WTO AND TEXTILES

IMPLICATIONS FOR PAKISTAN

SMEDA PARTICIPATION

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1 Introduction

The purpose of this report is to analyze the impact of implementation of World Trade Organization’s (WTO) Agreement on Textiles and Clothing (ATC) on Pakistan. At first, an overview of the series of global arrangements has been given that have governed the global trade in textiles and clothing. Multi Fibre Arrangement (MFA) regime specifically has been discussed in detail to develop a background of the ATC. The extent to which the Agreement on Textiles and Clothing has been implemented is also discussed along with the criticism of various country/region policies. The discussion in this report is supported by country/region-wise data. The focus of the study revolves around textile sector and to evaluate the effect of ATC on Pakistan's textile sector. We have selected major Asian exporters to be an integral part of the study as they are our major competitors. USA and EU, being the major importers are also discussed in detail.

This study by no means is an exhaustive research on ATC and its impact on Pakistan’s textile sector. It is based on a basic analysis of policy matters of major importing and exporting countries. An effort has been made to evaluate the possible impacts of ATC on Pakistan’s textile sector through a simple research exercise.

2 Overview

The world followed a liberalised trade regime when it followed the gold standard system of international trade between 1860 and 1914. However, the system was suspended after the First World War because of the high disparity in the gold reserves of the affected countries. During the inter-war period, every country tried to restrict its imports and encourage its exports. To achieve the purpose, each country devalued its currency, such that the successive devaluation’s lead to a non-existent global exchange-rate regime. In the period following World War II, a major part of international trade was governed by complex national trade regimes. Post-war balance-of-payments difficulties in a number of developed countries were cited to justify high tariffs, complicated customs administration, complex import licensing procedures and yet another wide range of quantitative restrictions. During the 1950s, however, trade restrictions were reduced as a result of general trade liberalisation efforts pursued in the GATT and by the IMF.

Efforts under the GATT to liberalise trade have always met with particular difficulties in textiles and clothing. For more than thirty years, this sector was governed by special regimes: the Short Term Cotton Arrangement in 1961, the Long Term Cotton Arrangement from 1962 to 1973, and the Multi Fibre Arrangement (MFA) from 1974 to 1994. In 1986, after more than three decades of increasingly complicated trade systems, it was decided to include the textile sector within the scope of the Uruguay Round multilateral trade negotiations.

2.1 The Cotton Arrangements (1961 –1973)

During the 1950s, trade restrictions were reduced as a result of general trade liberalisation efforts pursued in the GATT and by the IMF. The gradual removal of quantitative restrictions resulted in the easing of balance-of-payment difficulties in the developed countries. As a result, many developing countries emerged as exporters of textiles and, to a lesser extent at that time, clothing. They were benefiting from access to cheaper raw materials and relatively low production costs, particularly wages, resulting in a rapid increase in the volume of exports of cotton textiles and clothing to the developed country markets. The sharp increase in low value imports of cotton textiles adversely affected investment and employment in the developed countries, which faced the prospect of rapid closure of production facilities in the sector leading to serious social problems. To alleviate the difficulties, some developed countries negotiated with individual governments to arrive at bilateral agreements ("voluntary export restraint" agreements) to limit the quantities of exports of cotton textiles.

In 1959 a study was proposed in GATT to find multilateral solutions to the problems that were being faced by the textile trading countries. Among the important problems were:

- A sharp and substantial increase or potential increase of imports of particular products from particular sources;
- These products are offered at prices which are substantially below those prevailing for similar goods of comparable quality in the market of the importing country;
- There is serious damage to domestic producers;
- The price differentials discussed above do not arise from governmental intervention in fixing or formation of prices or from dumping practices.

Since such arrangements covered textiles and clothing from cotton products only, so they were referred to as The Cotton Arrangements. Such arrangements were an array of bilateral trade agreements restricting exports through the quota system.

2.2 The Multi Fibre Arrangement (1974-1994)

The Multi Fibre Arrangement (MFA), more formally the Arrangement Regarding International Trade in Textiles, entered into force in 1974. It extended the coverage of the restrictions on textiles and clothing from cotton products to include wool and man-made fibre products. In 1986, certain vegetable fibre products were also included.

2.2.1 Objectives of MFA

The "stated" objectives of the MFA were as follows:

- To achieve the expansion of trade in textiles and clothing.
- The reduction of barriers to such trade.
- Progressive liberalisation of world trades in textile products, while at the same time ensuring the orderly and equitable development of this trade.
- Avoidance of disruptive effects in individual markets and on individual lines of production in both importing and exporting countries.
- To further the economic and social development of developing countries and secure a substantial increase in their export earnings from textile products and to provide for a greater share for them in world trade in these products.

