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for

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Wool

Global Trade Restrictions in Apparel Textiles

Produced for the CRC for Premium Quality Wool undergraduate program by;
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Perspective

- general need for clothing & furnishing
- governments want domestic industries
- textile industries have a vital role in national development
- textiles are vital for domestic employment
- textile trade has been regulated for a long time (before GATT)



Trade Restrictions

- **Tariffs**
 - tax on imports
 - consumers effectively pay through higher prices
- **Quotas**
 - quantitative restrictions on imports
 - effectively limiting market share
- **Non-Tariff Barriers**
 - labelling
 - domestic content laws
 - health regulations

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GATT & Textiles

1 trade without discrimination

2 protection through tariffs

3 a stable basis for trade

4 consultation, conciliation

5 emergency action possible

6 quota restrictions prohibited

7 regional trading allowed

TEXTILES depart from 1, 2, 6, using 5 often

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Multi Fibre Agreement (MFA)

- **Multi Fibre Agreement**
 - 1974 onwards
 - superseded STA, LTA
 - cotton only
 - all fibres included
 - managing all textile and apparel trade
 - compromise between importing and exporting countries
 - bilateral agreement
 - market disruption

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Support for GATT / MFA

- **Dumping**
- **Protection of Brands**
- **Fights export subsidies**
- **Safeguards**
 - against import surges
 - environment
- **Used by developed countries**

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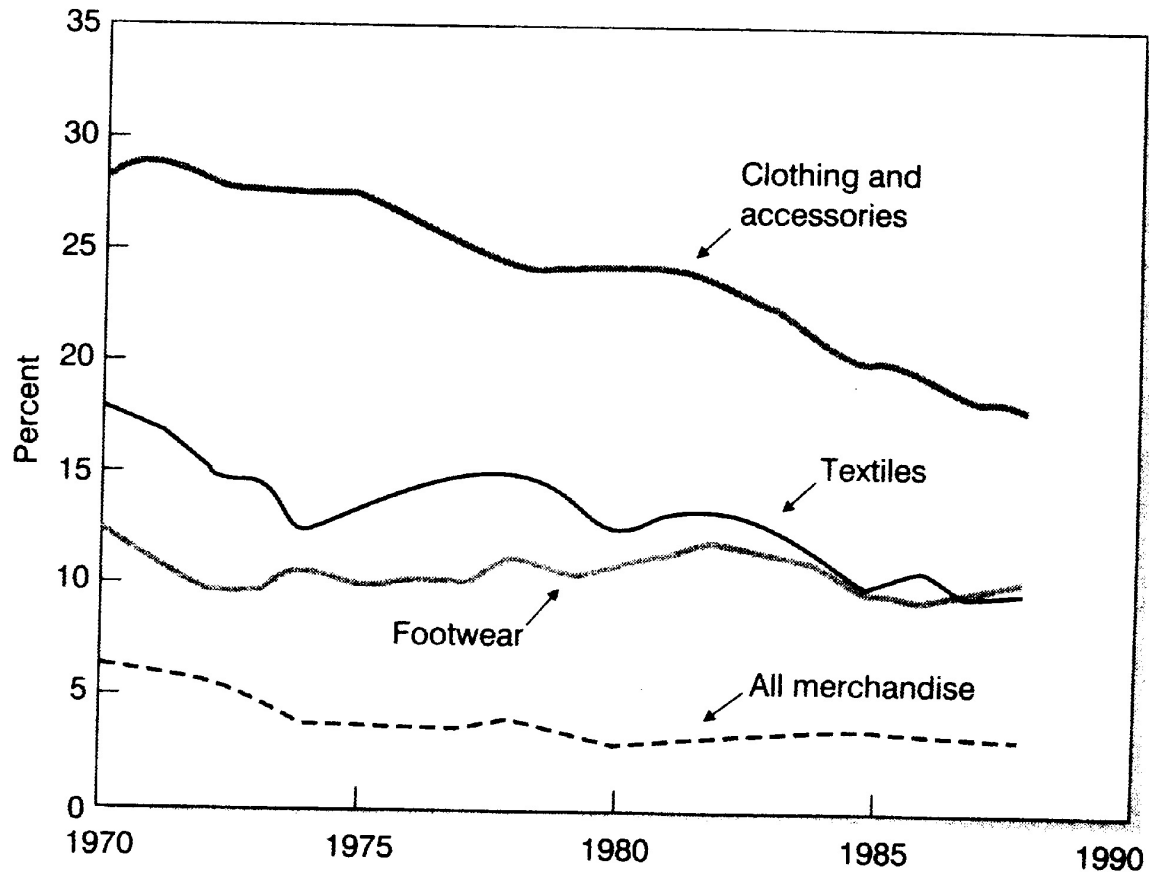
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Average Tariff Rates



Congressional Budget Office (1991). Calculations based on data from *Highlights of U.S. Export and Import Trade*, Report No. FT990, U.S. Bureau of the Census, various issues. *Note:* Average rates were calculated by dividing total tariff revenue collected by customs value of imports. Products are classified according to Schedule A, SITC-Based Statistical Classification of Commodities Imported into the United States.

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Consequences for Wool

- raw wool trade not included
- international trade is distorted
 - no free and fair trade
- general textile and apparel trade is restricted
 - consumers pay higher prices
 - less access to cheaper imports
- MFA removal
 - increase world trade in textiles
 - better for raw wool (input material)

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Major References

- Dickerson, K.G. (1995), Textiles and Apparel in the Global Economy, Prentice-Hall Inc., New Jersey
- UK's Apparel, Knitting & Textiles Alliance (1990), Fair Trade in Textiles and Clothing: a Battle Still to be Won, EIU Textile Outlook International, November

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