE OF CAFTA-DR AND OTHER MEASURES THAT WOULD HELP U.S. TEXTILE MANUFACTURERS AND DEVELOPING COUNTRIES COMPETE IN TODAY'S POST-QUOTA WORLD. WE HAVE AND WILL CONTINUE TO PUSH THE U.S. GOVERNMENT TO GIVE DEVELOPING COUNTRIES IMPROVED ACCESS TO THE WORLD'S LARGEST MARKET.

OF COURSE, OUR ULTIMATE GOAL IS THE ELIMINATION OF TARIFFS AND ALL OTHER BARRIERS TO THE CLOTHING TRADE WORLDWIDE THROUGH THE CURRENT DOHA GLOBAL TRADE NEGOTIATIONS.

WHY? BECAUSE WE REALIZE THAT THE UNITED STATES IS A MATURE MARKET. SO IS EUROPE. THE REAL FUTURE GROWTH LIES IN OPENING UP NEW MARKETS AROUND THE WORLD TO U.S.-BRANDED CLOTHING. THIS IS THE NEXT PHASE IN THE EVOLUTION OF THE WORLD APPAREL MARKET - DEVELOPING COUNTRY TO DEVELOPING COUNTRY TRADE. WE BELIEVE WE SHOULD BE ABLE TO SELL U.S.-BRANDED TEXTILES AND APPAREL ANYWHERE IN THE WORLD FROM ANYWHERE IN THE WORLD.

AS A RESULT, WE HAVE FOCUSED OUR EFFORTS ON ELIMINATING THOSE BARRIERS THAT PREVENT US FROM ENTERING THESE MARKETS:

- HIGH-TARIFFS,
- LACK OF DISTRIBUTION RIGHTS,
- BURDENSOME LABELING REQUIREMENTS,
- UNPREDICTABLE REGULATORY ENVIRONMENTS,
- DISCRIMINATORY STANDARDS,
- ONEROUS HEALTH AND SAFETY REQUIREMENTS, AND,
- POOR INTELLECTUAL PROPERTY RIGHTS (OR IPR) PROTECTION.

THIS LAST POINT IS PARTICULARLY IMPORTANT. HOW CAN YOU SELL YOUR PRODUCT IN CHINA WHEN, THREE WEEKS AFTER YOU INTRODUCE IT, KNOCK-OFFS ARE AVAILABLE ON EVERY STREET CORNER? THESE COUNTERFEIT PRODUCTS EVEN INVADE OUR HOME MARKETS, SHOWING UP ON THE STREETS OF NEW YORK AND SAN FRANCISCO. COUNTERFEIT PRODUCTS NOT ONLY JEOPARDIZE OUR SALES BUT ALSO THE GOOD REPUTATION WE HAVE CREATED FOR OUR BRANDS.

THEREFORE, WE HAVE STRONGLY SUPPORTED THE EFFORTS OF THE U.S. GOVERNMENT TO FORCE NOT ONLY CHINA, BUT OTHER GOVERNMENTS WORLDWIDE, TO FULLY ENFORCE IPR PROTECTIONS. WE BELIEVE EFFECTIVE IPR ENFORCEMENT CAN ONLY OCCUR WHEN THESE COUNTRIES IMPOSE CRIMINAL SANCTIONS ON THE VIOLATORS, INCLUDING JAIL TIME. FURTHER, WE SUPPORT THE U.S. GOVERNMENT'S "S.T.O.P" INITIATIVE. "S.T.O.P" WORKS TO PREVENT COUNTERFEIT GOODS FROM ENTERING THE U.S. MARKET BY STOPPING COUNTERFEIT GOODS AT THE BORDER AND IMPOSING STIFF PENALTIES AGAINST THE IMPORTERS.

THIS ISSUE IS SO IMPORTANT TO U.S. APPAREL FIRMS THAT WE WOULD EVEN SUPPORT SANCTIONS AGAINST VIOLATING COUNTRIES IF NECESSARY.

IN THE END, THE MAIN THING U.S. APPAREL FIRMS WANT AND NEED IS PREDICTABILITY. THE ONLY WAY TO ACHIEVE THIS GOAL IS THROUGH

THE CREATION OF AN EFFECTIVE, RULES-BASED GLOBAL TRADING SYSTEM FOR CLOTHING.

NO MATTER WHAT THE CIRCUMSTANCES, WE CAN DESIGN A MANUFACTURING AND SOURCING STRATEGY TO MEET THE NEEDS OF THE U.S. CONSUMER AND STILL MAKE A PROFIT. HOWEVER, AS YOU KNOW, THE SUDDEN CHANGES THAT EXIST IN TODAY'S MARKET DON'T ALLOW OUR MEMBERS TO PREDICT AND PREPARE. MANY EXAMPLES EXIST:

- THE U.S. GOVERNMENT'S SUDDEN DECISION TO CHANGE THE PROCEDURES FOR IMPLEMENTING THE CHINA SAFEGUARDS;
- CONGRESS' TWO-YEAR DELAY IN PASSING CAFTA-DR;
- CHINA'S RECENT FLIRTATION OVER IMPOSING EXPORT TARIFFS WITH LESS THAN TWO WEEK'S NOTICE;
- NEW LABELING REQUIREMENTS IN INDIA ANNOUNCED ONE DAY AND IMPOSED THE NEXT; AND
- EUROPE'S DECISIONS TO BAN CERTAIN SUBSTANCES USED TO MAKE CLOTHING WITH LITTLE OR NO SCIENTIFIC EVIDENCE.

THE GLOBAL APPAREL MARKET MUST BE GOVERNED BY RULES. IF CHANGES ARE RULES-BASED, THEY ARE PREDICTABLE.


UNDER SUCH A SYSTEM, U.S. APPAREL FIRMS CAN ACHIEVE THEIR SOLE GOAL OF MEETING THE CONTINUALLY CHANGING NEEDS OF THE CONSUMER - WHO WANT AN EVER WIDER-VARIETY OF HIGHER-QUALITY CLOTHES AT LOWER AND LOWER PRICES. WE CAN DO THIS WHILE CONTINUING TO MAKE A PROFIT AND ENSURING THAT THOSE PRODUCTS ARE MADE UNDER ETHICAL AND HUMANE WORKING CONDITIONS.

THANK YOU. I WOULD BE HAPPY TO TAKE ANY QUESTIONS.

PowerPoint Presentation by Ms. Fawn Evenson

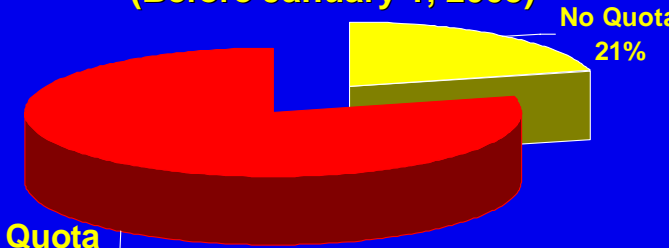
## The U.S. Perspective on Global Trade in the Post-Quota World

By Fawn Evenson  
Vice President, Global Business & Services  
American Apparel & Footwear Association




Slide 2

### Percentage of U.S. Apparel Imports Still Under Quota (Before January 1, 2005)



Category	Percentage
Quota	79%
No Quota	21%

Source: U.S. International Trade Commission




Slide 3

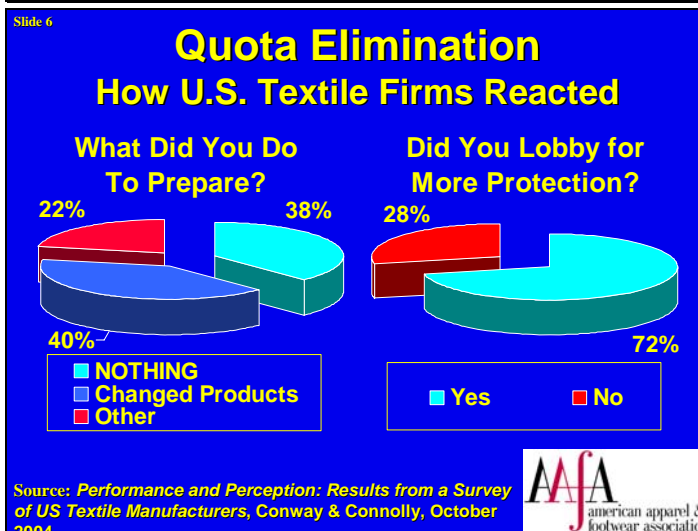
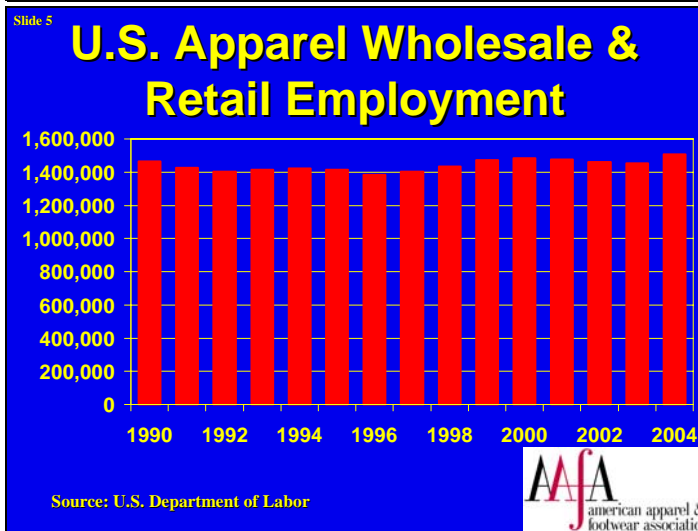
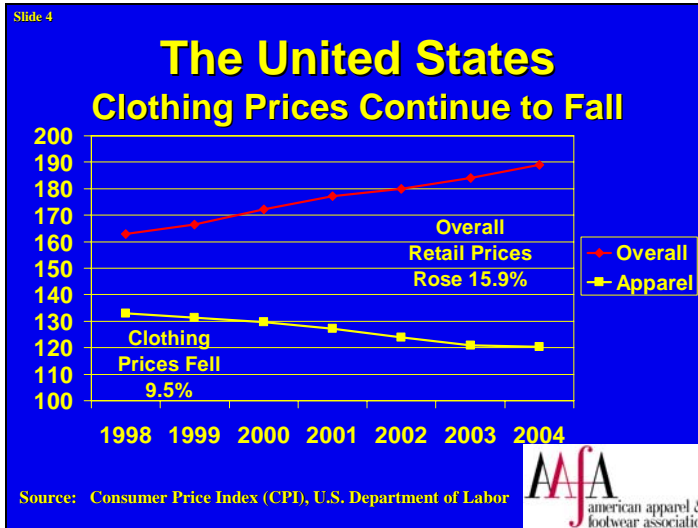
### U.S. Apparel & Textile Manufacturing Employment



Year	Employment (Approximate)
1990	1,600,000
1991	1,550,000
1992	1,500,000
1993	1,450,000
1994	1,400,000
1995	1,350,000
1996	1,300,000
1997	1,250,000
1998	1,200,000
1999	1,150,000
2000	1,100,000
2001	1,050,000
2002	1,000,000
2003	950,000
2004	900,000

Source: U.S. Department of Labor







Slide 7

## Global Trade in the Post-Quota World

- 1) Is everything going to go to China?
- 2) If everything does go to China, is this a good or bad thing?
- 3) If everything does go to China and it is a bad thing, what do we do about it?

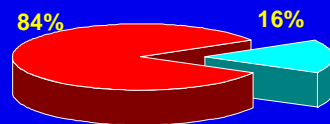


Slide 8

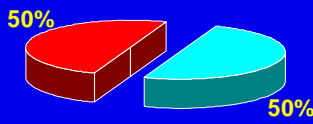
## CHINA

### The World's Clothing Producer?

China Share of U.S. Apparel Imports - Pre-2005



China's Share of U.S. Apparel Imports Post-2005



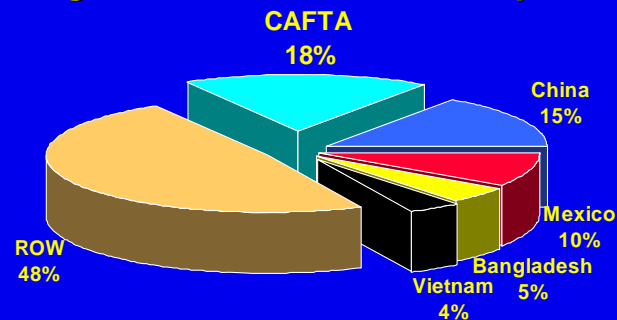
Source: World Trade Organization (WTO)



Slide 9

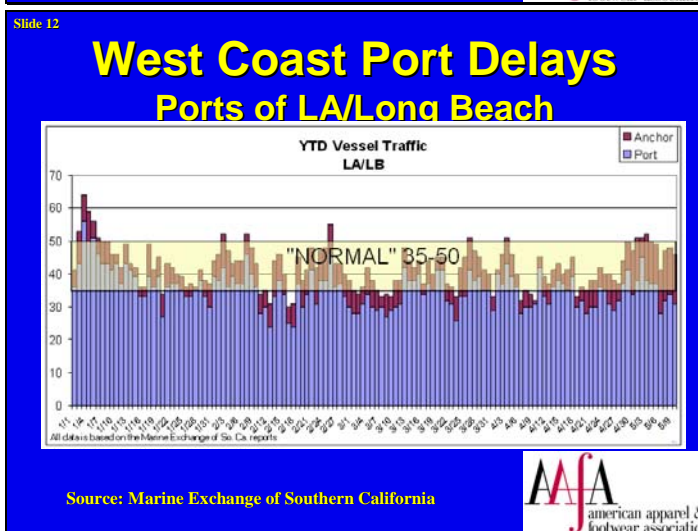
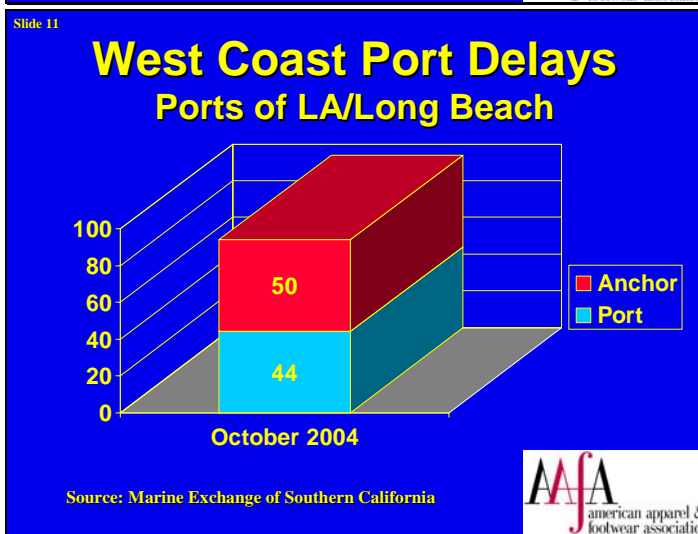
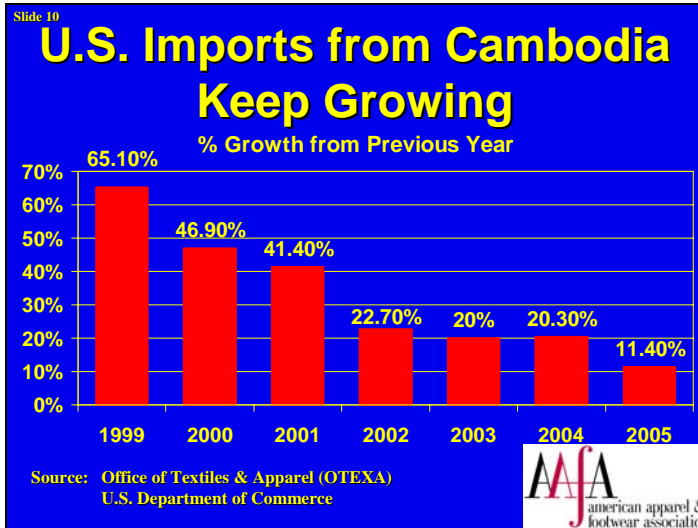
## CAFTA

### Region's 2004 Share of US Imports



Source: Office of Textiles & Apparel (OTEXA)  
U.S. Department of Commerce





Slide 13

## Global Trade in the Post-Quota World

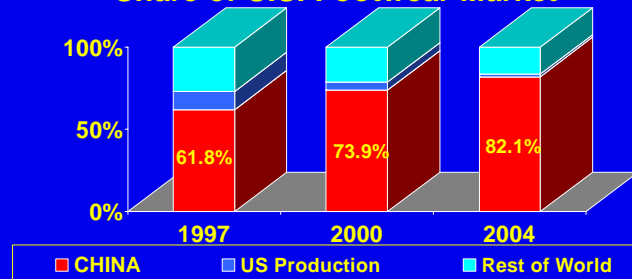
- 1) Is everything going to go to China?
- 2) If everything does go to China, is this a good or bad thing?
- 3) If everything does go to China and it is a bad thing, what do we do about it?



Slide 14

## China Dominates U.S. Footwear Market

Share of U.S. Footwear Market



Source: AAFA's Shoe Stats 2005

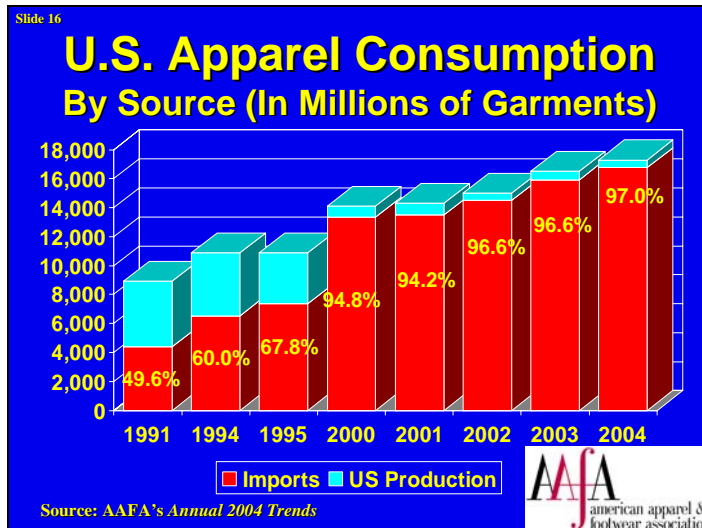


Slide 15

## Global Trade in the Post-Quota World

- 1) Is everything going to go to China?
- 2) If everything does go to China, is this a good or bad thing?
- 3) If everything does go to China and it is a bad thing, what do we do about it?





Slide 17

### U.S. Apparel Firms

Selling U.S.-Branded Clothing  
Anywhere in the World from Anywhere in World

**GOALS:**

- **Open U.S. Apparel Market**
  - CAFTA
  - Open U.S. Market to Developing Countries
- **Open Foreign Markets to U.S.-Branded Clothes**
  - WTO Negotiations
  - Intellectual Property Rights (IPR)
  - Removing Other Barriers To Entry

Slide 18

# Thank You



**Mr. Hideo Otsuki**

**Chairman**

**Itochu Textile (China) Co., Ltd.**

Mr. Otsuki has engaged in textile trade all the time since he worked in Itochu Corporation, and lived in Chinese circle for 30 years, and ever worked in Singapore, Jakarta, China Hong Kong, Beijing and Shanghai by now. He built a good relationship with local clients wherever he went, and guided and pushed Japanese companies to promote their business, set up factories as well as various types of investment in China. He also made great contribution to the development of textile trade between China and Japan.

Now Mr. Otsuki acts as Director of Itochu Corporation, and president of Itochu Textile (China) Co., Ltd

**Speech by Mr. Hideo Otsuki**

- 1) Brief introduction to Itochu Corporation and its development history in China
- 2) History of textile trade between China and Japan
- 3) Expectation for Chinese Textile Industry in future

1) Brief introduction to Itochu Corporation and its development history in China

As a preventative comprehensive company, Otsuki Corporation began formally to recover trade with China by identity of Japanese large scale corporation in 1972 before China and Japan resumed diplomatic relations. It developed trade with China and invested a lot of large scale projects in China in the fields of textile, mechanic, energy, chemical industry and steel as so on.

Each of top operators attached importance to relationship with China all the times. Hence all administrative levels in Itochu Corporation from managers to clerks cultivated a number of Chinese experts to develop kinds of communications and exchanges, and built good relations with Chinese counterparts. On the basis of mutual trust, it is successful for Itochu to build a perfect cooperation partner relationship.

Itochu have set up a whole industrial chain from material, accessories, sewing process to brand operation in textile field-their which is its own profession. Having about 130 brands managing in Japan, Itochu have been bearing huge influence in Japanese brand industry. It will still devote to the promotion of brand and plan for comprehensive life style, and also continually enlarge the cooperation with large size textile enterprises in China.

2) History of textile trade between China and Japan

In 1970s Dawn Era

Itochu mainly exported chemical material and fabric to China and its main trade partners were state owned textile import & export companies in this period which is called as the era of Japan exporting technology to China. At that time, Itochu mainly exported polyester and nylon threads and raw cottons to China.

In 1980s Growth Era

Our main task is to build bridge between Chinese sewing process factories and Japanese Clients, and produced garments with low price in this period. At first, it was rather difficult for us to expand our business due to the difference about situation of country, cultures and value view between two countries. We need particular skill to do it. With the penetration of reform and open up, a number of Chinese enterprises having sense of development have come up and they started to have self-sense as manufacturers.

In 1990s Peak Era

At first, Joint ventures which mainly processed garments came out continually since exporting from China to Japan sharply increased. Japanese enterprises dispatched technicians to visit China to guide Chinese companies to be strict of quality management in order to ensure the enterprises could produce their products according to Japanese standard on each tiny link. After this, some enterprises which could meet and surpass Japanese quality appeared, and gained successes in competitiveness, and finally became

Chinese excellent enterprise.

In 2000s Transition Era

Chinese textile industry entered into a gold period. Meanwhile, other countries in south east Asia felt threats from China because China had overwhelming production capabilities on material and strict quality management ability and low cost. As same as Japan in the past, it is impossible to maintain the situation which only one country monopolized markets. Chinese textile industry could not develop well in the future if Japan was able to set up cooperative and coordinative relations. How many enterprises with production capability of independent and high quality did China hold? Did China cultivate designers whom were able to get world's recognitions? How much did selling in domestic market enlarge? There were a great number of problems to solve in Chinese textile and garment industry.

3) Expectation for Chinese Textile Industry---the era of strategic partnered between China and Japan

By now, our expectation to Chinese textile industry mainly limited on the point of delivering the goods on time. Therefore, factories in China only introduced advanced equipment, then guaranteed stability of product quality relying on labor force with low price. China was successful to do it indeed, and built unshakable position in the factor of textile processing. It was also said that China had no opponent in the field of textile processing in the world under the condition of free competition.

