GLOBAL DEVELOPMENT OF TEXTILE AND APPAREL INDUSTRY IN THE AFTERMATH OF AGREEMENT ON TEXTILE AND CLOTHING (1995)

A THESIS SUBMITTED TO
THE GRADUATE SCHOOL OF SOCIAL SCIENCES
OF
MIDDLE EAST TECHNICAL UNIVERSITY

BY

BARIŞ ÖZTÜRK

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS
FOR
THE DEGREE OF MASTER OF SCIENCE
IN
THE DEPARTMENT OF INTERNATIONAL RELATIONS

SEPTEMBER 2012

Approval of the Graduate School of Social Sciences

Prof. Dr. Meliha ALTUNIŞIK
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Master of Science.

Prof. Dr. Hüseyin BAĞCI
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Science.

Assoc. Prof. Dr. Faruk YALVAÇ
Supervisor

Examining Committee Members

Assoc. Prof. Dr. Faruk YALVAÇ (METU,IR)

Assoc. Prof. Dr. Galip YALMAN (METU,ADM)

Assist. Prof. Dr. Işık KUŞÇU (METU,IR)

I hereby declare that all information in this document has been obtained and presented in accordance with academic rules and ethical conduct. I also declare that, as required by these rules and conduct, I have fully cited and referenced all material and results that are not original to this work.

Name, Last name: Barış ÖZTÜRK

Signature :

ABSTRACT

GLOBAL DEVELOPMENT OF TEXTILE AND APPAREL INDUSTRIES IN THE AFTERMATH OF AGREEMENT ON TEXTILE AND CLOTHING (1995)

Öztürk, Barış

M. Sc., International Relations
Supervisor: Assoc. Prof. Dr. Faruk YALVAÇ

September 2012, 104 pages

With signing of Agreement on Textile and Clothing which entered into force in 1995, it was decided to abolish quantity limitations applied by the developed countries since the second half of 20^{th} century. By this way, restrictions in the developed country markets against the developing countries would be lifted gradually in a ten year period and the liberalization in textile and clothing markets would be realized from 2005 onwards. This would provide smooth access to major markets for all the developing and least developed countries. However, China's accession to WTO in 2001 created a breakthrough in this assumption. Hereafter, China increased its shares in the developed countries' markets at the expense of other developing countries. One of the matters wondered most during this period was how would the developing and least developed countries, that had quota-free entrance to the developed countries' markets, perform against China. This study focuses on the export performances of developing and least developed countries, that have had preferential trade agreements with European Union and the United States of America, against China in those markets.

Keywords: Agreement on Textile and Clothing, ATC, Textile Quotas, China, Preferential Trade

ÖZ

1995 TARİHLİ TEKSTİL VE HAZIRGİYİM ANLAŞMASI SONRASI KÜRESEL TEKSTİL VE KONFEKSİYON ENDÜSTRİSİNİN GELİŞİMİ

Öztürk, Barış
Yüksek Lisans, Uluslararası İlişkiler
Tez Yöneticisi: Doç. Dr. Faruk YALVAÇ

Eylül 2012, 104 sayfa

1995 yılında yürürlüğe giren Tekstil ve Hazır Giyim Antlaşması ile 20. yüzyılın ikinci yarısında gelişmiş ülkeler tarafından uygulanmaya başlayan tekstil ve hazır giyim endüstrisindeki kotaların kaldırılmasına karar verilmiştir. Böylece, sektördeki tüm kota uygulamaları, on yıllık bir zaman dilimi içerisinde kademeli olarak kaldırılacak ve 2005 yılı itibariyle tüm ürünlerin ticareti serbestleşmiş olacaktı. Bu sayede, gelişmekte olan ve az gelişmiş ülkeler, belli başlı pazarlara kolay geçiş hakkına sahip olacaklardı. Ne var ki; Çin'in 2001 yılında DTÖ'ye katılımı, bu varsayımda bir kırılıma sebep oldu. Bu tarihten itibaren Çin Halk Cumhuriyeti, gelişmiş ülke pazarlarında, diğer gelişmekte olan ve az gelişmiş ülkelerin aleyhine olacak şekilde, paylarını arttırdı. Bu dönemde en çok merak edilen konulardan biri 2005 öncesi dönemde tercihli ticaret yoluyla, gelişmiş ülke pazarlarına kotasız giriş kolaylığına sahip olan, gelişmekte olan ve az gelişmiş ülkelerin, Çin karşısında nasıl bir performans sergileyeceğiydi. Bu çalışmada, dünyanın en büyük tekstil ve hazırgiyim pazarları olan, Avrupa Birliği ve Amerika Birleşik Devletleri'nde, bu ülkelerle tercihli ticaret anlaşmasına taraf olan gelişmekte olan ve az gelişmiş ülkelerin, Çin karşısında, nasıl bir performans sergilediği incelenmektedir.

Anahtar Kelimeler: Tekstil ve Hazırgiyim Anlaşması, ATC, Tekstil Kotaları, Çin, Tercihli Ticaret

To my family,
for their endless support and patience.

TABLE OF CONTENTS

LIST OF TABLES

TABLES

ACRONYMS

ACP	: Africa, Caribbean and Pacific
AGOA	: African Growth and Opportunity Act
ATC	: Agreement on Textile and Clothing
ATPDEA	: Andean Trade Promotion and Drug Eradication Act
CAFTA-DR	: Dominican Republic – Central America Free Trade Agreement
CBTPA	: Caribbean Basin Trade Partnership Act
EBA	: Everything But Arms Initiative
EFTA	: European Free Trade Association
EPA	: Economic Partnership Agreement
FTA	: Free Trade Agreement
GATT	: General Agreement on Tariffs and Trade
GSP	: Generalized System of Preferences
LDCs	: Least Developed Countries
LDBCs	: Lesser Developed Beneficiary Countries
LTA	: Long-term Arrangement Regarding International Trade in Cotton Textiles
MFA	: Multi-Fiber Arrangement
NAFTA	: North American Free Trade Area
PTA	: Preferential Trade Area
SOE	: State Owned Enterprise
SSA	: Sub-Saharan Africa
STA	: Short-term Arrangement Regarding International Trade in Cotton Textiles
TMB	: Textiles Monitoring Body
TSB	: Textiles Surveillance Body
VER	: Voluntary Export Restraint
WTO	: World Trade Organization

1 INTRODUCTION

For almost 50 years, textiles and clothing (T&C) trade has been a significant option for developing countries during their development processes for necessity of low labour cost and easy-to-find raw material. In accordance with this, commodities imported from developing countries, have been preferred because of their low costs.

However, this trade and mutual understanding between developing and developed countries have been eroded when commodities imported from developing countries began to cause market disruptions in the developed country markets. This led to the incapability of local producers to compute with low prices of imported commodities. Thus, major developed countries like United States of America (USA), European Community (EC) and Canada has begun to search for ways to limit textile and clothing trade, while they are front runners of trade liberalization worldwide at the same time.

Multi-Fiber Arrangement (MFA) which was signed and took effect in 1974 enlarged the scope of limitations in T&C trade including all the materials rather than cotton–made goods which were the main subject of Long Term Agreement Regarding International Trade in Cotton Textiles signed in 1962. This action significantly limited T&C trade of developing countries which were already producing high quantities of goods. Countries forced to stop their exports, began to search for the ways of getting through this chamber.

MFA controlled imports of T&C by assigning quotas for exporting countries. Large producers such as China and India soon reached the limit of their quotas, but a number of other countries found themselves with quotas they were not filling. The Philippines, for example, which had not previously been a significant exporter, rapidly expanded its industry, which by 2004 was sending more than 80 per cent of its total garment exports to quota markets in Europe and the US. Least developed countries (LDCs) such as Bangladesh and Cambodia had a further advantage, since their LDC status entitled them to both quota-free and duty-free access to the EU.

As a result of pressure from some of the larger exporting countries, as well as from retailers in the importing countries, Agreement on Textiles and Clothing (ATC), under which from 1995 onwards the MFA quota restrictions would be lifted in a series of stages, was set up in 1994. By 31 December 2004, quotas in product categories of interest to poor-country exporters disappeared completely, and T&C were fully integrated into the GATT/WTO system of free trade. However, the full force of the ATC was delayed by number of factors that have continued to constrain imports from some Asian countries: Protection from disruption by China. When China joined the WTO in 2001, the accession agreement included a safeguard to protect importing countries from possible 'market disruptions'. This allowed importing countries to request a 'restraint limit' that would be in place until the end of 2008. This was applied to all products, but the effect was likely to be greatest for T&C.

The accession of China to WTO reversed the expectations of some developing countries aiming to take part in developed countries' markets. The communist regime in the country which reigns for tens of years decided to integrate their economy with rest of the world and this made devastating effect on some developing and least developed countries. For this reason, post-ATC studies somehow were obliged to analyze the issue from the perspective of China versus the world.

Before the quota phase-out period, it was assumed that preferential trade would be the only option for those who were already exporting T&C products through a preferential trade agreement, for being less effected from the invasion of the European Union (EU) and the US markets by China. However, the competitive unit prices which would be presented by Chinese producers were disregarded.

The aim of this thesis is to show that preferential trade agreements provide advantages to developing countries and the LDCs and they also increase their competitiveness especially in the EU and the US markets. This study further argues that the level of unit prices presented by the countries having preferential access to the EU and the US markets will determine their chances to maintain or increase their exports to those markets. Countries with competitive unit prices will be able to compete with the Chinese exporters although countries with higher unit prices will fail to do so.

First the study deals with the places of T&C industry and preferential trade in world trade and then it mentions about China's industrial boost and its T&C sectors. Following this, it analyzes the post quota phase-out developments in the EU and the US markets and it focuses on the T&C export performances of the preferential trade beneficiary countries in comparison with China in those markets.

2 TEXTILES AND CLOTHING IN WORLD TRADE

The T&C industries are large and diverse sectors that can be subdivided into distinct parts thus offering opportunities for countries with different resource endowments. The traditional division is between the production of natural fibres, fabrics, and finished clothing but the import, distribution and retail segments play an ever more important role in the industry's value chain. Natural fibre production is the domain of agricultural economies with access to plants from which the fibre is produced. Synthetic fibre production depends on the ability to innovate or adopt new technologies. Fibres, natural or synthetic, are spun into yarn and yarn is either woven or knitted into fabric. Fabric is then finished which involves dying, printing or softening, among others. Fabric production is a highly automated capital-intensive activity and is susceptible to technological advances. Clothing production consists of cutting the fabric, grouping it, tying into bundles and sewing together. Clothing production is labour intensive and workers are specialised in a limited number of tasks performed repetitively. Nevertheless, cutting is often a computer-assisted process and specialised machines are used for different types of sewing.

The textiles industry was generally more capital intensive than the clothing industry. Interestingly, local labour costs accounted for a higher share of costs in the clothing sector in low-cost China and India while in most of the top OECD exporters their place seems to be taken, at least to some extent, by the higher shares of intermediate inputs. There is also a clear tendency across countries to source the intermediate inputs domestically, though in some cases the shares of imported intermediates are quite high (e.g. in some EU countries).

Table 1: T&C Share in World Trade

Unit: Billion $

	2004	2005	2006	2007	2008	2009	2010
% of world exports	5,1	4,66	4,34	4,14	3,73	4,23	4,00
% annual growth rate	N/A	3,31	0,20	9,66	4,90	-12,97	14,39
T&c trade	514	531	532	583	612	533	609
World trade	10.078	11.395	12.270	14.081	16.404	12.585	15.231

Source: UN Comtrade (2011)

T&C trade has a considerable importance in world trade. Its share in overall merchandise exports is 4% in 2010 (see Table.1). T&C trade in 2010 exceeded US$ 600 billion. The global crisis encompassed whole countries in 2008, seemed to influence T&C industry as well. In 2008, industry experienced a slowdown in growth rate, and the exports sharply decreased at the end of 2009 by 12.97%. T&C still plays an important, though decreasing, role in trade of countries amounting to 3% of their merchandise exports; however, such trade is more critically important for many developing countries where the share of T&C in total exports can reach more than 60%.[1]

The EU27 and the US are the two main destination markets for T&C products accounting respectively for US$ 228.16 billion and US$ 99.88 billion or 37.4% and 16.4% of world imports in this category in 2010 (see Table.2). Other important importers include Japan with nearly 5.4% of world's imports, China (4.9%), and Hong Kong, China (4.55%).

[1] P., Kowalski, et al. (2009) *Economic Impacts Of The Phase-Out In 2005 Of Quantitative Restrictions Under The Agreement On Textiles And Clothing,* OECD Trade Policy Working Paper No. 90,p.8

Table 2: Major T&C Importers

Unit : Million $

IMPORTERS	2007	2008	2009	2010	Share 2010 (%)	Growth 2009/2010
EU-27	233.098	247.421	215.753	228.163	37,4	5,8
U.S.A.	103.984	100.509	86.740	99.883	16,4	15,2
Japan	29.357	31.661	31.091	32.790	5,4	5,5
China	25.372	24.998	21.778	29.578	4,9	35,8
Hong Kong, China	31.986	30.093	24.848	27.165	4,5	9,3
Turkey	9.753	9.634	8.460	11.965	2,0	41,4
Canada	11.544	11.933	10.586	11.878	1,9	12,2
Vietnam	5.832	6.673	6.393	10.796	1,8	68,9
South Korea	8.828	8.746	7.283	9.703	1,6	33,2
United Arab Emirates	4.763	5.464	8.726	9.317	1,5	6,8
Rest	118.966	134.932	111.034	138.107	22,7	24,4
Total	**583.484**	**612.064**	**532.692**	**609.344**	**100**	**14,4**

Source: trademap.org

The world's largest single country exporter of T&C products in 2010 was China with US$ 199.53 billion or almost 31% of world exports (see Table.3). Yet, the EU27 as a group remains the most important exporter with US$ 168.51 billion or 26% of world exports. Other countries with higher shares are the Hong Kong, China (5.3%), India (4.2%), the US (3.6%), Turkey (3.4%) and Bangladesh (2.8%).

Table 3: Major T&C Exporters

Unit : Million $

EXPORTERS	2007	2008	2009	2010	Share 2010 (%)	Growth 2009/2010
China	166.106	179.734	161.329	199.534	30,7	4,3
EU-27	185.404	194.288	161.510	168.514	26,0	23,7
Hong Kong, China	40.831	38.830	31.866	34.301	5,3	7,6
India	20.969	22.697	21.913	27.128	4,2	23,8
U.S.A.	22.041	22.592	18.341	23.577	3,6	28,5
Turkey	22.934	23.052	19.320	21.844	3,4	13,1
Bangladesh	10.663	14.665	15.347	18.059	2,8	17,7
Vietnam	8.603	10.151	10.417	13.978	2,2	34,2
South Korea	13.251	13.121	11.419	13.784	2,1	20,7
Pakistan	10.739	10.628	9.640	11.610	1,8	20,4
Rest	122.032	121.016	97.065	116.922	18,0	20,5
Total	**623.573**	**650.774**	**558.167**	**649.251**	**100**	**16,3**

Source: trademap.org

When analyzing trade statistics in T&C industry, textile exports comprise the *Harmonised System Code (HS Code)* chapters between 50 – 60 and 63, and clothing exports include chapters 61 and 62. In this study T&C groupings are designed according to this division. The definition of each code is depicted in Table.4 according to T&C division.

Table 4: Definitions of HS Codes in T&C

HS CODE	DESCRIPTION
	TEXTILES
50	Silk, including yarns and woven fabrics
51	Wool and fine or coarse animal hair, including yarns and woven fabrics; Horsehair, yarn and woven fabric
52	Cotton, including yarns and woven fabrics.
53	Vegetable textile fibers nesoi; yarns and woven fabrics of vegetable textile fibers nesoi and paper
54	Manmade filaments, including yarns and woven fabrics.
55	Manmade staple fibers including yarns and woven fabrics
56	Wadding, felt, and nonwovens; special yarns; twine, cordage, ropes and cables and articles.
57	Carpets and other textile floor coverings
58	Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery
59	Impregnated, coated, covered or laminated textile fabrics, textile articles suitable for industrial use.
60	Knitted or crocheted fabrics
63	Made-up textile articles, necoi; needlecraft sets; worn clothing and worn textile articles; rags.
	CLOTHING
61	Articles of apparel and clothing accessories, knitted or crocheted
62	Articles of apparel and clothing accessories not knitted or crocheted.

Source: US ITC

2.1 History of Restrictions in Textiles & Clothing Trade

In order to evaluate the magnitude of the changes occurred in global T&C trade and the issues that arose from MFA, the roots must be traced back in 1930s. The modern history of the T&C industries began in United Kingdom (UK). The textiles and apparel industries flourished in UK but after World War I it was overtaken by the more competitive Japanese. During the 1930's Japan, with its cost advantage, began to take over Britain's role as chief exporter of textiles. At that time, Japanese exports began to outcompete the traditional British T&C industry, as well as that of the US. In response to complaints by the UK and the US, in 1936 Japan agreed to limit its exports through self-imposed restraints. This was the first known voluntary export restraint (VER).[2] An agreement formalizing these constraints was signed between the US and Japan in Osaka, in 1937.

On December 1956, an agreement signed between Japan and the US, in which Japan agreed to restrain its exports for five years with aggregate ceiling covering its entire cotton textile exports. This structure of restrictions, with some modifications, became the model for subsequent bilateral agreements that have continued ever since. Then, the UK reached agreements with three Commonwealth countries, India, Hong Kong and Pakistan, to limit their exports of cotton products for three years beginning February 1959 for Hong Kong and January 1960 for India and Pakistan. When the US failed in its attempt to deal a bilateral agreement with Hong Kong similar to one it had

[2] M. Tewari, (2005) *The Role of Price and Cost Competitiveness in Apparel Exports, Post-MFA: A Review* , p.4

reached with Japan, this led the US to seek for multilateral solutions through General Agreement on Tariffs and Trade – GATT regime.

A new system for managing trade in T&C was emerging. In 1960, in the Dillon round of trade talks in Geneva, parallel negotiations among states began to restructure the system of bilateral arrangements that was emerging. The eventual result was "the Short-term Arrangement Regarding International Trade in Cotton Textiles" (STA) and "the Long-term Arrangement Regarding International Trade in Cotton Textiles" (LTA)[3]. The latter led to the "Arrangement Regarding International Trade in Textiles", known as "the Multi-Fiber Arrangement" (MFA).

2.2 Short-term Arrangement Regarding International Trade in Cotton Textiles

In 1959 and 1960, GATT allowed countries to restrict imports through the concept of market disruption, defined as instances of sharp import increases associated with low import prices not attributable to dumping or foreign subsidies. The US faced mounting criticism from its T&C suppliers when it began to apply those restrictions. Korea, Taiwan, Hong Kong and Brazil resisted repeated US requests to restrict their textile exports. Besides, US Administration met with mounting pressure inside from local textile lobbies that wanted the restrictions to be extended. This two-sided pressure led USA to orchestrate the creation of the STA, which was a textiles deal with the exporting countries. The STA was signed in July 1961 with the participation

[3] M. Hayashi, (2005), *Weaving a New World: Realizing Development Gains in a Post-ATC Trading System*, New York, United Nations, p.1

of nineteen countries.[4] The primary objective was the entitlement of Members to impose quotas on countries whose imports caused market disruption. Article I of the agreement enabled a country to restrain imports from a source, with or without its consent, at specified levels while Article II established a committee to find a long-term solution to the problems in T&C trade.

The short-term arrangement was limited to only cotton and cotton textiles and it permitted the US to control and regulate imports of cotton textiles from sources perceived to be responsible for "market disruption". The key to the new system was the concept of "market disruption", defined as "instances of sharp import increases associated with low imports prices not attributable to dumping or foreign subsidies".[5]

By the help of the STA, the US institutionalized restrictive actions within a multilateral framework outside the rules and procedures of the GATT. In addition to this, *sui generis* system created via STA for T&C trade formalized a special system that was globally acceptable. This paved the way for broader exceptions to the established trade rules that undermined credibility of the GATT negotiating framework.

2.3 Long-term Arrangement Regarding International Trade in Cotton Textiles

The LTA was considered to be a solution for emerging conflicts in the area of T&C. Even before the expiration of the STA and the establishment of the

[4] Australia, Austria, Belgium, Chinese Taipei, Canada, France, Germany, Hong Kong, India, Italy, Japan, Korea, the Netherlands, Pakistan, Portugal, Spain, Sweden, United Kingdom and the United States

[5] M. Shahin, (2005), *Textiles And Developing Countries,* in P. F.J. Macrory et al.,*The World Trade Organization: Legal, Economic and Political Analysis*, Springer Vol.2, p.392

Cotton Textiles Committee on November 16, 1961, the LTA had emerged from the deliberations in the Committee. It was agreed on October 1962 and renewed several times. Like the STA, the LTA only covered cotton textiles.

The LTA started with 24 members, and expanded over the years to include all exporting and importing countries that had an interest in the cotton textile trade.[6] Countries stood outside of the agreement were under constant threat from the US which had explicitly declared that non-member countries would not be able to benefit its rules.

The LTA was based on the above-mentioned definition of “market disruption” and it prepared to allow the continuation of existing discriminatory restrictions on developing countries and the introduction of new ones that had not existed yet.

The use of "market disruption" by importing countries was the centerpiece of this parallel trading system, and remained the basis for the imposition of quotas and other restrictions. The US refused to grant any power of arbitration to the Cotton Textiles Committee that would "impair or diminish the right of any country to unilaterally (to) interpret and apply the agreement".[7] Thus determination of the existence of "market disruption" continued to be left solely to the discretion of the importing country.

---

[6] Latest list of signatories: Australia, Austria, Belgium, Brazil, Canada, China, Colombia, Denmark, Egypt, France, Finland, Germany, Greece, Hong Kong, India, Israel, Italy, Jamaica, Korea, Luxembourg, Mexico, the Netherlands, Norway, Pakistan, Portugal, Spain, Sweden, Chinese Taipei, Turkey, United Kingdom, United States, and Yugoslavia.

[7] Shahin, op.cit.,p.394, *(citing* Statement by W. Willard Wirtz, U.S. Undersecretary of Labour to Cotton Textiles Committee).

The LTA was assessed as inadequate by developed countries after twelve-year of application. Exporting developing countries, whose exports of cotton and cotton textile products restrained, had shifted their production to other materials, especially man-made fiber. The accelerated growth of non-cotton fiber exports that flooded into developed country markets produced a reaction quite similar to ones in the 1950s with respect to cotton fiber exports. Before the commencement of the Tokyo Round negotiations (1973-1979), domestic political lobbies in the US and Europe began to push for broadening the coverage of the LTA.[8] The increased competition capabilities of Japan and developing countries in synthetic fiber products outside the scope of the LTA led to the negotiation of the Multi-fiber Arrangement.

2.4 Multi-Fiber Arrangement

"The Arrangement Regarding International Trade in Textiles", also known as the Multi-Fiber Arrangement (MFA) was born after US imposition of product-specific quotas, on the export of man-made fiber and wool products from Japan, Hong Kong, Korea, and Chinese Taipei. Following this decision, the space occurred because of the absence of those was filled soon by new actors. This led the US to find an international solution for preventing domestic market disruption.[9]

The MFA was initially a four-year agreement. It was signed on December 20, 1973 and came into force on January 1, 1974. The MFA had 44 signatories,

[8] Shahin, ibid.,p.398

[9] Hayashi, op.cit.,p.2

among them approximately 31 exporting developing country members[10]. It included China, even though China was not a GATT Contracting Party. The MFA stands in sharp contrast to the 1961 STA which only had India and Pakistan as developing country members. This is testament to the fact that developing countries felt a strong need to be a part of the MFA in order to promote their positions in the marketplace. However, the MFA permitted importing countries to apply import restrictions on products in which there was no domestic production. Also, excessive protection in developed countries, and the additional restrictions on products that were not yet produced domestically, discouraged innovation by developing country producers who were sure that any new products they developed would also be refused entry by the developed countries or be subject to new restrictions.[11]

The most significant change in the MFA was tightening the use of the concept of "market disruption" by establishing the requirement of a causal link between the disrupting imports and the existence of serious damage to the domestic industry. The earlier definition referred to the simultaneous existence of an increase in low-priced imports and of serious damage to the domestic industry, without linking the two.[12]

The MFA was administered by the Textiles Surveillance Body (TSB). The Board of the TSB was selected by MFA members and its function was to ensure

---

[10] Those are: Argentina, Bulgaria, Slovakia, Hungary, Macao, Maldives, Nepal, Peru, Romania, Sri Lanka, Uruguay, Bangladesh, China, Egypt, India, Malaysia, Mauritius, Philippines, Singapore, Thailand, Vietnam, Brazil, Czechoslovakia, Hong Kong, Indonesia, Malta, Mexico, Pakistan, Poland, South Korea and Turkey.