However, the fact remains that the actual purpose of MFA was to protect the textile and apparel industries of the developed world from the low cost competition of the products from the developing world.

2.2.2 Functioning of MFA

The MFA, similar to the cotton arrangements, provided rules for the imposition of quotas, either through bilateral agreements or unilateral actions, when surges of textile imports caused market disruption or threat in the importing countries. While imposing quotas or introducing and maintaining restrictions on exporting members, it was mandatory for the importing country to observe consultation provisions and follow specific rules and standards in determining a situation of market disruption. As a norm, the importers were required to allow for an annual growth rate of six per cent in the quotas. A statutory body, the Textiles Surveillance Body (TSB), carried out a monitoring and reporting function and also handled cases of disputes. The MFA terminated on 31 December 1994 upon the entry into force of the WTO and its Agreement on Textiles and Clothing on 1 January 1995.

2.2.3 Developments in the Multi Fibre Arrangement

During its 21 years, which is from 1974 to 1994, there were changes and adaptations in the operation of the Arrangement. According to the changing global needs, extensions of the MFA were negotiated a number of times, in the course of which new provisions were added and new products included. However, the growth rate of six per cent in quotas envisaged in the MFA was in many cases sharply reduced in practice in bilateral agreements. The bilateral quotas under the MFA were negotiated at short intervals, often every year or so. In its last years of operation, the major MFA participants applied quotas under the Arrangement, to varying degrees in terms of products covered and countries affected. The quota growth rates were as low as less than 1% in some cases and as high as 10% in some other cases. In fact, MFA was used almost exclusively to protect against imports from developing countries. However, Switzerland and Japan, who were members of the MFA, had no restraint agreements. Sweden dropped all of its restraints and withdrew from the MFA in 1991. However, quotas for imports into Sweden were reintroduced when it joined the European Community in the year 1995.

At the outset of the liberalization in 1994; Austria, Canada, the European Union, Finland, Norway and the United States together had 145 bilaterally agreed or unilaterally imposed restraints on developing country and transition economy exporters of textile and clothing products. Although the MFA had only 44 signatories, (China was among MFA members but not a signatory of GATT), one third of the GATT membership, these were the most important countries in the world of textiles and clothing trade.

See ANNEX I for a list of MFA members.

3 Effects of MFA Regime

It is difficult to quantify the effects of the MFA quota restrictions since not all textile and clothing products were restricted; some quotas were not fully used; and not all sources of product were restricted. For example, the International Textile and Clothing Bureau estimates that about one-third of EU and USA imports of textiles and clothing were in categories not restrained by the MFA. However, in a broader context, the following effects were noticeable.

3.1 Shifting patterns of global production

As a result of quotas and other restrictions of MFA, investment in new facilities was made in the less-restricted or unrestricted exporting countries. This shift in production and export activity led to demands in the industrialized countries for yet more restrictions covering a greater number of countries. This was followed by further shifts of production facilities to other unrestricted countries. As a result, a repeated pattern of expanding and shifting production occurred. This also served to expand global production capacity. However, due to the expanding market, the original predominant suppliers were able to sustain their production levels. This shifting production and export pattern stimulated the growth of industries in those countries that may not have entered the international market as exporters in absence of MFA.

3.2 Investment by developed countries

Heavy investment by developed countries in automated equipment was undertaken in the textiles sector in order to reduce their per unit costs of textile products. As a result, textile industries in the developed nations became one of the most capital-intensive areas within the manufacturing sector.

3.3 Upgrading of quality

Developing countries were subject to quantitative restrictions under MFA. In order to get the maximum gain out of their prescribed quotas, they upgraded the quality of their textile and clothing exports to fetch better prices. In shifting their exports to the higher end of the quality range, they forced competition to move from lower value high volume products to the more sophisticated ones.

3.4 Circumvention of quotas

It has been claimed that a practice developed in some exporting countries to avoid quotas. It was being done by the transshipment of goods through third countries and/or false declarations of origin in order to achieve greater exports. This practice was stimulated in the later years of the MFA and led to increasing concern in the importing countries. Such practices harmed the local industry of importers even in the presence of MFA.

3.5 Transparency and predictability

On the positive side, the MFA provided transparency as well as a degree of predictability in the production and trade of textiles and clothing products. The exporting countries knew in advance the quantities they can export and hence could manage their production accordingly and plan for their future production facilities. The similar was the case with the importers.