However, the United States existing the problem of severe trade deficit have begun to give pressures of adjusting foreign exchange rate to China, and other countries in south-east Asia also start to express their dissatisfactions due to rapid development in China.

That China entered into WTO played an active role in common development of Chinese and global economy, but balance principle of right and obligation also means China must take on obligations of WTO members when enjoying the right of WTO members. Facing drastic global competition in textile industry, I believe that the winner and failure will be distinguished in Chinese textile industry in near future. We, however, will become the failure and be eliminated in competition if we have little carelessness.

We think that far-sighted Chinese enterprises should not only do their business on the principle of delivering their goods according with quality and time the customers asked for, so we must decidedly change into garment enterprises having proposal ability from enterprises called as "waiting indication, processing expert".

There are many factors to improve in the field of material, fabric, dyeing, processing etc. Hoping to become long term and steady supplier of Japanese companies, Chinese companies should not only make much progress on technology, but also make corresponding adjustment in whole structural of the company. If only like this, we could ensure to supply high quality products in line with strict standards of our Japanese enterprises. Meanwhile, it is not enough that only one company efforts, Counterparts having the sense of supplying chain and mutual coordination and negotiation with counterparts is absolutely necessary. Especially should not only make price competition.

To become a true strong textile country, we think it is pivotal for China to stride forward toward the direction of exporting of proposal pattern. Itochu should also be divorced of fixed view of regarding China as a cost center, and will make China a cradle of planning,

information and manufacturing.

As corporation of China preparing recourses, Itochu devote to build a producer network which facing to Japan and pursuing perfect production quality and strict date of delivering goods. In the session, operation from preparing of raw material, production to distribution will be accomplished

We put much energy to cultivation of experts because soft power such as planning, proposal, sending of information etc must be not absent if we need finish excellent a plan. We should make them possess common managing and value views through studying to make intensified education to local staffs. They could not only manage for the quality and date of delivery according to Japanese strict request, also cultivate a number of excellent experts who are able to put forward to proposals to Japan and the rest of world. We cordially hope that the managers of Chinese enterprises could taste our zeal.

Most of the Chinese operators having strength developed gradually by their own efforts from very small factory or reform to entrepreneurs of private enterprises by make the state owned enterprises manage collectivized and merge. From themselves, we could feel enthusiasm like fire which there is no outlet if we make the company to be strong one. It is the same as the enthusiasm even though each manager has different characters.

We expect that they could change their sense bravely and influence of Japanese garment sense, creativity as well as challenge spirit. What should we do if we are intended to pursue the progress of quality rather than only satisfying the enlargement on the output. I hope all of us could consider carefully again.

As a Chinese strategic partner, we will try our best to coordinate Chinese enterprises. Meanwhile we also wish to maintain the win-win relations with Chinese counterparts, and go ahead shoulder by shoulder with all of you.



## Plenary Session III Textile Trade in APEC Developing Economies



**Mr. Young-kie Ahn**  
**Chairman**  
**Korea Chemical Fibers Association**

*Date of Birth : Jan. 5, 1947*

*\* Academic Background*

1981 Kansas University (MA, Economics)

1975 Korea University (BA, College of Law)

*\* Professional Career*

- 2005. 4 □ Chairman, Korea Chemical Fibers Association(KCFA)
- 2002. 3 Vice Chairman, Korea Federation of Textile Industries(KOFOTI)
- 2001. 1 Director-General, Small & Medium Business Policy Bureau, SMBA
- 2000. 2 Director-General, Management Assistance Bureau, SMBA
- 1999. 1 Director-General, Region Office of Busan ·Ulsan SMBA,  
Small & Medium Business Administration(SMBA)
- 1998. 1 Director-General, The Sejong Institute, MOCIE
- 1993.10 Director, Trade Promotion Division,  
Ministry of Commerce, Industry and Energy(MOCIE)
- 1989. 1 Commercial Attache, Korean Embassy in Saudi Arabia
- 1985. 7 Korean Organizing Committee for the Seoul Olympic
- 1975. 7 Passed the National Administrative Examination(17th Annual Exam)

Speech by Mr. Young-kie Ahn

## **Textile and Clothing Trade in APEC Developing Economies**

**- With Focus on Asian Developing Countries -**

### **1. Introduction**

Since its inauguration in 1989 with a ministerial meeting of 12 economies in Canberra, Australia, APEC has considerably contributed to the promotion of the trade and investment liberalization as well as the exploration of new export markets for Korea. Particularly noteworthy is the fact that APEC, which has 21 members, assumes a very important role concerning the Korean economy as the nation's largest trade and investment partner. APEC accounts for 70.3% of Korea's international trade and 63.7% of the foreign investments into the nation.

Korea is heavily dependent on APEC for its trade activities involving textiles and clothing products. In 2004, the nation's trade with the APEC members in this sector amounted to \$15.2 billion, constituting 73% of its total exports and imports of textiles and clothing items. This line of business is important not only to Korea but also to the entire region. Illustrating this significance is a statistic that shows that more than 52% of the world textile exports are made by the APEC economies.

Until last year while the global textile quota system was in place, imbalances in the textile trade between the developed and the developing countries were dealt with as a big issue in the international community. By contrast, the need to expand trade among the developing countries did not arouse much international interest, even though they played a significant role in the international textile and garment trading.

The United States and the EU provided preferential trade measures, such as duty-free and quota-free, to export products free of duties and quotas, to some developing and least developed countries, in the name of "economic assistance." These measures enabled the beneficiaries to produce textiles and clothing, thus creating jobs and pursuing economic development. Despite these positive effects, the mechanism had its negative consequences as well. The system, under which the importing countries could manipulate the supply of and demand for finished textile and clothing products, caused production inefficiency and additional transaction costs. Some economies continuously raised the point that their difficulties in the exports area were attributable to insufficient quota systems.

Lacking in the level of vertical integration that encompasses the entire process from the production of textiles to clothing, most of the developing and least developed countries are highly dependent on imported raw and subsidiary materials. One major contributing factor to this situation has been the practice by the US and the EU to impose restrictions

that make it obligatory for the quota receivers to import raw materials from specific countries. This practice has acted as an obstacle to facilitating the trade between the developing countries themselves and to securing the efficient production and investments through international divisions of work.

Against this backdrop, this paper deals with various problems concerning the textile and clothing trade among the developing countries, especially in connection with the APEC developing economies, and various ways to expand the trade among them.

## 2. Trade and Investments of Korea's T & C Industries

### 1) Exports

In 1989 when Korea joined APEC, Korean textile and clothing exports to APEC, which then consisted of 12 economies, amounted to \$10.6 billion, accounting for 69.4% of its total textile exports (\$15.2billion). Last year, the corresponding figures were \$10.7 billion and 70.8%.

< Table 1 : Korean T&C Exports to APEC >

(Unit : US\$ thousand)

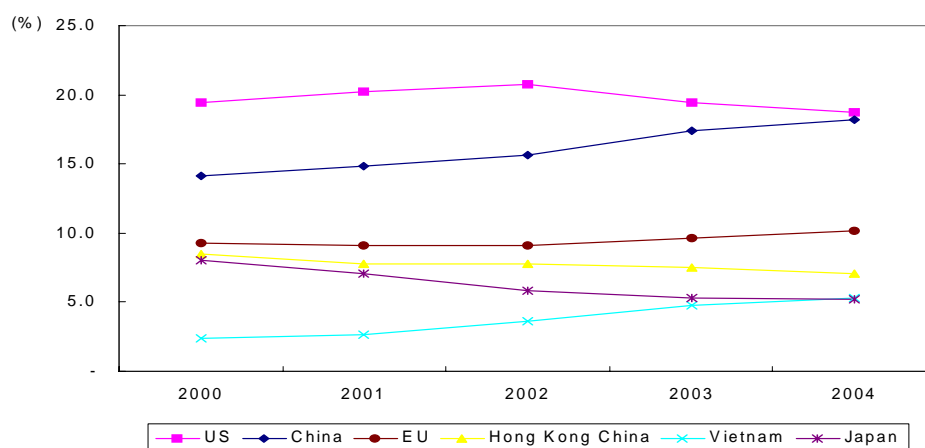
Year	No. of Members	Exports to APEC	Total T&C	Proportion (%)
1989	12	10,577	15,237	69.4
1998	21	12,477	16,864	74.0
2001	21	11,318	16,081	70.4
2002	21	11,196	15,674	71.4
2003	21	10,825	15,253	71.0
2004	21	10,760	15,192	70.8

(Source : Korea Trade Statistics)

Of the APEC members, the US is Korea's largest market; in 2004, Korea shipped 18.7% of its total textile exports to the US. In China, which is another important market for Korea, Korean textile companies have made active investments since 1992 when the two countries established the bilateral diplomatic relations. Subsequently, Korean textile exports to China have soared to meet the demand for raw materials by these Korean-invested industries.

Korean investments in Vietnam have also dramatically grown since 2001, when the US and Vietnam signed a bilateral trade agreement. With the increase in the investments in Vietnam that mostly target the US and EU clothing market, Korea's textile exports to Vietnam have also surged.

< Diagram 1 : Proportion of Korea's T&C Exports by Economies >



(Source : Korea Trade Statistics)

## 2) Imports

In 1989, the Korean textiles and clothing imports from the APEC members were recorded at \$900 million, which was about 43% of the value of the total Korean textile imports. Except the 1998-1999 period, when the nation was under the grip of the Asian financial crisis, the imports from the APEC members have continued to go up. They took a 78.3% portion of the nation's total textile imports last year.

< Table 2 : Proportion of Korea's T&C Imports from APEC >

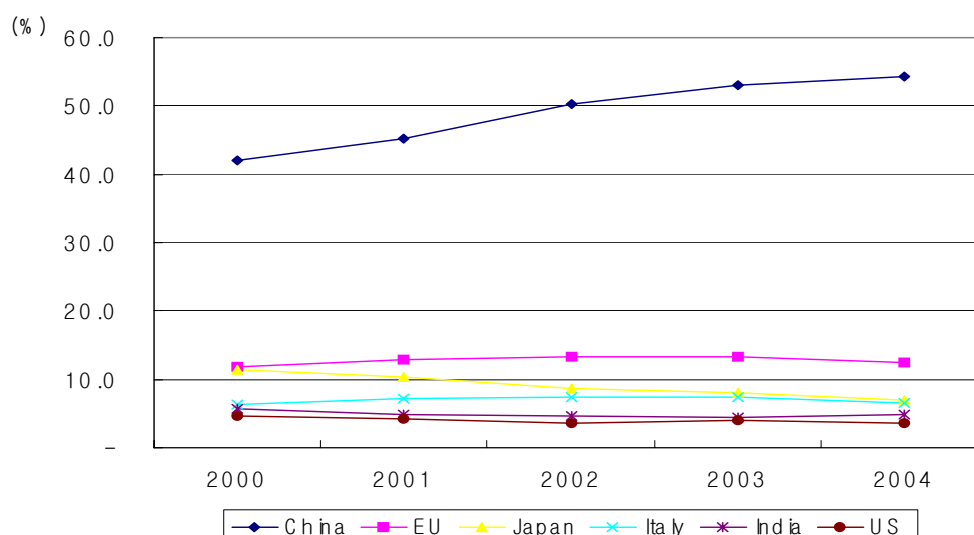
(Unit : US\$ million)

Year	No. of Members	Imports from APEC	Total T&C	Proportion (%)
1989	12	907	2,089	43.4
1998	21	2,207	2,824	78.2
2001	21	3,633	4,859	74.8
2002	21	4,352	5,688	76.5
2003	21	4,584	5,897	77.7
2004	21	4,978	6,359	78.3

(Source : Korea Trade Statistics)

In particular, the imports of clothing from China have recorded a rapid hike, exceeding 50% of the total imports since 2002.

< Diagram 2 : Proportion of Korea's T&C Imports by Economies >



(Source : Korea Trade Statistics)

### 3) Investment

The overseas investments by Korea's manufacturing sector reached the \$27.8 billion (14,920 cases) level as of the end of February 2005. Of these, \$3 billion (10.9%) and 2,995 cases (20.1%) belonged to the T&C industries. Especially, the proportion of APEC member economies is very high, making up 87.3% of the cases and 70.3% of the investments as of the end of February 2005.

<Table 3 : Korea's Overseas Investments in T & C Sector>

	Projects	Amount(US\$ million)
FDI of Manufacturing Total	14,920	27,790
Total FDI of T&C	2,995	3,027
Shares(%)	<b>20.1</b>	<b>10.9</b>
FDI in APEC Total	2,616	2,128
Shares(%)	<b>87.3</b>	<b>70.3</b>
Shares of China (%)	62.9	37.8

(Source : Korea Exim Bank, As of the end of February 2005)

A closer look, however, shows that the overseas investments concentrate on China, which has attracted 37.8% of the total amount of overseas investments made by the Korean textile industries.

### 4) Trade and Investments Related to APEC Developing Economies

In a related development, confronting their weakened international competitiveness triggered by difficulties in securing manpower and soaring production costs caused by

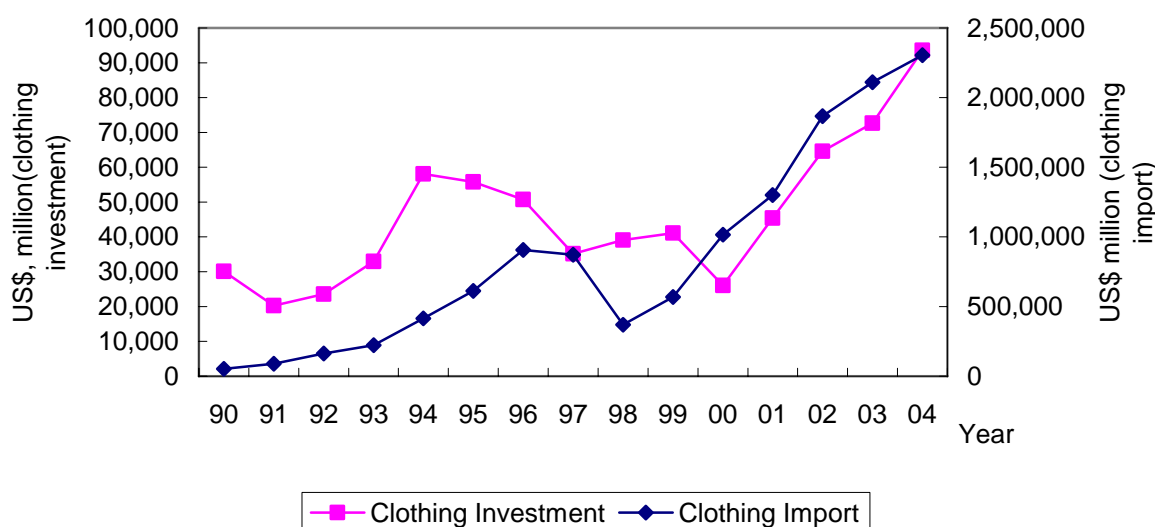
increased wages, a growing number of local textile companies are relocating their production lines to China, Vietnam or other countries with cheap, plentiful labor resources. This trend caused increasing concerns about the hollowing-out of the Korean textile industry.

Korean textile investments into Asian developing economies from 1990 to 2004 amounted to around \$2.14 billion (\$1.45billion in textile sector and \$690million in clothing sector). This amount is about 72% of the total overseas investments (\$2.98billion) in the textile sector.

Before 2000, the goal of South Korean overseas investment was to take advantage of low labor costs in foreign countries that served as production centers for Korea's exports to the markets of advanced industrialized countries.

Since 2000, however, as shown in Diagram 3, the target of overseas investment and production has been Korea's own domestic market. For instance, Korea imported clothing worth around \$2.3 billion from the Asian region in 2004, which was up by 620% from 1998. The increased imports of clothing have been parallel with the increased investments into the area.

< Diagram 3: Overseas Investments and Imports by the Clothing Sector >



### 5) Korea's Textile Trade in the Post-ATC Era

Unlike the situations found in Asia's other developing economies, Korea's textile industry is faced with worsening profitability, attributable to the decreasing exports caused by the quota elimination and to the reduction in the productivity levels to a serious degree.

#### ■ Decreasing textile exports and production & Increasing export prices

The accumulated exports of Korea's textile industry from January to March 2005 amounted to \$3.19 billion, down 6.1% (\$210million) from the same period of the previous year. In terms of weight, it decreased by as much as 14.6%. However, the export prices were up by 8.5%.

<Table 4 : Korea's Textile Exports, January to March 2005>

(Unit : US\$ million, %)

Items	2003	2004	2005			
			Jan	Feb	Mar	Jan~Mar
Yarns	2,346(13.3)	2,499(6.5)	204 (1.1)	199 (1.5)	217 (1.1)	620 (1.2)
Fabrics	8,307(- 4.1)	8,350(0.5)	550(11.1)	493(-18.8)	725(-3.0)	1,768(-4.4)
Textile	4,600(- 6.8)	4,243(-5.6)	293(-4.7)	231(-23.7)	282(-14.4)	806(-14.2)
Total	15,253 (- 2.5)	15,192 (- 0.4)	1,047 (4.3)	923 (- 16.6)	1,224 (- 5.2)	3,194 (- 6.1)

(Source : Korea Trade Statistics)

This January, Korea's exports were up by 4.3% year-on-year. So, many individuals expected that the quota elimination would not bring about a significant change as in Y2K at the end of 20th century. However, the statistics from January to March of this year show that Korea's textile industry has been hit hard by the trade liberalization. To make matters worse, the industry's export profitability would continue to deteriorate because of the revaluation of Korean won by about 20% from 2004.

#### ■ Accelerating Structural Reforms of Textile Industry

Korea's textile industry had long prepared for the abolition of the textile quota system by pursuing a globalization strategy based on its overseas investments. The clothing and fabric industries have carried out their restructuring to a considerable extent through the relocation of their factories to overseas plants as well as new investments. The number of employees in the textile industry went down by around 18% from 380,000 in 1999 to 320,000 in 2003.

The Korean textile industry is still in the process of restructuring itself. While the clothing and fabric industries had carried out structural reform before the quota system was abolished, now the chemical fibers industry is proceeding with it. To promote competitiveness and create more revenue, the chemical fibers industry is under an aggressive restructuring, taking such measures as spontaneous production cut by up to 30%, massive lay-offs, wages freeze, and the disposal of dilapidated facilities. In addition, out of 16 chemical fibers companies in the late 1990s, three have already gone under and three are under workout plans.

#### ■ Establishment of Global Production System

The good news is that the overseas textile and clothing companies owned and operated by Koreans are the best in the world. The country's actual goods are made in production facilities

in Bangladesh, Cambodia, Vietnam, Indonesia, Saipan and Central America. Originally, they went offshore to escape quotas and, also, for the reason of lower labor costs. However, these transnational companies will lead a revolution in the post-ATC era. Along with Hong Kong and Taiwan, Korea occupies some 70% of the world's textile and clothing recorded exports.

In addition, Korea is still the home to one of the world's best synthetic-textile industries. Prices for many of these items remain competitive, and the quality is excellent. Not only that, they are known for accepting minimum quantity orders, and producing complicated styles and sensitive fabrics.

In the post-ATC era, Korea will possibly lose some of its market share in the global textile and clothing trade due to its higher-than-global average FOB costs. However, it would be no wonder if Korea finds a way to maintain its current market share since Koreans are famous for their resilience.

### 3. Trade in APEC Developing Economies

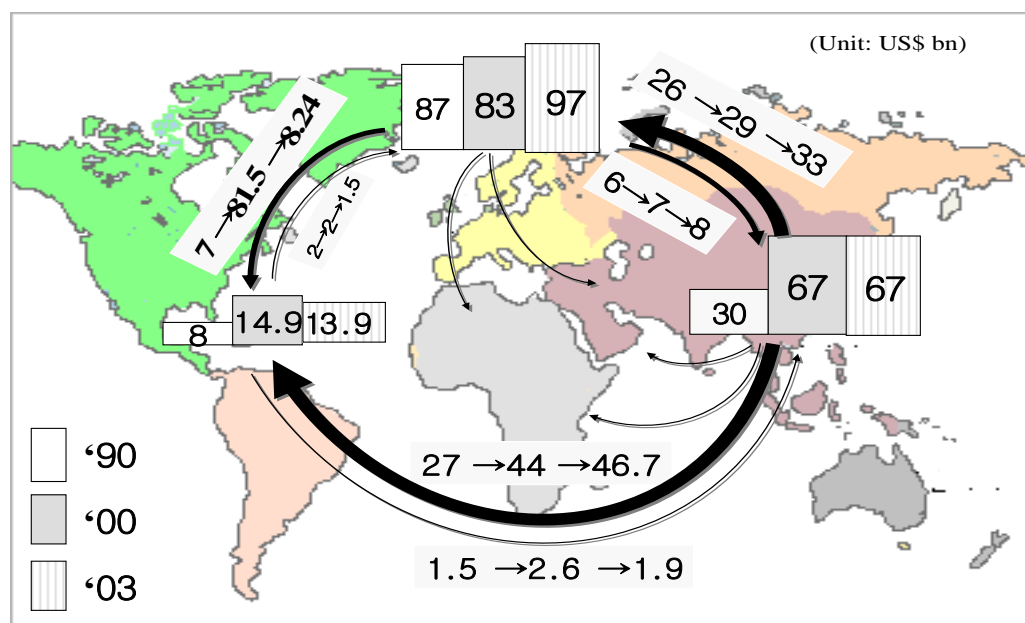
#### ■ Decreasing Intra-Asia Trade

The global textile trade from 1990 to 2000 increased only 4.5%, whereas the trade within the Asian region rose by an average of 9% per year over the same period. However, for the last 3 years (from 2000 to 2003), the trade in the region went down by 0.3%. Also, the region's total textile trade grew only by 4.9%, falling far behind the global average (11%). This is in stark contrast with the soaring trade in the European region.

<Table 5 : Major regional trade flows in textiles and clothing, 2000-2003 >

	Value of 2003 (U\$bn)	Value of 2000 (U\$bn)	% Change 2003/2000	Annual Change 1990-2000 %
<b>World</b>	<b>395</b>	<b>356</b>	<b>11.0</b>	<b>4.5</b>
<b>Intra-Asia (□)</b>	<b>67</b>	<b>67.2</b>	<b>-0.3</b>	<b>9</b>
Asia to Western Europe (□)	33.1	28.8	14.9	3.5
Asia to North America (□)	46.7	44.0	6.1	6.5
<b>Total □+□+□</b>	<b>146.8</b>	<b>140</b>	<b>4.9</b>	
Intra-Western Europe	96.6	82.7	16.8	0





<Source: WTO>

How can these developments be interpreted? In the 1990s, the intra-Asia trade soared not only because its economic growth linked to the rise of intra-regional consumption, but also because its four newly emerging economies (Korea, Japan, Taiwan and Hong Kong) expanded their overseas investments into the region, which led to the rise in the supply of necessary raw materials, which also, in turn, led to the increase in the intra-regional trade. In the 2000s, however, the regional trade decreased because the developing economies in Asia could procure their own necessary raw materials.