[11] Shahin, ibid.,p.398

[12] Ibid,

the smooth functioning and implementation of the general obligations, rules, and regulations of the MFA.

The MFA had been excluded from the GATT regime aiming to liberalise the world trade and the products covered in the agreement was subject to MFA rules rather than GATT regime. On the other hand, Article.2 of the agreement explains its aim as *developing and liberalising international textiles trade*. Thus, this simply depicts the contradiction of the agreement itself.

Güler Aras puts forward fundamental objectives of the MFA as (1) protection need of the developing countries which are anxious for collapse of their national industries due to increasing competition, (2) providing smooth flows in T&C trade and reducing the risk stemming from various currency systems, (3) making textile cycle –fluctuations deriving from the reaction of production against change in fashion- more predictable.[13]

The MFA was renewed three times prior to the Uruguay Round. During the Uruguay Round negotiations, it was extended four more times on a yearly basis. Uruguay Round which was declared to be held for more liberalizing world trade was launched in September 1986. It was entrusted with the task of examining the techniques and modalities for the liberalization and eventual integration of the textiles sector into the GATT/WTO system. However, the first step taken during the rounds was the extension of the MFA till the end of 1993.[14]

---

[13] G. Aras (2006), *Avrupa Birliği ve Dünya Pazarlarına Uyum Açısından Türk Tekstil ve Konfeksiyon Sektörünün Rekabet Yeteneği(Finansal Yaklaşım)*, 1st edition, İstanbul, Om Yayınevi, , p.44

[14] Shahin, ibid.,p.397

2.5 The Agreement on Textiles and Clothing

The division and classification of exporting developing countries into a number of groupings, each with its specific characteristics and interests, adds to the uniqueness of the ATC. These divisions are characteristic of the T&C sectors, and are rooted in the bilateral quota restrictions negotiated in the 1960s to avoid market disruptions resulting from import surges. The ATC differentiates between small suppliers, new entrants, cotton suppliers, wool producers, as well as LDCs, and calls for special and differential treatment for each group with respect to the application of transitional safeguards. Nevertheless, the ATC would not have been agreed to without the acceptance of preferential treatment for these groups.[15]

2.5.1 The Integration Process

One point that distinguishes the ATC from the MFA is that the ATC was negotiated and is being implemented within the framework of the rules and disciplines of GATT 1994. The ATC also embodies a gradual, progressive, time-limited phase-out of all MFA restrictions and the integration of all T&C trade into the general disciplines of GATT 1994.

Integration of textiles products into the GATT 1994 was considered the main pillar through which the ATC was supposed to deliver market opening. Products were to be integrated in four consecutive steps: 16% of the 1990 trade volume by 1 January 1995, 33% by 1 January 1998, 51% by 1 January 2002 and 100% by first January 2005 (see Table.5). In this respect a back-loading was built into the system since the last 50% of the volume integration was scheduled to occur on 1 January 2005. Additionally, the choice of products to be liberalised at

[15] Ibid., p.405

each stage was left to the concerned countries as long as the integrated items comprised four broad categories of products: tops and yarns; fabrics; made-up textile products; and clothing. As a result, in initial phases the integration of products into the GATT did not necessarily cover the products on which MFA quotas existed in the first place. Also, different MFA quotas had different restrictiveness which was demonstrated by varying quota fill rates and those non-binding quotas were the ones to be integrated first. Also, the commitments were set in terms of volumes not values which implied that the first two stages of the ATC were characterized by integration of low value added and low-skilled labour content items.[16]

Table 5: Quota Phase-out Schedule

Stages	Tarih	Integration (Due to1990 trade volume of the importer)	Cumulative Trade Rate Integrated	Development Rate of Quotas
Stage I	January 1,1995	16%	16%	16%
Stage II	January 1,1998	17%	33%	25%
Stage III	January 1,2002	18%	51%	27%
Final Stage	January 1,2005	49%	100%	No Quota

Those 4 countries implementing quota restrictions within the framework of MFA, the US, the EC, Canada, Norway, had to commence integration process and submit their programs indicating first stage of liberalization to Textile Monitoring Body (TMB) until January 1, 1994. Other WTO members also had to submit their first stage programs if they chose to apply safeguard measures of the transitional period. However, 9 beneficiaries, Australia, Brunei, Chile, Cuba, Hong Kong, Iceland, Macao, New Zealand and Singapore, decided not to use ATC safeguard

[16] Kowalski, P. et al.,p.17

mechanisms anymore and they were regarded to complete integration period 100% in the beginning.[17]

2.5.2 The Transitional Safeguard Mechanism

An examination of the transitional safeguard mechanism will help to better understand the various checks and balances built into the ATC. Pursuant to Article 6 of the ATC, which was agreed to after lengthy and tiring negotiations, and in response to strong protectionist pressure from producers, transitional safeguards can be invoked if an importing country can demonstrate that increased quantities of imports of a product that has not yet been integrated into the GATT system are causing serious damage to its domestic industry or threaten to cause such damage. This mechanism can be viewed as an intermediate measure, stronger than the safeguard measure provided in GATT Article XIX, but weaker than the protection obtained through the application of the market disruption principle in the STA. Aware that gray area measures outside the GATT system could no longer be used, but responsive to the concerns of their T&C industries, developed countries favored this “intermediate” form of protectionism. Exporters however expressed concern with the maintenance of restrictions, and the introduction of restrictions on products that not been under restraint when the phase-out process began. Exporters feared that the transitional safeguard mechanism would delay the reintegration process, or in the worst case, replace one selective safeguard mechanism (MFA) with another.

[17] Aras, ibid.,

To convince exporters to accept such a mechanism, strings had to be attached. Not only does the verb “may” dominate the first two paragraphs of ATC Article 6, denoting a lack of enthusiasm for the too frequent application of the transitional safeguard mechanism, exporters were also able to include language stating that the mechanism “should be applied as sparingly as possible”.[18]

Clear guidance on the use of transitional safeguards by importing countries is provided in the ATC. An importing country is first required to prove that the serious damage to its industry was caused by a sharp and substantial increase of imports from the individual country or countries concerned. Furthermore, the importing country must examine the effect of the increased imports based on a number of relevant economic variables, such as output, productivity, utilization of capacity, inventories, market share, exports, wages, employment, domestic prices, profits and investment. Lastly, the specific transitional safeguard mechanism is only applicable to products not yet integrated into the GATT.

2.5.3 Implementation of the ATC

In the period until January 1, 2002, only 51% of the products covered in ATC were liberalised. Since the restrictions on the goods that developing countries had comparative advantage was maintained until 2005 by the developed countries, the developing countries were obliged to wait for end of 2005 in order to completely utilize the benefits of the integration. Furthermore, the developed countries paid attention to liberalise initially low-cost products like yarn and textiles and they maintained protectionism on the products with high value-added until the end 2004.

[18] Shahin, op cit.,

In March 2004, Istanbul Declaration for Fair Trade in Textile and Clothing was accepted in Istanbul by Turkish, American and the Mexican T&C associations. The declaration called for quotas to stay in force until 2008. In July 2004, members of Global Alliance for Fair Trade in Textile and Clothing prepared the Brussels notification signed by more than 40 industrial association representatives from more than 20 countries. With this notification, the demand for phase-out delay was reemphasized. In addition to this, the signatories demanded the implementation of safeguard mechanism against suppliers causing market fluctuations through unfair commercial practices such as currency manipulation, state incentives and no pay-back loans. Naturally, China was taken aim with this notification.[19]

This latest trial by some developing countries' efforts for extending restrictions were reacted by some major retail companies which execute their production in China and/or other Asian countries. Besides, signatories to the notification were blamed for "protectionist lobbying" action. Despite all this, the call for implementation of safeguard mechanisms would provoke the US and the EU in the second quarter of 2005.

[19] Hayashi, op.cit.,p.5

3 PREFERENTIAL TREATMENT IN WORLD TRADE

GATT is an agreement between 142 contracting parties which governs trade in goods. There are also agreements on trade in services (GATS) and intellectual property (TRIPS). These agreements set out the principles and rules governing trade. The cornerstone of the GATT since its establishment has been the most-favored-nation (MFN) principle. This implies a country should not discriminate between its trading partners. 'Concessions' granted to one trading partner should be extended to all. It also dictates countries should not discriminate between its own and foreign products — the so-called 'national treatment' clause. So important is this MFN principle that it is the first article of the GATT. This is a principle of non-discrimination. A limited number of clearly defined circumstances were exempted from the MFN principle at the creation of the GATT because a number of preferential trading arrangements were already in effect. These largely governed the British Commonwealth system of imperial preferences. Also, customs unions and free trade areas were exempted from the most-favored-nation clause under Article XXIV. Ironically, the attempt to outlaw preferences in the creation of the GATT had the effect of writing a permanent exemption into the general agreement for most existing preferential systems.[20]

There are different forms of preferential access. First, countries may obtain waivers from the WTO rules to set up non-generalized preferential schemes, such as non-reciprocal preferential agreements involving developing and developed

[20] A. Stoeckel et al. (2001), *Preferential Trade and Developing Nations: Bad Aid Bad Trade*, Rural Industries Research and Development Corporation, Kingston, pp.7-17

countries. The waivers are required because preferences are a contravention of the GATT's and WTO's main principle of non-discrimination. Examples of non-reciprocal preferential arrangements are the Everything But Arms (EBA) Initiative of the EU for LDCs, African Growth and Opportunity Act (AGOA) of the US for Sub-Saharan Africa, the US - Andean Trade Preference Act (ATPDEA) for Bolivia, Colombia, Ecuador and Peru, the Caribbean Basin Trade Partnership Act (CBTPA) of the US for eighteen economies of the Caribbean Basin. Developed countries may sometimes limit their generosity against LDCs and developing countries to protect their homeland production. For instance, the sensitive goods of rice, sugar and banana which are the core export commodities of the poor countries are exempted from the EBA of the EU. Thus, the main production item of most of the LDCs meet with protection wall and it becomes "Everything But anything that Matters Plus Arms Initiative".[21]

Under the non-reciprocal Generalized System of Preferences (GSP), developed countries offer non-reciprocal preferential treatment (such as low duties) to imports from developing countries. The preference-giving countries - generally the OECD countries - unilaterally determine which countries and products to prefer. Other non-reciprocal preferential access, are arrangements between developing countries. The WTO's Enabling Clause permits developing countries to set up regional arrangements, and for those developing countries which are members of the Group of 77, to exchange trade concessions among

[21] Ibid,

themselves under the Global System of Trade Preferences. Developing countries may also grant preferences to those among their group that are least developed.[22]

Preferences are also present in other guises, such as regional free trade areas under Article XXIV of the GATT. The essence is the same: one country's exports receive preferential access to a market. *The main difference is that unlike GSPs, free trade areas require reciprocal obligations.* The European Union is now promoting trade with regional free trade areas under the Cotonou Partnership Agreement, to replace its non-reciprocal preferential trade with former colonies of Africa, the Caribbean and the Pacific (ACP) under the Lomé Convention, which was not compliant with WTO rules. The agreements signed by the EU and the ACP states to replace form of preferences from unilateral to bilateral, are called as Economic Partnership Agreements – EPAs. However, the change essentially just shifts preferences from one group of developing countries to another. In order to create regional free trade areas, one country should sign free trade agreements with all the members of the zone. After the completion of all the bilateral agreements, that becomes a free trade area in which reciprocal preferences exchanged among members. Although it has not completely taken effect, the Pan-Euro-Med Zone of the EU, comprising European Free Trade Association- EFTA (Iceland, Liechtenstein, Norway, Switzerland), Turkey and most of the countries neighboring Mediterranean sea; CAFTA-DR (Central American States, plus Dominican Republic) and North American Free Trade Area - NAFTA (Canada and Mexico) of the US are outstanding examples of free trade areas.

[22] D. Medvedev (2010), Preferential trade agreements and their role in world trade, Springer, USA, pp.200-220

Countries may apply to sign bilateral free trade agreements (FTA) to create free trade areas among them. This may happen either between developed and developing countries or two developing countries. The degree in which preferences exchanged among signatories determine the form of FTA. In a case, all the tariffs and quotas abolished between signatories this would end up with a customs union.

3.1 Rules of Origin in Preferential Trade

The key term in preferential trade is the eligibility. One country that desires to enjoy entering into a market through preferential arrangements easily, it should meet the necessary rules of origin. Rules of origin are set of criteria for a commodity to benefit preferential access to a market. It is designed according to *HS Code* of the item to be traded and written in the agreements setting the rules of the preferential trade among the states. The core principle of rules of origin is the origination of a commodity to be traded mainly in the preferential trade. For instance, the basic origin rule for textile and apparel articles is *"yarn-forward"*. This means that the yarn used to form the fabric (which may later be used to produce wearing apparel or other textile articles) must originate in a preferential trade country. If we consider the NAFTA case as an example, a wool shirt made in Canada from fabric woven in Canada of wool yarn produced in Argentina would not be considered originating since the yarn does not originate within a NAFTA country. If, however, Argentina wool fiber was imported into Canada and spun into wool yarn, which was then used to produce the wool fabric, the shirt would be considered originating.

When bringing the rule of origination in the preferential trade area (PTA), rules of origin aim to prevent third party inclusion. A preferential trade beneficiary country that imports raw or semi-processed materials from a third country (out of PTA area) should finalize the good according to some criteria to be eligible for preferential trade. For instance, take the example of three countries – the EU, Morocco and Tunisia, where the EU and Morocco have signed a bilateral free trade agreement. If Morocco imports an intermediate from Tunisia which is used in the production of a final good exported to the EU, the rules of origin are then used to determine whether the final good is deemed as truly 'originating' in Morocco or not. In this case only intermediates which come from either Morocco itself or from the EU (known as bilateral cumulation) can be counted/cumulated as originating, but not those from Tunisia. Now suppose that the EU also has an identical bilateral trade agreement with Tunisia. Again when examining Tunisian exports to the EU only intermediates which come from either Tunisia itself or from the EU can be counted as originating, but not those from Morocco. The pan-European system of cumulation of rules of origin allows for the diagonal cumulation of the use of intermediate inputs. Adopting the pan-European system would mean that Morocco could include the value of Tunisian intermediates in determining originating status, and Tunisia could include the value of Moroccan intermediates. Such diagonal cumulation is only possible if the participating countries sign free trade agreements among themselves and adopt identical rules of origin.

The principle of *"necessary processing"* for being eligible to preferential trade may sometimes be quite hard for some developing countries and LDCs which are signatory to the preferential trade agreements. When we consider T&C industries, although labour is cheap and processing a raw or intermediate material into the final good is not so expensive, they lack of raw material. Since they lack of enough capital to invest in production of raw materials in textiles, there is only one way to get it, importing. However, a state should import from its partners in PTA and unfortunately most of the counterparts are in same production conditions. Then, this state should import from the developed country granting preferential trade in quite high prices. This material is, then, processed and re-sold to the developed country, but in uncompetitive prices. On the other hand, if that country could import its raw material from China, India, Pakistan or any T&C exporting country in Asia, this would cost much less to that country. Then, it would have the chance to process the raw material with its cheap labour and then the final good would have a competitive price in developed country market. However, this time it should meet the criteria of necessary processing and this one is sometimes determined according to value of the raw material used in the final good. If the raw or intermediate material used in the production imported from a third country, the value of that should not exceed certain amount of final good's value. Reasonable input prices in Asia prevent that PTA country from meeting the value percentage criteria for eligibility. Then, the option is to raise the final price of the good to realize the necessary percentage. However, this time your product may be eligible but not competitive in comparison with others in the market, especially in the post-quota era. This has been a rough simulation of the fact that PTA beneficiaries face for years. Hard case of rules of origin may sometimes make PTA members demise of their preferential rights or engage in signing PTAs with other developed countries. Sub-Saharan Africa and Caribbean states are strictly engaged in PTAs with both the EU and the USA. In case of FTAs, Morocco, Israel, Jordan and Mexico all have agreements with both the EU and the USA.

The exports performances of the countries, having PTA with the EU and the US, in overall T&C trade will be analyzed in the following chapters in comparison with Chinese performance. The agreements which are signed but still pending or agreements signed after 2008, latest deadline for liberalizing T&C trade, have been neglected, in order to compare the performances before and after quota elimination.

4 CHINA AND WORLD TRADE

4.1 Economic Outlook

China was a major economic power up to the beginning of the 19th century. China, together with India, accounted for half of the world output (at PPP) in the 1820s, a share to be compared with less than 15 percent presently. Thus, China's present emergence in the world economy can be considered as a "come back" after a long absence.[23]

China has been a frightening rival today for its competitors in the global market with its population of over 1.3 billion people. Its population accounts for almost 20 percent of the world's total population (6.6 million). Its enormous population provides huge labor forces and low wages and it has an outstanding comparative advantage in labor-intensive goods and services, together with large potential or actual economies of scale.

Its economy, measured in terms of purchasing power parity (PPP) exchange rate, is the second largest, after the US in the world. China's real gross domestic product (GDP) has increased by close to 10 percent annually during the last 15 years.[24] China's share in world GDP (at current US$) more than doubled, from 2.5 to 5.5 percent from 1993 to 2006.[25] In 2006, China, together with India, Russia, Brazil and Mexico, were the only 5 economies accounting for more than 1 percent of world GDP (at the market exchange rate) that did not belong to the rich

---

[23] F., Lemoine, et al. (2008) *Rise of China and India in International Trade: From Textiles to New Technology*, China&World Economy, Vol.16, No.5, p.18

[24] M., Ghosh, et al. (2010) *Chinese Accession to the WTO: Economic implications for China, Other Asian and Nort American Economies*, Journal of Policy Modeling, No.32, p.390

[25] Lemoine, op.cit.,p.17

country club, as they stood below the US$ 11,115 annual income per capita set by the World Bank.[26] Successive trade reforms have significantly opened up the Chinese economy. Its trade orientation increased dramatically over the last 30 years. The share of exports in GDP increased from less than 5 percent in 1976 to nearly 40 percent in 2006.[27] In China, the ratio of foreign trade to GDP (two-thirds in 2005) is exceptionally high for a large developing economy and is directly linked to its strong involvement in the international segmentation of production processes.[28]

China has widened and deepened its global supply chains especially over the last 10 years, and has been a dominant source for manufactured products all over the world. Its huge comparative advantage in labor intensive manufactured goods has been materialized mostly in T&C industries.

The rise of China since it started its reform process in 1978 makes it very difficult to claim that it will merely follow the path paved by the advanced countries. It has defied conventional theories and accomplished a transition which has achieved the seemingly impossible: the adoption of a market economic model, while maintaining its authoritarian political structures.[29] Before creating that hybrid model, the Chinese authorities have understood how to attract foreign investment while imposing conditions to maximize transfer of technology. China's foreign reserves have topped US$ 1 trillion, the largest in the world. Its

[26] Ibid,

[27] Ghosh, op.cit

[28] Lemoine, op.cit.,p.19

[29] A., Comino. (2007) *A Dragon in Cheap Clothing: What Lessons can be Learned from the EU-China Textile Dispute?*, European Law Journal, Vol.13, No.6, p.819

abundant labor force also allows it to move up the value chain and gain competitiveness in technology-intensive sectors recently, while maintaining its huge manufacturing base in low value-added sectors.[30]

Today, close to 900 million people are in the age group of 15-64 but this is assumed to rise to 1 billion in the year 2015.[31] The majority of these people have been brought up in the countryside with little or no knowledge of industrial production. However, due to the shortage of sufficient job opportunities in the rural areas, a large and growing number is migrating to the industrial centers in the coastal area. This army of unskilled labor, approximately 150 to 200 million strong, has been the backbone of China's economic miracle. The perpetual inflow of new labourers has been keeping wages low, although production facilities had been expanding rapidly.[32]

As a result of its comparative advantage in labor-intensive goods stemming from its huge population and low wages, it is evident that China has a strong specialization in low-price/quality goods. In 2004, 73 percent of China's exports belonged to the low-price/quality range, 17 percent to the medium-price/quality range and 10 percent to the high-price/quality range. The distribution has not changed much since the early 1990s. Among other emerging economies,

---

[30] Ibid,

[31] European Commission, *The Challenge to the EU of a Rising Chinese Economy*, European Competitiveness Report 2004, p.236,

[32] Ibid,

only Mexico has such a strong concentration of exports in down-market products (73 percent).[33]

The low unit values of Chinese exports might correspond to a lower quality level but may also reflect lower production costs and fierce competition between producing firms. Outward-oriented industries are likely to put strong downward pressures on prices in the case of standardized or modular products. China's exports of high price/quality products are especially small (10 percent of total exports in 2004) compared to any other emerging economy.[34]

Accordingly, China's integration into the world economy has also had an indirect impact: it has changed the balance between capital and labor in the world, which has resulted in downward pressures on wages in all the economies.[35]

Since 2000, while actively pursuing trade liberalization under the framework of the multilateral trading system, China seems to have come to see free trade agreements as useful devices for dealing with trade relations with regional neighbors. For example, in Southeast Asia, China concluded the China–ASEAN Free Trade Agreement in 2002 and has since then reached further agreement with ASEAN to reduce tariffs among participating countries. Furthermore, China has proposed free trade arrangements with the Shanghai Cooperation Organization which includes countries such as Russia, Kazakhstan, Kyrgyzstan, Tajikistan, and Uzbekistan. In Northeast Asia, China has proposed establishing an FTA with Japan and the South Korea in 2002 and the three

[33] Lemoine, op.cit.,p.24
[34] Ibid,p.25
[35] Lemoine, op.cit.,p.17

countries have established a joint committee to study the feasibility of such an arrangement. China also proposed the launch of a feasibility study on an East Asia free trade agreement in 2003. In Latin America, China has concluded FTAs with Chile and Peru and has proposed FTAs with countries such as Brazil. In addition to concluding FTAs with developing countries, China has reached out to developed countries such as New Zealand and Australia through the conclusion of FTAs and has made FTA overtures to Switzerland. In addition, China has initiated joint feasibility studies of FTAs with countries such as India and Iceland.[36]

4.2 Textiles and Clothing

China began its economic reforms and adopted its Open Door Policy in 1979. The government chose T&C industry as one of its domestic industries for promotion. There were two reasons for this choice. First, China had basic infrastructure and experience in this industry. Second, this industry is a labor-intensive one and it did not require very advanced technologies. It exploited China's comparative advantage since the country had a large population and labor force. Accordingly, the government launched a policy called 'Six Priorities' to promote T&C industry. Under this policy, the industry enjoyed favorable treatments in six areas: supply of raw materials, fuel and power; innovation and its transformation and infrastructure construction; bank loans; foreign exchange; imported foreign advanced technology and transportation. As a result, the industry's output rose

[36] K., Zeng. (2010), *Multilateral versus Bilateral and Regional Trade Liberalization: explaining China's pursuit of free trade agreements(FTAs)*, Journal of Contemporary China (2010), 19(66), September, p.636

rapidly. From 1979 to 1982, the average annual growth rate of the total value of T&C output was 13.2%.[37]

As a result of economic reforms and progressive trade liberalization since its Open Door Policy, China has rapidly emerged as a major exporter in the global T&C industries. China's shares of world T&C trade have risen from US$ 1 billion and US$ 2 billion respectively in 1980; ranking eleventh and eighth respectively among the global exporters for a value of US$ 7 billion and 9 billion, moving up to fourth and third respectively on the world order in 1990.[38] In 2000, T&C export values continued to grow to US$16 billion and US$36 billion respectively. In 2008, the trade value of China's T&C exports to the world amount to US$ 56 billion and US$120 billion, which represents 24% and 35% of the world's total T&C exports. Since 1995, China has become the world's largest T&C exporter. China's T&C exports to the world were observed to rise continuously during the entire period and experienced robust growth, particularly after its accession to the WTO in 2001. Its market share in the EU more than tripled between 1990 and 2008, rising from 3 percent to 11 percent. The same is true of its market share in the US, which rose from 6 percent in 1990 to 25 percent in 2008. The same is again true of Japan, but starting from a lower base, where the comparable figures are 31 percent and 82 percent.[39]

---

[37] L. D., Qiu. (2005), *China's Textile and Clothing Industry*, Hong Kong University of Science and Technology, Kowloon, Hong Kong, p.5

[38] C. M. H. Eve (2009), *Analysis of the Global Textile and Clothing Trade: An Empirical Approach*, unpublished Phd. thesis submitted to the Hong Kong Polytechnic University Institute of Textile and Clothing, p.194

[39] Ibid,

This dramatic increase also shows that China's T&C industries have experienced substantial and structural changes in the past few decades. Since 1979, with the process of economic reform in China, these sectors were considered as a significant source of both employment and export earnings. In this regard, the development was planned in terms of a balanced growth in all of the sectors in these industries, including supplies of raw materials. China's T&C industries are highly competitive in international terms based on the indigenous supply of raw materials, enormous manufacturing capability and an abundant pool of inexpensive labor force.[40]