3.6 Vested interests

The MFA and the bilateral agreements under it created vested interests in both the importing and the exporting countries. The exporting country had a guaranteed market share irrespective of its competitiveness. The cost of protection was reflected in terms of higher prices in the importing countries thus shifting the burden onto the consumers.

4 The WTO Agreement on Textiles and Clothing (ATC)

Trade in textiles and clothing has been highly distorted as discussed earlier. MFA was a deviation from the general preferences of GATT, for example, the principles of tariffication[*] and non-discrimination[**] were not being followed. In the circumstances that prevailed, it was not possible to bring this sector into normal GATT rules. However, on 1st January 1995, it was decided to carry over all the quotas and growth rates of MFA to the WTO's Agreement on Textiles and Clothing. It was also decided to bring the textile sector under the normal GATT/WTO rules by giving the countries a transition period of ten years. The purpose of giving ten years was to allow both the importers and exporters to adjust themselves to the upcoming international trade era that was to set in as a result of WTO agreements.

This transition is taking place in four stages spread over ten years, starting from 1st January 1995 and ending on 1st January 2005. In each stage, the importing countries are required to integrate a specific percentage of restrained products into normal GATT rules and also increase the quotas of remaining restrained products at an agreed upon increasing growth rate. Thus, this agreement calls for the following two concurrent actions in each stage.

- Integration of a specific percentage of restrained products; involving removal of quotas.
- Acceleration of annual growth rates of quotas for remaining restrained products.

The ATC also calls for elimination of all other restrictions that are not justified under the WTO provisions. Moreover, all WTO members are required to improve market access for products of other countries. In the first step, on 1st January 1995, members were required to integrate at least 16 per cent of the total volume of their 1990 imports (base year) into normal GATT rules. If any of these products had quotas, they had to be eliminated. Along with this, the importing countries were required to increase the quotas of remaining restrained products by a minimum percentage during each year of the stage by following a "growth-on-growth" process. During the first stage, increasing the former MFA growth rate by 16% was required to arrive at the minimum percentage growth rate. In the second stage, the resulting growth rate of stage 1 had to be increased by 25%. And finally in the third stage, the resulting growth rate of second stage had to be increased by a factor of 27%.

The agreed MFA growth rate was 6%. However, the actual growth rates ranged from less than 1 percent up to 10% with a majority lying between 3 to 6%. To illustrate the process

[*] Tariffication is a process by which all the non-tariff barriers are to be converted to tariffs. Tariffication says "NO" to non-tariff barriers in any shape (except for special circumstances).
[**] Treating all WTO members on the equal grounds.

discussed above, the agreed MFA growth rate of 6% has been chosen. The resulting implementation schedule is as follows:

4.1 The 10-year schedule for integrating the sector into GATT rules

Stage number	Percentage of products to be brought under GATT rules; including removal of any quotas (taking 1990 imports as base)	Growth rate for remaining quotas	Applied growth rates (Based on 6% rate under MFA)
Stage 1: 1 Jan 1995 (to 31 Dec 1997)	**16%** (minimum)	Existing growth rate ***16%**	(6%*1.16) **=6.96% per year**
Stage 2 : 1 Jan 1998 (to 31 Dec 2001)	**17%** (minimum)	Growth rate of stage 1 ***25%**	6.96%*1.25 **=8.7% per year**
Stage 3 : 1 Jan 2002 (to 31 Dec 2004)	**18%** (minimum)	Growth rate of stage 2 ***27%**	8.7%*1.27 **=11.05% per year**
Stage 4 : 1 Jan 2005 Full integration into GATT and final elimination of quotas. **(ATC terminates)**	**49%** (maximum)	***All the remaining quotas are eliminated***	

During the first stage, the quota growth rate had to be 6.96%. This percentage was arrived at as follows:

6% * 1.16 = 6.96%

(6% MFA growth rate increased by 16%)

First stage was completed on 31st December 1997 and the beginning of second stage was marked on 1st January 1998. A further 17 per cent of 1990 imports had to be integrated in this stage accompanied by an increase of 25% in the quota growth rate. This made the quota growth rate to be 8.7% per year (6.96 * 1.25) to be adopted till 31 December 2001 and a total of 33% of the products being integrated (16% in stage 1 and 17% in stage 2). In the third step, beginning on 1st January 2002, the importing countries will have to integrate a minimum of 18% into the normal GATT rules and thus a total of 51% of the products will be integrated. The quota growth rate will have to be increased by 27% as compared to last stage's growth rate. Hence it will become 11.05% per year (8.7% * 1.27) to be used until this stage ends on 31st December 2004. The quota rates discussed and the percentage of the products to be integrated are the minimum limits and members can apply higher rates. On 1 January 2005, all the remaining products (a maximum of 49%), that were not integrated during the first, second or third stage will have to be integrated and all the quotas will cease to exist. On that day the Agreement on Textiles and Clothing itself is to disappear. The completion of this agreement also means observing the GATT principle of non-discrimination.