On the other hand, intra-Asia trade also didn't show a considerable improvement because of the strengthened regional economic blocs such as the enlarged EU and NAFTA.

Unlike in Europe and North America, intra-Asia textile trade did not lead to a rise of the regional consumption levels. Even if FTAs/RTAs are formed among Asian economies to confront the EU or the NAFTA, it is questionable if a rising intra-Asia textile trade would be linked to an increasing regional consumption. The economic blocs such as the US and the EU have formed within the supply chain between the consumers and the exporters. Unfortunately, however, China, the largest consumer in Asia, is not in a mutually complementary relationship with the other Asian economies. In other words, China is in competition with the other Asian countries not only in the US and the EU market but also within the region. This serves as an undermining factor in the formation of FTAs/RTAs to stimulate intra-Asia trade.

■ **China Factor**

In terms of the textiles and clothing trade, the recent trend of US imports is worthy of notice: China has been the sole economy that has increased its exports to the US market.

<Table 6 : US Imports by country after quota phase-out (January to February of 2005)>

	Fibers	Textiles	Clothing	Others	Total
Total	280(13.6)	1,126(7.0)	11,479(14.2)	2,312(19.4)	15,197(14.4)
Canada	74(8.1)	177(-0.1)	228(-12.9)	72(-0.7)	551(-5.0)
Mexico	36(-7.6)	81(11.2)	959(-5.3)	128(-5.5)	1,204(-4.5)
China	16(105.9)	146(34.4)	2,770(74.2)	1,075(35.9)	4,007(60.5)
Hong Kong	0(-26.9)	9(-8.7)	494(-14.9)	10(-5.5)	514(-14.6)
Korea	7(123.2)	107(2.2)	232(-18.0)	21(-7.5)	367(-11.2)
Taiwan	8(107.6)	64(9.4)	205(-11.7)	24(-21.3)	302(-7.4)
Japan	7(1.9)	62(9.3)	25(-7.7)	5(-60.6)	100(-4.9)

\* Source : US Department of Commerce - the Office of Textile and Apparel

Note: Figures in parenthesis mean year-on-year fluctuations

Is there any relationship between the decreasing intra-Asia textile trade and China's sole domination? Is there any relationship between the decreasing intra-Asia trade and mutual complementariness between the developing economies? Can the mutually complementary relationship in intra-Asia textile trade be maintained even after the removal of the quota system?

In 2005, the main topic in the global textile industry is China. It seems that the global textile industry is at war with China. The largest textile importers, the US and the EU, are poised to impose special safeguard measures upon the Chinese products. Most textile exporters, in competition with China, are anxious to restructure their textile industries because of China's dominance over the global textile market. At the same time, they are taking a dual position: they are opposed to protectionism of the advanced economies on one hand, but welcome the visible measures by the importers against China on the other hand.

In this regard, the future textile trade in Asia would be affected by how to restrain China's current dominance and its countermeasures by China.

#### 4. Future Trends of Textile Trade

At the 41st ITCB (International Textile and Clothing Bureau) Council, held in Bali in April, Mr. Matthias Knappe of the Int'l Trade Centre described the future trends of the general textiles and clothing trade as follows.

##### (1) Stagnation of the global textile trade

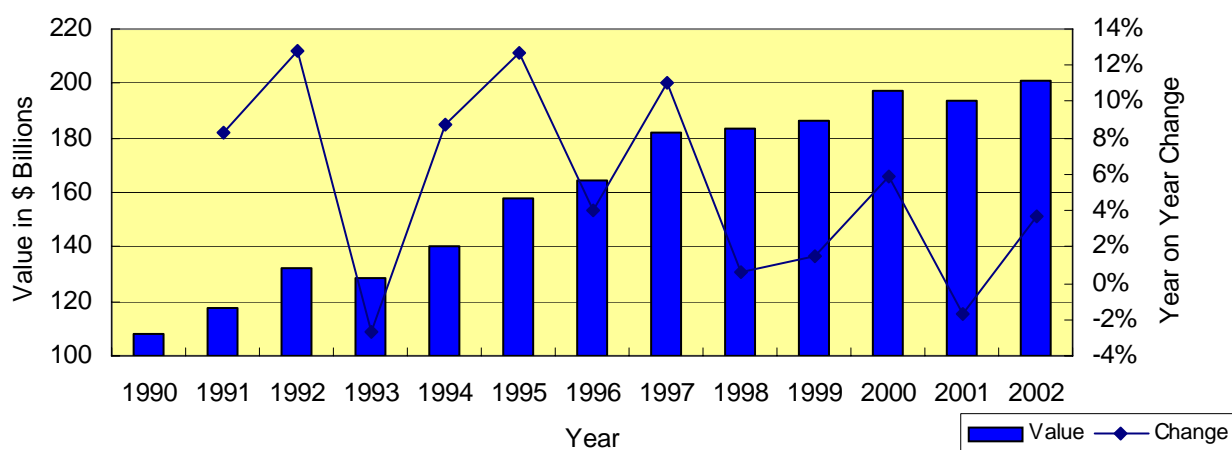
The consumption pattern in the US, the world's largest clothing consumer, demonstrates a stagnation in the global clothing trade. The share of clothing in the US household expenditure has gradually decreased, accounting for 26.4% in 2004, down from 32.4% in

1995. This indicates that the interest of US consumers is "shifting out of apparel and into bling," which Ms. Laura M. Baughman, on behalf of the National Retail Federation, has introduced as follows:

***Shifting Out of Apparel and Into "Bling"***

*The apparel retailers and producers are responding in kind. Look at the "Limited Brands." Ten years ago, this apparel item accounted for 96 percent of the Limited's sales; today, it represents 68 percent. The personal care products sold by the firm's Bath & Body Works and Victoria's Secret divisions have grown from 4 percent in 1994 to 32 percent of the sales in 2004. Limited sells hair care products and cosmetics, candles, perfumes, lotions. The "Gap" has started selling some beauty products in Gap Body stores. The Banana Republic is making a major push into the jewelry area. Even apparel producers are getting into the act: the "Liz Claiborne," for example, is going after branded wallpaper, carpeting, upholstered furniture and bedding field.*

< Diagram 5 : Trends of Global Textile Trade >

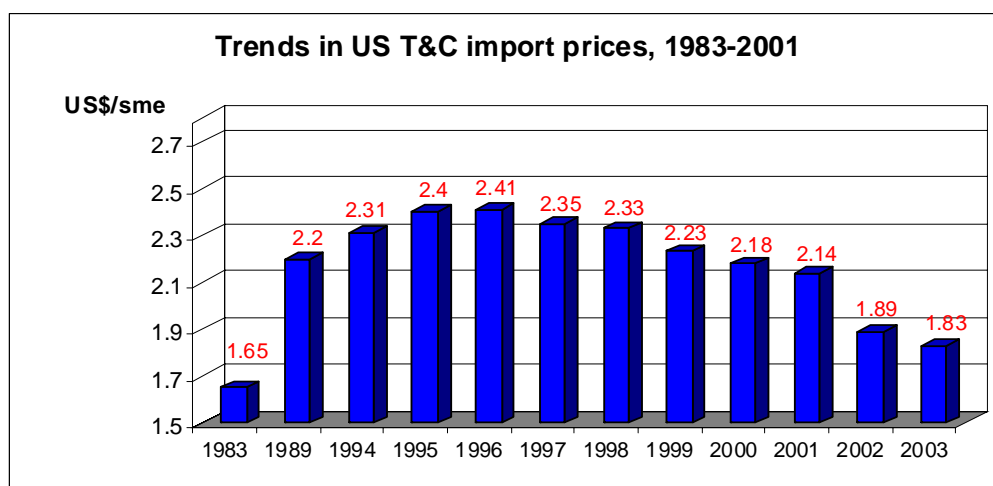


\* Source : US Department of Commerce - the Office of Textile and Apparel

**(2) Decrease in prices**

In addition, the import prices of clothing have, in general, also been declining year by year, as shown in the above diagram 6 and will continue to drop in the post-ATC era. For example, the price of Chinese products, for which a safeguard measure has been requested, fell by 25% as of the end of January 2005.

< Diagram 6: Trends of Textile Import Prices in the US >

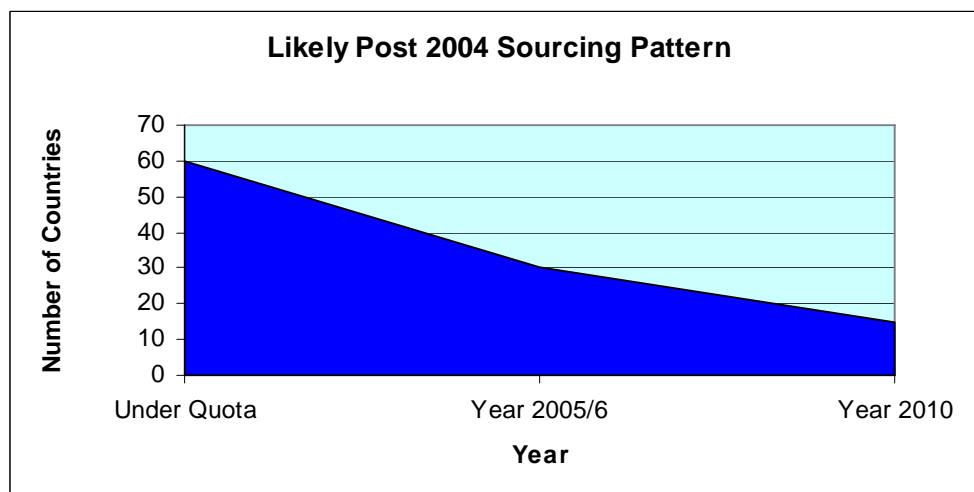


\* Source : US Department of Commerce - the Office of Textile and Apparel

**(3) Integration of textile producers (companies/countries) after the removal of the quota system**

Finally, the number of textile producers (countries/companies) will drastically drop due to the "concentration and choice" instead of the "diversified sourcing pattern" by importers.

< Diagram 7 : Post 2004 Sourcing Patterns >



\* Source : 41th ITCB council meeting

**5. Suggestions to Facilitate Trade**

Here are some suggestions for Asia's developing countries to cope with the rapidly changing textile market environment.

**(1) Active Participation in the WTO NAMA Negotiations**

By actively participating in the WTO NAMA(Non-Agriculture Market Access) negotiations, Asia's developing economies should make their efforts to remove the "Tariff Peak, High Tariff, and Tariff Escalation" imposed by the advanced economies in order to minimize their disadvantages in terms of market access to countries which have not agreed on FTAs/RTAs with advanced economies.

## (2) Tariff Reductions Among Developing Economies

To promote intra-regional trade, tariff reductions in the developing economies should be pursued, too. The "Bound rate" and the "Applied rate" of some APEC members are shown in the tables 7 and 8.

What's noticeable here is that the applied rates of some developing economies are relatively high and there are many economies that impose over 10% of their tariffs on yarns, fabrics and made-ups such as bed linens.

True, the trade of finished products such as clothing is mainly conducted between the North and South. However, tariff reductions are still a prerequisite to expanding the South-South trade between developing economies that have no proper vertical integration and lack a production infrastructure in the "upstream" area such as yarns and fabrics.

<Table 7 : APEC Economies' Tariff Rates in T & C sector >

Country	No. of HS codes	2001 Applied rates	(Unit : %)	
			UR Bound rates Average	Deviations
Korea	1,510	10	19	9.6
China	1,165	26.6	11.6	4.8
USA	1,733	9.1	8.6	5.2
Japan	2,159	7.4	5	3.2
Chinese Taipei	1,276	9.5	8.6	3.4
Australia	1,052	15.2	24.5	17.1
Thailand	1,054	66	28.9	4
Philippines	906	12.5	28.2	6.9
Mexico	1,415	24.3	48.6	4.3
Malaysia	1,291	13.4	19.4	7.1
Singapore	1,003	0	9.9	0.7

Note: This analysis is based on the HS1996 and made on the average of the HS6. Because of the difference in analysis, the result is slightly different from that made by the WTO .

Source : Bound rates submitted to the WTO by each country

<Table 8 : APEC Developing Economies' Tariff Rate by Group>

	Year (tariff)	Knit clothing	Woven	Made-ups	Woven	Yarns
China	2004(B)	14-17.5	16-17.5	14	10.0-16	5
Hong Kong	2002(S)	0	0	0	0	0
Indonesia	2002(S)	15	10.0-15.0	15	10.0-15.0	5
Korea	2005(S)	13	13	13	8.0-13	8
Malaysia	2001(S)	20	0-20	20	0-15	0-15
Mexico	2001(S)	35	35	35	18-28	18
Peru	1998(B)	20	20	20	20	12
Philippines	2003(S)	10	10	10	3.0-10	3.0-10
Singapore	2001(S)	0	0	0	0	0
Chinese	2002(S)	11.1-12.5	11.1-12.5	12	7.5-10	1.5-7.5
Thailand	2004(B)	30	30	30	30	15-30

B : Bound rate, S : Statutory rate,

Source : 41st ITCB Session, CR/41/IND/2/Add.1, Bali, Indonesia, April 2005

### 3) FTAs/RTAs Among APEC Developing Economies

To promote the textile trade in APEC developing economies, it is necessary to actively pursue the FTAs/RTAs among APEC developing economies.

The APEC FTA has not yet started at the governmental level. That's due to conflicts of interests among its members and the differences of degree in their economic developments. However, the necessity of FTAs/RTAs between the individual APAC members is being actively discussed in the academic and business circles.

Korea also recognizes the need to more actively engage in both the multinational and regional trade liberalization initiatives. Even though putting its first priority on the WTO DDA negotiations, the economies are taking a more positive stance on establishing a FTAAP(Free Trade Area of the Asia-Pacific) of any form as part of its efforts to sign FTA/RTAs with many different economies.

In this context, Korea, for the first time, signed a FTA with Chile in 2003 and agreed on doing it with Singapore in late November 2004. In addition, it is currently in the negotiation process with Japan, the EFTA and the ASEAN. It is also assessing the potential advantages concerning FTAs with the US, China, and Mexico.

At present, most of the developing economies of APEC's 21 economies are showing a low performance concerning the related signing FTA/RTAs, except for the advanced economies such as Australia, Canada, Japan, New Zealand and the US and some developing economies such as Chile, Mexico and Singapore. Furthermore, since the US and the EU have the controlling power over many of the FTAs/RTAs, they do not contribute much toward expanding the existing trade among the developing economies. By contrast, the ASEAN FTA, signed by 10 Southeast Asian economies, is adopting the

40% added value rule in the category of product origin to help promote trade among the developing economies.

Therefore, any future discussions about the FTAs/RTAs should be focused on facilitating the trade between the developing economies and, at the same time, increasing the production levels in the upstream areas, including yarns and fabrics. Not only that, what is most crucial is the developing of a modality of FTAs/RTAs in a way to ensure a high degree of liberalization.

#### **4) Trade Facilitation of APEC Developing Economies**

To facilitate trade among APEC developing economies, several measures mentioned below should be taken into account, including tariff reductions through WTO DDA and trade expansions through FTAs.

First of all, a flexible use of yarns and fabrics produced by APEC developing economies should be allowed in the preferential trade by developed economies.

Second, the foreign investments should be aggressively stimulated to facilitate independent production through vertical integration in APEC developing economies. To induce foreign investments, it is necessary to take the following steps first -- the reduction of investment barriers, cutting the unnecessary red tape, securing transparency in all business actions, and the guaranteeing of intellectual property rights.

Third, exchanges of needed information should be carried out more actively among the APEC member economies to promote trade and investments in the T&C industries. To achieve this goal, a separate section should be arranged on the website of the APEC to provide information on textile and clothing. In addition, various related exhibitions prepared by each member should be actively supported and participated in by the APEC members.

Finally, of the APEC members, Vietnam and Russia have not yet joined the WTO. It is necessary for other APEC members to provide support to help these two countries enter the organization.

For its part, Korea has, so far, actively engaged in the APEC activities and hosted various APEC meetings - the 3rd APEC ministerial meeting in Seoul in 1991, the 1st APEC ministerial meeting on telecommunications in 1995, and the 2nd APEC ministerial meeting on science and technologies in 1996. More recently, the 1st APEC ocean-related ministerial meeting was held in Korea in 2002. And, the 13th APEC summit will be held on Korea's Jeju Island this year. I hope that many of you actively take part in APEC meetings and have in-depth discussions concerning the development of the developing economies.



**Mr. Vince Gowan**

**Chairman**

**Apparel Manufacturers Association of Indonesia**

**Lecturer, York University**

**1978-1980**

Teaching, Management Information System (MIS) to both graduate and undergraduate students

**EDP Auditor- CITIBANK, New York & Hong Kong**

**1980-1982**

Auditing of electronic banking system for Asia operation

**Marketing Director- PT. Metro Garmin**

**1983-1986**

A garment manufacturing group with over 8,000 employees

**Managing Director- PT. Metro Corp Indonusa**

**1986-present**

- A sister company of Metro Garmin. But operate independently in manufacturing, export, and domestic distribution
- Employing over 2,000 workforces under 6 companies with 3 factories in 3 locations
- Annual sales over IDR 200 billion or equivalent to USD 24,000,000,00
- It is a leading garment factory which producing for Marks & Spencer, ESPRIT, Limited, and other international brands
- Managing over 40 retail outlets across the nations under the name of Hush Puppies, Pierre Clarence, St. Germain, and Stockmart
- Trend: continue to grow in sales, profitability, and market share a part of a current financial turmoil

**Managing Director- Metro Gateway Ltd.**

**2000-present**

A joint venture company, which is owned by Metro Corp, Metro Garmin & Gateway Group HK that is part of the China Investment Ltd.( a public listed company in Hong Kong)



**Speech by Mr. Vince Gowan**

**Productivity-Key to sustain T&C industry in the Free Trade World**

Ladies and Gentlemen:

Thanks to the Organizer for inviting me to speak at this APEC Textile forum. I believe this textile forum is held at the right time, because Textile and Clothing community around the world are watching closely on how the textile and clothing world will be affected after quota restriction was removed effective January 1, 2005, and what should we do.

**1. CURRENT CHALLENGE OF T&C INDUSTRY:**

a. In April 4-7 2005, I was invited to be the speaker at ITCB (international Textile and Clothing Bureau) forum in Bali, Indonesia. Representatives from over 30 countries and organizations attended the meeting to discuss the current Global Textile and clothing issues. The representatives of USA, EU, Japan, United nations and many producing countries in Asia and Africa including China were presented.

b. The ITCB meeting was a great; I wish to share part of the presentation, plus some recent development with you today in this forum, and how could we cooperate to resolve the current problem and generate better synergy for current Textile and clothing world. I will be sharing more from the prospective of Indonesia, hoping this forum could upgrade the role of Indonesia in the textile and clothing world.

c. During the last visit of President Hu Jin Tao to Indonesia in April 22-26 for Asia Africa conference, I had a chance to discuss with some Chinese delegation members including senior officers of CCPIT about the possible safeguards against Chinese Textile. True enough, US imposed quota on 3 categories of Chinese Textile on May 13. I believe more categories will be followed if the matter is not resolved negotiation table soon. Similar action by EU will also be expected.

d. The safeguards and other barriers being placed by any country to any country will definitely changing the world map of textile and clothing demand and supply. As the result of this US safeguards, many pants, knit wear, and shirts orders etc for USA and EEC are flowing out of China, and move to Indonesia and other countries. On the other side, China will definitely seeking markets that can replace the products that originally set for the USA and EEC. I am afraid that ASEAN and many other countries will be flooded with Chinese Knit wear, pants, and underwear within few months. Indonesian Minister of Trade warned the flooding of China goods to Indonesian market on May 17, 2005. I wish we could

use this APEC textile forum to discuss the domino affects of this safeguard in short and long term, our view of the safeguard, and to find solutions for mutual benefits.

e. In the last AFTEX forum in Singapore, I represented Indonesian textile and clothing sector to speak on the international T&C forum with the topic of “Can Indonesia and Vietnam challenge China as a clothing supplier in post quota era?” Most of the speakers generally shared about the strength of textile and clothing industry of their own country, while I shared the challenge of T&C industry mostly lies on the productivity and competitiveness of each individual company in the country where it is located. China and Vietnam are very competitive countries, however, Indonesia and many Indonesian companies have our own strength that some buyers would still choose Indonesia as their major supply of their T&C products.

f. The world trade of T&C products currently stand at about US\$400 billions has been steadily increased, and will continue to increase. The growth in demand is partly caused by the decline of price due to no quota charge, and partly due to the increasing of supply and competition as the result of no quota restriction. The consumption of T&C per capita will also be increasing steadily. T&C will not be the sunset Industry as long as people still wearing something. There is always enough cake for every one to share as long as we remain productive and competitive.

g. I feel no buyer would put whole eggs in one basket; Indonesia could become an alternative source of supply other than China, and continue to be a reliable supplying country of many medium up quality buyers if we could provide the right products at the right price. The key is the competitiveness of Indonesia as a country, and how productive is the individual company. If we were chosen be the first frontier supplier by any strong branded buyer in Europe and USA because of our quality, value and service, we will continue to receive the order as long as the people still wearing something and the brand remain exist. What buyers looking for in general at this time is no more a supplier, but supply-chains that can help them to improve their productivity, competitiveness, and profitability. This is evidenced by the flowing of many orders to Indonesian medium up quality producers in 2005.

## **2. PRODUCTIVITY IS THE KEY;**

As the Vice Chairman of Productivity Committee, Indonesia Chamber of Commerce and Industry, we have been discussing about the importance of productivity and competitiveness in this Globalization era. I wish to share some of it with you as follow:

Productivity is not only involved labor issue, but the total productivity

Issues which also include also other factors;

- a. KADIN’s road map to Indonesian Government requested for the improvement of infrastructure, bureaucracy, security, Tax policy, and efficient handling of shipment to reduce cost and stop smuggling etc. It is good to see that the new Indonesian government has been very responsive to our request, even put many KADIN officers and friends into the cabinet which include our Coordinating Minister and Minister of Trade etc. These factors would definitely help to improve the national productivity including

the textile and clothing sector. However, the improvement has been very slow compare with our expectation.