In 2005, Chinese authorities, seeking to set up guidelines for the future development of T&C industries in facing keen international competition, stressed that T&C industries should further change technologically in terms of the production of equipment; the ability to achieve differentiation in products and enhance overall performance in order to maintain its position as the largest exporter in the world.[41]

Chinese authorities seemed to well investigated the global environment. As K. Goto et al puts forward, the concept of upgrading yourself is very central if you are thinking of increasing your role in the global value chain. Upgrading is a form of innovation that generates profit if it occurs ahead of your rivals. They define three types of upgrading which directly match with Chinese authorities' solutions mentioned above:

[40] Ibid, p.195
[41] Ibid,p.194

-*product upgrading* involves producing new products or improving the design or specification of existing ones;

-*process upgrading* involves reducing costs or shortening lead times;

-*functional upgrading* involves successfully taking on new functions, such as design, labeling or materials sourcing.[42]

In China's move to a market economy and its integration into the international trading system, the T&C industries have gone through difficult structural adjustment processes, in which 1.4 million textile workers (the majority of whom were middle-aged women) lost their jobs. During this period (from 1995 to 1999), 600 out of 2,839 state owned enterprises (SOE) closed and the remaining were equipped with modern machines to become more efficient and profitable.[43] At the end of the day, this has given China a strong competitive position in international trade.[44]

In the late 1990s, SOEs produced 36 percent of textile gross output, though only 7 percent of China's garment output. By 2008, however, the privatization of SOEs had brought that figure down to 3 percent and 1 percent respectively. In 2008, foreign invested companies produced 42 percent of garment gross output and 23 percent of textile gross output. The private sector accounted for 50 percent of textile and 41 percent of garment output.[45]

---

[42] K., Goto, et al. (2011), *Meeting the challenge of China: the Vietnamese garment industry in the post MFA era*, Global Networks 11, No.3, p.358

[43] Qiu, op.cit.,p.10

[44] *Promoting Fair Globalization in Textiles and Clothing in a Post-MFA Environment* (2005), ILO Sectoral Acitivities Programme Report, TMTC-PMFA/2005, Geneva, p.22

[45] Goto, op.cit, p.359

However, when evaluating China's competitiveness, one should not forget that European companies have been instrumental in bringing about this change. They have gradually been outsourcing their manufacturing, since the end of the 1990s, predominantly to China. Taking advantage of lower labor costs, these companies produce in China for the European market and strongly influence the structure of Chinese exports to Europe. Thus, they have played an integral part in the rise of Chinese T&C and other industries and in the decline of a domestic European production base. The problems the US and the EU face are entirely self-made. The strategic miscalculations and the search for commercial gains have led to the underestimation of China as a future competitor.[46]

China's key advantage in the T&C sectors lie in its vertically integrated structure: it can carry out all stages of production itself and is not dependent on importing raw materials like many other producers. The European Commission notes that 'China is the world's largest cotton producer with one quarter of global production and it accounts for 70% of the world output of mulberry cocoons and silk materials'.[47]

The effect of rapid growth of Chinese T&C exports is likely to be felt most intensely by its Asian neighbors. Similarities in stages of economic development, factor abundance, technological capability, production costs and other comparative advantages mean that other Asian economies will compete head to head with China in third markets. Thus, China's emergence may intensify the

---

[46] Comino, op.cit, p.828

[47] European Commision(2004), op.cit, p.259

competitive pressure felt by other Asian suppliers, slow the growth of their T&C exports, and more generally, challenge the sustainability of high growth.[48]

Furthermore, China is no longer a cheap labor country compared to its Asian competitors: Chinese workers are on average 20% more expensive than workers in India and Sri Lanka, 40% than in Indonesia, 100% than in Pakistan, 180% than in Bangladesh. But particularly in the apparel sector, when productivity, reliability and indirect cost are brought into the picture, China offers an unbeatable quality/price ratio.[49]

Despite the MFA restrictions, China had managed to become the world's largest exporter of clothing and second-largest exporter of textiles by 1994. Undoubtedly, T&C has been one of the engines driving China's stunning export performance.

Chinese firms had been preparing for the end of restrictions through massive investment into new machines and better infrastructure, enabling it to increase immediately exports as soon as the quotas lifted. They were aiming to utilize quota-free entrance to the major markets by using their comparative advantage in prices. Chinese exporters considered to expand their market shares undoubtedly at the expense of the others that could not compete with their prices. These factors help to explain why China's trading partners pushed for safeguard provisions to be introduced in the WTO Accession Agreement.

[48] Eve, op.cit, p.195
[49] Comino, op.cit, p.827

4.3 WTO Accession

After 15-year negotiation process China's WTO accession was realized in December 2001. It is clear that both the EU and the US used their leverage in order to make China subscribe to a number of commitments in areas such as services, intellectual property rights, joint venture requirements and market access. At the same time, they insisted on safeguard measures, so-called 'WTO plus' restrictions. Among concerns about their growing trade deficits, both actors were aware that emergency safeguard measures remained 'the only realistic option which countries can lawfully take to combat fair import competition from China".[50]

The Chinese Accession Protocol and the Report of the Working Party attached to it are the multilateral parts of China's WTO Accession Agreement. Paragraph 242 of the Working Party Report provided for a special safeguard mechanism against T&C from China, the 'textile-specific safeguard clause" (TSSC), which was negotiated by the USA. Since China had to extend any concession offered to one member to all others, the TSSC was incorporated into the Working Party report and can thus be invoked by any WTO member. These provisions could be applied until 31 December 2008.[51] However, 'transitional product-specific safeguard mechanism' established under section 16 of the Chinese Accession Protocol paved the way for the WTO members to invoke safeguard measures until 2013.[52] Eventually, any country might continue to apply

[50] Ibid, p.824
[51] Ibid,
[52] Ibid,

quotas or resort to other forms of protection, such as anti-dumping remedies, once the current safeguards are removed.[53]

China, being outside the WTO, was ineligible for the first two phases of T&C quota reductions in 1995 and 1998. After joining the WTO in December 2001, its quotas on these goods, as well as its quotas on Phase III goods, were lifted simultaneously in January 2002.[54]

[53] I. Brambilla et al. (2007) *China's Experience Under the Multifiber Arrangement (MFA) and the Agreement on Textiles and Clothing (ATC)*, National Bureau of Economic Research, Working Paper No.13346, p.20 (available at http://www.nber.org/papers/w13346)

[54] Ibid, p.5

5 DEVELOPMENTS IN THE EU MARKET

5.1 General Overview

In the EU, the beginning of 2005 brought about significant increases of imports from China. The highest percentage increases with respect to the first quarter 2004 were recorded for pullovers (534%), men's trousers (413%), blouses (186%) and bed linen (164%). Investigations for evidence on market disruptions caused by the surge of imports from China were initiated at the end of April 2005 and a memorandum of understanding was reached in June 2005. The agreement limited, until end-2007, China's exports in ten product categories for the years 2005, 2006 and 2007 with annual quantity growth rates ranging from 10% to 12.5% from the base imports level in the period April 2004 – March 2005. The restricted items included: pullovers, men's trousers, blouses, t-shirts, dresses, bras, flax yarn, cotton fabrics, bed linen, and table and kitchen linen.

5.1.1 Clothing

The winners of quota-free term were mainly from Asia in the EU clothing market as expected before (see Table.6). 7 of top ten clothing suppliers to the market were from Asia. China kept its leadership in the EU clothing market by raising its market share from 25.6% to 45.5%. The outstanding development by China in this table, was its exports' rising by 146.8% between 2004 and 2010. The annual export growth rate of China calculated as 17.4%. Although Chinese goods in the EU market underwent safeguard measures such as quantitative restrictions between 2005 and 2007, China succeeded to raise its exports every year at such a rate. The quantity restrictions could not lead China's exports to decrease before

2005 level, because of the fact that even though a quota for 2005 was also established, it was base imports level in the period April 2004 – March 2005, which covered the first three months of China's unlimited access to the market. Bangladesh, India, Vietnam and Sri Lanka increased both their market shares and exports while Pakistan experienced a decrease in market share but increase in exports. The loser of Asia in this market seemed to be Indonesia by losing both market share and export growth. Although Indonesia's exports kept its stability until safeguard measures against China ended in December, 2007; exports began to fall following this period.

Table 6: Major Clothing Suppliers of the EU Market

Unit: Million €

SUPPLIERS	2004	2005	2006	2007	2008	2009	2010	Share 2004 (%)	Share 2010 (%)	Growth 2004/2010
China	11.534	16.961	18.910	21.900	25.340	25.672	28.462	25,6	45,5	146,8
Turkey	7.747	8.098	8.249	8.915	7.877	7.019	7.866	17,2	12,6	1,5
Bangladesh	3.721	3.538	4.622	4.408	4.741	5.151	5.856	8,3	9,4	57,4
India	2.480	3.239	3.815	3.834	3.899	4.116	4.222	5,5	6,8	70,3
Tunisia	2.603	2.463	2.470	2.572	2.583	2.263	2.320	5,8	3,7	-10,9
Morocco	2.428	2.264	2.373	2.545	2.393	1.999	2.092	5,4	3,3	-13,9
Vietnam	635	690	1.028	1.129	1.248	1.203	1.363	1,4	2,2	114,8
Sri Lanka	814	797	972	1.043	1.125	1.181	1.216	1,8	1,9	49,4
Indonesia	1.338	1.200	1.426	1.196	1.122	1.100	1.077	3,0	1,7	-19,5
Pakistan	917	779	909	909	884	895	995	2,0	1,6	8,5
Rest	10.833	9.275	10.822	9.648	8.299	6.940	7.038	24,0	11,3	-35,0
TOTAL	**45.052**	**49.305**	**55.596**	**58.098**	**59.514**	**57.541**	**62.508**	**100**	**100**	**38,7**

Source: Eurostat

Turkey also kept its pre-MFA phase-out position, the second place, by benefiting its geographical advantage compared to others in Asia and its customs union with the EU. However, Turkey's clothing exports to the EU market rose by only 1.5% during the term between 2004 and 2010. This brought along Turkey to lose its market share by nearly 27%. Other Pan-Euro-Med zone partners of the

EU, Tunisia and Morocco experienced decreases by 10.9% and 13.9%, respectively.

5.1.2 Textiles

EU textiles market was dominated by Chinese exports as well. China nearly doubled its exports and increased its market share from 18% to 30.7% between 2004 and 2010. Turkey experienced 4.6% rise in its exports although there is an apparent share loss. India and Pakistan are the other winners of EU textile market following China. Although they could not succeed to increase their market shares (10% and 7.4% respectively), they both rose their selling to EU by at least 14%.

The US was successful to stay in the market by maintaining its market share around 4%. Switzerland, South Korea and Japan were the losers. Swiss exports decreased by 16.9%, while South Korean and Japanese exports declined by 15.1% and 5.2%, respectively. Taiwan and Indonesia presented a stable development by experiencing negligible market share losses but keeping their figures at same level during 6-year-period.

Taiwan and South Korea were the two countries whose post-quota phase-out performances expected to be better. Both countries have a strong history in OEM (original equipment manufacturer), and they are evolving toward ODM (original design manufacturer) and OBM (original brand manufacturer), as well as expanding their marketing efforts. Taiwan has advanced competence in developing "economical" clothing items with strong technical and functional capabilities and consistent quality. Another niche area that Taiwan clothing manufacturers have recently developed is haute couture. The country's specialties in synthetic yarns, spinning, weaving, knitting, dyeing and finishing provide advantages to its development in high fashion, which differentiates them from products made in China. South Korea has strengthened its designing abilities in order to gain international recognition; South Korean fashion designers are presenting their design lines in Paris and Tokyo collections.[55]

Table 7: Major Textile Suppliers of the EU Market

Unit: Million €										
SUPPLIERS	2004	2005	2006	2007	2008	2009	2010	Share 2004 (%)	Share 2010 (%)	Growth 2004/2010
China	3.521	4.401	5.225	5.719	5.848	5.164	6.831	18,0	30,7	94,0
Turkey	3.260	3.397	3.756	3.886	3.485	2.948	3.410	16,7	15,3	4,6
India	1.985	2.040	2.223	2.413	2.248	1.883	2.339	10,1	10,5	17,8
Pakistan	1.440	1.275	1.421	1.580	1.511	1.383	1.644	7,4	7,4	14,2
U.S.A.	961	959	1.046	1.002	966	796	992	4,9	4,5	3,2
Switzerland	1.018	938	946	985	904	743	846	5,2	3,8	-16,9
South Korea	859	804	738	802	678	565	729	4,4	3,3	-15,1
Japan	562	522	550	569	572	414	533	2,9	2,4	-5,2
Taiwan	443	487	523	411	426	366	443	2,3	2,0	0,0
Indonesia	426	388	439	460	401	307	428	2,2	1,9	0,5
Rest	5.086	4.482	4.586	4.490	4.025	3.109	4.069	26,0	18,3	-20,0
TOTAL	**19.560**	**19.694**	**21.453**	**22.318**	**21.063**	**17.677**	**22.264**	**100**	**100**	**13,8**
Source: Eurostat										

When the unit values concerned in overall T&C exports to the EU market, China seems to be more expensive than its Asian competitors. As the top ten T&C exporters compared according to their unit value performances, China (EUR 9.12) ranks 6th in front of Bangladesh (EUR 8.54), India (EUR 6.62), Indonesia (EUR 5.66) and Pakistan (4.68). Although Vietnam presented advantageous prices before to its European customers, unit values in 2010 increased to EUR 9.57 from EUR 7.87 in 2004. Chronology of Chinese unit values is depicted in Table 8.

[55] Eve, op.cit.,p.200

Table 8: Chinese Unit Values in the EU Market

Unit: €/Kg								
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2004/2010 (%)**
TEXTILES	3,98	4,02	4,28	3,84	3,83	3,77	4,15	4,22
CLOTHING	9,94	10,22	11,09	11,13	11,29	11,79	12,81	28,86
T&C	7,36	7,76	8,25	7,99	8,27	8,70	9,12	23,91
Source: Eurostat								

5.2 T&C Trade with Preferential Trade Partners

Some of the major T&C suppliers to the EU have a preferential access right to this market. In parallel to this, some of the outstanding markets for European T&C products grant duty-free access or lower tariff rates to European sellers. In order to assess the impacts of post-quota period, all the preferential programs of the EU should be examined separately. GSP granted by the EU towards developing and least developed countries is excluded here, since many of GSP beneficiaries included in Everything But Arms initiative and economic partnership agreements among ACP countries. The other reason for keeping GSP out of this examination is USA's exclusion of T&C products from GSP. In order to analyze outcomes of post-quota period correctly in two major T&C markets together, same kind of data will be evaluated here.

5.2.1 Pan-Euro-Med Zone

Since the Barcelona Declaration of 1995, the EU has been pursuing an active policy of trade liberalisation with the countries of the Southern Mediterranean. The twelve countries which constitute parts of this Euromed partnership are: Algeria, Cyprus, Egypt, Jordan, Israel, Lebanon, Malta, Morocco, the Palestinian Authority, Syria, Tunisia and Turkey. The stated objective of this process is to facilitate the economic development of the Mediterranean countries by encouraging the development of competitive market economies, regional integration and cooperation between the Euromed countries. In practice the policy involves the signing of Association Agreements or Interim Agreements with these countries, as well as strongly encouraging moves towards greater regional integration among these countries themselves. The Association Agreements tend to focus on bilateral trade liberalization through the reduction of tariffs, but also contain provisions on technical assistance and aid, as well as the harmonization of standards and bureaucratic procedures. As part of that process, in March 2002 at the EU-Mediterranean trade ministerial conference the decision was taken, in principle, to extend the "pan-European system of cumulation of rules of origin" to the Barcelona group of countries. Following that decision the new protocol on rules of origin was subsequently endorsed in July 2003 at the Palermo trade ministerial conference. All preferential trading arrangements have detailed protocols on rules of origin. Those rules are needed in order to determine the geographic origin of goods and thus to determine the appropriate level of customs duty which should be applied.[56]

The pan-European system of cumulation of rules of origin allows for the diagonal cumulation of the use of intermediate inputs. In the context of the Pan-Euro-Med system, diagonal cumulation means that products which have obtained originating status in one of the 42 countries may be added to products originating in any other one of the 42 without losing their originating status within the Pan-Euro-Med zone.

[56] Patricia Augier et al.(2003), The EU-Med partnership, the textile industry, and rules of origin, on http://www.erf.org.eg/CMS/uploads/pdf/1184760406_Augier_Gasiorek_Lai-Tong.pdf , accessed on December 2011

In Pan-Euro-Med zone, a possibility to cumulate origin diagonally is based on a "variable geometry" rule. It means that countries of the Pan-Euro-Med zone can only cumulate originating status of the goods if the free trade agreements including a Pan-Euro-Med origin protocol are applicable between them. Consequently, a country of the zone which is not linked by free trade agreements with the other is practically outside cumulation's benefits. In parallel, full cumulation is currently operated by the European Economic Area (EEA comprises the Community, Iceland, Liechtenstein and Norway) and between the Community and Algeria, Morocco and Tunisia. These countries apply full cumulation between themselves and diagonal cumulation with the other pan-European countries.

The expectation was that the cumulation of rules of origin will result in a positive impact on trade and foreign direct investment within the EuroMed region. Consequently, it was assumed that, with potential increase in outward processing activities, an important opportunity for exports available to countries in the region would be provided. Clothing in these countries produced with EU fabrics will enjoy free access to the EU according to the rules of origin. European investors may increasingly engage in sub-contracting activities in the regional partner economies by creating new productive units and supplying the existing ones with fabrics, accessories, designs and know-how to produce high value added products to be exported to European markets.

T&C exports from all countries in the region currently enjoy duty free access to the EU markets. Furthermore, most of them enjoy unrestricted access to these markets under the free trade agreements signed under the Euro-Mediterranean Partnership Initiative (MEDA). Morocco, Tunisia, Lebanon and Jordan have successively signed such agreements starting in 1995. Turkey, in 1996, formed a customs union with the EU while Egypt and Syria are still negotiating. Egyptian yarns and fabrics exports to the EU, although enjoying duty free access - are still constrained by non-tariff barriers in the form of negotiated quotas under the Cooperation Agreement. They are also subject to anti-dumping measures. Syria has been restrained for yarn exports under a Cooperation Agreement with the EU.

5.2.1.1 T&C Trade in Pan-Euro-Med Zone

Although Turkish T&C exports to the EU increased just 2.4% between 2004 and 2010, it kept its pole position in Pan-Euro-Med Zone by providing nearly %60 of all T&C products imported by the EU in the zone. Tunisia and Morocco followed Turkey on supplying row with 13.9% and 11.9% shares respectively. As mentioned before, both countries' exports fell during this term. EFTA countries' exports to the EU declined by 15.6% and they sold 7.7% of all T&C products imported by the EU from the zone members (see Table.9).

Table 9: T&C Suppliers of EU in Pan-Euro-Med Zone

Unit: Million €

PARTNERS	2004	2005	2006	2007	2008	2009	2010	Share 2010 (%)	2004/2010 (%)
EXPORTS OF TEXTILES									
Turkey	3.259,53	3.397,18	3.756,02	3.886,10	3.484,90	2.948,02	3.409,71	62,23	4,61
EFTA	1.130,74	1.051,70	1.064,29	1.096,75	999,55	815,38	916,29	16,72	-18,97
Egypt	314,82	318,84	343,93	349,63	308,64	269,46	386,35	7,05	22,72
Tunisia	235,43	220,09	238,55	279,98	264,69	241,08	293,14	5,35	24,51
Israel	221,61	229,27	243,15	244,93	242,72	212,44	250,35	4,57	12,97
Morocco	124,39	110,75	110,54	124,97	129,51	112,33	152,97	2,79	22,98
Syria	130,53	85,74	88,05	54,63	43,06	31,76	63,33	1,16	-51,48
Lebanon	2,59	3,37	2,38	2,36	3,35	2,98	3,91	0,07	51,22
Jordan	0,83	1,26	1,40	1,95	1,49	1,55	2,88	0,05	248,54
Algeria	1,71	0,80	0,80	0,66	1,19	0,58	0,41	0,01	-76,14
Faroe Islands	0,15	0,26	0,31	0,31	0,19	0,28	0,22	0,00	47,41
Palestine	0,00	2,10	3,08	2,11	0,47	0,05	0,01	0,00	9.906,72
Total	**5.422,31**	**5.421,37**	**5.852,50**	**6.044,40**	**5.479,76**	**4.635,90**	**5.479,56**	**100**	**1,06**
EXPORTS OF CLOTHING									
Turkey	7.747,44	8.098,15	8.249,39	8.915,15	7.877,30	7.019,35	7.865,61	58,95	1,53
Tunisia	2.603,48	2.463,35	2.469,55	2.571,62	2.583,49	2.263,09	2.320,49	17,39	-10,87
Morocco	2.428,01	2.263,72	2.373,05	2.544,57	2.393,30	1.999,18	2.091,57	15,67	-13,86
EFTA	590,23	555,46	568,48	651,98	657,99	570,71	535,88	4,02	-9,21
Egypt	340,00	329,04	380,37	417,89	477,25	418,16	410,17	3,07	20,64
Syria	96,81	85,60	77,73	75,66	66,36	50,62	51,40	0,39	-46,91
Israel	131,32	102,74	103,98	79,56	74,97	63,44	48,66	0,36	-62,95
Lebanon	9,80	10,39	10,90	11,18	10,82	9,25	10,13	0,08	3,27
Jordan	9,88	8,06	8,87	8,84	10,43	7,12	9,48	0,07	-4,00
Algeria	0,20	0,24	0,29	0,08	0,27	0,14	0,08	0,00	-60,36
Faroe Islands	0,12	0,08	0,64	0,19	0,24	0,12	0,06	0,00	-51,96
Palestine	0,01	0,02	0,00	0,00	0,00	0,00	0,01	0,00	50,10
Total	**13.957,30**	**13.916,85**	**14.243,25**	**15.276,72**	**14.152,41**	**12.401,18**	**13.343,54**	**100**	**-4,40**
EXPORTS OF T&C									
Turkey	11.006,97	11.495,34	12.005,42	12.801,25	11.362,20	9.967,36	11.275,32	59,90	2,44
Tunisia	2.838,91	2.683,44	2.708,11	2.851,60	2.848,19	2.504,17	2.613,63	13,89	-7,94
Morocco	2.552,40	2.374,47	2.483,59	2.669,55	2.522,81	2.111,51	2.244,54	11,92	-12,06
EFTA	1.720,97	1.607,16	1.632,77	1.748,73	1.657,54	1.386,09	1.452,18	7,71	-15,62
Egypt	654,81	647,89	724,30	767,52	785,90	687,62	796,52	4,23	21,64
Israel	352,93	332,01	347,13	324,49	317,69	275,88	299,01	1,59	-15,28
Syria	227,34	171,34	165,78	130,29	109,41	82,38	114,73	0,61	-49,54
Lebanon	12,39	13,76	13,28	13,54	14,17	12,22	14,04	0,07	13,29
Jordan	10,70	9,32	10,27	10,80	11,92	8,67	12,36	0,07	15,48
Algeria	1,91	1,04	1,08	0,73	1,46	0,72	0,49	0,00	-74,50
Faroe Islands	0,27	0,34	0,95	0,50	0,43	0,41	0,28	0,00	3,30
Palestine	0,01	2,12	3,08	2,11	0,47	0,05	0,02	0,00	231,47
Total	**19.379,61**	**19.338,22**	**20.095,75**	**21.321,12**	**19.632,18**	**17.037,08**	**18.823,09**	**100**	**-2,87**

Source: Eurostat

Table.10 depicts the balance in T&C trade in the zone between the EU and its partners. As the traditional T&C supplier of the EU market, Turkey had a trade surplus against the EU during 6-year period. In 2004, EU exports to Turkey correspond to only 80% of Turkish exports. Tunisia, Morocco, Egypt, Israel and Syria performed much more sales against the EU exports. Egypt was the only country that increased its exports, while decreasing its imports from the EU. Thus, Egypt's T&C trade surplus against EU has remained stable during this term.

EU T&C trade with EFTA countries developed in favor of the EU during this term. In 2004, trade surplus was nearly US$ 3 billion and it was almost US$ 4 billion in 2010. EU increased its T&C exports to all zone members excluding Tunisia, Morocco and Israel.