The increase in quota growth for each country depends on the prior MFA growth rate that serves as the starting point. The growth rates presented in the previous table were for a 6% MFA growth rate. For other MFA growth rates, the following growth rates will result in each stage:

MFA Growth Rates	Stage I **16% increase** **1995-97**	Stage II **25% increase** **1998-2001**	Stage III **27% increase** **2002-2004**
Percentages			
1	1.16	1.45	1.84
2	2.32	2.9	3.68
3	3.48	4.35	5.53
4	4.64	5.8	7.37
5	5.8	7.25	9.21
6	**6.96**	**8.7**	**11.05**
7	8.12	10.15	12.89

Each WTO member that has restrained imports using MFA quotas is given the right to decide on that what products are to be integrated in each stage but subject to the condition that they cover at least one product from each of the four groups.

- Tops and yarns
- Fabrics
- Made-ups
- Clothing

The products to be integrated during the second and third stage had to be notified to Textiles Monitoring Body (to be discussed later) at least one year prior to the commencement of each stage. As products are integrated into GATT in each stage, any quotas imposed on them will be removed. The remaining quotas will increase in each year at an increasing rate through out the agreement. This process continues till 1st January 2005 such that all the quotas are eliminated and all the products are integrated into normal GATT rules. On that day, the Agreement on Textiles and Clothing will itself be eliminated and the importing countries will not be able to discriminate among the exporting countries. There shall be no extension of this agreement. Thereafter, emergency actions can only be taken as provided in normal GATT rules.

Though the agreement mainly focuses on MFA restrictions but those non-MFA restrictions, which are not justified by the GATT rules, have also been covered. ATC requires that these restrictions are to be brought in conformity with GATT rules within one year of the implementation of the agreement or will have to be phased out within the life of the agreement, that is, by 1st January 2005.

4.2 Purpose of ATC

The purpose of this agreement is that all members shall take actions in the area of textiles and clothing as may be necessary to abide by normal GATT rules so as:

- To expand the global trade.
- To improve market access for all WTO members.
- To improve the safeguard mechanism.
- To give both the importers and exporters enough time to adjust themselves according to the new situation.
- Ensure the application of policies related to fair and equitable trading conditions.
- Avoid discrimination against imports when taking measures for general trade policy reasons.

4.3 Coverage

Product coverage under ATC is much wider than the coverage of the MFA. It includes all textile and clothing products whether or not they are subject to restrictions; fibres of vegetable, man-made or animal origin. This means that trade in products made of pure silk and of vegetable fibres that were not included in the MFA were also included. The Agreement also covers certain products with textile components including luggage, footwear uppers, umbrellas, watch straps, parachutes etc. ATC encompasses Chapters 50 to 63 of the Harmonized Commodity Description and Coding System (HS) and some specific products from Chapters 30 to 49 and 64 to 96. ATC coverage begins with the first manufacturing process and therefore raw natural materials such as silk, cotton, wool are excluded.

See ANNEX II for a comprehensive list of products covered.

4.4 Supervision, Monitoring and Reporting of ATC

There are two WTO bodies involved in the monitoring and implementation of ATC. They are:

- Textiles Monitoring Body (TMB)
- Council on Trade in Goods (CTG)

TMB works solely for one purpose, that is, the implementation of ATC. On the other hand, CTG performs other functions as well including trade in non-textile goods. Their functioning will be discussed now.

4.4.1 Textiles Monitoring Body (TMB)

The Textiles Monitoring Body (TMB) has replaced the Textile Surveillance Body (TSB) of the MFA. It is given the task to oversee the implementation of the ATC and to make sure that the rules are faithfully followed. It is a quasi-judicial standing body. WTO members agreed on 1st January 1995 that TMB would consist of ten members and one Chairman. These ten seats were to be shared among the major textile players on the basis of certain constituencies. TMB membership is given on a rotational basis such that it serves the purpose of a balanced and broad representation. All the decisions are arrived at by consensus. During the first stage, one member was chosen from each of the following constituencies.