- b. We also propose to revise labor regulation so that the minimum wages is linked to productivity. In the last Asia Africa Business summit in Jakarta on April 22 which is organized by KADIN, Prime Minister Lee Hsien Loong of Singapore stressed that the competitiveness be strengthen, wage should be linked with **Productivity and profitability**. Prime Minister Koizumi of Japan also proposed the productivity movement to be propagated. Productivity should therefore be considered as one of the most important issue to be addressed in this globalization era.
- c. Indonesia is processing new labor law, custom & excise law, tax reform regulation, and regional autonomy law etc with the aim to increase the national productivity and competitiveness. KADIN been working very closely with the Ministry of finance to reduce the illegal import on T&C, and Tax reform. We are also pushing Government and the Banking sector to reduce interest rate to improve productivity, and extend their trade and investment financing to T&C industry.
- d. KADIN National Productivity Council proposes to split the productivity into 3 categories; Labor intensive industry, Capital & technology intensive industry, and Natural resources based industry. Emphasize will be put on the labor intensive industry like textile and clothing to create employment and generating export revenue been set as our top priority at this moment. A common secretariat (SEKBER) of textile, clothing and footwear associations was formed as the forum of communication and cooperation on the policy to improve the productivity and competitiveness of this sector, while the technical work remain to be coordinated by each Association.
- e. We know the productivity of many countries such as Japan, Singapore, China, Thailand, and Malaysia etc are much ahead of Indonesia. We wish they could share their successful experience with us, and helping Indonesia to be more productive and competitive, especially in the Textile and clothing Industry. KADIN NPC goal is to push Indonesian competitiveness from the current level bottom 10% to top 25 % in the next ten years.

### 3. NEW BARRIERS;

Some branded buyers expect to place bigger orders to Indonesia in 2005 compare with 2004. This is mainly because they have high confidence on Indonesian textile and clothing industry, and partly due to the uncertainly of safeguard policy to be implemented by the US and EU governments. This APEC Textile forum is therefore been set at a very right time, I believe the right delegations would make up the right direction and policy for our future textile and clothing world.

Safeguards could stop the surging of China products in the short term, but may one day similarly be positioned against other countries. Safeguards against China may last only up to 3 years. Can we be competitive after 3 years compare to China? Therefore the key word would still be our Productivity and competitiveness in this free trade world. We wish to remind all delegates to pay specially attention to the developing countries. Textile and clothing industry is

very important to many countries like Indonesia, Bangladesh, Srilanka, Vietnam, and Cambodia etc. Indonesia has always been a friendly country, we want continue to be friendly with developed countries like USA and EU etc, we would like to be cooperative with our brothers in ASEAN, China and others to make this APEC meeting meaningful and productive.

**4. ASEAN VIEW**

During the last visit of Malaysian minister of International trade and Industry on March 22, 2005 I had a chance to discuss Textile and Clothing matters with Minister Dato Sri Rafidah Aziz, who is also the chief coordinating minister of ASEAN textile and clothing products, and DR. Mari Pangestu, Indonesian Minister of Trade. We wish ASEAN countries could cooperate closer to make ASEAN as an integrated Textile and clothing-supplying base, and to promote AFTA into a higher level. We would like to invite investors and buyers to come to Indonesia and ASEAN. We wish the FTA agreement between USA and Thailand could be extended to include ASEAN content in the rule of origin so that all ASEAN country can be benefited. There is a possibility that the US government might be give a preferential duty if we were to set up a qualified industry zone in north Sumatra Island that was badly hit by Tsunami and earth quake in last Christmas and Easter. Multi billions dollars of aid been pouring to the region, we also wish to develop trade, but not aid alone. The qualified industry zone could help to relief the people in Aceh & Nias areas, but will also help ASEAN, as the zone will be linked with the Singapore & American FTA, and try to include ASEAN content of origin.

**5. CHINA FACTOR**

- a. China exports of T&C products to the USA and to the world been surged so high that is alarming and injuring many countries. This should be a hot topic of discussion in APEC forum. Some of us believe that we are not facing a fair competition from China, but we feel that there are some problems on our side as well; such as the un-effectiveness of custom control in Indonesia, many China products are entered Indonesia not legally. High cost economy due to corruption, bureaucracy, poor infrastructure and working ethos. We therefore work very closely with government to improve our weaknesses and improve our productivity. I have asked Dato Sri Rafida if she could help to stop the trans-shipment of T&C products through Port Kelang of Malaysia. The answer is that Port Kelang is the free port to promote international trade, and the illegal transshipment control to enter Indonesia should remains at the hand of Indonesian side. KADIN is now coordinating with Custom and Excise department to control the flooding of China T&C products. We know that we may not be able to eliminate the smuggling, but we have confidence that we could gradually reduce the illegal import.
- b. I visited China Dozens times in the last few years. It is true that China productivity is much higher compare with Indonesia and many other countries. We need to learn from China experience, and extend cooperation with China in a fair way for mutual benefit. We were informed that China has been practicing some unfair policy; such as Chinese currency is still paged with US\$ with artificial exchange rate. Many Chinese Factories are relatively slow in implementing Corporate Social Compliance etc. But we have no concrete evidence on all these issues, and what can we do? I believe China is

continuously improving and adjusting itself to make the world Textile and clothing industry could be competitive in a fair way. While other countries would also need to improve their own productivity and weaknesses.

- c. The development of China Textile and clothing industry should be treated positively as they are really very competitive. I wish China government and some Chinese factories could consider outsourcing and to invest in Indonesia and other country to diversify their direct export to certain sensitive markets.

#### **6. CREATE SYNERGY & ADDED VALUE**

- a. Indonesia is the largest ASEAN country that has strong upstream and downstream textile and clothing industries with relatively low labor cost. Indonesia has over 200 millions domestic market, and ASEAN has more than 500 millions market. The income per capita in ASEAN continues to grow. Indonesia would be more than happy to cooperate with China on the production in Indonesia for ASEAN and world market.
- b. I have been asked by Singapore Embassy in Indonesia to coordinate the visit of Singapore Garment Factories and Traders in June 2004. Singapore Government encourages Singapore Garment factories to outsource from Indonesia, and consider investing in Indonesia. I hope China Government could consider taking similar action immediately. China may have too many orders, but unable to ship them out due to save guard, while Indonesia has many factories and labor that we do not have enough orders.
- c. The reason that China has many orders while Indonesia has lack of orders is mainly because of Indonesia unable to compete with China. With China's technical support, I believe the Cooperation between China and Indonesia could generate a better synergy.
- d. I share with our friends that we don't want to be sewing operators for the rest of our life. We therefore like to put more added values by producing our own design with our own brand. We also like to innovate and produce smart textile and clothing. We expect at least to be the master of our own domestic market by making our products more competitive. We also aware of our own weakness, we therefore like to invite High tech companies, and designers to coop with Indonesian companies to create synergy and added value for production in Indonesia, and be sold to Indonesian, ASEAN, and international market.

#### **7. GLOBAL TRADE AND MAIN ISSUES**

- a. Global trade at current level of about US\$400 billion will continue to grow
- b. China continue to dominate more of the Textile and clothing world market.
- c. Per capita consumption as well as the total consumption of Textile and clothing in the world will continue to grow.

However, the main issues are:

- Growing international competition
- Falling international prices - hitting profits (China Factor)
- Trade agreement for preferential tariff and other trade facilities. Bilateral trade, economic partnership, etc. Regional integration through preferential and free

trade agreements - AFTA, NAFTA, AGOA, etc. And enlargement of the EU, ASEAN, etc.

- Non tariff barrier on WTO rule (dumping anti dumping, countervailing duties and safeguards mechanism)
- Other Non tariff barrier (environment compliance, social compliance, security compliance, etc)

## **8. INDONESIA ROLE IN THE DOMESTIC AND WORLD MARKET**


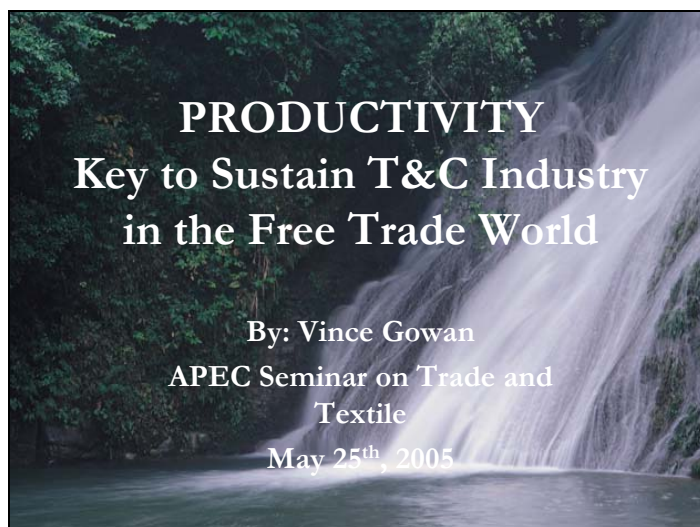
- a. Textile and Clothing Industry plays a key role in Indonesian economy because of these factors:
  - The major foreign exchange earner in non-oil sector
  - The largest Net Export contributor
  - One of the major contributors to Indonesian GDP
  - The largest absorber of Indonesian labor force
- b. Indonesia a major player in the International textile and clothing Industry:
  - Indonesia ranked No. 11 and 9 in the world exporter of Textile and clothing respectively.
  - Indonesian is the no. 8, 13, and 6 major exporter to USA, EU, and Japan market in 2004.
- c. I wish we could make use of this APEC textile forum opportunity to discuss further of what we can do together as global players, as a country, or as the company that I represented.

## **9. Summary**

2005 is the transitional year for Textile and clothing world after quota restriction is removed. Many people concerns about the impact of non-quota era as much as we worried about Y2K (Year 2000) in year 1999. I believe the worry will soon be over, because we believe Textile and clothing is not a sunset Industry. The world demand for Textile and clothing is increasing every year. Indonesia play a major role in the world of textile and clothing. Can Indonesia or any individual country continue to be a major player in this global supply chain? The key is whether Indonesia and Indonesian company can improve productivity and competitiveness. We can consider the trade barriers, Safeguards could be implemented in the short term, but **Productivity, competitiveness, and innovation** is the key to the growth of Textile and clothing industry in the free trade era. It is also important that develop cooperation and synergy through this APEC textile forum to help and support each other. If we could be of any help to make Indonesia play a better role in the global supply chain, please feel free to contact us at [vince@metroindo.com](mailto:vince@metroindo.com) HP +62 816 832 031 (+86 138 25 196 327)





Thanks!

PowerPoint Presentation by Mr. Vince Gowan



### Personal Information

- Managing Director of Metro Exim
- Chairman of Indonesian Apparel Manufacturers Association (AMI)
- Chairman of Garment and Apparel Committee, Indonesian Textile Association (API)
- Indonesian Chief Delegate, ASEAN Textile Federation (AFTEX)
- Vice Chairman Productivity Committee KADIN Pusat



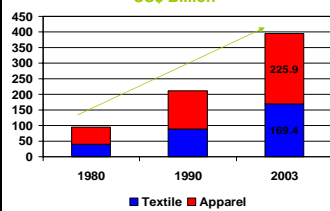


2. Global T&C trade - US\$400 billion, & continue to grow



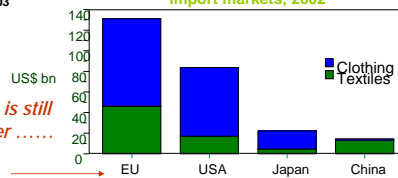
### Textile & Clothing Global Market

World Trade in  
Textile & Apparel  
US\$ Billion



*.....Trade value continuing increase .....*

Leading textile and clothing  
import markets, 2002



*...And the traditional market is still becoming the major importer .....*

Source: Textile Outlook International from WTO data



**3. Growth of T&C due to the decline of price as no quota charges & higher competition caused by increasing supply.**



**4. Growth of T&C spending /capita in developed nations slow down.**

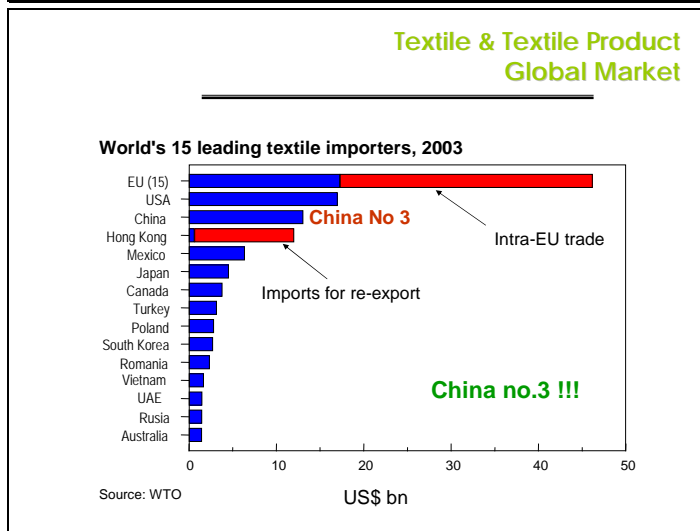
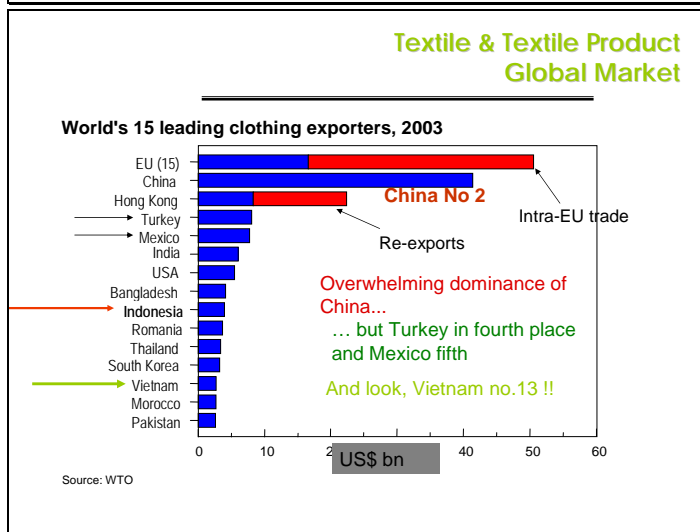
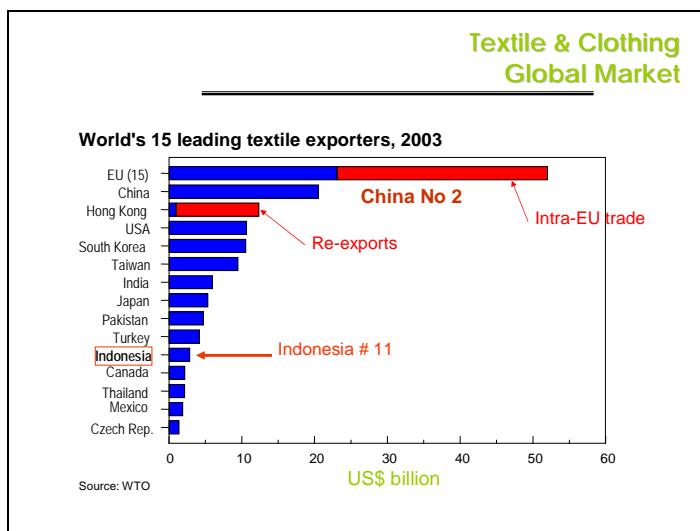
**Smart textile and clothing be made as part of the functional life style products**

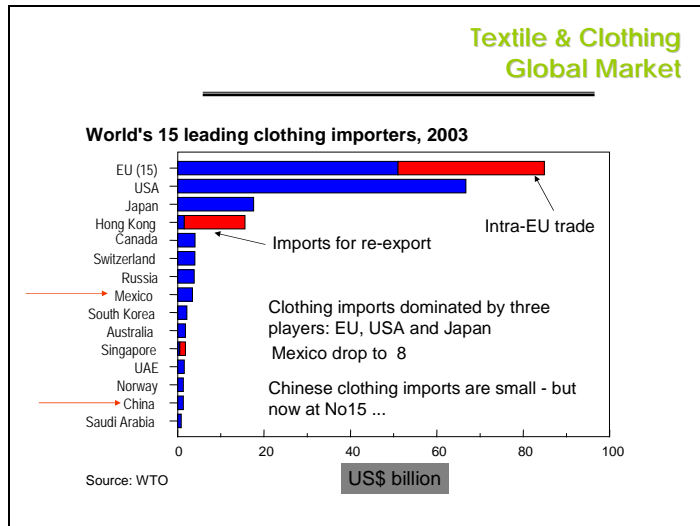


**5. China- Largest Producer and exporter of Textile and clothing in the world. Accounting for 16% of the world market.**

**China continue to play a greater role in the Global Textile and clothing world. This is mainly due to the competitiveness of China products.**







**6. Surge of China T&C to the world caused disruption and injuring the T&C Industry of some countries; USA, Mexico, Indonesia, & African countries.**

**Closing of T&C factories caused increasing unemployment and social unrest.**

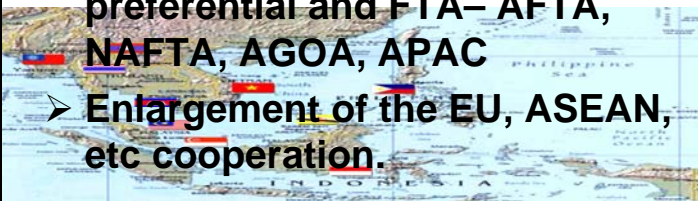


**7. US imposed quota on 3 + 4 categories of Chinese Textile, more categories will follow if not resolve soon. Similar action by EU will be expected.**

New York City - J1100035.PCD.1  
© Digital Stock Corp. 800.545.4514

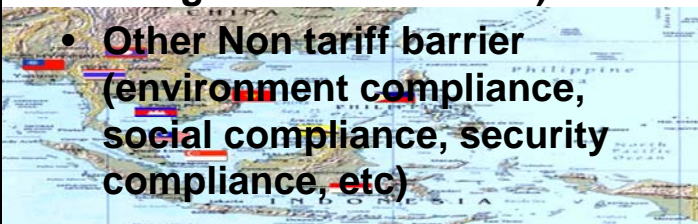
**8. Trade agreement for preferential tariff & other trade facilities.**

- **Bilateral trade,**
- **Economic partnership,**
- **Regional integration through preferential and FTA– AFTA, NAFTA, AGOA, APAC**
- **Enlargement of the EU, ASEAN, etc cooperation.**



**9. Further discussion in post quota era**

- **Non tariff barrier on WTO rule (dumping anti dumping, countervailing duties and safeguards mechanism).**
- **Other Non tariff barrier (environment compliance, social compliance, security compliance, etc)**



**10. Current safeguard quota imposed by USA; may be by EU and others could reduce the surging of China products in the short term.**





### ASEAN View

- ASEAN country should cooperate closer to make ASEAN as an integrated textile and clothing-supplying base and to promote AFTA into a higher level.



- FTA agreement between USA and Thailand hopefully could be extended to include ASEAN content in the rule of origin so that all ASEAN country can be benefited.








- The US government might give a preferential duty if we were to set up a qualified industry zone in north Sumatra Island that was badly hit by Tsunami and earth quake in last Christmas and Easter.

- Qualified industry zone could help to relief the people in Aceh & Nias areas, also help ASEAN, as the zone will be linked with the Singapore & American FTA, and try to include ASEAN content of origin.
- Need to promote ASEAN 10 + China 1



## China Factor

1. China exports of T&C products to the USA and to the world been surged so high that is alarming and injuring many countries.



## China Factor

2. Some problems on our side;
  - not competitive
  - the un-effectiveness of custom control in Indonesia.
  - High cost economy due to corruption, bureaucracy, poor infrastructure and working ethos.



3. China productivity & competitiveness is much higher compare to Indonesia and many other countries

We need to learn from China experience, and extend cooperation with China for mutual benefit



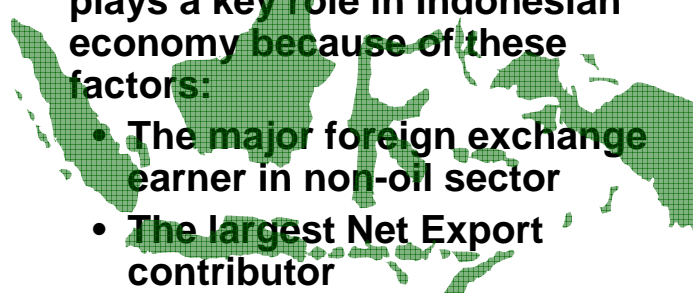
4. **The development of China Textile and clothing industry should be treated positively as they are really very competitive.**
5. **New Export Tax on 74 items by China.**



### **Role of T&C Industry in Indonesia and Global Market**

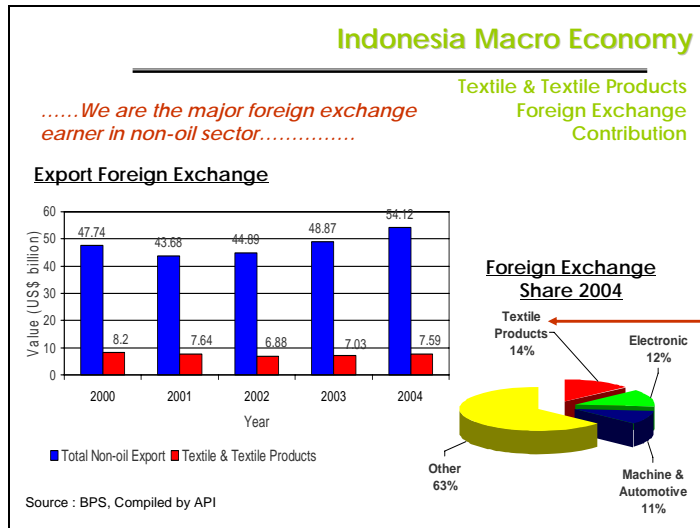
#### **Role of T&C Industry in Indonesia and Global Market**

a. **Textile and Clothing Industry plays a key role in Indonesian economy because of these factors:**

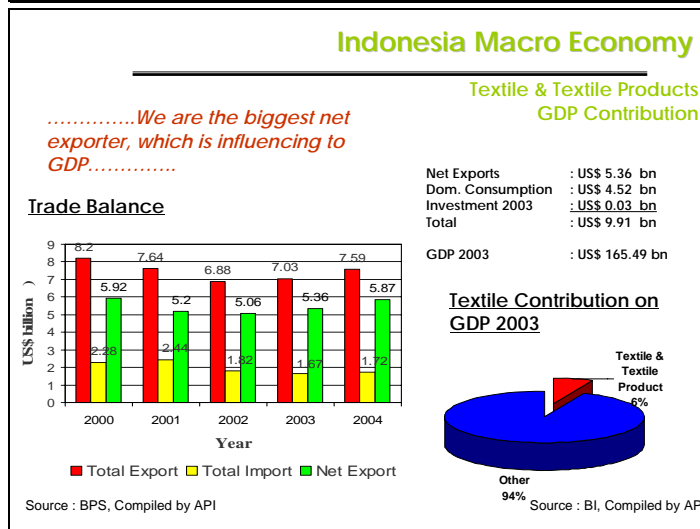


- **The major foreign exchange earner in non-oil sector**
- **The largest Net Export contributor**





- One of the major contributors to Indonesian GDP



- The largest absorber of Indonesian labor force



### Indonesia Macro Economy

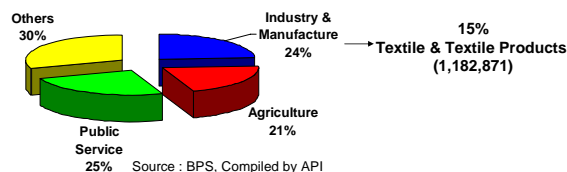
Textile & Textile Product Industry in Absorbing Workers

.....And We are absorbing the largest workers in the industrial and manufacturing sector .....