Table 10: Trade Balance Between EU and Its Euro-Med Partners in T&C Trade (*)

Unit: Million €

PARTNERS	2004	2005	2006	2007	2008	2009	2010
EFTA	3.041,56	3.262,13	3.481,95	3.571,71	3.813,89	3.553,19	3.819,79
Turkey	-8.826,86	-9.521,19	-9.856,52	-10.616,18	-9.243,49	-7.902,71	-8.979,77
Tunisia	-973,48	-977,94	-983,69	-1.078,32	-1.102,02	-968,47	-973,98
Morocco	-951,23	-854,50	-953,29	-1.147,47	-1.072,95	-910,06	-905,41
Egypt	-464,86	-450,58	-496,79	-535,13	-481,49	-408,72	-458,81
Israel	-49,37	-24,12	-50,81	-35,65	-19,34	-21,82	-31,38
Lebanon	167,51	159,13	164,50	163,04	182,40	206,30	214,06
Algeria	111,23	119,48	113,84	124,52	130,98	130,39	131,64
Syria	-162,66	-109,31	-84,57	-45,77	-10,15	6,27	-35,29
Jordan	52,36	38,29	40,66	51,20	44,02	47,35	49,97
Faroe Islands	15,33	15,01	16,50	19,53	17,04	13,67	15,37
Palestine	0,12	-1,72	-2,73	-2,01	0,06	0,21	0,54
Total	**-8.040,35**	**-8.345,33**	**-8.610,95**	**-9.530,52**	**-7.741,06**	**-6.254,41**	**-7.153,27**

(*) Figures show EU exports minus EU imports, to/from its partners

Source: Eurostat

Consequently, excluding Turkey as one of the major T&C exporters of the world, Egypt and Jordan, most of the Mediterranean countries in the zone experienced decreases in their exports to the EU. Tunisia and Morocco, two major clothing suppliers of EU market, lost their shares against their Asian counterparts as mentioned above. Proximity to the EU market could not prevent those countries from losing their shares to Asian competitors. Quantity restrictions before 2005 provided secure way for those countries when entering to the EU market and helped them to compete with their Asian counterparts unfairly. EU applied quantity restrictions and high tariff rates to those in Asia, while providing duty-free and limitless entrance to those in Mediterranean. However, when compared to huge level of increases in Chinese exports to the EU, such a decline in the exports of some Mediterranean countries should not be surprising.

Actually, in Table.11 we see that unit values of Tunisia and Morocco in T&C exports quite above the Chinese prices. Similarly Turkey seems to be more expensive. That is why it increased only 2.44% its overall T&C exports to the EU between 2004 and 2010. As the relation between unit value and increasing in exports concerned, only winner is Egypt against China. Because its competitive prices in textiles, it has achieved to provide cheaper goods to the European buyers.

Table 11: Unit Values among Euro-Med Partners

Unit: €/Kg								
PARTNERS	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2004/2010 (%)**
UNIT PRICES IN TEXTILES								
Turkey	3,88	3,96	4,03	4,06	4,04	3,90	4,22	8,65
EFTA	7,85	7,96	8,14	8,27	8,20	7,77	7,56	-3,67
Egypt	3,13	2,94	3,27	3,14	3,04	3,12	3,41	8,73
Tunisia	4,33	4,17	4,44	4,67	4,53	5,36	5,42	25,21
Israel	3,84	3,78	3,96	4,06	4,16	3,71	3,90	1,63
Morocco	5,74	5,81	5,42	5,48	5,57	6,01	5,79	0,91
Syria	1,77	1,41	1,54	1,66	1,78	1,50	2,01	13,86
Lebanon	6,38	2,13	2,35	1,94	1,58	1,53	2,05	-67,84
Jordan	3,72	3,79	2,15	2,14	2,52	2,84	3,93	5,67
Algeria	1,97	2,11	1,12	0,85	1,31	4,88	3,65	85,27
Faroe Islands	0,93	2,55	1,56	1,12	0,74	4,17	0,43	-53,38
Palestine	0,67	1,68	1,78	1,67	1,97	1,81	33,52	4.903,36
UNIT PRICES IN CLOTHING								
Turkey	16,50	17,32	18,11	18,93	19,01	18,35	19,77	19,78
Tunisia	22,91	24,14	25,15	25,96	26,56	27,14	27,43	19,71
Morocco	18,02	18,30	19,39	20,80	21,82	21,62	21,15	17,38
EFTA	53,40	56,43	60,43	44,11	44,76	42,34	56,69	6,16
Egypt	15,91	15,80	15,44	14,92	14,02	14,60	15,94	0,21
Syria	8,06	8,91	9,20	9,01	9,62	9,68	9,11	12,93
Israel	27,86	28,66	29,60	31,65	26,61	24,90	26,83	-3,69
Lebanon	13,13	12,99	16,23	24,97	20,93	15,38	18,60	41,66
Jordan	12,22	15,92	15,58	17,02	15,62	15,58	17,11	40,00
Algeria	13,51	7,97	16,82	17,11	8,18	15,25	18,31	35,52
Faroe Islands	149,92	N/A	583,97	382,11	801,14	87,17	82,31	-45,10
Palestine	7,94	16,55	N/A	N/A	7,97	4,46	11,92	50,10
UNIT PRICES IN T&C								
Turkey	8,41	8,67	8,65	8,97	8,90	8,75	9,35	11,16
Tunisia	16,89	17,33	17,83	17,94	18,29	19,50	18,84	11,53
Morocco	16,32	16,63	17,40	18,39	18,98	18,99	17,92	9,78
EFTA	7,85	7,96	8,14	8,27	8,20	7,77	7,56	-3,67
Egypt	5,37	5,01	5,59	5,50	5,80	5,97	5,72	6,52
Israel	5,66	5,17	5,34	5,17	5,19	4,62	4,53	-19,82
Syria	2,65	2,43	2,53	3,15	3,51	3,12	3,09	16,75
Lebanon	10,75	5,77	7,88	8,15	5,36	4,79	5,72	-46,78
Jordan	10,39	11,12	8,42	7,54	9,46	8,64	9,61	-7,51
Algeria	2,16	2,54	1,49	0,94	1,55	5,64	4,19	93,92
Faroe Islands	1,66	3,29	4,77	1,80	1,69	5,84	0,54	-67,21
Palestine	6,62	1,70	1,78	1,67	1,98	1,86	18,57	180,48
Source: Eurostat								

5.2.2 Everything But Arms Initiative

In 1968, the first United Nations Conference on Trade and Development (UNCTAD) recommended the creation of a "Generalised System Tariff of Preferences" under which industrialized countries would grant autonomous trade preferences to all developing countries. A waiver was granted in 1971 from

Article 1 of the GATT, which prohibits discrimination, to authorize developed countries to establish individual "Generalised Schemes of Tariff Preferences". (The acronym "GSP" sometimes refers to the system as a whole, sometimes to one of the individual schemes). The European Community was the first to implement a GSP scheme in 1971. Other countries have subsequently established their own GSP schemes that differ both in their product coverage and rules of origin. In order to update its scheme on a regular basis and to adjust it to the changing environment of the multilateral trading system, the EU's GSP is implemented following a cycle of ten years. The present cycle which lasts from 2006 to 2015 was adopted in 2004.[57]

Traditionally, it has been admitted that the group of LDCs should receive more favorable treatment than other developing countries. Gradually, market access for products from these countries has been fully liberalised. In February 2001, the Council adopted Regulation (EC) 416/2001, the so-called "EBA Regulation" ("Everything But Arms"), granting duty-free access to imports of all products from LDCs, except arms and ammunitions, without any quantitative restrictions (with the exception of bananas, sugar and rice as mentioned before).

Beneficiaries of the special arrangements for least developed countries require formal recognition by the United Nations. At present, 49 developing countries belong to the category of LDCs.[58] When a country is excluded by the

---

[57] T. Heron et al., *Path Dependency and the Politics of Liberalisation in the Textiles and Clothing Industry*, New Political Economy, Vol. 13, No. 1, March 2008, p.13

[58] Afghanistan, Angola, Bangladesh, Benin, Bhutan, Burkina Faso, Burma/Myanmar, Burundi, Cambodia, Cape Verde, Central African Republic, Chad, Comoros Islands, Congo, Democratic Republic of, Djibouti,

UN from the list of the least-developed countries; it shall be withdrawn from the list of the beneficiaries of this arrangement. The removal of a country from the arrangement and the establishment of a transitional period of at least three years shall be decided by the Commission, in accordance with the procedure referred in the GSP Regulation.

EBA was later incorporated into the GSP Council Regulation (EC) No 2501/2001, The Regulation foresees that the special arrangements for LDCs should be maintained for an unlimited period of time and not be subject to the periodic renewal of the Community's scheme of generalized preferences.

5.2.2.1 T&C Trade in EBA

Bangladesh had a spectacular export performance in T&C trade to the EU. In 2010, its share among its other partners in EBA is 75.18% in textiles and 84.26% in clothing (see Table.12). Bangladesh outperformed the others by exporting %83.77 of all T&C exports realized by EBA countries. Besides, it succeeded to increase its exports between 2004 and 2010. Its overall performance in 2010 is nearly US$ 6.15 billion and this is 57.82% more than it exported to the EU in 2004. Bangladesh succeeded to get third highest share in clothing exports in the EU market. As China, India, Pakistan, and others in Asia, it has cheap labour force, low production costs and high government support. Additionally, as an LDC, it enjoys the preferential treatment, when entering to the EU market. Thus,

---

EastTimor,EquatorialGuinea,Eritrea,Ethiopia,Gambia,Guinea,GuineaBissau,Haiti,Kiribati,Laos,Lesotho,Liberia,Madagascar,Malawi,Maldives,Mali,Mauritania,Mozambique,Nepal,Niger, Rwanda, Samoa, São Tomé & Principe, Senegal, Sierra Leone, Solomon Islands, Somalia, Sudan, Tanzania, Tuvalu, Togo, Uganda, Vanuatu, Yemen, Zambia this provides very important advantage against its powerful rivals in the EU market.

Table 12: T&C Trade with EBA countries

Unit: Million €									
PARTNERS	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Share 2010 (%)**	**2004/2010 (%)**
EXPORTS OF TEXTILES									
Bangladesh	177,81	179,54	227,56	262,29	270,91	245,32	298,13	75,18	67,66
Nepal	48,29	45,08	43,37	39,92	35,22	29,09	30,44	7,68	-36,97
Chad	26,22	18,57	18,64	19,41	8,86	6,20	11,32	2,86	-56,81
Madagascar	12,25	10,64	9,20	11,35	12,16	9,70	8,96	2,26	-26,91
Mali	43,01	26,36	15,21	15,25	5,82	3,29	8,81	2,22	-79,52
Ethiopia	6,38	7,30	7,50	8,89	6,79	5,98	5,61	1,42	-12,07
Tanzania	12,35	9,86	10,56	9,33	10,84	4,20	5,57	1,40	-54,87
Burkina Faso	13,05	7,14	7,06	5,75	5,92	2,98	5,42	1,37	-58,50
Benin	7,81	7,77	5,13	5,32	4,05	2,60	5,00	1,26	-35,99
Senegal	4,50	4,82	3,52	2,07	1,20	0,55	2,96	0,75	-34,28
Afghanistan	10,94	7,95	5,84	4,15	5,96	2,37	2,08	0,53	-80,96
Mozambique	10,07	5,98	5,62	2,48	3,01	2,26	2,07	0,52	-79,42
Uganda	4,83	5,84	3,00	3,85	3,75	3,02	2,03	0,51	-58,04
Central African R.	2,26	1,29	1,32	0,24	0,22	0,00	1,97	0,50	-12,74
Sudan	14,81	7,87	5,84	5,03	3,55	1,94	1,96	0,49	-86,80
Rest	23,63	22,23	21,58	16,50	9,49	3,22	4,24	1,07	-82,03
Total	**418,22**	**368,23**	**390,95**	**411,83**	**387,77**	**322,70**	**396,57**	**100**	**-5,18**
EXPORTS OF CLOTHING									
Bangladesh	3.721,36	3.538,23	4.622,05	4.407,98	4.741,33	5.151,12	5.855,64	84,26	57,35
Cambodia	519,34	475,78	553,81	527,30	557,27	549,38	596,99	8,59	14,95
Madagascar	158,32	180,76	230,86	246,31	217,95	201,83	190,26	2,74	20,18
Myanmar	374,50	193,79	210,35	160,03	146,64	129,26	134,11	1,93	-64,19
Laos	118,20	119,49	123,88	109,22	111,90	104,60	120,43	1,73	1,89
Nepal	29,53	28,04	25,24	26,02	29,54	28,17	34,38	0,49	16,43
Haiti	1,91	4,95	9,81	15,08	13,10	8,21	4,98	0,07	161,18
Cape Verde	4,10	4,16	4,78	4,89	4,49	4,73	3,61	0,05	-11,86
Ethiopia	0,57	0,83	0,42	0,22	1,36	1,22	3,51	0,05	514,49
Lesotho	0,85	0,63	0,86	1,70	1,86	1,96	1,53	0,02	79,68
Tanzania	3,05	1,97	2,48	1,53	1,08	0,78	1,30	0,02	-57,47
Eritrea	0,02	0,63	0,84	1,17	1,28	1,70	1,07	0,02	5.781,92
Senegal	0,29	0,23	0,44	0,31	0,26	0,14	0,25	0,00	-14,03
Sierra Leone	0,72	0,55	0,28	0,35	0,13	0,43	0,22	0,00	-69,86
Maldives	0,24	0,05	0,01	0,02	0,00	0,00	0,15	0,00	-37,46
Rest	4,07	4,16	2,30	2,26	1,53	1,05	0,79	0,01	-80,48
Total	**4.937,04**	**4.554,26**	**5.788,41**	**5.504,39**	**5.829,72**	**6.184,57**	**6.949,20**	**100**	**40,76**
EXPORTS OF T&C									
Bangladesh	3.899,18	3.717,77	4.849,61	4.670,27	5.012,25	5.396,45	6.153,77	83,77	57,82
Cambodia	519,96	477,57	555,40	528,58	558,13	550,06	598,00	8,14	15,01
Madagascar	170,57	191,40	240,06	257,66	230,11	211,52	199,22	2,71	16,79
Myanmar	374,90	194,45	213,15	161,07	147,36	129,58	134,48	1,83	-64,13
Laos	118,27	119,51	123,90	109,23	111,92	104,67	120,56	1,64	1,94
Nepal	77,82	73,12	68,62	65,94	64,77	57,26	64,82	0,88	-16,71
Chad	26,22	18,58	18,65	19,41	8,88	6,21	11,32	0,15	-56,81
Ethiopia	6,95	8,13	7,93	9,11	8,15	7,20	9,12	0,12	31,12
Mali	43,06	26,40	15,23	15,78	5,97	3,42	8,89	0,12	-79,35
Tanzania	15,39	11,83	13,04	10,87	11,92	4,98	6,87	0,09	-55,39
Burkina Faso	13,08	7,35	7,12	5,77	5,93	3,08	5,43	0,07	-58,44
Haiti	1,91	4,95	9,82	15,08	13,10	8,21	5,28	0,07	175,93
Benin	7,82	7,79	5,15	5,33	4,07	2,62	5,02	0,07	-35,82
Cape Verde	4,22	4,24	4,86	4,99	4,59	4,81	3,64	0,05	-13,73
Senegal	4,79	5,06	3,96	2,38	1,46	0,69	3,21	0,04	-33,06
Rest	71,12	54,33	42,86	34,75	28,88	16,50	16,15	0,22	-77,30
Total	**5.355,26**	**4.922,49**	**6.179,36**	**5.916,22**	**6.217,48**	**6.507,27**	**7.345,77**	**100**	**37,17**

Source: Eurostat

Table.13 shows T&C trade balance between the EU and its partners in the initiative. In parallel to its high volume export performance, Bangladesh had a significant trade surplus against the EU in 2010. When compared to its total T&C exports to the EU (EUR 6.153, 77 million), it had quite limited T&C imports from its partner (nearly EUR 36 million).

As the other major T&C suppliers of the initiative, Cambodia, Madagascar, Myanmar, Laos and Nepal all had trade surplus against the EU. Cambodia and Madagascar both increased their exports and trade surplus between 2004 and 2010, while Myanmar experienced decrease in its exports by 64.13%.

Table 13: Trade Balance Between EU and Its EBA Partners in T&C Trade (*)

Unit: Million €

PARTNERS	2004	2005	2006	2007	2008	2009	2010
Bangladesh	-3.875,58	-3.687,52	-4.830,08	-4.650,23	-4.986,20	-5.368,41	-6.117,52
Cambodia	-515,47	-472,79	-549,14	-521,94	-549,41	-543,28	-592,43
Madagascar	-126,78	-152,36	-199,32	-205,92	-171,58	-160,44	-140,41
Myanmar	-366,75	-187,25	-204,41	-154,12	-138,59	-124,20	-128,68
Laos	-117,37	-118,83	-123,45	-108,60	-108,50	-103,40	-116,60
Nepal	-75,62	-71,54	-66,96	-64,47	-63,30	-55,16	-62,97
Chad	-23,30	-15,26	-16,22	-16,30	-6,12	0,16	-6,05
Ethiopia	-3,65	-5,60	-2,96	-3,21	-4,53	-2,64	-3,92
Mali	3,93	21,56	42,93	46,32	75,72	86,36	83,39
Tanzania	-2,93	-3,03	-5,20	-2,16	-1,41	5,43	4,98
Burkina Faso	-8,77	-3,06	-3,16	1,10	0,82	5,52	2,35
Haiti	-1,52	-4,51	-9,55	-14,83	-12,15	-7,01	4,63
Benin	30,48	36,85	44,84	47,42	60,19	72,64	80,78
Cape Verde	3,75	3,78	4,07	4,85	6,04	4,82	5,91
Senegal	16,74	16,19	15,86	27,25	34,59	37,12	30,60
Rest	112,31	139,78	176,04	213,05	314,53	300,37	332,74
Total	**-4.950,53**	**-4.503,59**	**-5.726,71**	**-5.401,80**	**-5.549,91**	**-5.852,12**	**-6.623,18**

(*) Figures show EU exports minus EU imports, to/from its partners

Source: Eurostat

Although unit values among EBA partners are not quite below Chinese prices (excluding Bangladesh), Cambodia and Madagascar succeeded to increase their exports between 2004 and 2010. As shown in Table.14, their unit values are quite above the Chinese prices. As mentioned before, Bangladesh has been one of four countries outperforming China in unit values in the EU market, and this has paved the way for increasing its exports at huge rates.

Table 14: Unit Values among EBA Partners

Unit: €/Kg

PARTNERS	2004	2005	2006	2007	2008	2009	2010	2004/2010 (%)
UNIT PRICES IN TEXTILES								
Bangladesh	1,59	1,67	1,89	1,99	2,06	2,40	2,69	69,39
Nepal	8,36	8,90	9,57	10,36	11,56	13,14	13,59	62,64
Chad	1,22	0,99	0,99	0,97	1,12	1,04	1,56	28,09
Madagascar	1,38	1,60	1,67	1,94	2,36	2,60	2,60	88,23
Mali	1,22	0,92	0,99	1,02	1,11	1,11	1,60	31,28
Ethiopia	2,39	2,93	3,01	2,58	2,15	2,33	2,16	-9,41
Tanzania	1,22	1,08	1,21	1,17	1,13	1,17	1,33	9,51
Burkina Faso	1,17	0,92	1,19	1,02	1,13	1,12	1,46	24,52
Benin	1,14	0,96	0,96	0,99	1,05	0,95	1,46	27,78
Senegal	1,44	1,12	1,15	1,13	1,38	1,63	1,43	-0,90
Afghanistan	13,37	14,30	13,22	9,86	10,33	10,56	9,36	-30,04
Mozambique	1,10	0,90	1,06	1,06	1,00	1,04	1,02	-6,90
Uganda	1,33	1,03	1,10	1,09	1,18	1,04	1,63	22,52
Central African R.	1,06	0,84	0,93	1,08	3,87	N/A	1,48	39,31
Sudan	1,19	0,97	1,28	0,85	1,07	1,34	1,46	22,25
UNIT PRICES IN CLOTHING								
Bangladesh	8,16	7,77	8,46	8,17	8,20	8,88	9,60	17,74
Cambodia	13,37	13,39	13,50	12,77	12,56	12,67	13,76	2,90
Madagascar	27,76	29,55	32,48	33,19	30,02	30,72	27,73	-0,12
Myanmar	9,54	10,83	9,75	11,74	12,96	13,30	13,66	43,12
Laos	11,78	11,71	11,08	11,05	9,47	9,38	9,85	-16,33
Nepal	16,09	16,87	15,00	15,28	16,23	16,73	19,57	21,61
Haiti	5,30	5,30	4,93	4,20	3,06	3,36	3,77	-28,91
Cape Verde	17,25	9,77	10,41	13,95	15,89	14,70	18,52	7,34
Ethiopia	9,97	4,99	5,92	6,24	5,92	5,69	7,84	-21,44
Lesotho	13,16	8,33	13,74	12,01	10,70	11,20	14,89	13,13
Tanzania	11,11	8,56	11,51	7,29	8,52	9,51	12,34	11,07
Eritrea	16,51	14,59	16,23	28,21	29,51	29,41	27,75	68,11
Senegal	17,58	10,15	2,96	19,27	16,43	19,57	12,90	-26,61
Sierra Leone	24,01	1,25	4,94	23,57	16,98	12,44	21,42	-10,76
Maldives	11,01	9,07	36,71	53,14	N/A	10,96	26,44	140,11
UNIT PRICES IN T&C								
Bangladesh	6,86	6,60	7,27	6,96	7,06	7,91	8,54	24,45
Cambodia	13,35	13,34	13,48	12,76	12,54	12,66	13,73	2,84
Madagascar	11,71	15,01	19,00	19,40	18,53	20,53	19,33	65,13
Myanmar	9,54	10,76	9,54	11,61	12,82	13,10	13,37	40,08
Laos	11,78	11,71	11,08	11,05	9,47	9,38	9,86	-16,29
Nepal	10,22	10,87	11,04	11,86	13,30	14,69	16,22	58,69
Chad	1,22	0,99	0,99	0,97	1,13	1,04	1,56	28,11
Ethiopia	2,55	3,06	3,09	2,62	2,40	2,59	3,00	17,70
Mali	1,22	0,92	0,99	1,05	1,14	1,15	1,61	32,06
Tanzania	1,48	1,27	1,45	1,33	1,23	1,36	1,60	8,47
Burkina Faso	1,17	0,94	1,20	1,02	1,13	1,15	1,46	24,66
Haiti	5,31	5,30	4,94	4,20	3,05	3,36	2,16	-59,31
Benin	1,14	0,96	0,96	0,99	1,05	0,96	1,47	28,19
Cape Verde	16,47	9,73	10,11	12,28	15,68	14,51	18,31	11,20
Senegal	1,53	1,17	1,23	1,29	1,64	2,00	1,54	0,53

Source: Eurostat

5.2.3 Relations with the ACP Countries

The Cotonou Agreement signed in June 2000 between the EU and African, Caribbean and Pacific (ACP) states, provided replacement of the unilateral trade preferences that the EU accords to them under the Lomé convention. The Lomé convention(s) which revised for times in every 5 years beginning from 1979 set out EU's (then EC) cooperation principles with ACP countries. Aiming to solve security, poverty, human rights abuses, bad economy management and corruption problems in ACP countries, the EC believed in to promote trade for developing those countries, and provided unilateral duty-free access to them.[59]

The Cotonou agreement between the EU member states and ACP states was the fifth generation of agreements between those. It is claimed to be the world's largest financial and political framework for North-South cooperation by the EU authorities. Since cooperation needs at least two sides, the EU designed the Cotonou agreement to ensure two-sided duty-free trade between EU and ACP states. Hence, not only will the EU provide free access to her markets for ACP exports, but ACP countries will also have to grant free access for the EU exports. In addition to reciprocity, a second principle of the Cotonou Agreement is that of differentiation, whereby ACP LDCs must be treated differently from ACP non-LDCs. This means that LDCs are unlikely to have to reciprocate and open their markets to EU exports as much as non-LDCs in order to maintain their preferential access to the EU markets.[60]

---

[59] M. Manchin, (2006), *Preference Utilisation and Tariff Reduction in EU Imports from ACP Countries*, Blackwell Publishing, Oxford, pp.1243-1265

[60] L. E. Hinkle et al,(2004), *Economic Partnership Agreements Between Sub-Saharan Africa and the EU: A Development Perspective, Africa Region Working Paper*, (available at

To promote trade between the EU and the ACP states reciprocally, The Cotonou agreement mapped out a scheme of Economic Partnership Agreements (EPA) to be signed by the EU and each of the regional EPA negotiating blocs. The latter are self-determined groupings (see Table.15) of the 77 ACP countries, which are encouraged to form regional blocs for pursuing regional integration and negotiating EPAs with the EU. EPAs mostly designed to urge ACP countries abolish their tariff rates applied against the EU goods. The aim of EPAs mentioned to bring ACP countries in line with WTO rules and make ACP and EU to engage in WTO compatible trading arrangements in the related provisions of the Cotonou agreement.[61]

Table 15: ACP Groupings

AFRICA	South	Southern African Development Community (SADC): Angola, Botswana, Lesotho, Namibia, Mozambique, Swaziland and South Africa.
	East	Eastern and Southern Africa (ESA): Comoros, Djibouti, Eritrea, Ethiopia, Madagascar, Malawi, Mauritius, Seychelles, Sudan, Zambia and Zimbabwe.
		East African Community (EAC): Burundi, Kenya, Rwanda, Uganda and Tanzania
	West	West Africa All 15 members of Economic Community of West African States, ECOWAS: Benin, Burkina Faso, Cape Verde, Cote D'ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo, Mauritius plus Mauritania
	Central	Central Africa All six members of the Economic Community of Central African States (CEMAC): Cameroon, Central African Republic, Chad, Republic of the Congo, Equatorial Guinea, and Gabon, plus the Democratic Republic of Congo and São Tomé and Principe.
PACIFIC		14 island states of Pacific Islands Forum (PIF): Kiribati, Palau, Solomon Islands, Cook Islands, Nauru, Papua New Guinea, Tonga, Micronesia, New Zealand, Marshall Islands, Tuvalu, Niue, Samoa, Vanuatu
CARIBBEAN		Caribbean Forum of Caribbean States (CARIFORUM): Antigua & Barbuda, Bahamas, Barbados, Belize, Cuba, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent & the Grenadines, Suriname, Trinidad & Tobago

http://www.unige.ch/ses/ecopo/demelo/Cdrom/RIA/Readings/EU_SSA_EPA.pdf), accessed on October 2011, pp.1321-1333

[61] Ibid.,

Although South Africa seems to be taking part in Africa groupings, it has a separate trade and development agreement with the EU apart from the EPA. For this reason, export performance of South Africa in T&C trade, is evaluated in the following sections.