1) The ASEAN member countries.
2) Canada and Switzerland in year 1, then Canada and Norway in year 2 and 3.
3) Pakistan and China (after accession).
4) The European Communities.
5) Korea and Hong Kong.
6) India and Egypt/Morocco/Tunisia.
7) Japan.
8) Latin American and Caribbean Members.
9) The United States.
10) In the first year, Norway Turkey and Czech Republic/Hungary/ Poland/Romania/Slovak Republic. Then in the second and third years, Turkey, Switzerland and Czech Republic/Hungary/ Poland/Romania/Slovak Republic.

There is rotation within the constituencies. The criterion for membership during the second stage was decided in December 1997. Only a few changes were made. One member from each of the following constituencies had to be included.

1) The ASEAN member countries.
2) Canada and Norway.
3) Pakistan and China (after accession).
4) The European Communities.
5) Korea and Hong Kong.
6) India and Egypt/Morocco/Tunisia.

7) Japan.
8) Latin American and Caribbean Members.
9) The United States.
10) Turkey, Switzerland and Bulgaria/Czech Republic/Hungary/ Poland/Romania/Slovak Republic/Slovenia.

As a contingency plan, provisions were made for alternates to be appointed by the members in each of the constituencies. In some cases, second alternates were also appointed. There are also two non-participating observers from members not already represented in this structure, one from Africa and one from Asia.

Once appointed, the TMB members are expected to serve for ad personam (working in a personal capacity and not representing any one). TMB also deals with the settlement of disputes resulting from ATC. However, if any dispute remains unresolved, it is then brought to the WTO’s Dispute Settlement Body (DSB).

4.4.1.1 Functions of TMB

In order to supervise the implementation of ATC, the TMB reviews the following:

- Notifications submitted by members regarding quotas in place at the beginning of the transition period.
- Members' program for integration of products into GATT 1994.
- Members' notifications with respect to non-MFA restrictions and their programs for phasing out restrictions not justified under any provision of GATT 1994.
- Bilaterally agreed restraint measures to ensure that they are in accordance with the provisions of the ATC.
- Unilaterally introduced restraints, where an agreement is not reached through bilateral consultation, and making recommendations as appropriate.
- Disagreements over technical or administrative changes or with respect to actions taken in response to allegations of circumvention or false declaration.
- Notifications on actions taken by members in other areas of the WTO, in relation to other specific commitments undertaken in the Uruguay Round to abide by GATT 1994 rules and disciplines.
- Any matter brought to it by members and making recommendations.
- The implementation of the Agreement at least five months before the end of each stage of the integration process and to provide a comprehensive report on this to the WTO Council for Trade in Goods (CTG).

The TMB's recommendations and findings are communicated to the members concerned and are also communicated to the Council for trade in Goods. The members are obliged to accept in full all the recommendations of the TMB.

4.4.1.2 Re-examination by TMB

The ATC also has a provision for re-examination of a matter where a WTO member is unable to conform to the recommendations of the TMB. In such a case, the member is required to provide reasons to TMB within one month. TMB will consider the reasons given and issue any further recommendations it considers appropriate. If the matter remains unresolved even after this process, either of the members involved has the right to take the matter before the Dispute Settlement Body for final decision.

The four WTO Members who maintained import restrictions under the former MFA (Canada, EU, Norway and the US) were required to undertake the integration process and to keep notifying to the TMB about their progress on liberalisation. Other WTO Members first had to decide and to notify the TMB if they wished to retain the right to use the transitional safeguard mechanism in the ATC. If so, then they were required to provide their first stage integration list. Fifty-five members chose to retain this right, out of which 37 were former MFA members and the remaining 18 were non-MFA members. Nine members (Australia, Brunei Darussalam, Chile, Cuba, Hong Kong, Iceland, Macau, New Zealand and Singapore) decided not to maintain the right to use the ATC safeguard mechanism. They are considered to have integrated outrightly from the first day of ATC. The rest of them are required to submit the list of products that they will integrate into the normal GATT rules during each stage.

The countries that had imposed non-MFA restrictions, which could not be justified under the GATT rules, were also required to submit the phase out plan of such restrictions to the TMB. Twenty-seven countries made notifications regarding such restrictions.