Textile & Textile Product Men Power

Men Power (people)	2001	2002	2003
Direct	1,219,325	1,182,212	1,182,871
Indirect *)	2,438,650	2,364,424	2,365,742
<b>Total</b>	<b>3,657,975</b>	<b>3,546,636</b>	<b>3,548,613</b>

TEXTILE INDUSTRY'S SHARE TO INDONESIA MANPOWER  
33.12 million

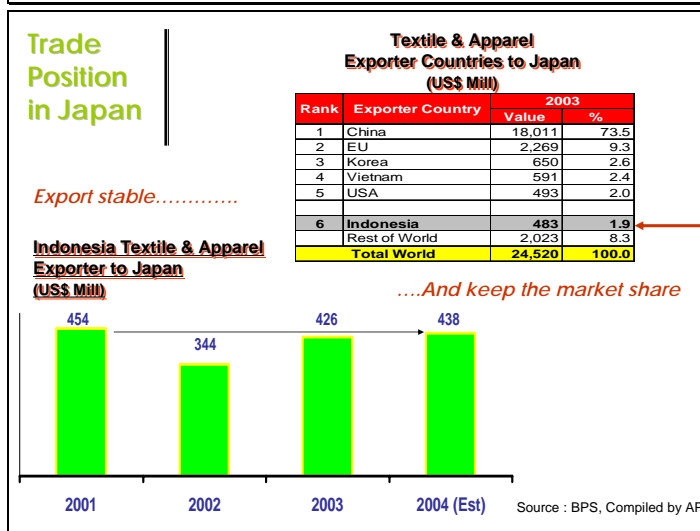
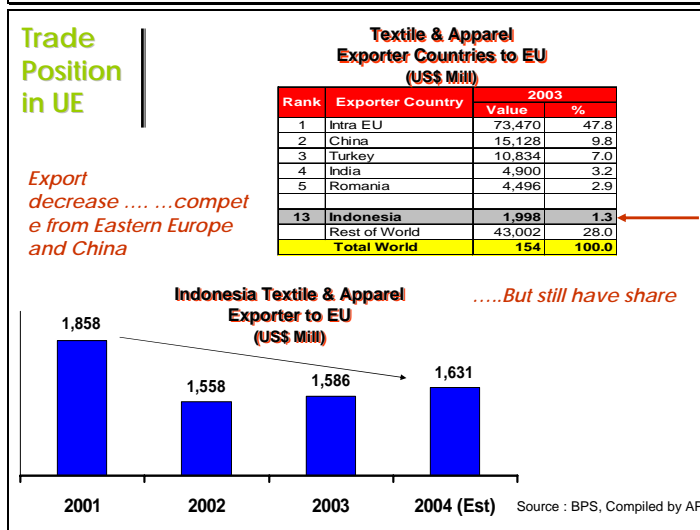
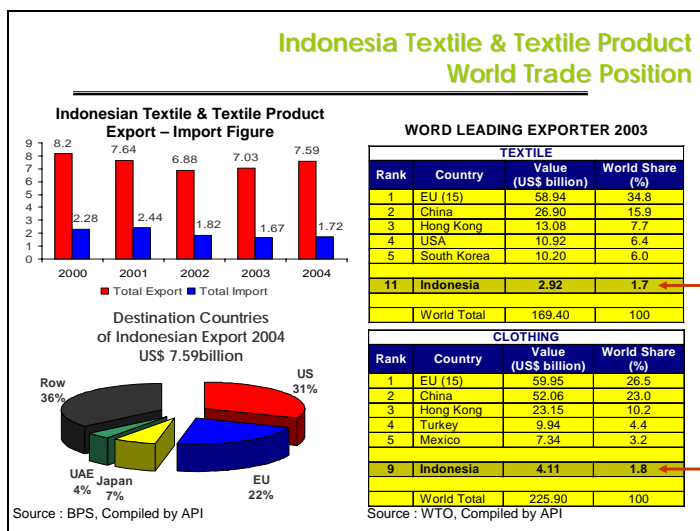


### b. Indonesia a major player in the International textile and clothing Industry:

- Indonesia ranked No. 11 and 9 in the world exporter of Textile and clothing respectively.



- Indonesian is the no. 8, 13, and 6 major exporter to USA, EU, and Japan market in 2004.



**c. We should discuss further of what we can do together as global players, as a country, or as the company**



**Trade Position in US**

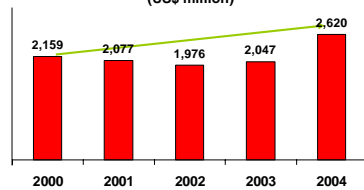
**Textile & Apparel Exporter Countries to USA (US\$ Mill)**

Rank	Exporter Country	2003		2004	
		Value	%	Value	%
1	China	11,609	15.0	14,506	17.8
2	Mexico	7,941	10.3	7,713	9.5
3	Hong Kong	3,818	4.9	3,887	4.8
4	India	3,212	4.1	3,497	4.3
5	Canada	3,118	4.0	3,098	3.8
Total 5 Countries		29,697	38.4	32,685	40.1
8	Indonesia	2,376	3.1	2,620	3.1
Rest of World		45,362	58.6	46,187	56.7
Total World		77,434	100.0	81,445	100.0

*Export Increase in last two year .....*

Source : Major Shipper, Compiled by API

**Indonesia Textile & Apparel Export to US (US\$ million)**



Source : Major Shipper, Compiled by API

*And continuing to keep market share....*

*... even must compete with China & NAFTA*

**Productivity is The Key**



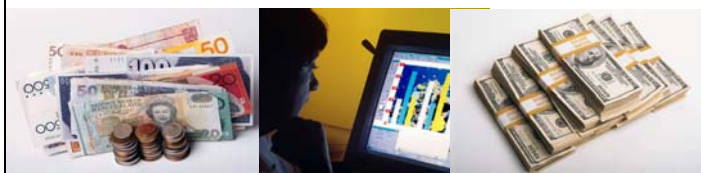
## Productivity is The Key

1. “Can Indonesia and Vietnam challenge China as a clothing supplier in post quota era?”



The challenge of T&C industry mostly lies on the productivity and competitiveness of each individual company in the country where it is located.

2. Productivity not only involved labor issue, but the total productivity issues which include other factors.



**3. KADIN's road map to Indonesian Government requested for the improvement of infrastructure, bureaucracy, security, tax policy, and efficient handling of shipment to reduce cost and stop smuggling**



**4. Competitiveness should be strengthened, wage should be linked with *Productivity* and *Profitability***

**5. Indonesia is processing new labor law, custom & excise law, tax reform regulation, and regional autonomy law etc to increase the national *productivity* and *competitiveness*.**






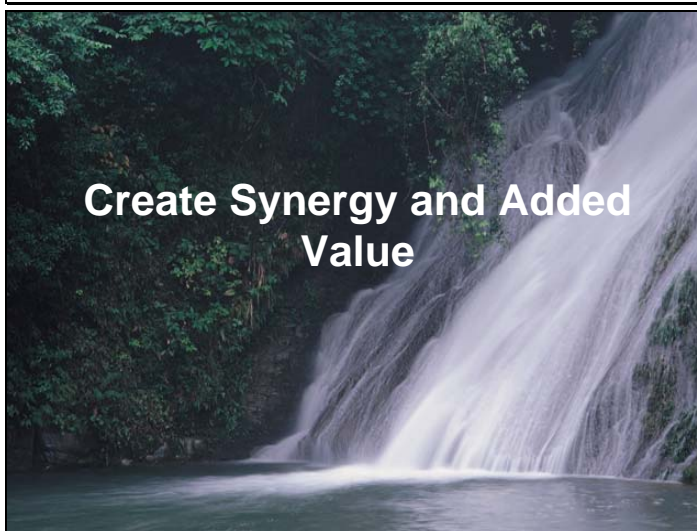


**6. KADIN NPC proposes to split the productivity into 3 categories:**

- Labor Intensive
- Capital & Technology Intensive
- Natural Resources Based



**7. KADIN NPC goal is to push Indonesian competitiveness from the current level bottom 10% to top 25 % in the next ten years.**



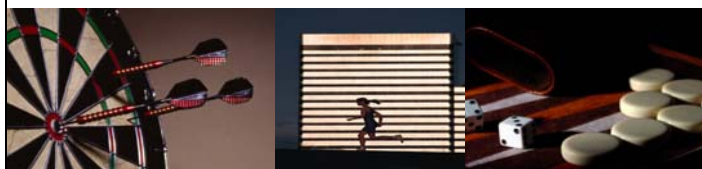
## **Create Synergy & Added Value**

**1. Indonesia is the largest ASEAN country that has strong upstream and downstream textile and clothing industry with relatively low labor cost.**




**2. Singapore Garment Factories and Traders plan to visit Indonesia in June 2004. Singapore Government encourages Singapore Garment factories to outsource from Indonesia, and consider investing in Indonesia.**

**3. The reason China has many orders, Indonesia has lack of orders mainly because of Indonesia unable to compete with China.**







**4. We have to put more added values by producing our own design with our own brand. We also like to innovate and produce smart textile and clothing.**

### Summary

- 2005, the transitional year for T&C world after quota restriction removed.
- It is not a sunset industry as the world demand for clothing is increasing every year.
- Productivity, Competitiveness, and Innovation is the key





**Mr. Virat Tандаechnurat**  
**Executive Director**  
**Thailand Textile Institute**

**Education:** 1967 – 1971 B.Eng. (Mechanical Engineering)  
Chulalongkorn University  
1975 – 1977 M.S. (Textile Technology)  
Georgia Institute of Technology, USA.  
2001 National Defense Institute

**Career/Experience:**

Sep 2003 – Present : Executive Director of Thailand Textile Institute (THTI)

Oct 2001 – Aug 2003 : Deputy Director-General,  
Department of Industrial Promotion (DIP),  
Ministry of Industry (MOI)

Nov 2000 - Sep 2001 : Director , Bureau of Industrial Enterprise  
Development, DIP, MOI.

Jul 1998 - Nov 2000 : Secretary General, Office of the Cane and Sugar ,  
Ministry of Industry (MOI)

Jun 1998 - Jul 1998 : Director, Bureau of Cottage and Handicraft  
Industries Development, DIP, MOI

1996 - Jun 1998 : Director, Bureau of Industrial Promotion  
Administration, DIP

1994 - 1996 : Director, Textile Industry Division, DIP

1994 - 1984 : - Chief of Workshop Sub-Division,  
The Metalworking and Machinery Industry  
Development Institute, DIP.  
- Senior Engineer, Textile Industry Division, DIP

**Other Activities:**

- \* Advisor and Founder to Thai Tool and Die Industry Association
- \* Senior Advisor to Thai Foundrymen’s Society
- \* Advisor to Thai Textile Dyeing, Printing and Finishing Association
- \* Honourable Advisor, Thansetakij’s SMEs Club
- \* Specialist, Thai-German Institute

**Decorations/Awards :**

Knight Grand Cross (First Class) of the Most Exalted Order of the White Elephant.

**Speech by Mr. Virat Tандаechanurat**

### **Overview of Textile Industry and Trade of Thailand During the Post Quota Period**

It is an honor for me to join all of you today. First of all, I would like to extend my thanks to the APEC Organizing Committee for allowing me to be one of the speakers of this eventful seminar. It is my pleasure to share views with you regarding Textile Industry and Trade of Thailand. Due to the limited time my short talk will touch upon the textile industry and trade during the post quota, as well as ways and means to handle the transitional period of our textile and clothing industry.

First of all, I will talk about the Present Situation of the Thai Textile Industry. This industry has had experiences for more than 40 years. It employed more than one million employees in 2004 or about 22.1 percent of the entire industrial labour force of the country. This industry earned 250,000 million Baht in foreign exchange annually. The industry composes of approximately 1,300 weaving and knitting firms, 150 spinning companies, 18 man-made fiber mills, 400 dyeing, printing and finishing firms and 2,500 garment firms. From one of Professor Michael E. Porter's studies showed that textile industry of Thailand is reasonably competitive.

It is evident that the Thai textile industry has a "complete production cycle" which is subdivided into 5 main independent industries, connected in a stream cycle, namely: upstream, midstream and downstream.

The Upstream is Fiber Industry - produces 2 kinds of fibers, which are: natural fiber and man-made fiber

The Middle Stream composes of: Spinning Industry; Weaving and Knitting Industry; Dyeing, Printing and Finishing Industry

The Downstream Industry comprises the Garment Industry.

Besides the said 5 major industries, there are other smaller industries for instance: silk industry, non-woven industry and home textiles.

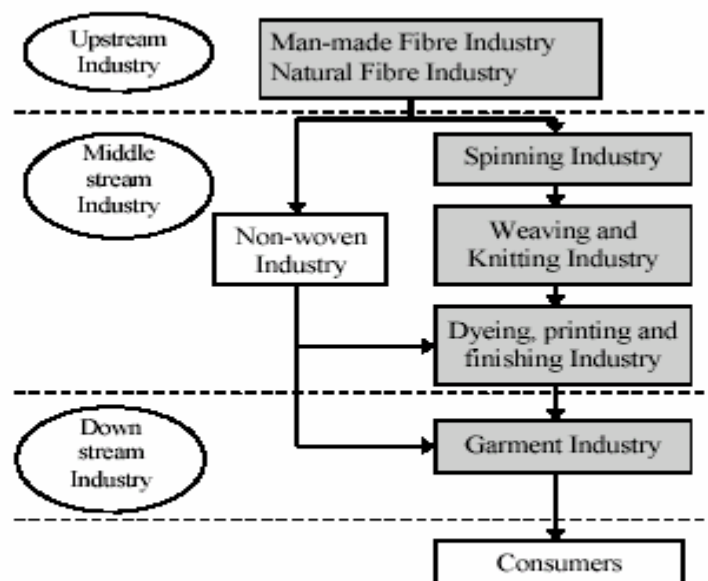


Figure 1. 1: Textile and Garment Production Cycle <sup>1</sup>

#### The Export of Textile and Garment in the International Market

As for Thailand, the country was the fourteenth (14th) largest exporter in 1995 but was decreased to the eighteenth (18th) in 2003. However, the most recent statistics of textile and clothing export from January to March 2005 is US\$1, 534 million with 6.5% growth. The major markets of Thailand according to the statistics of January to March 2005 are USA (US\$466 million); EU (US\$283 million); ASEAN (US\$169 million); JAPAN (US\$110 million); CHINA (US\$79 million) and others (US\$427 million).

#### The Import of Textile and Garment in the International Market

In this regard, Thailand has posed a small share in the import of textile and clothing products. In 2005 (from January to March) the import value was US\$809 million.

#### The Impact on International Trade of Textile

Can be summarized as follows:

1. More competition in the international market.
2. Countries that can produce their own raw materials will have a competitive edge since the production cost will be lower.
3. Countries which are the world leaders in fashion and have a hi-tech production system will dominate the market.
4. Importing countries will use measures to protect their own markets.
5. There will be more trade groupings of neighbouring countries that will help each other by lowering taxes and soften the regulations.
6. There will be many more FTA or other bilateral agreements between trading partner countries.

#### Impact on Thailand

1. More competition, as evident that our major competitors such as China, Indonesia and Vietnam which have the competitive edge regarding costs. And the products from our country that are most affected are jackets, T-shirt and trousers, etc.

2. Small exporters that has a low production efficiency and low amount of export will find it difficult to survive.

As the quota system has terminated, the importing countries are considering the use of safeguard measures to protect the domestic textile industry. I believe that if the safeguard measures, for instance: Tariff Barrier, including the traditional Import tax and additional tax. Another one is Non-Tariff Barrier, including the Anti-dumping Regulation, are widely used, the world trade situation of textiles and clothing could worsen.

#### The Transition Period of Textile Industry of Thailand

It has been four months already after the end of quota system in the garment industry. All exporting countries, including Thailand have been forced to maintain quality “from yarn to catwalk” in order to maintain competitiveness. This means that it is a must for exporters and manufacturers to concentrate on quality entirely from the raw material through attractively designed apparel.

The Thai garment industry has realized this necessity, as this industry is expanding its manufacturing capacity to better serve the customer’s demand, for example small sized factories which previously had 500 sewing machines are now increasing the sewing machines to 2000.

It is expected that Thailand’s textile industry is going to have a new manufacturing structure by the middle of this year as the country will go from OEM (Original Equipment Manufacturer) to a ‘super OEM’ manufacturer.

As a result, the ‘super OEM’ strategy will turn Thailand into a mass manufacturer with a larger capacity and factories that use the world class technology and modern management.

Other preparations for Thai manufacturers is that they should focus on the development of the supply chain and cluster management and create both domestic and overseas networks to assure the steady flow of raw materials to ensure faster delivery time. Apart from this, our manufacturing sector must be more integrated with a smoother local supply chain system to provide raw materials needed at each stage of production.

In addition, as I have mentioned a little about FTA or Free Trade Agreement). The effects that Thailand are about to face consisting of: the tariff reduction from FTA is the most important factor for our country’s trading partners to consider when to decide if to place orders with Thailand in terms of lower import costs or not.

However, other ways and means to handle the free quota system are that the garment or clothing manufacturers should come up with the new designed clothing products to meet the world buyers’ demand.

As the textile and garment industry has been one of the country’s main industries, every factor that affects this industry will impact the country’s economy as a whole.

Last but not least, I am delighted that APEC has realized that the Textile trade plays a major role in most APEC member countries so APEC is organizing this eventful seminar as a forum for textile and clothing entrepreneurs as well as resource persons to exchange

views and experience regarding the textile trade. I hope that we, the Asian countries should join hand in elevating the quality and design of our regional textile and clothing production to efficiently and effectively enter into the world market.

\*\*\*\*\*

#### References

1. Trend of Textile Export in 2005, Textile Information Center, Thailand Textile Institute.
2. Trading Information, Department of Export Promotion, Ministry of Commerce, Royal Thai Government.
3. Trade Statistics, The Customs Department of the Kingdom of Thailand.
4. Board of Trade of Thailand's Statistics.

## **Plenary Session IV Market Access for Textile Trade between APEC Developed Economies and Developing Economies**

### **Ms. Julia K. Hughes**

Julia K. Hughes is the Vice President, International Trade and Government Relations for the United States Association of Importers of Textiles and Apparel (USA-ITA). USA-ITA represents more than 200 members serving all segments of the fashion industry, from apparel manufacturers to retailers to service companies. Ms. Hughes also serves as President of International Development Systems (IDS). IDS has a proven international reputation as the resource for companies, trade associations and countries that need the latest information regarding the trade statistics and government regulation of textile and apparel products.

Prior to joining USA-ITA, Ms. Hughes served as Divisional Vice President, Government Relations for the Associated Merchandising Corporation (AMC) Washington office for fourteen years. At that time AMC was the largest retail marketing organization in the United States, with offices in more than 25 countries.

Ms. Hughes represents the interests of textile and apparel importers on quota and textile issues to government officials, both in the United States and overseas. She has testified before Congress and the Executive Branch on textile trade issues. Ms. Hughes is also recognized as an expert in textile and apparel issues and is a frequent speaker at international conferences including the Apparel Sourcing Show, Foreign Service Institute, National Association of Manufacturers, Cotton Sourcing Summit, USIA's Worldnet, the International Textiles and Clothing Bureau, Young Presidents' Organization and others.

Other affiliations include:

- Board Member, Center for International Private Enterprise
- Board Member, WIIT Charitable Trust
- Member, Capitol Forum

Ms. Hughes also served as the first President of the international Organization of Women in International Trade (OWIT) and is one of the founders of the Washington Chapter of Women in International Trade (WIIT).

In 1992 she received the Outstanding Woman in International Trade award.

Ms. Hughes has an M.A. in International Studies from the Johns Hopkins School of Advanced International Studies and a B.S. in Foreign Service from Georgetown University.