5.2.3.1 T&C Trade with the ACP Countries

Because of the population and land it covers, African grouping among ACP countries performs most of the T&C exports to the EU. Especially in clothing, African countries' exports correspond to nearly all of the clothing exports. Both in T&C exports to the EU, ACP countries experienced declines (see Table.16). In textiles, exports fell by nearly 60% between 2004 and 2010. In 2010, overall T&C exports performed 41.20%, less than 2004. As the largest exporter in ACP countries, Eastern African states' loss seemed to be deepest compared to the others. Although this grouping consists of Madagascar, one of the successful LDCs in post-quota period as mentioned before, the overall performance of the grouping is quite below 2004 levels in 2010. In Pacific grouping, majority of textile exports performed by New Zealand. It realized 99% of overall textile exports by itself.

Table 16: T&C Trade with ACP countries

Unit: Million €

PARTNERS	2004	2005	2006	2007	2008	2009	2010	Share 2010 (%)	2004/2010 (%)
EXPORTS OF TEXTILES									
Caribbean	**6,29**	**7,47**	**6,07**	**6,39**	**6,59**	**6,24**	**5,15**	**1,76**	**-18,20**
Pasific	**176,31**	**165,49**	**171,34**	**137,06**	**87,32**	**56,60**	**75,72**	**25,92**	**-57,05**
Africa	**484,76**	**381,97**	**311,91**	**308,96**	**245,49**	**166,68**	**211,28**	**72,32**	**-56,41**
South	193,59	159,25	143,65	143,28	125,13	86,94	95,22	32,59	-50,82
East	*109,71*	*91,20*	*83,16*	*81,96*	*72,99*	*48,98*	*54,03*	*18,49*	*-50,75*
Esa	83,88	68,06	60,49	61,32	52,14	37,96	41,19	14,10	-50,90
Eac	25,84	23,14	22,67	20,63	20,84	11,02	12,84	4,40	-50,30
West	124,86	93,80	57,36	56,89	34,38	20,75	42,06	14,40	-66,31
Central	56,59	37,72	27,74	26,83	12,99	10,02	19,98	6,84	-64,70
Total	**667,36**	**554,93**	**489,32**	**452,40**	**339,40**	**229,52**	**292,15**	**100**	**-56,22**
EXPORTS OF CLOTHING									
Caribbean	**74,41**	**17,65**	**19,93**	**27,14**	**18,75**	**18,64**	**14,79**	**2,68**	**-80,13**
Pasific	**5,88**	**4,89**	**4,14**	**3,68**	**2,62**	**2,18**	**2,46**	**0,45**	**-58,09**
Africa	**708,69**	**648,62**	**741,94**	**754,78**	**664,82**	**589,89**	**534,90**	**96,88**	**-24,52**
South	12,20	5,95	6,46	9,67	9,41	3,18	1,71	0,31	-86,02
East	*688,12*	*635,32*	*726,56*	*736,44*	*648,54*	*580,09*	*527,67*	*95,57*	*-23,32*
Esa	682,35	630,92	723,11	734,07	646,37	578,58	525,20	95,12	-23,03
Eac	5,77	4,40	3,45	2,37	2,17	1,51	2,47	0,45	-57,12
West	7,93	6,40	8,00	7,77	6,42	6,10	4,73	0,86	-40,31
Central	0,44	0,94	0,93	0,90	0,45	0,52	0,79	0,14	77,16
Total	**788,98**	**671,16**	**766,01**	**785,61**	**686,19**	**610,71**	**552,14**	**100**	**-30,02**
EXPORTS OF T&C									
Caribbean	**80,70**	**25,12**	**26,00**	**33,53**	**25,34**	**24,88**	**19,93**	**2,65**	**-75,30**
Pasific	**182,19**	**170,38**	**175,48**	**140,74**	**89,94**	**58,78**	**78,18**	**10,40**	**-57,09**
Africa	**1.016,22**	**879,80**	**918,88**	**926,14**	**790,08**	**672,60**	**653,97**	**86,95**	**-35,65**
South	28,55	14,42	15,14	15,35	14,31	6,14	4,72	0,63	-83,48
East	*797,83*	*726,52*	*809,72*	*818,40*	*721,53*	*629,07*	*581,70*	*77,34*	*-27,09*
Esa	766,23	698,98	783,60	795,39	698,51	616,54	566,38	75,31	-26,08
Eac	31,61	27,54	26,12	23,00	23,01	12,53	15,32	2,04	-51,54
West	132,80	100,20	65,35	64,66	40,80	26,85	46,80	6,22	-64,76
Central	57,04	38,66	28,67	27,73	13,44	10,54	20,76	2,76	-63,60
Total	**1.279,11**	**1.075,30**	**1.120,36**	**1.100,41**	**905,36**	**756,26**	**752,09**	**100**	**-41,20**

Source: Eurostat

The trade balance between the EU and its ATC partners seemed to occur in favor of the former (see Table.17). In overall T&C trade, the EU exported more products in the value of EUR 358 million than its partners. What is worth to mention here is the development of the trade balance since 2004 in favor of the EU. In 2004, ACP countries had a surplus worth EUR 398 million. But it is quite opposite in 2010. Only grouping having trade plus against the EU is Eastern Africa. Unfortunately, their surplus decreased between 2004 (EUR 613 million) and 2010 (EUR 375 million). Pacific countries had annually descending trade surplus against the EU. In 2010, they exported more T&C products worth EUR 17 million than the EU countries. However, the figure was 106 million € in 2004, in favor of the Pacific countries.

Table 17: Trade Balance Between EU and Its ACP Partners in T&C Trade (*)

Unit: Million €

PARTNERS	2004	2005	2006	2007	2008	2009	2010
Caribbean	**10**	**60**	**53**	**49**	**58**	**38**	**69**
Pasific	**-106**	**-92**	**-98**	**-65**	**-22**	**-4**	**-17**
Africa	**-300**	**-176**	**-149**	**-65**	**212**	**324**	**420**
South	9	33	46	58	89	103	87
East	*-613*	*-555*	*-629*	*-623*	*-525*	*-454*	*-375*
Esa	-648	-587	-665	-665	-568	-506	-436
Eac	35	32	36	42	43	52	61
West	240	261	319	378	497	518	544
Central	64	86	115	122	150	156	165
Total	**-396**	**-208**	**-194**	**-81**	**249**	**358**	**472**

(*) Figures show EU exports minus EU imports, to/from its partners

Source: Eurostat

When the unit values considered, African grouping seems to have advantageous prices against China in overall T&C exports (see Table.18). However, excluding Madagascar, this grouping does not comprise any country with high-level T&C exports. Yet, this prevents this grouping from increasing its exports against China. This is the same case for the Caribbean grouping in clothing exports. Among its members, only Haiti can be counted as a major exporter and its unit values in clothing are apparently below Chinese prices (EUR 3.77 in 2010). Thus, lack of major exporters except Haiti, caused Caribbean grouping to face decrease in its clothing exports though it has cheaper unit values.

Table 18: Unit Values among ACP Groupings

Unit: €/Kg								
PARTNERS	2004	2005	2006	2007	2008	2009	2010	2004/2010 (%)
UNIT PRICES IN TEXTILES								
Caribbean	**13,10**	**8,85**	**7,88**	**8,62**	**5,49**	**4,76**	**6,74**	**-48,54**
Pasific	**6,39**	**5,59**	**8,70**	**2,93**	**0,87**	**0,21**	**6,51**	**1,88**
Africa	**5,29**	**3,18**	**6,24**	**7,02**	**5,05**	**5,87**	**5,80**	**9,63**
South	8,56	3,81	5,32	8,77	3,20	5,95	5,64	-34,12
East	*2,50*	*4,66*	*1,30*	*2,73*	*3,81*	*1,16*	*2,76*	*10,46*
Esa	2,70	7,08	1,70	3,76	5,11	1,64	1,65	-38,73
Eac	2,31	2,25	0,90	1,70	2,52	0,68	3,88	67,87
West	3,43	1,88	3,73	2,46	3,90	2,47	2,37	-30,88
Central	3,87	3,84	9,67	9,84	8,05	9,17	9,38	142,50
UNIT PRICES IN CLOTHING								
Caribbean	**11,19**	**14,75**	**12,46**	**15,71**	**12,94**	**19,37**	**11,26**	**0,65**
Pasific	**24,22**	**15,80**	**14,04**	**16,08**	**8,40**	**14,21**	**9,22**	**-61,91**
Africa	**21,23**	**27,76**	**9,47**	**16,95**	**15,61**	**16,54**	**26,73**	**25,92**
South	22,77	59,99	8,27	19,90	20,05	28,01	41,00	80,08
East	*12,49*	*10,19*	*16,13*	*41,07*	*13,92*	*10,93*	*11,48*	*-8,07*
Esa	15,10	16,18	12,87	11,62	13,75	14,71	15,08	-0,13
Eac	9,88	4,21	19,39	70,52	14,09	7,16	7,88	-20,21
West	28,72	13,01	14,88	17,18	16,38	13,82	18,07	-37,08
Central	12,20	10,26	5,26	13,77	10,39	7,78	21,12	73,16
UNIT PRICES IN T&C								
Caribbean	**9,56**	**9,74**	**9,37**	**17,90**	**10,50**	**8,90**	**10,00**	**4,54**
Pasific	**18,40**	**11,97**	**6,94**	**10,20**	**9,70**	**9,34**	**12,36**	**-32,81**
Africa	**7,39**	**4,54**	**5,68**	**8,77**	**6,88**	**5,27**	**7,23**	**-2,22**
South	9,29	6,84	6,63	11,59	5,70	5,59	6,07	-34,69
East	*4,98*	*4,82*	*7,42*	*4,18*	*5,66*	*3,68*	*5,55*	*11,45*
Esa	6,29	7,27	7,42	5,95	8,47	5,70	5,44	-13,48
Eac	3,67	2,37	7,41	2,41	2,86	1,65	5,66	54,17
West	5,57	3,06	5,04	6,30	5,31	4,39	5,41	-2,97
Central	7,31	3,73	5,37	8,40	9,63	5,85	10,21	39,63
Source: Eurostat								

5.2.4 Bilateral Free Trade Agreements

The EU's relations with the Balkans are governed by the Stabilization and Association process. Trade is one of the pillars of this process. In 2000, the EU granted autonomous trade preferences to all the Western Balkans. These preferences, which were renewed in 2005 and subsequently in 2011 until 2015, allow nearly all exports to enter the EU without customs duties or limits on quantities. Only wine, baby beef and certain fisheries products enter the EU under preferential tariff quotas.

The signing of the EU-Mexico Free Trade Area in 2000 was aimed at counterbalancing the US dominance in the Mexican economy and trade under NAFTA while promoting EU's exports to, and investments in, Mexico. As mentioned before, although South Africa is a member of Southern African Development Community (SADC), it did not follow the way of signing an EPA as its partners do. Instead, the EU provided a separate deal for South Africa, since it is the largest economy of SSA. The EU maintains its trade relations with South Africa through Trade, Development and Co-operation Agreement signed in 1999.

5.2.4.1 T&C Trade with the FTA Countries

In textile exports, members of the Western Balkans increased consistently their sales between 2004 and 2010 (see Table.19). Their total exports are up by 50.57% during this term. Textiles were mainly exported by Bosnia and Herzegovina and Croatia. Mexico and South Africa both experienced declines in their textile exports. Although their sales were declining continuously since 2004, there is a sign of increasing in 2010.

In clothing exports, Mexico and South Africa lagged far behind the Western Balkans. Clothing exports of those two declined more than 80% between 2004 and 2010. However like textiles, the decline in clothing exports seems to come to an end at the end of 2010. Macedonia is leading clothing exports in Western Balkans. It is the only country, along with Albania, that increased its clothing exports between 2004 and 2010. The exports of those two increased by 58.99% and 85.34% respectively.

In line with clothing exports, in overall T&C trade, Macedonia is the leader and there is not any loss in sales for it like Albania and Bosnia Herzegovina. Mexico and South Africa met with major declines in their exports till 2010. At the end of 2010, they increased their sales. The overall T&C exports of this grouping rose by 14.10% between 2004 and 2010.

Table 19: T&C Trade with the FTA Countries

Unit: Million €

PARTNERS	2004	2005	2006	2007	2008	2009	2010	Share 2010 (%)	2004/2010 (%)
EXPORTS OF TEXTILES									
Western Balkans Total	*95,85*	*85,46*	*91,11*	*122,48*	*134,18*	*130,63*	*160,23*	*50,57*	*67,18*
Albania	0,98	1,13	2,14	3,31	4,97	4,06	5,84	1,84	498,07
Bosnia and Herzegovina	11,20	10,31	8,20	6,56	16,17	17,93	29,08	9,18	159,64
Croatia	67,81	56,74	59,95	63,86	64,01	55,11	61,12	19,29	-9,87
Kosovo	N/A	N/A	N/A	N/A	0,04	0,61	4,47	1,41	-
Macedonia	15,86	17,28	20,82	18,56	18,12	17,29	22,75	7,18	43,39
Montenegro	N/A	N/A	N/A	0,03	0,02	0,02	0,03	0,01	-
Serbia	N/A	N/A	N/A	30,16	30,85	35,61	36,95	11,66	-
Mexico	*52,53*	*57,18*	*40,69*	*39,56*	*30,78*	*29,00*	*31,47*	*9,93*	*-40,09*
South Africa	*238,60*	*207,65*	*196,93*	*192,21*	*156,85*	*98,08*	*125,16*	*39,50*	*-47,55*
Total	**386,98**	**350,28**	**328,73**	**354,25**	**321,81**	**257,71**	**316,86**	**100**	**-18,12**
EXPORTS OF CLOTHING									
Western Balkans Total	*936,83*	*909,18*	*974,07*	*1.401,45*	*1.451,70*	*1.287,20*	*1.302,58*	*98,38*	*39,04*
Albania	109,88	108,39	124,25	161,44	188,21	187,91	203,65	15,38	85,34
Bosnia and Herzegovina	111,30	111,74	121,37	127,10	134,75	114,58	108,70	8,21	-2,33
Croatia	451,95	406,56	382,42	379,78	368,85	324,90	320,68	24,22	-29,05
Kosovo	N/A	N/A	N/A	N/A	0,05	0,20	0,07	0,01	-
Macedonia	263,71	282,49	346,02	455,98	471,56	413,77	419,26	31,67	58,99
Montenegro	N/A	N/A	N/A	2,59	1,93	1,23	1,06	0,00	-
Serbia	N/A	N/A	N/A	274,55	286,35	244,59	249,17	18,82	-
Mexico	*57,15*	*40,53*	*30,32*	*19,63*	*13,31*	*10,89*	*10,70*	*0,81*	*-81,28*
South Africa	*57,15*	*40,53*	*30,32*	*19,63*	*13,31*	*10,89*	*10,70*	*0,81*	*-81,28*
Total	**1.051,12**	**990,25**	**1.034,70**	**1.440,70**	**1.478,32**	**1.308,99**	**1.323,98**	**100**	**25,96**
EXPORTS OF T&C									
Western Balkans Total	*1.032,68*	*994,64*	*1.065,17*	*1.523,93*	*1.585,88*	*1.417,83*	*1.462,82*	*89,15*	*41,65*
Albania	110,85	109,52	126,40	164,75	193,18	191,97	209,48	12,77	88,97
Bosnia and Herzegovina	122,50	122,05	129,57	133,67	150,92	132,51	137,78	8,40	12,48
Croatia	519,76	463,31	442,37	443,64	432,86	380,01	381,80	23,27	-26,54
Kosovo	N/A	N/A	N/A	N/A	0,09	0,81	4,54	0,28	-
Macedonia	279,57	299,77	366,84	474,55	489,67	431,07	442,01	26,94	58,10
Montenegro	N/A	N/A	N/A	2,62	1,95	1,25	1,09	0,07	-
Serbia	N/A	N/A	N/A	304,71	317,20	280,20	286,12	17,44	-
Mexico	*109,68*	*97,71*	*71,01*	*59,19*	*44,09*	*39,90*	*42,17*	*2,57*	*-61,55*
South Africa	*295,75*	*248,18*	*227,24*	*211,84*	*170,16*	*108,98*	*135,86*	*8,28*	*-54,06*
Total	**1.438,10**	**1.340,53**	**1.363,43**	**1.794,95**	**1.800,12**	**1.566,70**	**1.640,84**	**100**	**14,10**

Source: Eurostat

The EU had a trade surplus in T&C against all the countries in the grouping (see Table.20). The gap between the parties has gradually increased in favor of the EU. Despite their better performance in T&C exports, excluding Macedonia, all members of the Western Balkans had trade deficit against the EU. Macedonia's trade surplus increased sharply between 2006 and 2008. Furthermore, it began to decrease consistently since 2009. Although South Africa had trade surplus against the EU in 2004 and 2005, it lost its advantage and had a deficit worth of EUR 99.61 million in 2010. T&C imports of Mexico from the EU were quite high at the end 2006, but they have been declining since that year.

Table 20: Trade Balance Between EU and Its FTA Partners In T&C Trade (*)

Unit: Million €

PARTNERS	2004	2005	2006	2007	2008	2009	2010
Western Balkans Total	*198,13*	*258,39*	*278,22*	*335,83*	*323,74*	*252,17*	*238,92*
Albania	53,44	54,44	53,57	40,01	21,99	-2,19	-5,59
Bosnia and Herzegovina	44,27	78,07	58,70	69,85	64,53	75,49	83,63
Croatia	123,60	163,27	236,18	248,34	247,08	213,76	193,56
Kosovo	N/A	N/A	N/A	N/A	12,02	12,41	11,40
Macedonia	-23,17	-37,38	-70,23	-153,38	-166,45	-156,21	-146,22
Montenegro	N/A	N/A	N/A	22,37	32,45	23,71	24,48
Serbia	N/A	N/A	N/A	108,65	112,11	85,21	77,66
Mexico	*358,79*	*403,71*	*514,44*	*507,20*	*508,47*	*368,05*	*418,75*
South Africa	*-103,33*	*-44,18*	*10,90*	*18,16*	*53,05*	*85,65*	*99,61*
Total	**453,59**	**617,92**	**803,56**	**861,19**	**885,26**	**705,87**	**757,28**

(*) Figures show EU exports minus EU imports, to/from its partners

Source: Eurostat

All the countries in the FTA grouping have higher unit values than China (see Table.21). When failing to increase their exports to the EU; unit values of Croatia, Mexico and South Africa stayed above the Chinese unit values. In contrast to this, Albania, Bosnia and Herzegovina and Macedonia achieved to increase their sales, although they sold in higher prices than China.

Table 21: Unit Values among FTA Partners

Unit: €/Kg								
PARTNERS	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2004/2010 (%)**
UNIT PRICES IN TEXTILES								
Western Balkans Average	*3,16*	*3,32*	*3,56*	*7,10*	*4,12*	*3,62*	*5,16*	*63,48*
Albania	1,60	1,62	2,57	4,56	4,41	4,04	4,19	161,40
Bosnia and Herzegovina	3,45	4,56	4,44	6,20	3,43	3,15	3,51	1,61
Croatia	4,28	3,79	3,73	3,54	3,44	3,57	3,83	-10,51
Kosovo	N/A	N/A	N/A	N/A	2,34	4,76	5,84	-
Macedonia	3,29	3,31	3,52	3,07	3,60	3,24	3,85	17,03
Montenegro	N/A	N/A	N/A	22,36	7,93	2,44	11,85	-
Serbia	N/A	N/A	N/A	2,85	3,68	4,14	3,06	-
Mexico	*2,91*	*2,57*	*3,02*	*2,71*	*2,84*	*3,55*	*3,33*	*14,48*
South Africa	*3,71*	*3,85*	*4,01*	*4,21*	*4,23*	*4,09*	*4,56*	*22,80*
UNIT PRICES IN CLOTHING								
Western Balkans Average	*20,34*	*20,57*	*21,76*	*18,59*	*18,67*	*17,92*	*19,29*	*-5,19*
Albania	7,78	7,74	8,11	10,26	11,32	11,28	11,70	50,40
Bosnia and Herzegovina	20,49	20,25	22,35	22,41	23,19	23,39	24,39	19,02
Croatia	31,75	31,48	31,51	31,70	32,18	33,35	33,30	4,87
Kosovo	N/A	N/A	N/A	N/A	15,69	8,26	12,07	-
Macedonia	21,35	22,79	25,08	21,32	20,99	21,95	22,65	6,09
Montenegro	N/A	N/A	N/A	10,38	12,39	12,98	17,02	-
Serbia	N/A	N/A	N/A	15,44	14,93	14,26	13,88	-
Mexico	*16,29*	*18,39*	*25,00*	*27,08*	*32,64*	*33,48*	*31,62*	*94,08*
South Africa	*19,25*	*20,58*	*22,30*	*20,18*	*22,66*	*21,68*	*16,84*	*-12,52*
UNIT PRICES IN T&C								
Western Balkans Average	*13,80*	*14,19*	*14,98*	*13,85*	*12,23*	*12,10*	*12,46*	*-9,74*
Albania	7,53	7,45	7,82	10,01	10,88	10,87	11,15	48,11
Bosnia and Herzegovina	14,12	15,68	17,80	19,86	14,34	12,52	10,81	-23,44
Croatia	17,29	16,62	15,67	14,78	14,39	15,10	14,93	-13,65
Kosovo	N/A	N/A	N/A	N/A	4,36	5,32	5,88	-
Macedonia	16,28	17,02	18,61	17,29	17,81	17,82	18,10	11,20
Montenegro	N/A	N/A	N/A	10,44	12,32	12,20	16,81	-
Serbia	N/A	N/A	N/A	10,74	11,51	10,88	9,53	-
Mexico	*4,62*	*3,91*	*6,25*	*5,83*	*7,11*	*9,16*	*8,50*	*83,91*
South Africa	*4,40*	*4,43*	*4,50*	*4,54*	*4,52*	*4,46*	*4,84*	*9,96*
Source: Eurostat								

6 DEVELOPMENTS IN THE US MARKET

6.1 General Overview

In the period January-March 2005, US imports of cotton trousers from China increased by 1,500% and those of knit cotton shirts by 1,250% as compared to their levels recorded during the same period in 2004. Other low cost producers that have significantly increased their exports to the US included India, Indonesia, Vietnam, Pakistan and Bangladesh, among others. In late April 2005, the US Committee on the Implementation of the Textile Agreement (CITA) began considering requests for safeguard action on imports from China on seven product categories. Approximately one month later quantitative limitations on imports of seven textile categories were established through 31 December 2005 and bilateral negotiations with China were requested. Upon receipt of the request China agreed to limit its exports to a level not greater than 7.5% above the amount shipped during the preceding 12 months.[62]

The bilateral talks between the US and China that concluded in November 2005 resulted in a memorandum of understanding in which the reintroduction of restraints for 21 product categories was agreed under the special T&C safeguard clause of China's WTO accession protocol. The temporary restraints were imposed on several items including cotton shirts, cotton trousers, and underwear and reported to cover 90% of imports restricted in 2004. Depending on the product category, the agreement allowed for an increase of between 173% and

[62] Kowalski, op.cit.,p.18

640% in biennium 2004-06, between 12.5% and 16% in 2007 and 15% and 17% in 2008.[63]

6.1.1 Clothing

As foreseen by many before quota phase-out period, the US clothing market dominated by China and its followers in Asia (see Table.22). China increased its market share from 17.4% to 39.5% between 2004 and 2010. Besides, it raised its exports 166.4% during this term. This scene was already predicted but it seems quite incredible. Vietnam, Indonesia, Bangladesh all performed high levels of exports and they increased their market shares at the expense of the others. Mexico used to enjoy the benefits of NAFTA before 2005 when the T&C trade concerned. It did not undergo any quota restriction or tariff rate, but it had a secure entrance to the US market. In the aftermath of quota phase-out, it experienced sharp decline in its clothing exports. Its figures fell by 46.4% between 2004 and 2010, and the market share decreased from 10.6% to 4.9%.