4.4.2 Council for Trade in Goods (CTG)

The Council for Trade in goods oversees all the WTO agreements that relate to trade in goods. This body is in over all charge of the Agreement on Textiles and Clothing and is the parent body of TMB i.e. the Textiles Monitoring Body is required to report to the CTG. It includes all the members of the WTO and the decisions are taken by consensus. It makes sure that the balance of rights and obligations in ATC is not upset. CTG conducts a major review of the operation of the Agreement before the completion of each stage. TMB assists CTG to accomplish this goal. A major review of the operations of ATC was conducted, when TMB submitted its first report to CTG in July 1997, on the implementation of the first stage of Agreement.

4.5 Special provisions under ATC

The purpose of ATC is to liberalize trade without harming the domestic industries of importers. In order to prevent this harm, provisions have been made in the ATC. Such provisions can be used in special circumstances. These provisions will be discussed now.

4.5.1 Special Transitional Safeguard Mechanism

The purpose of ATC is to liberalise trade in such a way that no serious threat is posed on the industry of any member country. If a surge in imports poses a threat to the domestic industry of a WTO member country, then it has been given the right to take necessary actions to protect its industry. Such a mechanism is referred to as *"Special Transitional Safeguard Mechanism"*. This clause can be used during the transition period for products which have not yet been integrated into GATT and which are not already under quota. This mechanism is based on a two-tiered approach.

1. The importing member must determine that total imports of a specific product are causing serious damage or actual threat to its domestic industry.
2. It must then decide that which individual member(s) is to be held responsible for this serious damage.

Specific criteria and procedures have been formulated for each step. In making each determination, the importing country must take account of a number of relevant economic factors such as its domestic industry output, productivity, capacity utilization, employment, market share etc. to show the threat to its industry. While hosting to safeguard measures, the importing member must seek consultations with the exporting member(s). Such safeguard measures are preferably applied on a selective, country-by-country basis by bilateral agreements. But if an agreement is not reached through mutual consent within 60 days, then unilateral action can be taken provided the matter is referred to Textile Monitoring Body (TMB) for review and recommendations.

The safeguard mechanism is subject to the following limits:

- The quota may not be lower than the actual level of imports for that exporting country during the 12-month period ending two months before the month in which a request for consultation was forwarded.
- The action taken may remain in place for up to a maximum of three years or until the product is integrated into normal GATT rules, whichever comes first.
- If the measure is in place for more than one year, growth shall be applied at a minimum of 6 per cent per year, not subject to any exceptions.

Even the bilateral arrangements are subject to TMB review to make sure that ther they are in accordance with the provisions of ATC.

In practice, the special safeguard has been invoked as follows:

- **1995:** 24 times (every time by the United States).
- **1996**: 8 times (Brazil 7, US 1).
- **1997**: 2 times (both times by the United States).
- **1998**: 10 times (Colombia 9, US 1).

4.5.2 Special treatment

The agreement envisages special treatment for certain groups of countries. These groups include those countries which have not been MFA members since 1986, new market entrants, small suppliers and least developed countries.

4.5.3 Circumvention of the quotas

Circumvention of the quotas is done through transhipment, re-routing, falsification of official documents or misuse of the provision of "Rules of origin[*]". Rules and procedures have been laid down in the ATC to deal with such violations. These require consultation and full co-operation in the investigation of such practices by the members concerned. When sufficient evidence is available, possible recourse by the affected country might include the denial of entry of goods, adjustment in import charges to reflect the true country of origin or establishment of new quota restraints. There is also a provision in the ATC that requires all the members to establish the necessary legal provisions and/or administrative procedures to address and take action against circumvention in accordance with their domestic laws and procedures. The governments of the countries concerned are required to take all the necessary actions as required to prevent the circumvention. The country whose exporter is found guilty is expected to disclose any information required while tackling the situation and taking the necessary legal action.

4.5.4 Administration of obligations

If an exporting member is found not to be complying with its obligations, the Dispute Settlement Body (DSB) or the Council for Trade in Goods (CTG) may authorize an adjustment to the quota growth for that country as a penalty.

[*] Rules of origin affect the determination of which country's quota will be charged for particular imports when the manufacturing process occurs in more than one country.

5 Analysis of Country Commitments

USA and the European Union (referred to as European Community-EC- in the WTO text) have been discussed here. The reasons for this choice is quiet obvious that these countries remain the major importers of textiles and are among those countries that have highly protected their textiles and apparel sectors. They were also amongst those that had imposed quotas on the developed world under the MFA.

Both the countries are required to open up their markets to textile imports, as has been discussed in the "10-year implementation schedule of ATC". Both these countries are blamed to take shelter under false interpretation of ATC and hence postponing the implementation of the Agreement. They fulfil the requirement of liberalisation without actually liberalising their imports. Their commitments, as submitted to the TMB, will now be discussed.