PowerPoint Presentation by Ms. Julia K. Hughes



**Market Access for Textile Trade**

**The U.S. Perspective**

APEC Seminar on Textile Trade  
May 26, 2005

**Issue One**

**How Do U.S. Buyers  
Make Sourcing  
Decisions?**

**Buyers Make Decisions  
Based on Companies  
not Countries**



## **Successful Companies Provide:**

- Speed - to - Market
- Quality
- Value
- Compliance
- Vertical Integration

**U.S. importers plan to  
reduce overall number of  
suppliers;  
BUT increase business  
with strategic partners**

## **U.S. Importers Expect**

- Consolidation
  - *Fewer Factories but Increased Economies of Scale*
- Falling Prices
  - *General Price Deflation of 5% to 20%*

## **U.S. Importers Expect**

- Supply Chain Improvements in Speed
  - *No More Visas and Paperwork Barriers*
  - *No More Embargoes*
  - *No More Illegal Transshipment*

## **U.S. Importers Expect**

- Increased Opportunity for Countries with Free Trade Agreements
  - *Duty Free Imports Represent A Major Benefit*

## **U.S. FTA Partners**

- Israel
- Canada
- Mexico
- Jordan
- Chile
- Singapore
- Australia

## **U.S. FTA Completed Negotiations**

- Bahrain
- CAFTA
  - *Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua*
  - *Dominican Republic*

## **U.S. FTA Ongoing Negotiations**

- Panama
- SACU - *Botswana, Lesotho, Namibia, South Africa, and Swaziland*
- Andean - *Colombia, Ecuador, and Peru*
- Thailand
- Oman
- United Arab Emirates

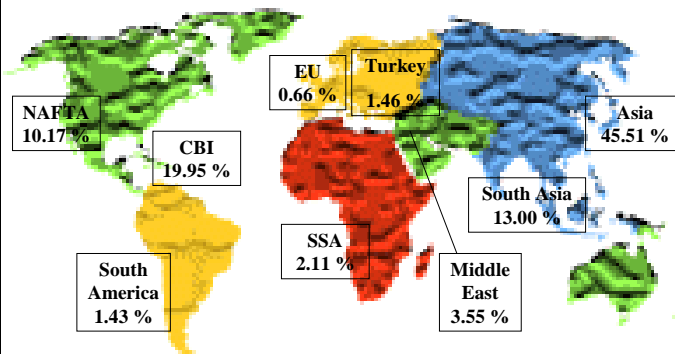
## **U.S. Importers Expect**

- Greater Impact of Political and Economic Stability
  - Global Risk Assessment
  - Security Concerns

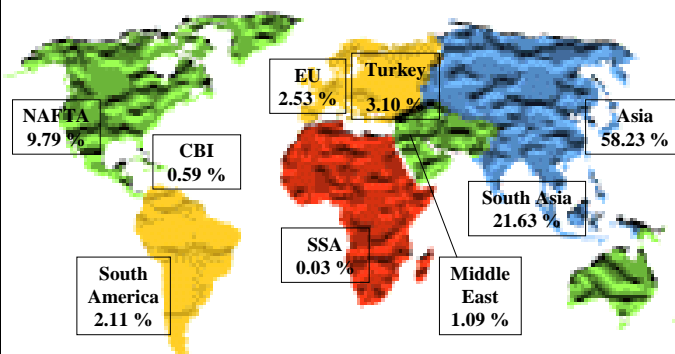
## Issue Two

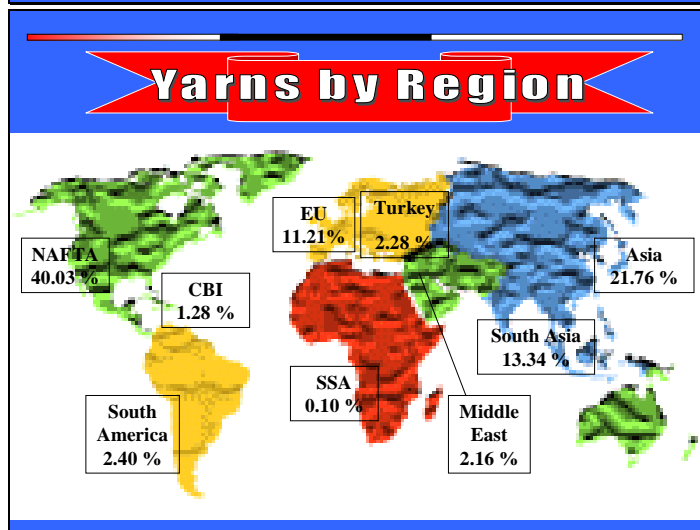
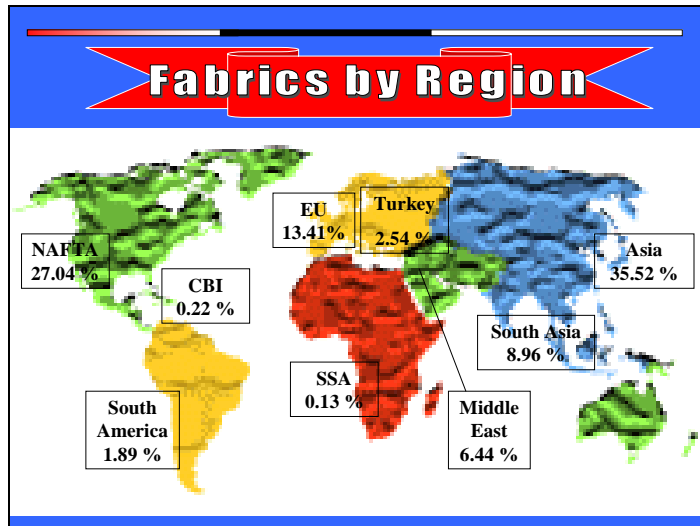
# Where Do U.S. Companies Source Today?

### Apparel by Region



### Made-ups by Region





### Top Suppliers to the U.S.

Rank	Country	Percent Change
1	China	41.79
2	Mexico	0.97
3	Canada	-1.69
4	Pakistan	8.36
5	Korea	3.48
6	India	18.83
7	Indonesia	7.60
8	Taiwan	-9.01
9	Honduras	6.41
10	Bangladesh	6.66

## Top Suppliers By Value

Rank	Country
1.	China
2.	Mexico
3.	India
4.	Hong Kong
5.	Canada
6.	Vietnam
7.	Honduras
8.	Indonesia
9.	Pakistan
10.	Korea

## APEC Suppliers

Rank	Country	Market Share
1	China	26.62
2	Mexico	8.40
3	Canada	6.74
5	Korea	4.71
7	Indonesia	2.65
8	Chinese Taipei	2.61
11	Thailand	2.35
13	Vietnam	1.94
15	Hong Kong	1.71
18	Philippines	1.42

## APEC Suppliers

Rank	Country	Market Share
26	Malaysia	0.73
27	Japan	0.71
39	Russia	0.26
41	Peru	0.20
51	Australia	0.13
57	Singapore	0.10
61	Brunei	0.10
73	Chile	0.06
84	New Zealand	0.03

## Impact of Quota Elimination

- Cotton Knit Tops
- Cotton Trousers

### Top 10 Cotton Knit Tops

*Market Share as of March 2005*

1) Honduras	16.4 %
2) Mexico	12.7 %
3) Guatemala	9.2 %
4) El Salvador	8.7 %
5) Vietnam	4.4 %
6) Pakistan	4 %
7) Haiti	3.1 %
8) Peru	3.1 %
9) China	2.8 %
10) India	2.4 %

### Top 10 Cotton Knit Tops

*January-April 2005 Market Share - Estimated*

1) Honduras	13.8 %
2) Mexico	11.0 %
3) Guatemala	9.3 %
4) El Salvador	8.2 %
5) China	7.6 %
6) Vietnam	4.0 %
7) Pakistan	3.8 %
8) Haiti	3.6 %
9) India	3.3 %
10) Peru	3.0 %

## Top 10 Cotton Trousers & Shorts

*Market Share as of March 2005*

1) Mexico	19.9 %
2) China	5.5 %
3) Dominican Rep.	4.9 %
4) Vietnam	4.4 %
5) Hong Kong	4.4 %
6) Honduras	3.6 %
7) Guatemala	3.6 %
8) Bangladesh	3.3 %
9) Nicaragua	3.3 %
10) Egypt	3.1 %

## Top 10 Cotton Trousers & Shorts

*January-April 2005 Market Share - Estimated*

1) China	15.2%
2) Mexico	14.4%
3) Bangladesh	4.8%
4) Vietnam	3.9%
5) Indonesia	3.8%
6) Dominican Rep.	3.8%
7) Cambodia	3.5%
8) Hong Kong	3.2%
9) Egypt	3.1%
10) Nicaragua	3.1%

## Issue Three

## U.S. Government Impact on Market Access



## **New Protectionism**

- Efforts to Create a New Quota System
- Safeguards Against China

## **New Protectionism**

- Trade Remedy Cases
- Anti-dumping and Countervailing Duty Cases
- Illegal Transshipment Investigations
- Security Concerns

## **China Safeguards**

- Textile safeguard
  - Quotas on China until 2008
- Product-specific safeguard
  - Safeguards apply if any Chinese exports cause harm through December 11, 2013

## **Section 201 (“Global Safeguards”)**

- Protection against imports with increased quantities that are substantial cause of serious injury or threat of serious injury
  - Applies to imports globally, not specific countries.
  - Best known example: Steel 201 safeguards established by the U.S.

## **Section 201 Investigation**

- The investigation begins with filing of petition by the domestic industry, or request by the President or Congress
- ITC responsible for injury and causation determinations
- If ITC makes an affirmative injury determination, then decides what remedies to recommend to President
  - Range of remedies may be adopted: quotas, tariff increases, tariff rate quotas, trade adjustment assistance measures for the domestic industry, etc.

## **Threat of AD/CVD Cases**

- New antidumping and countervailing duty cases will be filed
- Greater probability for yarns, fabrics and home furnishings than for apparel

## **Basics Of Antidumping Law**

- Filing of a case creates price uncertainty
- U.S. antidumping law protects the U.S. domestic industry against imports
  - Imposes a duty on imports equal to the difference between the price at which the goods are sold in the U.S. and their “normal value” (generally, prices in the home market of the foreign producer/exporter).

## **History Lesson: Man-Made Fiber Sweaters**

- Initiated in late 1989 against Hong Kong, Korea and Taiwan, ITC final decision of injury in September 1990 was appealed. . .
- CIT reversed the ITC in July 1992, remanding to the ITC . . .
- ITC issued new decision of no injury in November 1992 . . .

- Domestic industry appealed; CIT ruled against the domestics in 1993 . . .
- Domestic industry appealed to the CAFC, which affirmed the CIT in June 1994 . . .
- ITC issued notice affirming its negative remand determination in July 1994.
- Five years of uncertainty ended the MMF sweater business in the three countries.

## **Basics Of CVD Law**

- The CVD law authorizes the imposition of duties on imports that are subsidized by a foreign government
- The ITC must also find that the subsidized imports are causing or threaten to cause material injury to the domestic industry

## **Basics Of CVD Law**

- To be countervailable, the government must provide a “financial contribution” that “confers a benefit” on the recipient
- The value of the countervailable subsidy is measured as the value of the benefit to the recipient, not the cost to the government

- Imports of a given product from a given country can be subject to both AD and CVD investigations/orders, in which case the margins are cumulative
  - That is why there is pressure in the U.S. to make Non-Market Economies subject to CVD cases

## **Section 301**

- Responds to unfair foreign practices that undermine the ability of U.S. companies to compete in foreign markets

- Administered by U.S. Trade Representative
- Goal to eliminate unfair act, policy or practice
- Means: Threaten to and then actually:
  - suspend, withdraw or prevent the application of benefits of trade agreement concessions; or
  - impose duties or other import restrictions on goods of that countries - typically a 100 percent duty

## **Issue Four**

### **APEC Impact on Market Access**

## **APEC**

- Opportunities and Visibility To Communicate Positive Effect of Globalization on Developed and Developing Countries

## **APEC**

- Proposals for Special Status for APEC Partners
  - Tariffs
  - Rules of Origin
  - Supply Chain
  - Security

## **Business, Government and APEC**

- Collaboration and Partnership for the Future





**Mr. Boris Fomin**  
**President**  
**Russian Union of Entrepreneurs of Textile & Light Industry**

Boris M. Fomin was born on March 31 in 1946. After graduating from “Moscow Textile Institute” in 1970, Mr. Fomin worked in several textile enterprises. Over 20 years he has been a top official in the “Ministry of textile industry of the Russian Soviet Federative Socialist Republic”. Since 1991 Mr. Fomin has been Chairman of the Board of Directors in the “National textile manufacture concern of Russia”. Since 1993, Boris M. Fomin has been President of “Concern “Rostextile” OJSC and President of the “Russian Union of Entrepreneurs of Textile and Light Industry”.

Since 2002, Mr. Fomin is Chairman of the “Committee on Free Enterprise in textile and clothing industry” in the “Chamber of Commerce and Industry of the Russian Federation”.

Academic degree: Doctor of Economy

Awards: the “Order of Merit” of the 4<sup>th</sup> grade and the “Order of Honour”.

Mr. Boris M. Fomin is a merited and an honourable executive whose contribution to the textile and clothing industry of the Russian Federation can hardly be overestimated.



**Speech by Mr. Boris Fomin**

**The complementarities of textile trade among APEC economies**

Distinguished chairmen, ladies and gentlemen:

First of all, please allow me to express my thanks to the organizer of this seminar to invite me to attend the event, meanwhile I wish that this seminar could promote to make cooperation and development among APEC economies, and enlarge trade relationship, and improve investment in the field of textile industry for Asia Pacific areas in the future. I will make analyses for the current condition of textile and light industry in Russia, which is an important part in Russian economy, including 17 categories such as textile, clothing, shoes, fur & leather industries. None of other industries could reflect characteristic of processing industry so comprehensively except of textile and light industry.

14000 institutions and manufacturers including 2500 large and middle size SOEs were focused this industry, employees reached 650 thousand. Currently, these enterprises have completed reform of share system.

The production scale in 2004:

	Value of production (excluding value added tax, Unit: 1 billion ruble)	Percentage
Light industry	108,1	100
Among them: Textile	40,70	37,7
Knitting	7,37	6,8
cloth	35,25	32,6

The production of all sorts of textiles fabric in 2004 :

Category	unit	Production volume	Compared with that of 2003 (%)	Percentage (%)
All fabric	Thousand square	2 792 603	97,3	100

	meter			
Cotton fabric	Thousand square meter	2 251 072	96,7	80,6
Linen fabric	Thousand square meter	158 544	100,8	5,7
Wool fabric	Thousand square meter	36 050	80,8	1,3
Silk fabric	Thousand square meter	137 256	94,9	4,9
Non weaving fabric	Thousand square meter	209 681	108,3	7,5

The production of cloth and knitting in 2004:

Category	unit	value and volume of production	Compared with that of 2003 ( % )
Cloth	Million Ruble	30 804	109,2
knitting	Million	118,4	90,6
Sock	Million	237,0	86,4

The export value of textile and knitting reached 1billion USD.

### **The market of textile and knitting in Russia**

According to data from Russian statistic department, the total value of Russian market in 2004 amounted to 1000 billion ruble (36 billion USD). In 2004, the import value of parts of products including textile and knitting in 2004 reached about 600 billion USD. Importing garment account for 75% of whole market, among them, 60% action of producing and importing exist various of illegal operations.

Therefore our main task we faced is to construct a transparent domestic market rescuing to control mechanism of custom. So Russia asked that ultimate importing tariff for most of light industrial products could not be lower than current level. Several category descended to 20%, But it will be implemented in three years later after joining WTO.

We are imposing measures of domestic market due to current condition of industry field. Through the urge from Russian textile and light industry association, Russian federal government issued the 863th governmental decree which strictly prescribed custom formalities of foreign transit commodities. In my opinion, the measure which was imposed in order to move forward mature Russian commodity market promotes to trade relationship between Russia and APEC economics.

Russian government approved vital measure which supported manufacturers of national textile and light industry in December last year. The development strategy of light industry have been constituted by 2015, and created condition to safeguard the competitive products to steadily increase annually, and promoted avenue of production, and encourage innovation. At the same time, generally recognized regulations of environmental protection, quality and commodity safe were applied in Russia. The strategy will promote the production of competitive products in international market.

We are increasing good economic condition so that domestic manufacturers could compete with those of other countries in international and domestic market under equal condition. We clearly knew the numerous factors for the rapid development of light industry in China and other APEC economics. Referring your experience, we put through a serious of problems for our government to ask to solve and accelerate to update fixed assess.

Currently, importing tariffs for part of equipments have been exempted. We hope that Russian equipments which were produced but need imported could enjoy the treatment of free importing tariff and value added tax. Our efforts to enable our country to attend the plan which deep oil process became a part of light industry and textiles. It enables to realize modernization of textile and clothing industry on the level of latest technology and craftwork, and utilize polyester to produce new general product. In this aspect, the country received us have made great effort. We exported crude oil to China, meanwhile Russia purchased about 10 billion USD ultimate products here. Actually it was the

investment on the development of Chinese textile industry.

Today, the market of Russian textile and light industry has rather capacity, and are on the process of rapid development. According to forecast, per capita increasing rate of citizen actual disposal income will exceed 5% by 2010. Considering demand of postponing, the actual increase of textile and light industry will be no lower than 10-12% in 3- 4 years. Therefore we clearly knew that we could not closely develop and cut down the relations with the world, and should cultivate a consumption market of continuously increasing demand for products of foreign factory, especially the products which could not be produced in Russia. It is a reason that Russia asked to actively join WTO.

We knew our own task to develop the friendship relationship with APEC economics and global integration in the future. We are ready to make dialogue on building joint venture enterprises, adapting new technology as well as implement investment plan since textile and light industry need abundant investment. The market trend formed made suppliers adapt more radical selling tactic so as to guarantee their own share. To recruits, market also becomes more attractive. We have no doubt and great wish through holding "The fair for Russian equipment and products of textile and light industry".

Currently, this fair is an important part which constructs market plan of national textile and light industry, < Russian textile and fashion>. Main exhibition centers from 40 regions in Russia attended the plan. National, international, trans-regional and regional exhibitions implemented in frame could meet all various of consumption demand through transfer of information, and effectively recommend all sorts of goods to consumer, and create chance and condition which suppliers may fill up every margin in Russian market, and firstly faced to relevant companies among APEC economics. The 24<sup>th</sup> fair for Russian equipment and product of textile and light industry in March this year was ended, and 2780 companies from 32 countries attended this fair, and many of them were from China, Korea and Japan.

The fair is the largest one in Russia, and gained support and high praise from government, all regions, relevant institutions and association. The manufacturers and suppliers deeply experience this point. We think the fair is a way which we opened market with APEC economics together and complement each other.

When developing exhibition, we realized that it was important to attend the exhibitions, but it was not enough for sale of products. To make and implement sale plan, we need more information and adapt various technology of advertisement. We may accomplish this work through magazine named < textile> and newspaper called < the world of textile> published monthly by publish agency, < textile industry>. Moreover, the information systems of the commodity of textile and light industry, raw materials as well as equipment have been used in 2002. Suppliers and buyers could check relevant data through going over [www.textilmarket.ru](http://www.textilmarket.ru)

By the system, suppliers were able to showcase their products comprehensively including all data, product and video material, and develop to interchange independently. By now, this system is still only one in Russia. I reminded again that we planed to hold the fair for international equipment of textile and light industry which estimated to attract numerous manufacturers to attend in 2004. On the occasion, Chinese machine manufacturers will also attend the fair. Russian producers are interested in Asian machine equipment.

We made our efforts to develop the dialogue between business and government and the cooperation between county and individuals when solving industrial problems. Russian entrepreneurs association of textile and light industry put forward problems concerning this industry and market to discuss to Duma and senators last year. As chairman, I attended the meeting with President Pujin of Russia, and put forward relevant issues again on March 24 this year. We gained more understanding and support from government. Moreover, we brought through the suggestion about signing agreement between textile & light industry and federal government. Federal government should supply conditions through budges, tariff and policy of tax to safeguard the enterprises to operation normally. Our association should guarantee to continuously enlarge to sale and ensure its percentage in GDP and national tax budges of exporting and turning in. Finally I will express my appreciation to organizer of this seminar again.

I wish the discussion about relevant issues will promote to reduce conflict each other, and further promote potential cooperation among APEC economics.

Thank you very much!



**Mr. Nguyen duc Thanh**  
**Chief of The Textiles & Clothing Quota Administration,**  
**Deputy Director General Export-Import Department**  
**Ministry of Trade of Vietnam**

- 1998-2002: First Vietnam Commercial Attache' in the U.S. one year after full diplomatic relations between VN & US
- 1997-1998: Deputy Manager of WTO division, Multilateral Trade Policy Dept of Ministry of Trade. In charge of preparing SERVICES commitments. Interpreter for the 1<sup>st</sup> round of VN's accession to the WTO in July 1998
- 1995-1997: First Deputy Director of the Export-Import & Foreign Investment Consultancy Centre (HOTAY CORP) under the Central Committee of Finances (ways & means) of CPV
- 1989-1994: Senior expert in legal and marketing dept. of The Vietnam National General Export-Import Corporation-GENERALEXIM -one of the biggest trading company in VN under the Ministry of Trade
- 1986-1988- Expert in the legal dept., then export-Import of high-tech Co.-NACENIMEX of the National Technical Progress Centre-NACENTECH under Vietnam Government Office
- 1979-1984: Master of Arts ( International Economic Relations) at the Moscow National University of the International Relations-MGIMO in Moscow, Russia)
- DOB: 1961
- 
- Foreign Languages: English, Russian, Chinese (little German and Fench)

**PowerPoint Presentation by Mr. Nguyen duc Thanh**

APEC Seminar on Textile Trade  
May 25-26, 2005  
Nanyuan Hotel, Ningbo, China

Nguyen duc THANH-  
Chief of The Textiles & Clothing Quota Administration  
Deputy Director General Export-Import Department  
Ministry of Trade of Vietnam  
[ducthanh@mot.gov.vn](mailto:ducthanh@mot.gov.vn)  
[vinatrade@hotmail.com](mailto:vinatrade@hotmail.com)

Vietnam textiles & garment industry

- \* Sector:
- \* Export turnover: USD4.4 bln in 2004
- \* First biggest export item (if not counted crude oil export)
- \* More than 2 mln direct & indirect people working in sector
- \* Most export of Garment, not textiles
- \* Country:
- \* 85 mln population, Young
- \* Skilled workers: Fast-learning, hard-working: ready to work overtime to get shipment in time
- \* Political, social, economic stability
- \* Investment environment improved, open, more incentives to investors

Opportunities & solutions

- \* Import of fabrics & accessories (70% for making export garment)
- \* VN imports 90% of cotton (local made 10% only)
- \* Opportunities to sell fabrics & accessories to Vietnamese factories: welcome to ship your goods to Customs Bonded zones for textiles & garment in Hanoi & Hochiminh city.

Opportunities & solutions

- \* Manufacturing & supplying onspot
- \* Trend: many foreign investors move their existing factories to Vietnam or set new ones
- \* Supply to local T&C makers and export to other countries.
- \* Invest in making garment too.
- \* Opportunities to invest in making fabrics & accessories in Vietnam
- \* Vietnam is located right in the hub of huge T&C making countries, territories (China, Korea, Taiwan, Asean), which supply lion share of world T&C trade.
- \* Transport is convenient now

Opportunities & solutions

- Most international big buyers set up presence & buying in VN
- \* About 60% of T&C makers in Vietnam are foreign investors.

You are welcome!

Support, cooperation & investment from international business communities help Vietnam to develop T&C sector, create jobs & alleviate poverty.



### Vietnam's challenges in 2005

- \* 150 countries are quota free to export to the US
- \* EU, Canada granted Vietnam the same quota free
- \* US is kindly requested to consider to remove quota to Vietnam
- \* Vietnam is the only one major T&C exporter subject to quota from the US
- \* **Jan-Apr.2005, T&C export falls 7% !**
- \* Vietnam is at substantial WTO negotiations.
- \* Vietnam kindly requests APEC members & the US to support Vietnam by removing quota

Thank you, APEC & China  
for organizing this seminar,  
Thank you for your attention !

Contact: [Nguyen duc THANH](#)  
Chief of The Textiles & Clothing Quota Administration,  
Deputy Director General Export-Import Department  
Ministry of Trade of Vietnam  
[ducthanh@mot.gov.vn](mailto:ducthanh@mot.gov.vn), [vinatrade@hotmail.com](mailto:vinatrade@hotmail.com)

## Plenary Session V Exchange and Cooperation in Intellectual Property among APEC Economies



**Mr. Denis Croze**  
**Acting Director Advisor**  
**Economic Development Sector**  
**World Intellectual Property Organization**

Denis Croze, a national of France, is since January 2004 working in the Executive Office of Mr. Geoffrey Yu, Deputy Director General, Economic Development Sector of the World Intellectual Property Organization (WIPO), first as Head of the Planning Section and since March 2005 as Acting Director-Advisor.