Honduras and El Salvador are the partners of the US in CAFTA-DR free trade area. In accordance with Mexico, these countries both lost market shares and experienced declines in their exports. However, loss of Mexico cannot be compared to those two. Mexico's decline in T&C exports exceeds total loss of El Salvador and Honduras. On the other hand, the outstanding point which deserves to pay attention is that excluding the EU, all the countries having declines in their T&C exports to the US are the one having free trade agreements with the US.

[63] Ibid.,

Table 22: Major Clothing Suppliers of the US Market

Unit: Million $										
SUPPLIERS	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Share 2004 (%)**	**Share 2010 (%)**	**Growth 2004/2010**
China	11.314	17.802	20.943	25.176	25.178	25.367	30.145	16,3	39,5	166,4
Vietnam	2.678	2.832	3.343	4.519	5.417	5.225	6.073	3,9	8,0	126,8
Indonesia	2.554	3.052	3.881	4.183	4.229	4.031	4.634	3,7	6,1	81,4
Bangladesh	2.003	2.422	3.005	3.171	3.562	3.510	4.064	2,9	5,3	102,9
Mexico	6.903	6.282	5.492	4.665	4.164	3.508	3.701	10,0	4,9	-46,4
India	2.433	3.284	3.472	3.425	3.316	3.054	3.343	3,5	4,4	37,4
Honduras	2.800	2.744	2.578	2.648	2.741	2.156	2.541	4,0	3,3	-9,3
Cambodia	1.508	1.807	2.266	2.554	2.503	1.946	2.313	2,2	3,0	53,4
EU-27	2.756	2.553	2.447	2.614	2.425	1.628	1.687	4,0	2,2	-38,8
El Salvador	1.760	1.658	1.443	1.522	1.573	1.329	1.679	2,5	2,2	-4,6
Rest	32.645	28.960	28.022	24.422	22.115	15.642	16.103	47,1	21,1	-50,7
TOTAL	**69.354**	**73.396**	**76.892**	**78.899**	**77.223**	**67.396**	**76.283**	**100**	**100**	**10,0**
Source: US ITC										

6.1.2 Textiles

US textiles market again dominated by the Chinese products. The EU which had 2nd place in the market in 2004, lagged behind India in 2010 (see Table.23). EU exports fell by 21.3% between 2004 and 2010. Pakistan increased its exports as expected before. Mexico had a market share loss, as it did in the clothing market. Canada experienced a decline in its textile sales despite its free trade agreement in the framework of NAFTA. South Korea, Taiwan, Japan and Thailand had been the losers of Asia.

Table 23: Major Textile Suppliers of the US Market

Unit: Million $										
SUPPLIERS	2004	2005	2006	2007	2008	2009	2010	Share 2004 (%)	Share 2010 (%)	Growth 2004/20
China	4.572	6.100	7.046	7.742	8.018	6.946	8.844	21,6	36,5	93,4
India	1.799	2.063	2.294	2.377	2.447	2.100	2.684	8,5	11,1	49,2
EU-27	3.353	3.376	3.363	3.504	3.194	2.201	2.638	15,9	10,9	-21,3
Pakistan	1.492	1.724	1.925	1.723	1.644	1.452	1.608	7,1	6,6	7,8
Mexico	1.708	1.761	1.700	1.701	1.432	1.324	1.490	8,1	6,1	-12,7
Canada	2.030	2.052	1.943	1.833	1.508	1.281	1.457	9,6	6,0	-28,2
Korea	1.167	1.181	1.148	1.117	988	772	912	5,5	3,8	-21,8
Taiwan	765	736	698	731	661	490	605	3,6	2,5	-21,0
Turkey	670	748	687	713	638	465	589	3,2	2,4	-12,1
Japan	625	607	629	682	682	487	579	3,0	2,4	-7,4
Rest	2.944	2.863	2.837	2.941	2.931	2.427	2.829	13,9	11,7	-3,9
TOTAL	**21.126**	**23.212**	**24.270**	**25.064**	**24.143**	**19.944**	**24.236**	**100**	**100**	**14,7**
Source: US ITC										

Turkey, one of the traditional suppliers of the US market, underwent a market share loss either. Turkish textile exports fell by 12.1% between 2004 and 2010. Brazil could not succeed to benefit its geographical proximity to the market and its sales experienced a sharp decline (40.6%). Israel failed to increase its exports during this term. Although it has free trade agreement with the USA, its exports fell by 5.4%.

Similar to the EU market, in the US overall T&C market, among top ten suppliers, there are only for countries presenting lower unit values than China according to 2010 performances. Three out of four are the same competitors as in the EU market: Bangladesh (US$ 11.79), India (US$ 10.80) and Pakistan (US$ 7.06). Pakistan, once again, has been the cheapest seller among top ten suppliers. The fourth country selling below Chinese level is Honduras (US$ 9.47). Chinese unit values according to sector division are shown in Table.24.

Table 24: Chinese Unit Values in the US Market

Unit: $/Kg								
	2004	2005	2006	2007	2008	2009	2010	2004/2010 (%)
TEXTILES	7,75	7,84	7,84	8,04	8,45	8,12	8,22	6,03
CLOTHING	16,34	14,93	15,74	16,22	17,27	15,96	16,00	-2,09
T&C	12,44	12,17	12,59	13,13	13,84	13,26	13,21	6,19
Source: US ITC								

6.2 T&C Trade with Preferential Trade Partners

As a developed country the US opens its market to the developing and least developed countries. Preferential trade arrangements prevent trade barriers for the developing and the least developed countries and provide their smooth access to the market. In return, those countries become shining markets for the US exports. Similar to the EU applications, preferential trade arrangements of the USA vary from the countries located nearly to the overseas countries. Following section analyzes T&C trade of the US with its preferential partners and their export performances against China.

6.2.1 The Caribbean Basin Trade Partnership Act (CBTPA)

The Caribbean Basin Initiative (CBI) is a vital element in US economic relations with the Central American and the Caribbean countries. The CBI was developed to facilitate the economic development and export diversification of the Caribbean Basin economies. Launched in 1983, the Caribbean Basin Economic Recovery Act (CBERA) was substantially expanded in 2000 through the US-Caribbean Basin Trade Partnership Act (CBTPA). CBTPA entered into force on October 1, 2000 and continues in effect until September 30, 2020.[64]

[64] R. A. Hernandez,(2007), *Is the phasing out of the Agreement on Textiles and Clothing eroding competitiveness in Central America and the Dominican Republic?*, Cepal Review 93, pp.105-121

There are currently eighteen countries that benefit from the CBI program and, therefore, may potentially benefit from CBTPA through duty-free access to the US market for most goods. These countries are: Antigua and Barbuda, Aruba, Bahamas, Barbados, Belize, British Virgin Islands, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Netherlands Antilles, Panama, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago.

El Salvador, Guatemala, Nicaragua, Honduras, Costa Rica and Dominican Republic have become parties to CAFTA-DR and are no longer eligible for CBTPA benefits.

6.2.1.1 T&C Trade with the CBTPA Countries

Clothing sales constitutes most of the T&C exports of the CBTPA countries. Nearly 99% of overall exports have been performed by Haiti (see Table.25). Although Haiti experienced a sharp decline in textile exports (75.96%), it increased its clothing exports by 58.04% between 2004 and 2010. The T&C exports of Guyana and Panama fell by 36.88% and 86.79% respectively.

Table 25: T&C Trade with the CBTPA Countries

Unit: Thousand $									
PARTNERS	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Share 2010 (%)**	**2004/2010 (%)**
EXPORTS OF TEXTILES									
Barbados	772	670	691	705	844	648	858	44,41	11,14
Haiti	2.379	222	1.668	411	321	429	572	29,61	-75,96
Jamaica	287	405	626	300	420	331	414	21,43	44,25
Panama	505	708	1.056	151	283	122	73	3,78	-85,54
Trin &	76	206	121	34	38	29	6	0,31	-92,11
St Lucia Is	399	8	6	0	0	0	4	0,21	-99,00
Belize	89	197	66	48	15	1	3	0,16	-96,63
Guyana	4	9	14	6	2	3	2	0,10	-50,00
Total	**4.511**	**4.423**	**4.248**	**1.655**	**1.922**	**1.562**	**1.932**	**100**	**-57,17**
EXPORTS OF CLOTHING									
Haiti	334.426	414.582	457.793	460.492	422.331	523.218	528.528	98,89	58,04
Guyana	7.547	5.876	4.935	4.752	4.502	4.721	4.194	0,78	-44,43
Panama	3.832	4.001	3.225	3.483	3.325	2.457	159	0,03	-95,85
Barbados	161	152	132	85	48	40	86	0,02	-46,58
Trin &	992	857	305	125	182	54	25	0,00	-97,48
Jamaica	86.781	57.392	49.522	37.115	16.826	836	20	0,00	-99,98
St Lucia Is	2.389	313	184	303	55	0	5	0,00	-99,79
Belize	18.776	17.664	19.217	10.394	171	0	1	0,00	-99,99
Total	**454.903**	**500.838**	**535.314**	**516.747**	**44.744**	**531.326**	**534.449**	**100**	**17,49**
EXPORTS OF T&C									
Haiti	336.805	416.802	459.462	460.904	422.652	523.647	529.386	98,70	57,18
Guyana	7.551	5.885	4.949	4.757	4.503	4.725	4.766	0,89	-36,88
Panama	4.337	4.709	4.281	3.633	3.608	2.579	573	0,11	-86,79
Barbados	933	823	823	790	892	688	159	0,03	-82,96
Jamaica	87.068	57.798	50.148	37.415	17.246	1.167	31	0,01	-99,96
Trin &	1.067	1.063	426	159	220	82	24	0,00	-97,75
St Lucia Is	2.789	321	190	303	55	0	8	0,00	-99,71
Belize	18.865	17.861	19.283	10.441	186	1	3	0,00	-99,98
Total	**459.414**	**505.261**	**539.562**	**518.402**	**449.363**	**532.888**	**536.381**	**100**	**16,75**
Source: US ITC									

The USA outperformed all of its CBTPA partners in bilateral T&C trade except Haiti (see Table.26). When having trade surplus against all the CBTPA countries, the US met with trade deficit worth US$ 466 million in T&C trade.

Table 26: Trade Balance Between Us and Its CBTPA Partners In T&C Trade (*)

Unit: Million $

PARTNERS	2004	2005	2006	2007	2008	2009	2010
Panama	18	12	14	25	30	29	41
Trin & Tobago	11	11	14	15	16	16	18
Jamaica	-19	-10	1	-6	2	10	15
Barbados	5	3	3	6	6	5	6
Belize	-9	-8	-8	-3	2	3	4
St Lucia Is	-1	0	1	2	1	2	2
Guyana	1	0	0	0	1	-1	2
Haiti	-140	-182	-274	-387	-375	-483	-466
Total	**-134**	**-174**	**-249**	**-348**	**-317**	**-419**	**-377**

(*) Figures show US exports minus US imports, to/from its partners

Source: US ITC

As it may be seen from Table.27 Haiti has been the only country having cheaper unit values than China among CBTPA partners. This explains its outstanding export performance in overall T&C trade. Its 2010 unit value in 2010 in overall T&C exports is US$ 7.93. Selling prices of the rest are quite above the Chinese prices.

Table 27: Unit Values among CBTPA Partners

Unit: $/Kg								
PARTNERS	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2004/2010 (%)**
UNIT PRICES IN TEXTILES								
Barbados	142,88	832,37	N/A	1.346,86	6.773,80	N/A	41,58	-70,90
Haiti	25,72	82,75	102,86	68,78	26,29	9,28	6,28	-75,57
Jamaica	14,17	11,11	11,72	116,68	135,63	89,89	84,23	494,44
Panama	10,11	6,81	12,47	4,51	63,29	4,41	25,06	147,87
Trin & Tobago	33,72	17,02	46,92	14,42	44,79	11,73	24,29	-27,95
St Lucia Is	N/A	137,06	323,40	N/A	N/A	N/A	129,30	N/A
Belize	1.741,83	N/A	1.319,94	748,88	553,38	90,00	44,63	-97,44
Guyana	24,22	44,20	N/A	N/A	N/A	N/A	N/A	N/A
UNIT PRICES IN CLOTHING								
Haiti	7,35	6,51	6,28	6,33	5,97	7,37	8,11	10,36
Guyana	15,37	16,63	14,99	14,23	19,13	30,16	22,64	47,36
Panama	14,73	16,41	16,79	11,99	14,72	13,12	14,93	1,35
Barbados	88,08	84,47	38,23	12,09	15,23	133,40	4,55	-94,84
Trin & Tobago	19,77	19,44	18,91	10,38	23,12	21,11	100,48	408,38
Jamaica	13,79	15,06	17,87	20,42	17,24	20,81	63,08	357,29
St Lucia Is	10,65	3,75	4,20	9,67	7,37	N/A	60,72	470,39
Belize	11,05	11,63	14,60	11,60	14,05	N/A	50,46	356,61
UNIT PRICES IN T&C								
Haiti	7,25	6,44	6,19	6,22	5,83	7,23	7,93	9,48
Guyana	14,86	15,89	14,15	13,81	18,42	29,26	21,66	45,70
Panama	13,49	12,93	14,52	10,49	14,73	11,55	14,16	4,97
Barbados	127,94	305,82	223,50	92,02	237,36	1.924,71	22,72	-82,24
Jamaica	13,57	14,73	17,40	20,16	17,15	25,99	81,99	504,38
Trin & Tobago	19,16	17,94	21,74	10,23	22,47	13,87	53,35	178,47
St Lucia Is	11,50	3,66	3,99	9,32	6,41	N/A	68,17	492,54
Belize	10,78	11,48	14,21	11,22	14,45	90,00	42,55	294,58
Source: US ITC								

6.2.2 The African Growth Opportunity Act (AGOA)

A trade bill (also referred to as the African Growth Opportunity Act) exemplifying a new US trade and development policy initiative towards the Sub-Saharan Africa (SSA), was enacted in May 2000. Presently, there are 38 SSA countries eligible for AGOA[65]. In order to be an AGOA eligible country: (1) the country must be within the boundaries of SSA, (2) the country must qualify for GSP, (3) the country must qualify for AGOA benefits. In other words, being a GSP associate country is a prerequisite for AGOA eligibility.[66]

AGOA provides duty-free and quota-free US market access for clothing made in eligible SSA countries from the US fabric, yarn and thread. Additionally, it provides eligibility for these items made from fabric produced in eligible SSA countries. Under a special rule, the lesser developed beneficiary countries (LDBCs) were granted duty-free US market access for clothing made from fabric and yarn originating anywhere in the world until September 30, 2004.[67] LDBCs are designated SSA beneficiary countries with a per capita GNP of less than US$ 1,500 in 1998. The Trade Act of 2002 exempts Botswana and Namibia from this criterion, granting these two countries LDBC status.[68] The Trade Act of 2002 modified and expanded these AGOA provisions for imports from eligible SSA countries (AGOA II). By the end of April 2003, 38 of 48 eligible SSA countries had been designated AGOA beneficiary countries; and half of these 38 countries

---

65 Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Chad, Comoros, Congo, Djibouti, Ethiopia, Gabonese (Republic),The Gambia, Ghana, Guinea-Bissau, Kenya, Lesotho, Liberia, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, South Africa, Swaziland, Tanzania, Togo, Uganda, Zambia

66 M. K. Traore, (2004), *International Textile Trading Regime and Textile Industry Development In the Developing Countries*, unpublished Phd. thesis submitted to Graduate Faculty of Auburn University,p.129

67 T. L. Walmsley et al., (2004), *The Impact of ROO on Africa's Textiles and Clothing Trade under AGOA*, Paper prepared for: The 7th Annual Conference On Global Economic Analysis,(available at http://ae761-s.agecon.purdue.edu/resources/download/1844.pdf) , accessed on October 2011,pp.1-19

68 S. A. Rivera, et al.(2003), *Africa Beyond 2005: Understanding the Impact of Eliminating NTBs and tariffs on Textiles and Clothing, Paper prepared for: The 7th Annual Conference On Global Economic Analysis*,(available athttps://www.gtap.agecon.purdue.edu/resources/download/1670.pdf), accessed on November 2011,pp.1-12

had met the additional requirements to qualify for the AGOA clothing benefits. All 19 countries, excluding Mauritius and South Africa, were eligible for LDBC benefits, allowing producers in these countries to use third country fabric in qualifying clothing items.[69]

AGOA may be evaluated as a challenge to the Lome Convention of the EU. At least, it stands as an institution that could offset the massive influence of the EU in SSA established through the machinery of the Lome agreements. Furthermore, by participating in AGOA, the interested SSA countries will abide de facto by certain WTO rules, which are more favorable to the US than to SSA. In addition, a large membership would allow the US to reinforce its leadership status, as well as its political influence, throughout the 21st century and even beyond.[70]

6.2.2.1 T&C Trade with the AGOA Countries

Although SSA is a cotton-rich region accounting for 10% of the world production of cotton, textile exports from the region are quite limited. Only performance worth to mention here belongs to South Africa. However, its exports have met with consistent decline especially after 2006(see Table.28). The figures were down by 58.74% when compared to 2004. On the other hand, as mentioned before, South Africa exports textiles to the EU as well and the amount sold to the EU is quite above the amount sold to the US. (Year 2010: EUR 125.6 million to the EU and US$ 16.04 million to the US). Overall textile exports of the region fell by 54.43% between 2004 and 2010.

---

[69] Ibid.,

[70] Traore, op cit.,p.131

Lesotho, Kenya, Mauritius, Swaziland and Madagascar have been the leaders in clothing exports to the US. All of those experienced declines in clothing exports to the US between 2004 and 2010. However, excluding Madagascar, all of them increased their sales in 2010 in comparison with 2009. In overall T&C exports, Ethiopia, Cameroon and Niger have been the only countries increasing their sales to the US. But the amount they exported cannot be compared with Lesotho, Kenya or Mauritius and Swaziland. The exports of those four countries exceed 85% of total exports of AGOA countries. Overall T&C exports in the grouping are down by 55.43% and the exports have been continuously declining.

Table 28: T&C Trade with the AGOA Countries

Unit: Thousand $

PARTNERS	2004	2005	2006	2007	2008	2009	2010	Share 2010 (%)	2004/2010 (%)
EXPORTS OF TEXTILES									
South Africa	38.881	35.162	40.264	34.362	31.506	16.656	16.044	78,05	-58,74
Mauritius	278	325	216	133	270	1.190	916	4,46	229,50
Niger	59	13	175	80	27	7	869	4,23	1.372,88
Kenya	113	319	935	989	352	254	416	2,02	268,14
Madagascar	60	64	80	307	400	301	390	1,90	550,00
Senegal	22	25	82	78	348	334	186	0,90	745,45
Cameroon	34	54	97	72	243	265	90	0,44	164,71
Ghana	51	65	39	78	86	92	78	0,38	52,94
Ethiopia	45	9	1.046	311	76	26	75	0,36	66,67
Lesotho	75	106	176	53	89	48	41	0,20	-45,33
Swaziland	40	120	30	9	29	16	39	0,19	-2,50
Mali	54	55	32	76	57	66	31	0,15	-42,59
Seychelles	111	8	1	15	0	8	31	0,15	-72,07
Namibia	201	24	154	24	69	4	24	0,12	-88,06
Burkina Faso	6	5	11	0	23	10	24	0,12	300,00
Rest	5.073	4.169	4.759	3.629	3.309	1.632	1.301	6,33	-74,35
Total	**45.103**	**40.523**	**48.097**	**40.216**	**36.884**	**20.909**	**20.555**	**100**	**-54,43**
EXPORTS OF CLOTHING									
Lesotho	481.787	408.227	407.101	402.280	358.724	290.040	293.582	35,42	-39,06
Kenya	295.520	286.129	278.239	260.382	258.396	203.385	211.821	25,55	-28,32
Mauritius	239.732	175.433	125.093	120.953	106.404	106.090	126.140	15,22	-47,38
Swaziland	188.467	168.645	142.071	142.091	132.426	98.603	97.841	11,80	-48,09
Madagascar	345.729	293.682	253.746	306.866	294.750	222.751	57.717	6,96	-83,31
Botswana	21.441	31.452	29.818	32.732	16.575	13.117	12.208	1,47	-43,06
Malawi	28.803	24.018	18.882	20.587	13.187	9.400	10.727	1,29	-62,76
Ethiopia	3.717	3.819	5.228	4.993	10.499	7.197	7.012	0,85	88,65
South Africa	149.404	69.844	50.437	25.345	19.112	11.199	6.789	0,82	-95,46
Tanzania	2.797	3.491	3.131	2.941	1.538	1.035	2.148	0,26	-23,20
Ghana	8.078	5.675	10.314	8.303	988	411	970	0,12	-87,99
Cameroon	239	342	156	419	508	989	896	0,11	274,90
Uganda	4.503	5.139	1.340	1.195	430	196	448	0,05	-90,05
Sierra Leone	1.527	132	533	277	212	266	289	0,03	-81,07
Nigeria	96	178	87	71	77	39	71	0,01	-26,04
Rest	88.819	61.576	36.341	31.477	276	182	230	0,03	-99,74
Total	**1.860.659**	**1.537.782**	**1.362.517**	**1.360.912**	**1.214.102**	**964.900**	**828.889**	**100**	**-55,45**
EXPORTS OF T&C									
Lesotho	481.866	408.338	407.289	402.337	358.821	290.089	293.626	34,57	-39,06
Kenya	295.658	286.480	279.235	261.442	258.781	203.659	212.267	24,99	-28,21
Mauritius	240.048	175.787	125.331	121.109	106.706	107.350	127.115	14,96	-47,05
Swaziland	188.508	168.770	142.103	142.101	132.457	98.623	97.887	11,52	-48,07
Madagascar	345.797	293.758	253.845	307.196	295.173	223.080	58.139	6,84	-83,19
South Africa	191.309	107.986	93.946	62.219	52.685	28.889	23.788	2,80	-87,57
Botswana	21.444	31.459	30.074	32.923	16.747	13.120	12.210	1,44	-43,06
Malawi	28.803	24.018	18.882	20.587	13.187	9.401	10.728	1,26	-62,75
Ethiopia	3.763	3.830	6.345	5.331	10.593	7.234	7.105	0,84	88,81
Tanzania	3.638	4.438	3.894	3.446	1.932	1.248	2.160	0,25	-40,63
Ghana	8.140	5.749	10.361	8.402	1.097	527	1.071	0,13	-86,84
Cameroon	277	407	266	500	780	1.289	992	0,12	258,12
Niger	71	16	341	90	44	27	882	0,10	1.142,25
Uganda	4.503	5.144	1.343	1.266	440	204	462	0,05	-89,74
Sierra Leone	1.532	142	598	311	364	305	294	0,03	-80,81
Rest	90.405	61.983	36.761	31.868	1.179	764	718	0,08	-99,21
Total	**1.905.762**	**1.578.305**	**1.410.614**	**1.401.128**	**1.250.986**	**985.809**	**849.444**	**100**	**-55,43**

Source: US ITC

The ranking in the overall T&C trade also determines the ranking in the trade balance (see Table.29). The largest T&C exporters had trade surplus against the US. However, in line with total exports, trade surplus of those tend to decline consistently since 2004. Thus, T&C imports from the US have significantly increased between 2004 and 2010.

Table 29: Trade Balance Between US and Its AGOA Partners In T&C Trade (*)

Unit: Million $

PARTNERS	2004	2005	2006	2007	2008	2009	2010
South Africa	-146	-66	-56	-20	-7	7	13
Ghana	4	4	-3	-1	4	7	11
Senegal	4	4	5	7	8	8	9
Uganda	-2	-4	0	1	3	2	3
Sierra Leone	2	1	1	2	1	2	2
Niger	4	4	5	4	4	1	1
Cameroon	0	0	0	0	0	0	0
Ethiopia	-3	-2	-6	-5	-8	-5	-3
Malawi	-26	-22	-17	-18	-11	-8	-9
Botswana	-20	-30	-28	-31	-16	-12	-12
Madagascar	-323	-277	-238	-288	-278	-210	-54
Swaziland	-179	-161	-135	-135	-125	-94	-94
Mauritius	-225	-166	-118	-114	-101	-101	-119
Kenya	-268	-263	-256	-240	-235	-184	-185
Lesotho	-456	-391	-387	-384	-340	-278	-281
Total	**-1.634**	**-1.368**	**-1.233**	**-1.221**	**-1.099**	**-866**	**-716**

(*) Figures show US exports minus US imports, to/from its partners

Source: US ITC

When the unit values of top three exporters in overall T&C trade in 2010 are analyzed, it is seen that Lesotho (US$ 12.35) and Kenya (US$ 13.01) have sold their products with insignificant differences from the Chinese goods (see Table.30). That is why they could not prevent themselves from outperforming by China. Furthermore, unit values of Mauritius are almost two times higher than the Chinese prices.

