

# PRESS RELEASE

PRESS/384  
4 August 2004

(04-3336)

DIRECTOR-GENERAL

## **WTO DG consults members on possible emergency meeting to discuss textiles and clothing adjustment challenges**

WTO Director-General Dr. Supachai Panitchpakdi yesterday held informal consultations with a range of WTO Members on the request from Minister J K Cuttaree of Mauritius for an emergency meeting of the WTO Council for Trade in Goods (CTG) to examine the adjustment costs related to the quota abolition due to come into effect on 1 January 2005 under the WTO's Agreement on Textiles and Clothing (ATC).

Dr Supachai explained that his purpose for convening this consultation was to seek Members' views on the very specific request from Minister Cuttaree for an emergency meeting of the CTG as the best or the most practical approach for addressing the concerns raised by Mauritius. Dr Supachai also informed Members that he had received separate letters from the Ministers of Bangladesh and Nepal raising concerns similar to those of Mauritius.

"There had been mixed reactions to the request for an emergency session," said Dr. Supachai at the conclusion of the consultations. He suggested that the forthcoming regular session of the CTG, scheduled for 1 October, provided an opportunity where Members could raise concerns on implementation, including those related to adjustment cost issues resulting from quota abolition at the end of the year. At that meeting there will be a final major review of the ATC integration process, assisted by a report from the Textiles Monitoring Body (TMB).

Since the Textiles Agreement came into effect in 1995, the Goods Council has conducted a major review of implementation of the agreement before the end of each stage of the integration process. For the third and final major review due to be conducted by the Goods Council on 1 October, the TMB's report covers the period 2002-2004 and deals with all implementation issues, including the integration process, the transitional safeguard mechanism, and quantitative restrictions. The report also contains elements for an overall assessment of the implementation of the ATC.

Separately, Dr. Supachai noted that the WTO Secretariat, on its own initiative, had organized three Regional Workshops during 2004 to address textile and clothing sectoral implementation, integration and expiry issues, including the challenge of short-term adjustment costs. The first of these Regional Workshops was held in Montevideo, Uruguay, for ALADI (Latin American Integration Association) countries (2-4 June). The second took place in Wuxi, China, for the Asia/Pacific countries, in partnership with the World Bank, the IMF, the International Trade Centre (ITC) and importers/retailers (9-11 June). The third is due to take place in Maseru, Lesotho, (21-23 September) for African countries, also in partnership with the World Bank, the IMF and the ITC.

Dr Supachai highlighted the IMF's Trade Integration Mechanism (TIM) as a further significant example of co-operation and coherence in global economic policymaking. The TIM can help reassure low income developing countries that they will receive assistance from the international community to help them deal with adjustment difficulties they encounter next year as a result of the expiry of the ATC and the restoration of more liberal trade in textiles and clothing. Dr Supachai also noted that in the WTO's continuing dialogue with World Bank and IMF officials, the two Bretton Woods institutions had constantly indicated their pre-disposition to assist with adjustment and related issues, if they were reflected as priorities in country programmes, including in country Poverty Reduction Strategy Papers.

While expressing understanding for adjustment challenges, Dr. Supachai said that "overall ATC implementation would bring considerable welfare and efficiency gains for the global economy as well as benefits for the consumers".

Dr Supachai confirmed that he would be paying personal attention to the phase-out process between now and the end of the year.

END