Prior to this, Mr. Croze was Head of the International Law Development Section (Trademarks, Industrial Designs and Geographical Indications), from 2002 to 2004 and Head of the Trademark Law Section in the Industrial Property Law Division of WIPO, from March 1999 to 2002. In both functions, he acted as the Secretary for the WIPO Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) where discussions between Member States on trademarks, industrial designs and on geographical indications take place.

Prior to joining WIPO, Denis Croze was Head of the Multilateral Affairs Department of the French Patent and Trademark Office (INPI) in Paris (France). In that capacity, he represented the French Government in numerous intergovernmental meetings in the field of industrial property (European Communities, WIPO, WTO, EPO...) as well as in multiple meetings and seminars organized by non-governmental organizations (INTA, AIPLA, ICC, TABD,..) or the private sector. He was also the IP Expert of the Intellectual Property Group of the French Conseil d'Etat to elaborate proposals for the French Government relating to "Internet and the computer networks" (1998) and a year later chaired the Group of Experts "Intellectual Property and Domain Names" of the Governmental Mission Lorentz (1999).

From 1994 to 1996, Denis Croze assisted, as a consultant, the Director of the WIPO Mediation and Arbitration Center in the preparation for the establishment and for the commencement of operations of the Center. As such, he organized WIPO Training Programs and workshops for arbitrators or mediators in intellectual property disputes

His previous experiences were with the International Chamber of Commerce (ICC) in Paris as Head of the Legal Division (1990-1994) and as an Attorney with the Office of Legal Affairs of the United Nations in New York (1987-1990).

Denis Croze holds a DEA (Master) in International Economic Law from the University of Paris II (Assas) and a DEA in Political Science from the University of Paris I (Panthéon-Sorbonne). He also followed the Program of Instruction for Lawyers (PIL) of the Harvard Law School.

He participates regularly in seminars, workshops and training for WIPO and others organizations on IP technical assistance and on industrial property matters, with a particular expertise in trademarks, industrial designs and geographical indications.

PowerPoint Presentation by Mr. Denis Croze

## Intellectual Property as a Tool for the Protection and Development of Textile in Developing Countries

Denis CROZE  
Acting Director-Advisor  
Economic Development Sector

World Intellectual Property Organization (WIPO)

## World Intellectual Property Organization

- ☞ 182 Member States (136 developing countries, 50 LDCs, 180 NGOs)
- ☞ Main activities: norm setting, international registrations, technical assistance, ADR
- ☞ WTO-WIPO Cooperation Agreement (TRIPS Agreement)
- ☞ Economic development

World Intellectual Property Organization (WIPO)

## Intellectual Property

- ☞ Industrial Property and Copyright
- ☞ Double function:
  - Legal title: Gives right to owner to prevent use (property)
  - Economic right: Empowers the holder to benefit financially from his/her creation
- ☞ Definition, scope and conditions of protection varies from country to country

World Intellectual Property Organization (WIPO)

## Development Objectives

- ☞ Develop Proactive Policies Beyond the Creation of the IP Legal and Administrative Infrastructure
- ☞ Support Countries in Maximizing the Use of IP as a Tool for Economic, Social and Cultural Development
- ☞ Integrate Development Objectives in the Formulation and Implementation of IP Policy

World Intellectual Property Organization (WIPO)

## Designing Development-Oriented IP Programmes

- ☞ Tailoring WIPO assistance to meet each country needs (NFAP): No "one fits all model »
- ☞ Providing pro-active technical assistance and monitoring follow up (demand driven)
- ☞ Addressing public policy objectives in developing strategies; Proposing options and flexibilities
- ☞ Assisting Member States in identifying and customizing the IP assets they need in their national strategies and policies

World Intellectual Property Organization (WIPO)

## Textile and Intellectual Property

- ☞ Fragmentation of the furnishing fabrics industry (from small design firms and medium-sized supply firms to Haute couture companies)
- ☞ Variety of IP rights involved ( Copyright, trademarks, industrial designs, patents, geographical indications, trade secrets..)
- ☞ Shorter life cycles (changing tastes of consumers, rapidly evolving business environment,..) + counterfeiting

World Intellectual Property Organization (WIPO)

## Patent and Textile

- ☞ Any invention, whether product or process, in all fields of technology, which is new, involve an inventive step and is capable of industrial application ( Art. 27.1 TRIPS)
- ☞ Fashion technology: new techniques of fabrication/production
  - Novozymes which discovered an enzyme application within the treatment of Denim jeans
  - Prada invested in waterproof fabrics originating from nautical experience

World Intellectual Property Organization (WIPO)

## Trademarks and Textile

- ☞ “ Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings” (Article 15.1 TRIPS)
- ☞ Promotion of product sales, cement customers loyalty, facilitate customers decision-making, increase revenues from product sales, gain or maintain market shares, earn royalty income through licensing and franchising
- ☞ WIPO Recommendation on Well-Known Marks / APEC recommendation

World Intellectual Property Organization (WIPO)

## Forms of Protection of Textile Designs

- ☞ Registered Industrial Designs
- ☞ Unregistered Industrial Designs
- ☞ Copyright
- ☞ Three-Dimensional Marks
- ☞ Unfair Competition (passing off)
- ☞
- ☞ Cumulative approach

World Intellectual Property Organization (WIPO)

## Registered Industrial Designs

- ☞ An industrial design is the appearance of the whole or part of a product resulting from features of, in particular, the lines, contours, shape, texture and/or materials of the product itself and/or its ornamentation.
- ☞ A registered design gives an exclusive right to use and prevent making, offering, putting on the market, importing, exporting, using or stocking for such purposes, products incorporating the design
- ☞ Protected for at least 10 years

World Intellectual Property Organization (WIPO)

## Unregistered Industrial Designs

- ☞ All unregistered design right systems confer automatic protection (no registration procedure or deposit is necessary)
- ☞ Criterion of protection: objective standard of originality (lower than novelty in UK, HK) or novelty and individual character (EU)
- ☞ Protection against copying only
- ☞ Short term of protection ( 3 years in EU, 10/15 in UK)
- ☞ UK, Hong-Kong, European Union, New Zealand

World Intellectual Property Organization (WIPO)

## Copyright

- ☞ Protects the bundle of rights given to creators in relation to their literary and artistic works
- ☞ Work must be original (must have been developed independently by its creator)
- ☞ Automatic protection (No registration procedure) against copying
- ☞ Duration of protection during author's life + 50 (or more) years

World Intellectual Property Organization (WIPO)

## Three-Dimensional Marks

- ☞ “The shape of goods or their packaging”
- ☞ Must be distinctive
- ☞ Must not be functional
- ☞ Potentially unlimited protection (subject to renewal and use)



World Intellectual Property Organization (WIPO)

## Unfair competition - Passing Off

- ☞ Right depends on “reputation” or “good will” obtained for the industrial design
- ☞ No registration
- ☞ Potentially no limitation of the duration of protection



World Intellectual Property Organization (WIPO)

## Cumulative Approach

Right holder can invoke cumulatively all existing forms of protection (ex: France)



World Intellectual Property Organization (WIPO)

## International Framework

- ☞ The Hague Agreement Concerning the International Deposit of International Designs
- ☞ Locarno Agreement establishing an International Classification for Industrial Designs (Locarno Classification)
- ☞ Agreement on Trade Related Aspects of Intellectual Property (TRIPS)

World Intellectual Property Organization (WIPO)

## Hague System of International Deposit of Industrial Designs

- ☞ International registration system administered by the International Bureau of WIPO
- ☞ 41 contracting parties
- ☞ Offers the possibility of requesting protection for industrial designs in several countries, by means of a single international application
- ☞ A single international application replaces a whole series of national applications which, otherwise, should have been effected at the national level with different national Offices.

World Intellectual Property Organization (WIPO)

## Procedure

- ☞ Gives the owner of an industrial design the possibility to have his design protected in several countries by simply filing one application with WIPO, in one language, with one set of fees in one currency (Swiss Francs).
- ☞ Produces the same effects in each of the designated countries, unless protection is refused by the competent Office of that country.
- ☞ Also single procedural step for the subsequent management of the industrial design (changes, renewal..)

World Intellectual Property Organization (WIPO)



### Basic features of the Hague System

- ☛ The filing of an international application does not require any prior national deposit. A design may be deposited and protected **for the first time** at the international level through the Hague Agreement.
- ☛ An international deposit is normally sent by the applicant directly to the International Bureau of WIPO.
- ☛ An international application may be filed in either English or French (at the applicant's choice).



World Intellectual Property Organization (WIPO)

### Contents of the International Application

- ☛ A single international deposit may comprise several different designs ("multiple deposit"), up to a maximum of 100
- ☛ All designs included in a deposit must belong to the same class of the international classification of Locarno : the international deposit is therefore "monoclass"
- ☛ The international application must contain, *inter alia*, a reproduction of the designs together with the designation of countries where protection is sought.



World Intellectual Property Organization (WIPO)

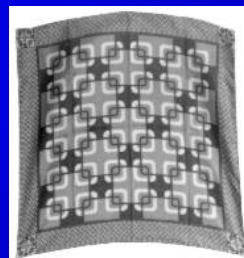
### Duration

- ☛ Five years registration
- ☛ Possible to renew for two additional periods of five years
- ☛ If the domestic legislation of a Contracting State allows a term of protection of more than 15 years, then the international registration may be renewed in respect of that State for additional periods of five years, up to the expiry of the total term of protection allowed for such national registration



World Intellectual Property Organization (WIPO)

### 5% in Classes 2 and 5 « Garments » and « Textiles »



World Intellectual Property Organization (WIPO)

### Locarno Agreement

- ☞ 45 Member States
- ☞ Classification for industrial designs (32 classes and 223 subclasses; 6831 indications of indifferent kinds of goods)
- ☞ Procedure which facilitates industrial designs searches and obviates substantial reclassification work when documents are exchanged at the international level

World Intellectual Property Organization (WIPO)

### TRIPS Agreement

- ☞ **Requirement for protection** (Article 25.1)  
Obliges Members to provide for the protection of independently created industrial designs that are new or original (except if they do not significantly differ from known designs or combinations of known design features)
- ☞ Members may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations.

World Intellectual Property Organization (WIPO)

## TRIPS Agreement

### ☛ Textile designs (Article 25.2)

“Each member (of the WTO) shall ensure that requirements for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not reasonably impair the opportunity to seek and obtain such protection. Members shall be free to meet this obligation through industrial design law or through copyright law”

World Intellectual Property Organization (WIPO)

## Special Provision on Textile Designs

- ☛ To take into account the short life cycle and sheer number of new designs in the textile sector
- ☛ Cost, examination or publication of such designs must not unreasonably impair the opportunity to seek and obtain protection.
- ☛ Choice of Members to grant protection through industrial design law or copyright law.

World Intellectual Property Organization (WIPO)

## Exclusive rights

- ☛ **Article 26.1** requires Members to grant the owner of a protected industrial design the right to prevent third parties not having the owner's consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes

World Intellectual Property Organization (WIPO)

## Limited exceptions

- ☞ Article 26.2 allows Members to provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties.

World Intellectual Property Organization (WIPO)

## Term of protection

- ☞ The duration of protection available shall amount to at least 10 years (Article 26.3).
- ☞ The wording "amount to" allows the term to be divided into, for example, two periods of five years.

World Intellectual Property Organization (WIPO)

## Traditional Textile Designs

- ☞ Discussions on the protection of traditional knowledge and folklore (i.e., indigenous weaving industry)
  - Do not meet the “new and original” criteria of internationally accepted standards for the protection of industrial designs
  - Difficulty in identifying the author/creator of the designs and the requirement of originality raises problem in a copyright type of protection
  - Limited duration of IPRs also pose problem for such traditional/cultural aspects of property

World Intellectual Property Organization (WIPO)

## Why IP is Crucial for Textile in Developing Countries

- ☞ To earn more with greater security
- ☞ To exercise ownership of IP assets
- ☞ To enjoy exclusivity in the market place
- ☞ To expand commercial activities and exports
- ☞ To encourage creativity and economic growth

World Intellectual Property Organization (WIPO)

## Challenges

- ☞ Lack of public education regarding the economic and social impact of counterfeiting and piracy
- ☞ Lack of country branding (building an image on products and developing local marks)
- ☞ Lack of protection of creative works
- ☞ Enforcement (pirates and counterfeiters target both foreign and domestic companies)

World Intellectual Property Organization (WIPO)

## Recommendations

- ☞ Identification and building an IP strategy in the textile industry
- ☞ Proactive Registration of your IP right with customs and cooperation between customs authorities
- ☞ Effective enforcement by Member States national authorities

World Intellectual Property Organization (WIPO)

## IP Strategy for Textile Industry

- ☞ To ensure a better diffusion of information to textile and clothing SMEs concerning their rights and possible means of recourse (Development and dissemination of best practice guidelines, trade related studies, fact finding surveys ..)
- ☞ To develop good, informal communications networks within the chain of distribution
- ☞ Written and enforceable contracts that require agents, suppliers, distributors and employees to protect IP rights

World Intellectual Property Organization (WIPO)

Thank you for your attention

Denis.croze@wipo.int

World Intellectual Property Organization (WIPO)



**Ms. Wen Xikai**  
**Deputy Director General**  
**Law and Treaty Department**  
**State Intellectual Property Office of P.R.C.**

Ms. Wen was graduated from Nanjing University majored in English in 1968. She studied in the Chinese Academy of Science as graduated student since 1978 with a Master of Science. Ms. Wen also took a refresher course on industrial property and intellectual property in France, UK and USA. Ms. Wen began to be engaged in the legal research in the State Intellectual Property in 1981. Meanwhile, Ms. Wen also participated in the legislation, modification and application of the Patent Law of the People's Republic of China. Ms. Wen was also the participant in many negotiations including the bilateral negotiation on intellectual property right between China and USA and the regular meeting of the Council for TRIPS after China entered into WTO. Ms. Wen is now mainly engaged in the research of the Chinese patent law and the comparison research on the Chinese patent law, the foreign patent law and international treaties.

PowerPoint Presentation by Ms. Wen Xikai



## Latest Development of Chinese IPR System

---

Xikai Wen  
State Intellectual Property Office,  
PR China  
May, 2005



## Outlines

---

- Textile Trade and IPR
- Evolution of China's IPR Protection System
- Latest Developments of China's IPR Protection



## Textile Trade and IPR

---


- Development of Textile Trade and Aim of APEC
- Role of IPR to Development Textile Trade  
(patent , trademark , copyright)
- China Provides Good Environment for Textile Trade






### **Establishment of IPR Legal Protection System(1979-1991)**

- Trademark Law in 1982
- Patent Law in 1984
- Copyright Law in 1990
- Regulations On Computer Software Protection in 1991




### **Aim of IPR Protection**

- Regulate Fair Competition
- Promoting Science and Technology progress and economic development
- Provide good environment for International exchange



### **Revision of IPR Laws(1992)**

- Trend of Globalization of IPR Protection System
- TRIPS
- SINO-US MOU on Protection of IPR



### **First Revision of Patent Law ( 1992)**

---

- **Term of Patent Extended**
- **Chemical Substances and Pharmaceuticals Under Protection**
- **Right of Importation for Patentee**
- **Compulsory Licenses in Line With TRIPS**



### **First Revision of Trademark Law ( 1993)**

---

- **Introduction of Service mark**
- **Shortening of Registration Procedure**
- **Establishment of Trademark Agent**
- **More Severe Criminal Liability to Infringing Activities**



### **Formulation of Unfair Competition Law(1992)**

---

- **Encouraging and Protecting Fair Competition**
- **Prevent Unfair Competition**
- **Protect the Legitimate Rights of Producers and Consumers**



### **Summing Up(1992-2000)**

- **Improved Legal Frame Work**
- **Protection Level Up to International Standards**



### **Latest Development ---Second Revision of IPR Laws**

- Adapting to the Needs of WTO Requirement
- Making Preparations for New Challenges





### **Second Revision of IPR Laws**

- **Patent Law (2000)**
- **Trademark Law (2001)**
- **Copyright Law(2001, first revision)**



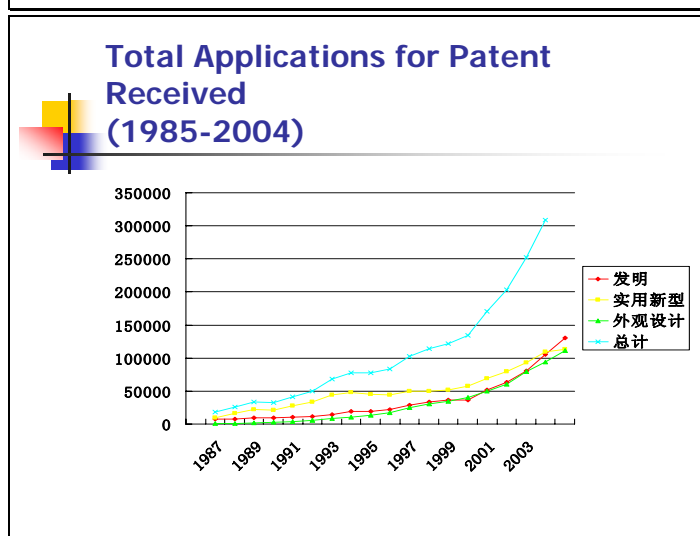
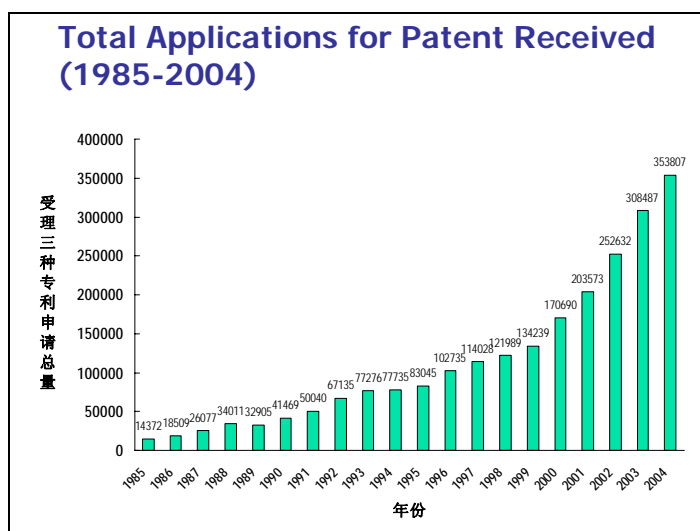
## ■ Full Alignment of China's IPR Laws with TRIPS

- 
- ### Updates of China's Enforcement of IPR Protection
- Smooth Development of Enforcement of IPR
  - Lead Group of IPR Protection directed by the Vice Premier Wu Yi(04.08)
  - Action Plan for Special Operation of Intellectual Property Protection(04.08-05.09)
  - "Interpretations on Several Issues on Application of Law for Trial of IPR Criminal Cases"(04.11)




### Increasing of Patent Applications

■ 1998	121989	up	6.8%	than	1997
■ 1999	134240	up	10%	than	1998
■ 2000	170690	up	27.2%	than	1999
■ 2001	203573	up	19.3%	than	2000
■ 2002	252632	up	24%	than	2001
■ 2003	308487	up	22.1%	than	2002
■ 2004	353807	up	14.7%	than	2003



- ### Achievements in Patent Protection
- 14 years and 9 months for the first 1,000,000 applications (**04.1985-01.2000**)
  - a little more than 4 years for the second 1,000,000 applications (**01.2000-03.2004**)
  - being objective, fair, correct and timely



### Substantive Growth of Trademark Applications(2004)

- Trademark Applications amounted to 762000 , an increase of 163000 or 27.16% over 2003.
- The increase was especially apparent in trademark registration application area.
- The trademark registration applications amounted to 588000, an increase of 136 000 or 30.04% of that of 2003.




### Background of Increase

- Rapid Growth of China's Economic Development
- Raise of Awareness of IPR Protection
- Strong Enforcement of IPR Protection in China




### Administrative Enforcement of TM(2004)

- 51,851 TM violations were investigated and dealt with, 38.31% more than that of 2003, Of these , 5494 were foreigner-related, 1.6 times more than that of 2003
- about 38,951.800 false TM seized and ruined; 280,781 sets of infringing marks printing moulds and printing plates ect. seized; 5,638.53 tons of violation goods seized and destroyed; 268 million RMB fined;
- 96 cases and 82 involved persons were transferred to judicial system for criminal liabilities.




### **Administrative Enforcement of Copyright(2004)**

- 9,691 cases received, and 9,499 concluded, of which 7,986 concluded with administrative punishment, 1,363 with settlement agreement, 101 transferred to judicial system.
- more than 85,050, 000 pirated products seized, of which more than 18,690,000 pirated books, 1,820,000 pirated periodical magazines, 39,370 ,000 pirated audiovisual discs, 19,210, 000 pirated electronic publications, 5,520,000 pirated software discs,
- 420,000 other kinds of pirated products.



### **Copyright Collective Management Act (Dec. 22, 2004)**

- copyright collective management
- copyright protection in internet circumstance
- statutory license royalty
- voluntary registration of works were definitely supplied by the Act



### **Administrative Enforcement of Patent Right(2004)**

- 1,455 patent disputation cases received, 1,215 concluded.
- 1,983 passing-off of patent cases received, 1,934 concluded,
- 3,451 counterfeiting cases received, 343 concluded



## **Judicial Protection of IPR**

- From 1985 to 2004, local people's courts have accepted a total of 69,636 IPR civil cases in first instance, and concluded 66,385.
- Of all the accepted cases, 18,654 relating to patents, 14,708 relating to copyright, 6,629 relating to trademarks, and 8,368 relating to other kinds of IPR cases.



## **Top on the Agenda**

- Raise Awareness of the IPR Issues Among the Public
- Further Perfection of IPR Laws
- Keep Abreast with Development of Globalization of IPR Protection System



**Thank You for Your Attention !**





## Comment on the Seminar



**Mr. Sun Huaibin**  
**Spokesman, China National Textile and Apparel Council**  
**Editor in Chief, *China Textile***

Mr. Sun is Director General of Information Center and Spokesman of China National Textile and Apparel Council (CNTAC). Mr. Sun also serves as the Deputy Director of China Textile Economic Research Center and Editor in Chief of *China Textile*. Mr. Sun has been long engaged in the academic affairs related to the textile industry research, such as editing *China Textile Industry Development Report* and *Trade Liberation and the Development of Chinese Textile Industry*, which is financed by UNCTAD. He is also the tutor of Dong Hua University and Tianjing Industry University. Mr. Sun has wide experience as speaker for international seminars held both home and abroad about the topics on trade issues of textile and clothing industry.

**Speech By Mr. Sun Huaibin**

I'm so honored to give the final comment on the APEC Textile Trade Seminar while it is also a difficult task for me, as so many speakers have released their opinions on the topics discussed during the Seminar from so many perspectives and angles.