Table 30: Unit Values among AGOA Partners

Unit: $/Kg

PARTNERS	2004	2005	2006	2007	2008	2009	2010	2004/2010 (%)
UNIT PRICES IN TEXTILES								
South Africa	31,78	28,26	19,00	17,71	12,35	19,93	23,15	-27,15
Mauritius	10,89	17,14	27,54	24,14	38,11	3,19	5,68	-47,84
Niger	29,69	28,43	6,68	85,97	41,41	33,07	40,29	35,70
Kenya	22,48	27,96	10,20	32,73	39,26	68,10	39,27	74,66
Madagascar	115,73	13,11	14,98	37,19	154,70	120,80	80,88	-30,11
Senegal	24,41	43,52	30,07	149,78	283,50	510,49	16,46	-32,58
Cameroon	43,23	31,16	5,69	6,84	9,86	6,51	5,29	-87,77
Ghana	18,60	10,49	19,32	18,80	23,51	18,16	20,92	12,47
Ethiopia	27,43	10,87	5,68	6,15	10,27	28,94	42,75	55,84
Lesotho	9,24	7,06	7,55	8,28	10,08	15,52	8,52	-7,73
Swaziland	137,73	170,22	153,88	153,09	49,17	64,48	22,31	-83,80
Mali	2,01	3,94	7,88	25,84	2,63	2,90	12,84	539,21
Seychelles	72,96	331,80	N/A	N/A	N/A	12,18	12,75	-82,53
Namibia	59,72	34,58	25,96	44,41	163,07	27,59	81,66	36,74
Burkina Faso	15,57	18,48	2,60	N/A	52,52	29,91	21,02	34,97
UNIT PRICES IN CLOTHING								
Lesotho	11,74	12,46	12,13	11,95	11,76	11,87	12,35	5,24
Kenya	12,36	11,75	12,49	12,98	13,58	13,40	12,99	5,09
Mauritius	19,39	20,27	21,79	23,28	27,36	25,59	26,40	36,16
Swaziland	11,69	11,51	10,95	11,12	11,80	12,23	12,69	8,49
Madagascar	14,64	12,99	13,12	13,19	14,03	13,93	12,74	-12,94
Botswana	12,23	11,78	11,18	16,57	14,08	11,68	13,62	11,35
Malawi	11,43	11,90	11,30	11,70	13,25	13,65	15,01	31,28
Ethiopia	7,64	10,32	8,03	9,62	11,31	10,57	12,08	58,08
South Africa	12,98	14,39	14,63	18,44	18,02	19,96	28,58	120,24
Tanzania	11,76	10,75	10,76	12,01	13,67	10,29	4,74	-59,68
Ghana	5,23	5,31	8,16	9,79	11,60	21,92	16,85	221,95
Cameroon	31,64	27,89	13,56	17,63	14,75	6,76	23,82	-24,72
Uganda	9,69	10,05	10,03	14,50	28,26	1,31	10,57	9,12
Sierra Leone	47,76	90,20	57,93	42,51	258,79	196,79	185,21	287,77
Nigeria	8,20	12,52	11,86	11,90	4,67	10,69	12,08	47,37
UNIT PRICES IN T&C								
Lesotho	11,74	12,46	12,13	11,95	11,76	11,88	12,35	5,24
Kenya	12,36	11,75	12,48	13,01	13,59	13,42	13,01	5,22
Mauritius	19,37	20,26	21,80	23,28	27,38	23,65	25,68	32,62
Swaziland	11,70	11,51	10,95	11,12	11,80	12,23	12,69	8,49
Madagascar	14,63	12,99	13,12	13,20	14,05	13,95	12,82	-12,42
South Africa	14,88	17,32	16,37	18,00	13,95	19,94	24,49	64,59
Botswana	12,23	11,78	11,16	16,55	14,11	11,69	13,62	11,36
Malawi	11,43	11,90	11,30	11,70	13,25	13,65	15,01	31,30
Ethiopia	7,72	10,32	7,49	9,28	11,30	10,59	12,18	57,84
Tanzania	6,72	6,65	65,91	8,50	9,68	7,48	4,76	-29,13
Ghana	5,26	5,34	8,18	9,83	12,14	21,04	17,12	225,54
Cameroon	32,77	28,31	8,76	14,13	12,67	6,71	1,79	-94,55
Niger	26,70	2,83	7,76	68,79	39,16	49,45	40,40	51,29
Uganda	9,69	10,06	10,05	15,31	28,45	13,20	10,71	10,48
Sierra Leone	47,66	57,70	32,63	47,32	447,04	223,43	188,58	295,69

Source: US ITC

6.2.3 The Andean Trade Promotion and Drug Eradication Act (ATPDEA)

In 2002, the US government signed the Andean Trade Promotion and Drug Eradication Act (ATPDEA) with Andean countries - Bolivia, Colombia, Ecuador, and Peru, which is the renewal of the previous Andean Trade Preference Act implemented between 1991 and 2001. ATPDEA is designed to provide duty and quota-free treatments to exports from the beneficiary countries to the US market, reduce drug production and trafficking, and promote economic development and democracies in the region.

6.2.3.1 T&C Trade with the ATPDEA Countries

Textiles exports of ATPDEA countries are quite limited when compared to the clothing exports. Textiles sales to the US mostly performed by Colombia and Peru. Although Colombian textile exports fell by 16.50% between 2004 and 2010, Peruvian exports rose by 79.33% (see Table.31). Peru - the largest clothing exporter in the region - maintains its significant performance in clothing exports and it experiences only 3.10% decline between 2004 and 2010. In overall T&C trade, Peru is down by only 1.20% between 2004 and 2010 while the rest had considerable declines. Like the other free trade arrangements of the US, ATPDEA exports to it tend to increase in 2010.

Table 31: T&C Trade with the ATPDEA Countries

Unit: Million $									
PARTNERS	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Share 2010 (%)**	**2004/2010 (%)**
EXPORTS OF TEXTILES									
Colombia	54,89	52,91	54,24	57,26	48,17	35,01	45,84	60,15	-16,50
Peru	16,65	22,75	22,95	20,68	25,63	22,95	29,85	39,18	79,33
Bolivia	0,32	0,37	0,27	0,20	0,16	0,17	0,26	0,35	-18,01
Ecuador	2,40	1,53	0,81	0,88	0,45	0,23	0,25	0,32	-89,74
Total	**74,25**	**77,55**	**78,28**	**79,02**	**74,41**	**58,36**	**76,20**	**100**	**2,62**
EXPORTS OF CLOTHING									
Peru	705,68	832,34	875,26	847,42	821,73	620,29	683,78	70,96	-3,10
Colombia	611,93	591,70	521,28	395,29	353,33	228,74	265,75	27,58	-56,57
Ecuador	19,32	19,35	15,35	17,70	12,02	8,07	8,19	0,85	-57,59
Bolivia	42,15	38,84	34,14	2,09	16,08	8,36	5,85	0,61	-86,13
Total	**1.379,07**	**1.482,24**	**1.446,02**	**1.281,32**	**1.203,17**	**865,46**	**963,57**	**100**	**-30,13**
EXPORTS OF T&C									
Peru	722,33	855,09	898,21	868,10	847,36	643,24	713,64	68,63	-1,20
Colombia	666,82	644,61	575,52	452,55	401,50	263,75	311,58	29,97	-53,27
Ecuador	21,72	20,89	16,15	18,58	12,48	8,30	8,44	0,81	-61,15
Bolivia	42,47	39,21	34,41	21,11	16,24	8,52	6,11	0,59	-85,61
Total	**1.453,33**	**1.559,79**	**1.524,29**	**1.360,34**	**1.277,58**	**923,82**	**1.039,77**	**100**	**-28,46**
Source: US ITC									

Ecuador is the only country having trade surplus against the US (see Table.32). Despite its leadership in overall T&C exports, Peru is the country giving largest deficit against the US. Total trade balance between the US and ATPDEA countries has consistently decreased since 2004. The overall deficit in 2004 was nearly US$ 1 billion and it is half billion in 2010.

Table 32: Trade Balance Between Us and Its ATPDEA Partners In T&C Trade (*)

Unit: Million $							
PARTNERS	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Ecuador	25	25	30	24	38	27	43
Bolivia	-35	-34	-28	-17	-12	-5	-1
Colombia	-408	-402	-296	-220	-176	-88	-88
Peru	-618	-757	-789	-705	-687	-510	-488
Total	**-1.035**	**-1.168**	**-1.083**	**-919**	**-837**	**-575**	**-535**

(*) Figures show US exports minus US imports, to/from its partners

Source: US ITC

Unit values of Peru (US$ 36.92), Colombia (US$ 17.70) and Bolivia (US$ 20.98) in overall T&C exports in 2010 are significantly above the Chinese prices (see Table.33). Although Ecuador has more competitive unit values than China, because of its insufficient export performance its difference is negligible. Unit values of Peru in overall T&C exports have been increasing consistently since 2004.

Table 33: Unit Values among ATPDEA Partners

Unit: $/Kg								
PARTNERS	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2004/2010 (%)**
UNIT PRICES IN TEXTILES								
Colombia	9,41	10,13	9,37	8,87	7,75	6,41	7,58	-19,44
Peru	23,65	37,20	43,34	48,52	55,83	80,58	82,27	247,83
Bolivia	70,77	85,99	10,13	48,46	47,60	106,45	119,32	68,61
Ecuador	6,51	18,46	3,67	17,33	25,19	12,40	14,16	117,48
UNIT PRICES IN CLOTHING								
Peru	24,94	27,96	31,10	32,60	35,73	35,76	36,07	44,64
Colombia	17,88	18,14	19,48	21,55	23,69	25,37	22,93	28,29
Ecuador	10,31	11,60	12,03	10,54	14,14	12,97	13,10	27,12
Bolivia	20,64	24,38	21,40	17,05	17,98	18,26	20,26	-1,83
UNIT PRICES IN T&C								
Peru	24,91	28,15	31,33	32,85	36,11	36,47	36,92	48,24
Colombia	16,66	17,05	17,71	18,29	19,04	18,27	17,70	6,27
Ecuador	9,69	11,92	12,44	10,73	14,35	12,95	13,13	35,44
Bolivia	20,75	24,54	21,21	17,16	18,09	18,53	20,98	1,10
Source: US ITC								

6.2.4 North American Free Trade Agreement (NAFTA)

The US, Canada, and Mexico signed NAFTA in December 1993 that went into effect in January 1994. Along with the EU, NAFTA was considered the most comprehensive FTA to create the largest market / trade bloc against the EU, and the economic ties between Japan and neighboring countries. NAFTA was expected to expand eventually the North American Free Trade area to Central and South America and the APEC countries.

The creation of a North American free trade and production zone without barriers on movements of goods, services, investments, and capital was aimed at facilitating the necessary restructuring and improving competitiveness of North American transnational corporations. The Mexican government had pursued NAFTA to revitalize its impoverished economy. The country's economy had been impoverished since World War II as a result of its protectionism and inward-oriented / import-substitution development policy. Mexico underwent a debt crisis in 1982 due to rising international interest rates, peso devaluation, and the fall of oil prices.[71]

To deal with its economic crisis, the Mexican government initiated trade reform in 1985 to participate in international competition and decrease dependence on oil exports. It also joined the GATT in 1986 to indicate its political shift to an outward-oriented, export-promotion development policy. Mexico's needs to recover economic growth, improve access to the US market, and improve the credibility of a political shift to outward-oriented development policy were reflected in its signing of the Framework Agreement with the US in 1987 and a four-year bilateral textile agreement in 1988. Mexico proposed a free trade agreement with the US in 1988 and it launched liberalization and integration policy of trade and foreign investments in 1990, endorsed a bilateral free trade

[71] Mikyung Lim, (2006), *An Assessment of the Impact of the North American Free Trade Agreement (NAFTA) on the U.S. Textile Industry's Production Activities: Qualitative and Quantitative Approaches*, unpublished Phd. thesis submitted to the Faculty of the Virginia Polytechnic Institute and State University, p.24

agreement, and completed NAFTA negotiations with Canada in 1992. Mexico also engaged in a special regime program to export its assembled apparel goods made of US inputs to the US market without quota restrictions and with tariffs imposed on the value added. The MFA quotas on US imports of Mexican origin textile goods were immediately eliminated upon the implementation of NAFTA while those on non-originating imports faced a ten-year MFA phase-out schedule.[72]

6.2.4.1 T&C Trade with the NAFTA Countries

In both T&C exports, Mexico and Canada experienced declines. Total loss in textiles is 21.16% and 50.03% in clothing (see Table.34). However, export performances of two seem to be rising between 2009 and 2010. Although their exports consistently decline till 2009, the figures tend to rise in 2010. In overall T&C exports, the view is quite same. Average loss of both countries is 41.15% between 2004 and 2010. In 2010, again, their exports tend to increase. Geographical proximity and free trade advantages do not seem to help those countries to protect their pre-2005 positions.

[72] Ibid.,pp.25-27

Table 34: T&C Trade with the NAFTA Countries

Unit: Million $									
PARTNERS	2004	2005	2006	2007	2008	2009	2010	Share 2010 (%)	2004/2010 (%)
EXPORTS OF TEXTILES									
Mexico	1.708	1.761	1.700	1.701	1.432	1.324	1.490	50,57	-12,74
Canada	2.030	2.052	1.943	1.833	1.508	1.281	1.457	49,43	-28,24
Total	**3.738**	**3.814**	**3.643**	**3.534**	**2.940**	**2.605**	**2.947**	**100**	**-21,16**
EXPORTS OF CLOTHING									
Mexico	6.903	6.282	5.492	4.665	4.164	3.508	3.701	87,92	-46,39
Canada	1.521	1.298	1.184	976	714	491	509	12,08	-66,55
Total	**8.424**	**7.580**	**6.676**	**5.641**	**4.878**	**4.000**	**4.209**	**100**	**-50,03**
EXPORTS OF T&C									
Mexico	8.611	8.043	7.191	6.366	5.596	4.832	5.191	72,54	-39,71
Canada	3.551	3.350	3.127	2.809	2.223	1.772	1.966	27,46	-44,65
Total	**12.162**	**11.393**	**10.319**	**9.175**	**7.818**	**6.604**	**7.157**	**100**	**-41,15**
Source: US ITC									

The US maintains its surplus in T&C trade against Canada (see Table.35). The US superiority in T&C trade is consistently rising till the end of 2009. As mentioned above the T&C exports of Canada and Mexico rises in 2010 compared to previous year and this help Canada to decrease its trade deficit against the US. Mexico has s trade surplus since 2004 over US exports. However, its superiority tends to decline consistently. In 2010, its surplus declined to US$ 631 million from the worth of US$ 3.14 billion in 2004.

Table 35:Trade Balance Between US and Its NAFTA Partners In T&C Trade (*)

Unit: Million $							
PARTNERS	2004	2005	2006	2007	2008	2009	2010
Canada	505	505	912	1.166	1.846	1.697	1.946
Mexico	-3.138	-2.659	-1.994	-1.826	-1.232	-1.120	-631
Total	**-3.137**	**-2.154**	**-1.083**	**-660**	**614**	**577**	**1.315**
(*) Figures show US exports minus US imports, to/from its partners							
Source: US ITC							

Both countries have higher unit values in overall T&C trade than China (see Table.36). Altough Mexico have had competitive prices in clothing trade since 2004, due to its significantly higher prices in textile, it has lagged behind

China. Uncompetitive prices have caused these two countries to lose their places in the US overall T&C market. In 2004, Mexico was the 2nd largest exporter behind China and Canada was at 5th place. In 2010, Mexico ranked as the 5th largest T&C seller and Canada was the 10th.

Table 36: Unit Values among NAFTA Partners

Unit: $/Kg								
PARTNERS	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2004/2010 (%)**
UNIT PRICES IN TEXTILES								
Mexico	18,81	22,28	24,92	23,88	26,69	25,75	25,69	36,61
Canada	14,34	15,61	16,53	16,74	20,11	21,19	22,93	59,88
UNIT PRICES IN CLOTHING								
Mexico	11,95	12,19	12,05	12,37	12,52	12,56	12,69	6,15
Canada	40,00	44,52	48,62	50,78	62,53	71,55	62,54	56,32
UNIT PRICES IN T&C								
Mexico	12,79	13,43	13,63	14,10	14,37	14,51	14,74	15,25
Canada	19,71	20,81	22,01	21,80	25,68	26,29	27,38	38,90
Source: US ITC								

6.2.5 Dominican Republic – Central America FTA (CAFTA-DR)

The developing countries that signed CAFTA-DR Agreement – Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras and Nicaragua- already enjoy preferential access to the US market under the trade partnership agreement (CBTPA) signed between the US and those of the Caribbean basin.

CAFTA-DR Agreement, which was signed in 2004, maintained the benefits that previously had been granted by CBI, and expanded its preferences to include imports of short-supply merchandise from AGOA, ATPDEA and CBTPA beneficiary countries in its rule of origin. It also allowed Nicaragua to maintain annual quotas for fabric or spun yarn for a limited time and allowed Costa Rica to do the same with wool. According to the Agreement provisions, Nicaragua obtained the benefit of the Preferential Tariff Regime, which grants levels of preferential access to the US market for garments made with fabrics or yarns that do not originate from CAFTA-DR countries. This regime provided Nicaragua to import up to 100 million m^2 or US$ 300 million worth of fabrics per year from any country, for the purpose of manufacturing garments and exporting them to the US. This benefit was given for nine years and Nicaragua was the only country that obtained this.[73]

6.2.5.1 T&C Trade with the CAFTA-DR Countries

Textiles exports of CAFTA-DR countries mostly performed by Dominican Republic and El Salvador (see Table.37). Their exports to the US exceed 75% of total CAFTA-DR countries. When 2004 and 2010 performances compared, both countries increased their exports. In clothing exports, only country raised its exports is Nicaragua. Clothing exports of it, increased by 70.72% between 2004 and 2010.

In overall T&C exports, the forerunners – Honduras and El Salvador – experienced decreases, 9.54 % and 3.86% respectively. Guatemala, Dominican Republic and Costa Rica met with major declines in their T&C exports. Nicaragua, again, is the only country increased its exports in overall T&C trade. As mentioned before, Nicaragua enjoyed the benefit of using third party input in its garment exports to the US. Thus, this benefit only given to Nicaragua, seemed to help it boosting its exports and providing stability in its exports to the US.

[73] Hernandez, op cit.,p.110

Table 37: T&C Trade with the CAFTA-DR Countries

Unit: Million $

PARTNERS	2004	2005	2006	2007	2008	2009	2010	Share 2010 (%)	2004/2010 (%)
EXPORTS OF TEXTILES									
Dominican Rep	80,91	93,43	90,60	94,20	97,93	103,51	104,71	52,28	29,40
El Salvador	37,30	28,82	27,08	23,30	40,06	34,23	48,79	24,36	30,78
Costa Rica	10,33	10,31	10,77	8,33	12,42	8,83	9,62	4,80	-6,85
Honduras	10,85	17,11	18,92	28,60	31,84	20,37	2,38	1,19	-78,09
Guatemala	16,30	18,36	15,49	15,54	15,49	11,68	1,22	0,61	-92,51
Nicaragua	1,08	1,16	0,79	0,85	1,08	1,53	1,19	0,60	10,97
Total	**156,78**	**169,19**	**163,66**	**170,83**	**198,82**	**180,14**	**200,29**	**100**	**27,75**
EXPORTS OF CLOTHING									
Honduras	2.800,37	2.744,39	2.577,73	2.648,06	2.740,83	2.156,35	2.540,75	34,97	-9,27
El Salvador	1.760,02	1.657,60	1.443,33	1.522,49	1.572,88	1.328,79	1.679,16	23,11	-4,59
Guatemala	2.007,18	1.872,15	1.722,71	1.496,70	1.431,55	1.138,71	1.190,68	16,39	-40,68
Nicaragua	614,14	736,13	903,74	993,85	962,61	918,38	1.048,43	14,43	70,72
Dominican Rep	2.076,32	1.865,72	1.568,13	1.068,87	853,77	621,32	633,99	8,73	-69,47
Costa Rica	526,43	491,48	474,92	431,78	309,26	209,94	171,74	2,36	-67,38
Total	**9.784,45**	**9.367,47**	**8.690,55**	**8.161,74**	**7.870,90**	**6.373,49**	**7.264,75**	**100**	**-25,75**
EXPORTS OF T&C									
Honduras	2.811,22	2.761,50	2.596,65	2.676,66	2.772,68	2.176,72	2.543,13	34,22	-9,54
El Salvador	1.797,32	1.686,42	1.470,41	1.545,79	1.612,94	1.363,02	1.727,94	23,25	-3,86
Guatemala	2.023,48	1.890,52	1.738,20	1.512,24	1.447,03	1.150,38	1.191,90	16,04	-41,10
Nicaragua	615,21	737,30	904,53	994,70	963,69	919,91	1.049,62	14,12	70,61
Dominican Rep	2.157,23	1.959,15	1.658,73	1.163,07	951,70	724,83	738,69	9,94	-65,76
Costa Rica	536,76	501,79	485,69	440,11	321,69	218,77	181,37	2,44	-66,21
Total	**9.941,23**	**9.536,67**	**8.854,20**	**8.332,57**	**8.069,72**	**6.553,63**	**7.432,65**	**100**	**-25,23**

Source: US ITC

El Salvador has been the country having the largest trade deficit against the US in overall T&C trade (see Table.38). Although it was in second place in T&C exports to the US, it has also been in first place in T&C imports from the US. Excluding Nicaragua, trade deficits of CAFTA-DR countries have tendency of decline since 2004. In parallel to rising in its exports, Nicaragua increased its T&C imports from the US.

Table 38: Trade Balance Between US and Its CAFTA Partners In T&C Trade (*)

Unit: Million $

PARTNERS	2004	2005	2006	2007	2008	2009	2010
Dominican Rep	-847	-832	-599	-371	-269	-140	-65
Costa Rica	-186	-204	-218	-219	-156	-97	-71
Guatemala	-1.521	-1.431	-1.333	-1.077	-1.057	-828	-843
Nicaragua	-499	-622	-793	-879	-828	-801	-891
Honduras	-1.198	-1.242	-1.106	-1.077	-1.140	-1.062	-104
El Salvador	-1.075	-995	-816	-918	-1.020	-919	-1.193
Total	**-5.325**	**-5.326**	**-4.864**	**-4.542**	**-4.471**	**-3.846**	**-4.103**

(*) Figures show US exports minus US imports, to/from its partners

Source: US ITC

When the unit values concerned, Nicaragua seems to be the only country enjoying its lower unit values than China. In 2010, Nicaragua sold its T&C products at an average rate of US$ 10.78, which is quite competitive than Chinese prices (see Table.39). Honduras and El Salvador met with declines in 2010 in comparison with 2004 despite their competitive unit values. However, their exports have tended to increase since 2009. Guatemala underwent a sharp decline in its overall T&C exports in accordance with its higher unit values than China.

Table 39: Unit Values among CAFTA Partners

Unit: $/Kg

PARTNERS	2004	2005	2006	2007	2008	2009	2010	2004/2010 (%)
UNIT PRICES IN TEXTILES								
Dominican Rep	237,28	415,66	623,27	498,15	456,59	226,02	150,31	-36,65
El Salvador	10,44	8,95	8,05	9,91	9,98	9,29	10,84	3,88
Costa Rica	319,93	319,01	657,79	194,01	114,45	82,96	148,93	-53,45
Honduras	44,95	33,42	61,52	57,69	95,07	88,18	97,91	117,80
Guatemala	7,98	7,39	8,01	9,85	17,49	19,13	12,90	61,71
Nicaragua	6,82	30,15	18,65	8,38	15,01	7,73	14,22	108,34
UNIT PRICES IN CLOTHING								
Honduras	9,42	9,15	8,99	8,96	8,78	9,24	9,40	-0,20
El Salvador	10,51	9,99	10,90	10,39	10,23	11,25	10,93	4,01
Guatemala	14,17	14,27	14,74	15,00	16,28	16,22	16,57	16,89
Nicaragua	12,76	11,24	11,25	10,90	10,25	10,66	10,77	-15,54
Dominican Rep	16,25	15,61	15,30	16,27	14,87	16,28	14,34	-11,78
Costa Rica	10,46	10,89	11,31	12,03	14,59	18,36	21,01	100,83
UNIT PRICES IN T&C								
Honduras	9,44	9,18	9,04	9,03	8,86	9,31	9,47	0,29
El Salvador	10,51	9,97	10,83	10,38	10,23	11,19	10,93	4,00
Guatemala	14,09	14,15	14,63	14,93	16,30	16,24	16,52	17,27
Nicaragua	12,77	11,25	11,25	10,90	10,25	10,65	10,78	-15,63
Dominican Rep	16,83	16,35	16,16	17,64	16,50	18,75	16,44	-2,32
Costa Rica	10,64	11,10	11,55	12,23	15,06	18,92	21,96	106,35

Source: US ITC

6.2.6 Bilateral Free Trade Agreements

The US signed free trade agreement with Israel in order to enhance its political ties and provide support to a country encompassed by historical rival countries. The agreement aimed to end isolated condition of Israel and naturally it targeted to create a new market without barriers for the US exports. The agreement entered into force in 1985.