5.1 United States of America

5.1.1 Overview

The U.S. textiles and apparel industry employed approximately 1.6 million workers in 1994 and is the largest U.S. industrial employer engaging about 9.0 percent of the manufacturing sector work force. Since the early 1960's, the industry has faced growing foreign competition. The price advantage that low labour costs create in the developing countries continues to be a problem for many U.S. textile and apparel companies. In order to account for this price disadvantage, the textile sector of U.S. has remained highly protected whether it's through MFA or through false interpretation of ATC.

5.1.2 Implementation of ATC

In the U.S., the implementation of ATC is being supervised by the "Committee for the Implementation of Textile Agreements", abbreviated as CITA. The Department of Commerce of the U.S. established this committee with a purpose to monitor imports of textile and apparel products and administer these imports in such a way that the damage to the U.S. industry is avoided. CITA supervises the implementation of bilateral trade agreements and at the same time, proposes and implements import restraints under the ATC. It has representation from the following five U.S. agencies:

1) State Department
2) Commerce Department
3) Office of the Trade Representative
4) Department of Treasury
5) Department of Labour

The Commerce Department chairs the committee. When the growth in imports of a specific textile product (or products) causes serious damage or threat to the U.S. domestic industry, CITA may issue a call for consultations to countries contributing to that damage. The purpose of the consultation is to bilaterally set an appropriate restraint/quota limit on such imports.

The textile sector of U.S. remains highly protected and is slowly being liberalised as compared to the other industrial products. Under WTO, U.S. has committed itself to reduce tariffs by 34% for all the industrial products. However, the textile and clothing sector has remained an exception with the commitment of a reduction of 12% (almost one-third) only.

The U.S. had quota arrangements with 42 countries till 1994 under MFA. These arrangements were replaced by ATC on January 1, 1995 for all the WTO member countries while they remained in place for the non-WTO member trading partners till further discussions. U.S. maintains quotas on all its significant suppliers except the "small suppliers" and the EU, Canada, Mexico and Japan. Under ATC, the quotas of all WTO members are being liberalised whether they were MFA members or not. China, though a former MFA member, was decided to be refrained from further quota liberalisation, under ATC or any other agreement, unless it becomes a member of WTO. The quota growth rate for non-WTO members, such as Korea, will remain at 3% or less.

5.1.3 Commitments under ATC

Committee for the Implementation of Textiles Agreements (CITA) has submitted its plans to TMB that how U.S. will integrate its textile sector during all the four stages. They are shown in the following table:

United States Final Integration by Stage			
Stage I	Jan. 1, 1995	2,760,330,164	16.21%
Stage II	Jan. 1, 1998	2,898,573,582	17.03%
Stage III	Jan. 1, 2002	3,083,215,683	18.11%
Stage IV	Jan. 1, 2005	8,283,074,387	48.65%
Total	**1990 Imports**	**17,025,193,817***	**100.00%**

* All the figures are in SME (Square Meter Equivalents), which measures all the textile products in a common unit i.e. square meter.

During the first stage, 16.21% of the 1990 imports were integrated as compared to the required minimum value of 16%. In the second stage, a total of 17.03% of the total value of the base year imports were integrated where as the minimum required limit was 17%. The integration in the third stage will be 18.11% to surpass the required threshold value of 18%. In the final stage, the U.S. has committed to integrate the remaining 48.65% of the base year categories into normal GATT rules thus abiding by the maximum percentage limit of 49%. Thus, apparently, the U.S. has chalked out plans to follow the ATC requirements.

The integration of products among the four categories as identified by ATC is as follows:

United States Product-Wise Committed Integration by Stage						
Implementation date		**Yarn**	**Fabrics**	**Made-ups**	**Apparel**	**Total**
Stage II	***Jan. 1, 1998***	8.01%	2.50%	4.50%	1.83%	**17.03%**
Stage III	***Jan. 1, 2002***	3.22%	3.92%	8.39%	2.46%	**18.11%**
Stage IV	***Jan. 1, 2005***	2.61%	11.77%	2.51%	31.01%	**48.65%**

This table clearly depicts the picture that how the U.S. has been able to fulfil its commitments without actually liberalising the trade in textiles and apparel. Their practice has been to integrate the raw materials and lower value added products into the normal GATT rules and postponing the integration of "commercially meaningful" high value added products. During the second stage, out of the total integration of 16.84%, almost half i.e. 8.01% came from the category of yarns and tops. Liberalisation in apparel, a high value added textile product, accounted for less than 2 percent. International Textile and Clothing Bureau (ITCB)* has shown serious concerns over the US policy of "not abiding by the ATC in its true sense". The raw materials that are being liberalised are mainly from the cotton origin. The agriculture sector of U.S., which is the source of cotton, is blamed to be giving large direct and indirect subsidies to their farmers, thus keeping their crops artificially competitive in the international market. So even the liberalisation in the raw materials is subject to the question of being artificially competitive.