This APEC Textile Trade Seminar should be considered as an international meeting with particular significance held under the special background. As we know, the global textile trade has entered the post-quota era since January 1<sup>st</sup> 2005. The world textile industry has been long awaited for the coming of this era with the high expectation of the full development of free trade regarding the textile industry. However, the frequent trade conflicts involving China also cause the concern of people about how to build the new trade order and how the transition from the old trade system to the new one be realized. Therefore, we have reached the constructive consensus by discussing at this seminar on how to enhance the cooperation under the WTO framework and APEC mechanism.

Firstly, Mr. Du Yuzhou, President of China National Textile and Apparel Council made an introduction on the circumstance which the Chinese textile industry is facing, the trend of the development of the Chinese textile industry and the attitudes of the Chinese textile industry toward the free trade. The speech of Mr. Du will be very helpful for the participants to understand the situation of the Chinese textile industry.

Secondly, we have five topics discussed during the Seminar.

Regarding the role the APEC cooperative mechanism plays in resolving the international disputes concerning international textile and clothing trade, we recognize that the good faith will be more important in resolving the problems. All the international trade conflicts should be settled by mediation or consultation while the unilateral manners should be avoided.

Regarding the complementarities on the textile and clothing trade among the APEC members, a comparison was made on the advantages owned by the different countries based on their different position in the supply chain. The diversity and complexity of the APEC members have determined that the members are very possible to cooperate and develop the complementarities with each other according to their own advantages.

The other issue which is closely related to the complementarities is about the market access. Each member should adhere to the market opening principle and the WTO trade remedies should not be abused. With the falling of the tariff rate, the elimination of non-tariff barrier will be more important.

Regarding the textile and clothing trade among the APEC developing economies, the textile industry always occupies a dominant position for the economy of the developing countries. Textile industry is also very important in the aspects of increasing the employment, keeping the trade balance, accelerating the urbanization and immigration of rural population to the cities, etc. Moreover, although the share of the textile industry in the economy of one developed country is very low, the developed countries are very advanced in respect of brand name and technology while the textile industry in developing countries has rich labor resources, and it is therefore possible to reach the complementarities between the developed and developing countries.

Finally, we have discussed the topic on the intellectual property. We believe it's only right and proper that IPR should be protected and the infringement of IPR should be

condemned. While we should also avoid the monopoly of IPR and the beneficial and constructive exchange and cooperation should also be encouraged between the developed and developing countries.

Although the discussion on the above five topics have been ended, I believe that we still have a lot to do.

Firstly, as every speaker has expressed their views and ideas at the seminar, we need think of how to make these views and ideas into the policies of each member or to be accepted by the member government.

Secondly, we should put more emphasis on how to realize the cooperation between all the participants of the seminar and enhance the communication not only between the governments but also the enterprises.

Thirdly, to avoid the further conflicts on the textile trade and settle the disputes in a more constructive way, the public should be aware of the goals which we reached at the seminar and the voices from the media should also be favorable.

On behalf of the organizers of this seminar, I would sincerely appreciate once again for the presence of every participant.

Thank you.

## Delegate List

Name	Position	Company/Organization
Mr. Young-Kie Ahn	Chairman	Korea Chemical Fibers Association
Mr. James J. Jochum	Fomer Assistant Secretary	Commerce of USA
Ms. Julia K. Hughes	Vice President	United States Association of Importers of Textile and Apparel
Mr. Boris Fomin	Chairman	Union of Entrepreneurs of Textile & Light Industry
Ms. Fawn Evenson	Vice President	American Apparel & Footwear Association
Mr. Vince Gowan	Chairman	Apparel Manufacturers Association of Indonesia
Mr. Virat Tандаеchanurat	Executive Director	Thailand Textile Institute
Mr. Paul Cohen	Former President	Council of Textile and Fashion Industries of Australia
Mr. Denis Croze	Acting Director Advisor	Economic Development Sector, World Intellectual Propriety
Mr. Hideo Otsuki	Chairman	Itochu Textile Co., Ltd.
Mr. Do Kim Lang	Director, Information & Market Resources Department	Vietnam Trade Promotion Agency, Ministry of Trade, Vietnam
Mr. Jaesun UH	Assistant Manager	Korea Trade-Investment Promotion Agency (KOTRA)
Ms. Leelasmanchai Sangduen	Trade Officer	Department of Export Promotion
Mr. Nguyen Duc Thanh	Director	Vietnam Textile & Apparel Administration Board, Ministry of Trade of Vietnam

APEC Seminar on Textile Trade under the WTO Legal Framework

Ms. Pham Thi Hong Hanh	Official	Vietnam Textile & Apparel Administration Board, Ministry of Trade of Vietnam
Mr. Le.Van Dao	General Secretary	Vietnam Textile & Apparel Associations
Ms. Truong Thi Kim Anh	Manager	Vietnam Chamber of Commerce and Industry-Da Nang Branch
Mr. GUE-BAE YEOUM	Manager	Korea Federation of Textile Industries (KOFOTI)
Mr. AKINAGA SINAGA	Chief of International Cooperation Program	NAFED-Ministry of Trade, Republic of Indonesia
Mr. Wahyu Pradoto	Head of Textile Products Section	Ministry of Trade, R.I.
Mr. Abraham Fanton	Chairman of International Relationship of AAMI	Apparel Manufacturers Association of Indonesia
Mr. Jose Daniel Garcia-Milla	Senior Analysis	Textile and Apparel Sector, Ministry of Foreign Trade and Tourism-PERU
Ms. Ysabel Segura A	Chief of Manufacturing Area	Asociación de Exportadores-ADEX
Ms. Agnes Perpetua Legaspi	Division Chief, Department of Trade and Industry	Bureau of Export Trade Promotion (BETP)
Mr. Ferdinand Canlas	Officer-in-Charge, Consumer Manufactures Division	Bureau of Export Trade Promotion (BETP)
Mr. NOLPI KILWA	Director Policy	PNG GARMENT & TEXTILE DEVELOPMENT INSTITUTE
Mr. TUN SHING LAM	Director	GREAT UNION (H.K.) CO.
Mr. KO HOAT LIEM	Business Manager	GREAT UNION (H.K.) CO.
Mr. YAN SOEGIAN TO	Manager	PT METRO GARMIN
Mr. HERMAN WIDJAJA	Manager	PT METRO GARMIN

APEC Seminar on Textile Trade under the WTO Legal Framework

Mr. Chen Yung Tsien	Deputy Director, Trade Development Department	Bureau of Foreign Trade, Chinese Taipei
Ms. Judy Yang	Director	Taiwan Textile Federation
Ms. Rita Hsieh	Specialist	Taiwan Textile Federation
Mr. Jack Karcher	President & CEO	PL Industries
Mr. Matthew Nelson	Senior VP	PL Industries
Mr. Jack Brinson	Executive VP	Apparel Brands, Inc
Mr. Fred Jackson	President	American & Efird, Inc
Mr. Lin Zhongchang	President	AE Corporation
Mr. SUGIMOTO ICHIRO	Director	Kawashima Textile Manufactures. Ltd
Mr. MOTOO OGAKI	Manager	Itochu Textile (China) Co., Ltd.
Mr. Yusuf Gunawan	Manager	Guna Group
Mr. Dewl Puspa	Manager	PT Metro Corp Indonusa
Mr. Eric	Manager	PT Metro Corp Indonusa
Ms. Lina NG.	Manager	PT Metro Corp Indonusa
Mr. Sumitro NG.	Manager	PT Metro Corp Indonusa
Mr. Surjandi NG.	Manager	PT Metro Corp Indonusa

APEC Seminar on Textile Trade under the WTO Legal Framework

Mr. Jenson Huang	Manager	Yon Yi Group
Ms. Wong Tan Nei	Technician Superior	Macao Trade and Investment Promotion Institute
Mr. Lin Son Lam	Senior officer	Macao Economic Services
Mr. Yu Ping	Vice Chairman	China Council for the Promotion of International Trade
Mr. Yu Xiaodong	Director General, Department of Membership Affairs	China Council for the Promotion of International Trade
Mr. Zhao Zhenge	Deputy Director General, Department of International Relations	China Council for the Promotion of International Trade
Mr. Zhou Xuehai	Director	China Council for the Promotion of International Trade
Ms. Li Yi	Program Manager	China Council for the Promotion of International Trade
Ms. Sun Lei	Program Manager	China Council for the Promotion of International Trade
Mr. Zhang Xiaokun	Secretary to Vice Chairman	China Council for the Promotion of International Trade
Mr. Du Yuzhou	Chairman	China National Textile and Apparel Council
Mr. Yang Jichao	Deputy Secretary General	China National Textile and Apparel Council
Mr. Xia Ling min	Director, Information Department	China National Textile and Apparel Council
Mr. Liang Pengcheng	Director	China National Textile and Apparel Council
Mr. Jin feng	Project Manager, Foreign Affairs Office	China National Textile and Apparel Council
Mr. Huang Xiaoliang	Senior Project Manager, International Trade Office	China National Textile and Apparel Council

APEC Seminar on Textile Trade under the WTO Legal Framework

Mr. Xu Yingxin	Deputy Secretary General	China National Textile and Apparel Council
Mr. Chen Weikang	Vice Chairman	The Sub-Council of the Textile Industry, CCPIT
Mr. Zhang Yankai	Director General, Market Department	China National Textile and Apparel Council
Mr. Chen Dapeng	Deputy Chairman & Secretary General	China National Garment Association
Mr. Sun Huaibin	Spokesman	China National Textile and Apparel Council
Mr. Lin Yunfeng	Deputy Secretary General	The Sub-Council of the Textile Industry, CCPIT
Mr. Liu Yanwei	Director, Information Department	The Sub-Council of the Textile Industry, CCPIT
Ms. Wan kun	Assistant of President,	The Sub-Council of the Textile Industry, CCPIT
Ms. Shan Xiaqing	Senior Project Manager	The Sub-Council of the Textile Industry, CCPIT
Ms. Pu jing	Project Manager	The Sub-Council of the Textile Industry, CCPIT
Ms. Chen Dan	Project Manager	The Sub-Council of the Textile Industry, CCPIT
Ms. Ma Ning yan	Project Manager	The Sub-Council of the Textile Industry, CCPIT
Ms. Zhang Jia	Project Manager	The Sub-Council of the Textile Industry, CCPIT
Mr. Mao Guanglie	Mayor	Ningbo Municipal People's Government
Ms. Yu Hongyi	Vice Mayor	Ningbo Municipal People's Government
Mr. Wang Renzhou	Director General	Ningbo Municipal Bureau of Foreign Trade & Economic Cooperation



APEC Seminar on Textile Trade under the WTO Legal Framework

Mr. Su Limian	Secretary General	Ningbo Municipal People's Government
Ms. Yu Danhua	Deputy Secretary General	Ningbo Municipal People's Government
Mr. Chen Guoqiang	Deputy Director General	The Office of Ningbo Municipal Government
Mr. Zhang Xinhua	Director	The Office of Ningbo Municipal People's Government
Mr. Chen Wenfei	Deputy Director	The Office of Ningbo Municipal People's Government
Mr. Yao Guanghui	Commissioner	Ningbo Economic Committee
Mr. Chen Guomiao	Director, Reception	Ningbo Foreign Affairs office
Mr. Yu Yaoguo	Director	Ningbo Economic Committee
Mr. Li Yueyin	Senior Advisor	Shanghai WTO Affairs Consultation Center
Ms. Wen Xikai	Deputy Director General, Law & Treaty Department	State Intellectual Property Office of P.R.C.
Mr. He Chengming	Chairman	VEKEN Holding Group Co., Ltd
Mr. Zhou Zhengyi	Vice Chairman	VEKEN Holding Group Co., Ltd
Mr. Ma Donghui	Vice Chairman	VEKEN Holding Group Co., Ltd
Mr. Zhou Yongguo	President	VEKEN Trade Group Co., Ltd
Ms. Shi Meixin	Vice President	VEKEN Elite Group Co., Ltd
Mr. Shen Qianxiang	Vice President	VEKEN Elite Group Co., Ltd

APEC Seminar on Textile Trade under the WTO Legal Framework

Mr. Zhang Bogen	Vice President	VEKEN Elite Group Co., Ltd
Mr. Chao Lianggen	Vice-President	VEKEN Elite Group Co., Ltd
Mr. Zhang Hua	Majordomo	Ningbo VEKEN Fashion Co., Ltd
Mr. Xiao Guiyu	Chairman	Shanghai Holding Co., Ltd
Ms. Huang Qin	Deputy Director, President office	Shanghai Holding Co., Ltd
Mr. Yin Guo hua	President	Shanghai Hansen Investment Developing Co., Ltd
Mr. Lin Jian	Director	Shanghai Hansen Investment Developing Co., Ltd
Mr. An Xiuqing	President	Shanghai Sheng Da Company LTD
Mr. Wang Weimin	President	Shanghai Threegun Group Co., Ltd
Ms. Yang Li	Vice President	Stantex (H.K.) Co., Ltd
Mr. Chen Jianguo	General Manager	Shanghai Phoenix Blanket Co., Ltd
Mr. Liu Yanfeng	General Manager	Shanghai Min Guang Co., Ltd
Mr. Xu Xu	Designer	Shanghai Whinny Textile Decoration Co., Ltd
Mr. Liang Yingjun	Vice President	Jiangsu Textile Industry (Group) Import & Export Co., Ltd
Mr. Qin Jian	Manager Assistant	Jiangsu Light Industrial Products Imp.& Exp. Group Corp
Mr. Qiang Haowei	Department Manager	Jiangsu Light Industrial Products Imp.& Exp. Group Corp

APEC Seminar on Textile Trade under the WTO Legal Framework

Mr. Zhang Ruifeng	Sales Manager	Jiangsu Light Industrial Products Imp.& Exp. Group Corp
Mr. Lu Yingxin	Vice President	Jiangsu Guotai International Group Nanjing Co., Ltd
Mr. Wu Weiping	Vice President	Jiangsu Guotai International Group Nanjing Co., Ltd
Mr. Wu Huiming	Vice Chairman	Jiangsu Textile Industry Association
Mr. Wu Qiang	President	Jiangsu Longda Transfer Printing Textile Co., Ltd
Mr. Chen Wei	Vice President	Jiangsu Longda Transfer Printing Textile Co., Ltd
Mr. Tong Zhongping	President	Wuxi ShuangMao Chuangyi Wool Spinning Weaving & Dyeing Co., Ltd
Ms. Shen Sugun	President	Wujiang Xiangsheng Textile, Dyeing Finishing Co., Ltd
Mr. Yuan Zhiya	Chairman	JiangSu Zhong Xiang Group Co., Ltd
Mr. Ji Lujun	President	Shanghai Pu Qi Textiles Co., Ltd
Mr. Qu Weiju	Vice President	Shanghai Pu Qi Textiles Co., Ltd
Mr. Yan Gongyi	President	Changzhou Qiu Tian Bao Enterprise Co., Ltd
Mr. Feng Dehu	Chairman	Zhejiang Fashion Textile Association
Mr. Shen Xiaoxin	Chairman	Zhejiang Provincial light & Textile Industry Group Imp.& Exp. Co., Ltd
Ms. Xu Xiuqin	Vice President	ZheJiang Textiles Import & Export Group Co., Ltd
Mr. Yao Ting	Deputy Executive Chairman	Hangzhou Municipal Textile Association

APEC Seminar on Textile Trade under the WTO Legal Framework

Mr. Huang Xianfa	Deputy Director	Zhejiang Economic Trade Committion Corp.
Mr.Zhang Zhengchao	Director	Zhejiang Textile Testing Center
Mr. Tian Zhiyong	President	Hualong Textile Decoration Co., Ltd Hangzhou
Mr. Yu Li Jun	President	Hangzhou Moderntex co., Ltd
Mr. Jiang Xuelin	Vice President	Hangzhou Moderntex co., Ltd
Mr. Han Haijun	Manager, Sales Dep.	Hangzhou Moderntex co., Ltd
Mr. Li Zhanjun	Manager, Design Dep.	Hangzhou Moderntex co., Ltd
Mr. Mao Liansong	Secretary-General	ZheJiang Warp Knitting Professional Association
Mr. Huang Xiaojun	Director	ZheJiang Jiaxing Lanbao Imp.&Exp.Limitedd Liability Co.
Mr. Wang Jiqing	Director	The People's Gov of Town Haining City
Mr. Yu Xinpu	Deputy Director	The People's Gov of Town Haining City
Mr. Shen Jixian	Director	ZheJiang Tongxiang Puyuan Committee
Mr. Shen Guofu	Chairman	HongDa Haining Warp Knitting Co.,Ltd
Mr. Cao Yaoqiang	Chairman	Haining Tian Yi Weaving Co., Ltd
Mr. Shen Shunnian	Director	Administration Committee of Haining Warp Knitting Science & Technology Industry Zone
Mr. Liu Yanrong	Desk officer	Administration Committee of Haining Warp Knitting Science & Technology Industry Zone

APEC Seminar on Textile Trade under the WTO Legal Framework

Mr. Zhu Weizhong	Desk officer	Administration Committee of Haining Warp Knitting Science & Technology Industry Zone
Ms. Hu Yifan	Desk officer	Administration Committee of Haining Warp Knitting Science & Technology Industry Zone
Ms. Wu Weiting	Desk officer	Administration Committee of Haining Warp Knitting Science & Technology Industry Zone
Ms. Jiang Yanyan	Desk officer	Administration Committee of Haining Warp Knitting Science & Technology Industry Zone
Mr. Wang Jianwen	Deputy Director	HaiNing Ma Qiao Committee
Mr. Xu Xuexiang	Deputy Director	HaiNing Ma Qiao Company Service Center
Mr. Mao Weihua	President	Haining Wan Fang Warp Knitting Co., Ltd
Mr. Zhang Yulong	Chairman	Haining Shunlong Dyeing & Finishing Co., Ltd
Mr. Zhou Wangsong	President	Haining City Tian Yu Foundational Industry Fabric Co., Ltd
Mr. Jiang Shenghua	President	Haining Mao Qiao HuaSheng Warp Knitting Factory
Mr. Zhang Zhifeng	Manager	Haining Haishao Knitting Co., Ltd
Mr. Gao Shuifu	Chairman	JinRun Group Ltd., Haining
Mr. Li Huakun	General Manager	iashan Geli Chemical Fiber Co., Ltd
Mr. Zhang Wei	Chief	CCPIT-Ningbo Sub-Council
Mr. Ye Yong	Assistant of Director	China Certification & Inspection Group Ningbo Co., Ltd
Mr. Lu Guolong	General Manager	CIXI Yingguang Garment Co., Ltd

APEC Seminar on Textile Trade under the WTO Legal Framework

Mr. Chen Dexing	Director	ShaoXing Textile Silk Committee
Mr. Liu Wei	General Manager	Beijing Chuxing Hengji Trading Co., Ltd
Mr. Hou Rongqin	Chairman	Beijing Cherish Life Textile Technologies Co., Ltd
Mr. Li Mingde	Public Affairs Consultant	Fleishman Hillard Link, Ltd.
Mr. Duan Jinwang	Business Manager	Beijing MYS Textile Co., Ltd
Ms. Yu Lichun	Business Manager	Beijing Tian Hao Sheng Trade Co., Ltd
Mr. Lu Wei bing	Manager	Beijing South YaLan Trade Co.,Ltd
Mr.Zhen Chengzong	Manager	Beijing South YaLan Trade Co.,Ltd
Mr. Zhao Shuiping	Clerk	Beijing South YaLan Trade Co.,Ltd
Mr. Zhao Xianghong	President	Beijing City Color Garment Co., Ltd
Mr. Hui Zhenli	Chairman & President	Hengmei International Industry & Trade Co., Ltd
Mr. Wu Wei	Deputy Director	People's Government of Jun'an, Shunde District
Mr. Huang Hai	Director, Economic Development Office	People's Government of Jun'an, Shunde District
Mr. Mao Weifeng	Deputy Director	Foshan Chan Chen Dis. Committee
Mr. Guan Weiguo	Director	Foshan Chan Chen Dis. Committee
Mr. Chen Shouhui	Vice President	Dongguan Silk Imp. & Exp. Co., Ltd of Guangdong

APEC Seminar on Textile Trade under the WTO Legal Framework

Mr. Li Qingxiang	Board Chairman	Liaoning Textile Association
Mr. Shi Xuchang	President	Dalian Changda Family Article Co., Ltd
Ms. He Ying	Vice President	Dalian Fukuyama Apparel Co., Ltd
Mr. Ma Qi	Director-General, Trade Dept.	Dalian Fukuyama Apparel Co., Ltd
Mr. Hong Zuwei	President	Jiangxi Worldbest Jiangfang Textiles Printing & Dyeing Corp.
Ms. Wu Ranglan	President	Orchid Cloth Art Design
Mr. Wu Junshu	Vice President	Orchid Cloth Art Design
Mr. Hong Ming	President	FuZhou TOYO Fashion Co., Ltd
Mr. Wang Feng	Vice President	HeNan XinYe Textile Co., Ltd
Mr. Li Jihua	Director	Shandong Wucheng Yunhe Development Area Committee
Mr. Cao Shizhong	Vice President	Shandong Cao Country Hengxin Towel Co., Ltd
Mr. Dong Xinxing	Vice President	Dongying Tansins Textile Corporation
Mr. Cui Mingtang	Vice President	Weihai Tongtai Industrial Group
Ms. Liu Haiying	Interpreter	Weihai Tongtai Industrial Group
Mr. Wang Zhongsheng	President	Wenden Yunxiang Embroidery Co., Ltd
Mr. Liu Wei	Vice President	De Hai Group

APEC Seminar on Textile Trade under the WTO Legal Framework

Mr. Xiao Jianxin	President	XinJiang TianShan Textile Group Co., Ltd
Mr. Zhang Wei	Assistant to President	Xinjiang Jinfang Textile Co., Ltd
Mr. Wang Jianbing	Reporter	China Central Television
Mr. Li Lei	Chief Designer	China Textile Information Center
Mr. Zhu Rongsheng	Project Supervisor, International Cooperation	China Textile Information Center
Ms. Zhang Hairong	Editor	China Textile
Mr. Su Tieying	Reporter	China Textile News
Mr. Sun Yi	Editor-in-chief	China Fashion Weekly
Ms. Fu Lianying	Deputy Director	International Business Daily
Mr. Zhou Chunyu	Editor Journalist	China Trade News
Mr. Yuan Ying	Assistant to Manager	China Textile Network Co., Ltd
Mr. Huang Shengang	Reporter	Xin Hua News Agency Zhejiang
Mr. Pan Junyao	Director	Modern Times Newsleter
Ms. Cui Linglin	Reporter	Ningbo Newspapering Group
Mr. Chen Yu	Reporter	Ningbo Newspapering Group
Mr. Lai Xiaohui	Executive Reporter	China Ningbo Network CO., ltd