Free trade agreements with Jordan (2001) and Morocco (2006) was signed to break the EU influence in the Middle East and North Africa. As a moderate Middle Eastern country, Jordan shines like an ideal market for the US goods.

Morocco is also in need of US goods for its developing industries. Chile (2004) has been the next step for furthering the US influence in Latin America. Agreement with Singapore (2004) aimed to benefit Singapore's quality outputs in homeland and providing new market without barriers.

6.2.6.1 T&C Trade with the FTAs

Israel has been the largest textile exporter among all other FTA countries (see Table.40). In 2010, it exported 94.32% of all textile exports in this grouping. Besides, its exports show a relative stability since 2004, corresponding to only 5.15% decline between 2004 and 2010. Chile, Jordan and Morocco all increased their textiles exports during this term.

Jordan has been the largest exporter in clothing. It performed 78.93% of total clothing exports in the grouping. Its exports tend to be stable till 2008. All the other countries in this grouping experienced declines in clothing exports to the US.

In overall T&C exports, Jordan ranks first and Israel follows it. Total T&C exports in the FTA grouping fell by 32.03% between 2004 and 2010. In line with Jordanian performance, overall exports in the grouping rose in 2010 when compared to 2009 figures.

Table 40: T&C Trade with the FTA Countries

Unit: Million $									
PARTNERS	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**Share 2010 (%)**	**2004/2010 (%)**
EXPORTS OF TEXTILES									
Israel	346,77	357,31	346,52	332,70	355,47	318,03	328,91	94,32	-5,15
Chile	6,06	10,20	10,08	15,95	10,08	6,29	9,41	2,70	55,37
Jordan	0,27	0,70	0,50	0,69	1,68	0,22	2,44	0,70	818,87
Morocco	2,02	4,76	2,77	2,82	2,98	1,76	2,12	0,61	4,70
Singapore	1,98	2,85	2,21	1,83	2,26	0,28	0,59	0,17	-70,33
Total	**357,09**	**375,82**	**362,07**	**353,99**	**372,46**	**329,12**	**348,73**	**100**	**-2,34**
EXPORTS OF CLOTHING									
Jordan	1.006,29	1.133,28	1.316,79	1.194,18	1.013,32	791,22	835,60	78,93	-16,96
Morocco	77,65	58,57	105,36	94,09	96,08	60,71	65,57	6,19	-15,56
Singapore	254,67	164,02	152,75	156,78	125,39	73,03	48,34	4,57	-81,02
Israel	349,06	300,16	250,77	196,82	176,26	116,64	99,73	9,42	-71,43
Chile	25,82	24,67	26,87	12,75	4,28	6,56	9,38	0,89	-63,65
Total	**1.713,49**	**1.680,68**	**1.852,54**	**1.654,62**	**1.415,34**	**1.048,16**	**1.058,62**	**100**	**-38,22**
EXPORTS OF T&C									
Jordan	1.006,56	1.133,98	1.317,29	1.194,86	1.015,00	791,44	838,03	59,55	-16,74
Israel	695,83	657,47	597,29	529,53	531,73	434,68	428,64	30,46	-38,40
Morocco	79,67	63,33	108,13	96,92	9,91	62,47	67,69	4,81	-15,04
Singapore	256,64	166,87	154,96	158,61	127,65	73,31	48,92	3,48	-80,94
Chile	31,87	34,86	36,95	28,70	14,36	12,84	18,79	1,34	-41,04
Total	**2.070,57**	**2.056,50**	**2.214,61**	**2.008,61**	**1.787,80**	**1.377,28**	**1.407,35**	**100**	**-32,03**
Source: US ITC									

Only Chile and Singapore has trade deficits against the US in T&C trade in the grouping (see Table.41). Jordan performed a trade surplus against the US worth of US$ 800 million. Israeli trade surplus tends to decline since 2004. In overall T&C trade of the FTA grouping, there is a surplus worth of US$ 975 million.

Table 41: Trade Balance Between US and Its FTA Partners In T&C Trade (*)

Unit: Million $

PARTNERS	2004	2005	2006	2007	2008	2009	2010
Chile	36	33	45	66	117	109	143
Singapore	-178	-87	-74	-73	-28	9	51
Morocco	-72	-6	-100	-89	-84	-35	-23
Israel	-601	-572	-527	-455	-452	-362	-345
Jordan	-950	-1.075	-1.243	-1.136	-963	-757	-800
Total	**-1.764**	**-1.758**	**-1.899**	**-1.687**	**-1.410**	**-1.036**	**-975**

(*) Figures show US exports minus US imports, to/from its partners

Source: US ITC

In overall T&C trade, all the countries in the FTA grouping have higher unit values than China (see Table.42). This situation is relevant with performance declines of those between 2004 and 2010. Only exception is present in textiles trade. Jordan has compettitive prices in textiles in comparison with China. However, its unit values in clothing and overall T&C exports are quite above the Chinese prices.

Table 42: Unit Values among FTA Partners

Unit: $/Kg

PARTNERS	2004	2005	2006	2007	2008	2009	2010	2004/2010 (%)
UNIT PRICES IN TEXTILES								
Israel	26,54	28,60	26,53	30,74	32,35	35,67	39,21	47,70
Chile	53,08	70,12	48,90	46,79	40,83	28,74	31,66	-40,35
Jordan	3,61	6,08	14,88	4,09	32,38	4,40	5,93	64,09
Morocco	17,16	11,59	15,67	19,34	22,00	27,30	30,88	79,97
Singapore	7,39	6,12	11,70	64,42	24,58	26,07	5,22	-29,29
UNIT PRICES IN CLOTHING								
Jordan	16,04	15,94	16,41	16,86	17,39	17,45	18,58	15,83
Morocco	26,00	47,05	46,90	49,61	53,25	50,95	47,41	82,33
Singapore	19,87	20,97	21,35	24,20	25,21	26,08	37,25	87,43
Israel	26,30	32,46	40,67	42,95	50,65	48,17	57,49	118,60
Chile	29,86	32,15	36,18	41,91	63,38	24,47	23,40	-21,62
UNIT PRICES IN T&C								
Jordan	25,91	29,79	30,72	34,05	36,49	38,14	42,13	62,63
Israel	30,52	36,52	37,49	43,45	44,98	25,48	26,13	-14,39
Morocco	15,23	15,21	15,62	16,15	16,70	16,86	17,83	17,08
Singapore	24,70	37,15	42,89	45,30	48,84	47,85	44,90	81,75
Chile	18,68	19,31	20,21	23,52	24,17	25,49	22,60	20,98

Source: US ITC

7 CONCLUSION

This thesis argued that preferential trade agreements are important for the developing countries and the LDCs in providing smooth access to the EU and the US markets thus increasing their competitiveness. It also argued that countries having preferential access to those markets must present lower unit prices in order to compete with China.

China with its lower unit values surpassed the EU T&C market. Chinese growth in the EU T&C market exceeded 140% between 2004 and 2010. It increased its market share at the expense of the others even having preferential access to the market.

The export performance of Euro-Med partners of the EU does not seem to be so bright excluding Turkey and Egypt. Turkey increased its export by 2.44% during this term. Although customs union with the EU and its geographical advantage provided Turkey to expand its exports in small numbers, it experienced significant market share loss against China. Egyptian T&C exports increased by 21.64% since it achieved to present competitive prices to the EU market against China.

Morocco failed to increase its exports in the EU market either due to its quite higher unit values in comparison with China. Jordan increased by 15.48%. However, the growth of Jordanian exports should be disregarded, since its exports to the EU market only EUR 12.36 million (in 2010), while it is US$ 838 million to the US. The leader of the EBA, Bangladesh, succeeded to increase its exports and had trade surplus against the EU while the other members of the initiative met with declines due to their expensive unit values than China. Because of its competitive prices, Bangladesh holds a stable position in both the EU and the US markets. All the groupings in ACP met with declines in T&C trade to the EU. In trade balance, only East Africa had surplus which has been in decline since 2004. Among FTA partners, only Albania, Macedonia and Bosnia and Herzegovina increased their exports. Mexico and South Africa, two countries having FTA with the US as well, met with declines in their exports. These two countries along with Croatia were unable compete with the Chinese unit values in the EU market.

Free trade partners of the US mainly failed to cope with China in the T&C market. Mexico and Canada, major trade partners of the US in the continent, had an average 41.15% loss between 2004 and 2010 since their unit values stayed above Chinese prices. Major AGOA partners, -Lesotho, Kenya, Mauritius, Swaziland, Madagascar and South Africa, experienced decline in their T&C sales to the US. The unit values of Mauritius and South Africa were significantly above Chinese prices; while Lesotho, Kenya, Swaziland and Madagascar had quite close unit values to the Chinese prices. The decline in those six countries' exports, range from 28.21% to 87.57%. T&C exports of ATPDEA all decreased between 2004 and 2010 due to their higher prices against China. Honduras, El Salvador, Guatemala –the leaders in CAFTA-DR T&C exports- all met with declines in their exports. T&C exports of El Salvador were down by only 3.86%. Although it had lower unit prices against China, along with Honduras, these two countries were unable to increase their exports between 2004 and 2010. Nicaragua has been the only country presenting lower unit values against China and increasing its exports at the same time. Along with its special preferential rights granted by the US apart from the others in the grouping, Nicaragua succeeded to keep its unit values below China and it achieved to expand its share. T&C exports of FTA partners of the US all decreased between 2004 and 2010, since their unit values were significantly above Chinese prices. Unit values of Jordan, Israel and Singapore were more than two times higher than the Chinese prices.

Consequently, both in the EU and the US market, countries having preferential access, mostly failed to maintain or increase their T&C exports and lost their market shares they hold prior to quota phase-out due to their higher unit prices than China. Only countries that increased their exports significantly were those having cheaper unit values than China. Those two markets, apparently invaded by China, and countries enjoying the unimpeded access to those markets through preferential arrangements before, lagged behind. They have failed to compete with Chinese prices and they were far beyond their 2004 performances.

BIBLIOGRAPHY

Books and Articles:

ARAS, G.,(2006) *Avrupa Birliği ve Dünya Pazarlarına Uyum Açısından Türk Tekstil ve Konfeksiyon Sektörünün Rekabet Yeteneği(Finansal Yaklaşım),* First edition, İstanbul, Om Yayınevi

Adjusting to a New Era for Textiles and Clothing, Asia-Pacific Human Development Report 2006, Chapter 4, New Delhi, MacMillan India Press (available at http://www.undp.org.np/publication/html/aphdr2006/01_Prelim.pdf#search=%22adjusting%20to%20a%20new%20era%20for%20textiles%20and%20clothing%22)

AUGIER, P. et al.(2003), *The EU-Med partnership, the textile industry, and rules of origin*, (available at http://www.erf.org.eg/CMS/uploads/pdf/1184760406_Augier_Gasiorek_Lai-Tong.pdf) , accessed on December 2011

BRAMBILLA, I. et al. (2007) *China's Experience under The Multifiber Arrangement (MFA) and The Agreement On Textiles And Clothing (ATC)*, National Bureau Of Economic Research, Working Paper No.13346 (Available At http://www.nber.org/papers/w13346)

BRENTON P., HOPPE M., *Life After Quotas? Early Signs of the New Era in Trade of Textiles and Clothing*, Trade, Doha and Development: A Window into the Issues (available at http://siteresources.worldbank.org/INTRANETTRADE/Resources/239054-1126812419270/12.LifeAfter.pdf#search=%22life%20after%20quotas%3F%22)

China Versus the World: A Comprehensive Analysis of Apparel Trade in Quota-Free Categories and Quota-Restrained Categories in the United States and European Union, (2006), National Council of Textile Organizations (available at http://www.ncto.org/newsroom/chinavsworld.pdf#search=%22china%20versus%20the%20world%22)

COMINO, A. (2007), *A Dragon in Cheap Clothing: What Lessons can be Learned from the EU–China Textile Dispute?* European Law Journal, Nov2007, Vol. 13 Issue 6, pp.818-838

ÇAKIROĞLU, D., (2006), *Çin Ülke Profili*, İhracatı Geliştirme Etüd Merkezi, Ankara

Çin Ekonomisi ve Dış Ticaretindeki Gelişmeler Yıllık Raporu (2005), Pekin Ticaret Müşavirliği

Çin Halk cumhuriyeti Pazara Giriş Projesi Konulu Rapor, Dış Ticaret Müsteşarlığı, Ankara

EMEK, A., SEVIM, Ü.,(2006), *Hazır Giyim Raporu*, İhracatı Geliştirme Etüd Merkezi, Ankara
European Textiles and Clothing in a Quota Free Environment, European Union High Level Group on Textile and Clothing Report, June 2006,
(available at
http://ec.europa.eu/enterprise/textile/documents/hlg_report_18_09_06.pdf

European Commission, *The Challenge to the EU of a Rising Chinese Economy*, European Competitiveness Report 2004,
(available at http://trade.ec.europa.eu/doclib/docs/2005/march/tradoc_122064.pdf

European Commission Enterprise and Industry Directorate-General Final Report, May 2007, Vol. I-II (available at
http://ec.europa.eu/enterprise/textile/documents/ifm_final_report_2007_vol2.pdf)

FOX, A. K. et al. (2008) *Textile and Apparel Barriers and Rules of Origin: What's Left to Gain after the Agreement on Textiles and Clothing?* Journal of Economic Integration, September 2008, v. 23, iss. 3, pp. 656-84

GHOSH, M. et al. (2010) *Chinese Accession to the WTO: Economic Implications for China*, Other Asian And North American Economies, Journal Of Policy Modeling, No.32,

GOTO, K. et al .(2011), *Meeting the Challenge Of China: The Vietnamese Garment Industry In The Post MFA Era*, Global Networks 11, No.3, pp. 355–379

HAYASHI, M., (2005), *Weaving a New World: Realizing Development Gains in a Post-ATC Trading System*, New York, United Nations
(available at http://www.unctad.org/en/docs//ditctncd20053_en.pdf)

HE, Q. (2005) *The China-U.S. Trade Conflict: Just a Beginning*. Chinascope, Jul2005, pp.30-35

HERNANDEZ, R. A. (2007) *Is the Phasing Out of the Agreement on Textiles and Clothing Eroding Competitiveness in Central America and the Dominican Republic?*; CEPAL Review, December 2007, iss. 93, pp. 105-23

HERON, T. (2006) *The Ending of the Multifibre Arrangement: A Development Boon for the South?* European Journal of Development Research, Mar2006, Vol. 18 Issue 1, pp.1-22,

HERON, T. et al.,(2008), *Path Dependency and the Politics of Liberalisation in the Textiles and Clothing Industry*, New Political Economy, Vol. 13, No. 1

HERON, T. (2008) *Small States and the Politics of Multilateral Trade Liberalization*. Round Table, Apr2008, Vol. 97 Issue 395, pp.243-257

HINKLE, L. et al.,(2004), *Economic Partnership Agreements Between Sub-Saharan Africa and the EU: A Development Perspective, Africa Region Working Paper*, (available at http://www.unige.ch/ses/ecopo/demelo/Cdrom/RIA/Readings/EU_SSA_EPA.pdf , accessed on October 2011

HORNBECK, J. F. (2009) *U.S. Trade Policy and the Caribbean: RL33951.* Congressional Research Service: Report, 1/21/2009, preceding pp.1-21,

JONES, V. C., (2005), *Safeguards on Textile and Apparel Imports from China*, Congressional Research Service, The Library of Congress

KAYA, Ü., *Tekstil ve Konfeksiyon Sektöründe Kotaların Kaldırılması Sonrası Asya Ülkelerinden Kaynaklanan Tehdidin Ülkemizin İç ve Dış Pazarlarına Muhtemel Etkileri*, Prime Ministry's Undersecretariat for Foreign Trade (available at http://www.foreigntrade.gov.tr/ab/CesitliCalismalar/2004%20kota.htm)

KNAPPE, M. (2005) *Exporting Textiles & Clothing What's the Cost for LDCs?* International Trade Forum, 2005 Issue 1, p19-24,

LANGTON, D. (2008) *U.S. Trade and Investment Relationship with Sub-Saharan Africa: The African Growth and Opportunity Act and Beyond: RL31772.* Congressional Research Service: Report, 10/28/2008, pp.1-28

LEMOINE, F.et al (2008) *Rise of China and India in International Trade: From Textiles to New Technology*, China &World Economy, Vol.16, No.5, pp.16-34

LÓPEZ-CÓRDOVA, E. (2008) *How Sensitive Are Latin American Exports to Chinese Competition in the U.S. Market?* Economia, Spring2008, Vol. 8 Issue 2, p117-153

MALAGA, J., Mohanty, S.,(2003) *Agrement on Textiles and clothing: Is It a WTO Failure,* (available at http://www.unctad.org/en/docs//ditctncd20053_en.pdf)

MANCHIN, M. (2006) *Preference Utilisation and Tariff Reduction in EU Imports from ACP Countries*. World Economy, Sep2006, Vol. 29 Issue 9, p1243-1266

MARTIN, F. M. (2007) *U.S. Clothing and Textile Trade with China and the World: Trends Since the end of Quotas*, CRS Report for Congress, July 2007

MEDVEDEV, D. (2010), *Preferential trade agreements and their role in world trade, Springer*, USA, pp.200-220

MILLS, S., (2004), *Country Responses To The Phase-Out of The MultiFibre Arrangement*, Interfaith Center on Corporate Responsibility (available at www.iccr.org)

MOHAN, K.L (2008) *An Analysis of Competitiveness of Indian Clothing Export Sector Using Porter's Model*.. ICFAI Journal of International Business, Nov2008, Vol. 3 Issue 4, p39-46,

QIU, L. D.,(2005), China's Textile and Clothing Industry, Hong KongUniversity of Science and Technology, Kowloon, Hong Kong,

PALPACEUR, F. et al., (2005) *New Challenges for Developing Country Suppliers in Global Clothing Chains: A Comparative European Perspective*, World Development 33(3), pp:409-430

Promoting Fair Globalization in Textiles and Clothing in a Post-MFA Environment, (2005), ILO Sectoral Activitiy Report, Genova (available at http://www.ilo.org/public/english/dialogue/sector/techmeet/tmtc-pmfa05/tmtc-pmfa-r.pdf#search=%22post-mfa%20global%20sourcing%20strategies%22)

RIVERA, S. A. et al., (2003), *Africa Beyond 2005: Understanding the Impact of Eliminating NTBs and tariffs on Textiles and Clothing*, Paper prepared for:The 7th Annual Conference On Global Economic Analysis, (available at https://www.gtap.agecon.purdue.edu/resources/download/1670.pdf) , accessed on November 2011

RUIGU, G., *The Impact of the Recent Changes in the International Trade Environment: The enf of the Multi Fibre Agreement (MFA)*, ILO SRO Addis Ababa (available at http://www.ilo.org/public/english/region/afpro/addisababa/publ/fibreagreement.pdf#search=%22the%20impact%20of%20the%20recent%20changes%20in%20the%20international%20trade%20environment%22)

SONG, H, (2006) *Global Quota System and China's Textile and Clothing Industry*, China and World Economy, September-October 2006, v. 14, issue 5, pp. 78-92

STOECKEL, A. et al., (2001) *Preferential Trade and Developing Nations: Bad Aid Bad Trade*, Rural Industries Research and Development Corporation, Kingston *Study on the Implications of the 2005 Trade Liberalization in the Textile and Clothing Sector,* Consolidated Report of -2005 T/C Liberalization- IFM and partners, February 2004

TRAUB-WERNER, M. (2006) *Worldly Encounters in Free Trade: Export Apparel in the Caribbean Basin*, Antipode, Jan2006, Vol. 38 Issue 1, p178-180, TEWARI, M. (2006) *Is Price and Cost Competitiveness Enough for Apparel Firms to Gain Market Share in the World after Quotas? A Review*, Global Economy Journal, 2006, Vol. 6 Issue 4, p1-46,

TEWARI, M. (2005) *The Role of Price and Cost Competitiveness in Apparel Exports, Post-MFA: A Review* , (available at http://ssrn.com/abstract=870336)

WALMSLEY, T. L. et al., (2004), *The Impact of ROO on Africa's Textiles and Clothing Trade under AGOA*, Paper prepared for: The 7th Annual Conference On Global Economic Analysis, (available at http://ae761-s.agecon.purdue.edu/resources/download/1844.pdf , accessed on October 2011

WHALLEY, J.,(2006) *The Post MFA Performance of Developing Asia,* National Bureau Of Economic Research, Working Paper No. W12178 (available at http://ssrn.com/abstract=900084)

WHALLEY, J. (2006) *China in the World Trading System*. CESifo Economic Studies, 2006, Vol. 52 Issue 2, p215-245,

WTO Agreement on Textiles and Clothing (ATC): Impact on Garment Manufacturing in Cambodia, Laos and Vietnam, Mekong Capital, December 2003

Yeni Rekabet Ortamında Türk Tekstil ve Hazırgiyim Sektörü, Istanbul Textile and Clothing Exporters' Association Research Report)

YONZHENG, Y, (2007) *The end of textiles quotas: A case study of the impact on Bangladesh*.; Mlachila, Monfort. Journal of Development Studies, May2007, Vol. 43 Issue 4, p675-699,

ZENG, K., (2010), *Multilateral versus Bilateral and Regional Trade Liberalization: explaining China's pursuit of free trade agreements (FTAs)*, Journal of Contemporary China (2010), 19(66), September, pp.635–652

Thesis Studies:

EVE, C. M. H., (2009), *Analysis of the Global Textile and Clothing Trade: An Empirical Approach*, unpublished Phd. thesis submitted to the Hong Kong Polytechnic University Institute of Textile and Clothing

LIM, M., (2006), *An Assessment of the Impact of the North American Free Trade Agreement (NAFTA) on the U.S. Textile Industry's Production Activities: Qualitative and Quantitative Approaches*, unpublished Phd. thesis submitted to the Faculty of the Virginia Polytechnic Institute and State University, TRAORE, M. K., (2004), *International Textile Trading Regime and Textile Industry Development In the Developing Countries*, unpublished Phd. thesis submitted to Graduate Faculty of Auburn University

Internet Sources:

http://ec.europa.eu/eurostat (The Statistical Office of the European Union)

http://dataweb.usitc.gov/ (United States International Trade Commission)

http://www.trademap.org/ (International Trade Center)

METU
LIBRARY

TEZ FOTOKOPİ İZİN FORMU

ENSTİTÜ

Fen Bilimleri Enstitüsü ☐

Sosyal Bilimler Enstitüsü ☒

Uygulamalı Matematik Enstitüsü ☐

Enformatik Enstitüsü ☐

Deniz Bilimleri Enstitüsü ☐

YAZARIN

Soyadı : ÖZTÜRK
Adı : BARIŞ
Bölümü : ULUSLARARASI İLİŞKİLER

TEZİN ADI (İngilizce) : GLOBAL DEVELOPMENT OF TEXTILE AND APPAREL INDUSTRY IN THE AFTERMATH OF AGREEMENT ON TEXTILE AND CLOTHING (1995)

TEZİN TÜRÜ : Yüksek Lisans ☒ Doktora ☐

1. Tezimin tamamı dünya çapında erişime açılsın ve kaynak gösterilmek şartıyla tezimin bir kısmı veya tamamının fotokopisi alınsın. ☒

2. Tezimin tamamı yalnızca Orta Doğu Teknik Üniversitesi kullanıcılarının erişimine açılsın. (Bu seçenekle tezinizin fotokopisi ya da elektronik kopyası Kütüphane aracılığı ile ODTÜ dışına dağıtılmayacaktır.) ☐

3. Tezim bir (1) yıl süreyle erişime kapalı olsun. (Bu seçenekle tezinizin fotokopisi ya da elektronik kopyası Kütüphane aracılığı ile ODTÜ dışına dağıtılmayacaktır.) ☐

Yazarın imzası .... Tarih 16/10/2012