The textile imports of 1990 (base year) had apparel as the largest component. The break-up is given in the following table:

1990 imports to be integrated in last three Stages		
Category	**SME Value**	**Percentages**
Apparel	6,095,173,372	42.73%
Fabric	3,167,370,479	22.20%
Made-up	2,637,046,241	18.49%
Yarn	2,364,733,755	16.58%
Total	**14,264,323,847**	**100%**

Square meter equivalents

After the completion of stage 1, the products waiting to be integrated have a major component of apparel i.e. 42.73%. Fabrics that have a share of 22.20% follow this. Then comes textile made-ups with 18.49% share. The minimum share (16.58%) lies with tops and yarns The data clearly depicts the fact that as we move towards the upper end of the value chain, the percentage of the products to be integrated increases, and at worst, it increases at an increasing rate. Moreover, products that are being integrated during the first three stages are mainly those that were never subject to quotas or had quotas that remained under-utilized. In contrast, the products that are to be integrated on 1st January 2005 have 94% of them as former MFA protected products. It is because of these reasons that 90% of the import restrictions cost to the U.S. economy is a result of textile quota restrictions.

This strategy of postponing the "most sensitive" products to be integrated on the last day is highly criticized not only by the textile exporting countries but also within the U.S. The U.S. private sector is divided on the issue. Those who are involved in the production, i.e. domestic textile and apparel industries and the labour unions, have largely supported the preservation of quotas on import-sensitive goods until 2005. However, the retail and importing community has promoted earlier integration. Even some textile and apparel producers have called for accelerated elimination of some quotas. The domestic producers have little incentive to begin adjusting to a quota-free market since they are going to be in place for the ten-year transition period. It is feared that when most of the

* ITCB is a Geneva based body that represents the interest of 23 textile-exporting countries and thus advocates complete implementation of ATC. Most of these countries are WTO members, however China is also included.

quotas are eliminated on January 1, 2005, there will be pressure from the industry on the U.S. government to provide extended protection.

5.1.4 WTO Review of U.S. Textiles Sector

Trade Policy Review Body (TPRB) of WTO reports:

In spite of low overall level of tariff protection, some "tariff peaks" (three times the overall average) are present on certain agricultural and food products as well as textiles, clothing and footwear. However, the U.S. trade officials have reported to the WTO that their textile mill output has declined in the year 1998 by 4.4% while apparel production decreased by 6.8%.

However, the fact remains that textile sector is of great importance to the developing world. If the developed countries want to enjoy the fruit of trade liberalisation, they will have to give concessions to the developing world in sectors like textiles and agriculture.

5.2 European Union (EU)

5.2.1 Overview

The EU (or the European Community-EC-) is the world's second largest importer and at the same time the second largest exporter of textiles and clothing products. In the year 1998, the value of imports amounted to over EUR 57.9 billion and exports to over EUR 35.3 billion. This means that EU remains the net importer of textiles and clothing products.

The EU imposes 209 quotas on textiles and clothing imports from a total of 21 countries. Out of these, 14 are WTO members, including Pakistan. However, the EU imposes no quotas on textiles and clothing imports from the least developed countries. In addition, these countries usually benefit from zero duties through preferential treatment under the "generalised system of (tariff) preferences" (GSP) as a result of the Lome Convention. This even includes large garment suppliers such as Bangladesh. The textile exports of Bangladesh and Sri Lanka have grown at a very high rate in the EU market because of the GSP status that they are enjoying. For example, the 11% duty imposed by EU on its garment imports is not imposed on GSP status countries. This has enabled the garment industry of Bangladesh to flourish enormously. The elimination of 11% tariff gives them a cost advantage and puts them in a better position to compete with exports of Pakistan.

On a quantitative level, United Nation's Conference on Trade and Development (UNCTAD) has estimated that the share of imports from developing countries that have obtained GSP status is 17 per cent of the imports from all the developing countries into the European Union, the United States and Japan combined. A further 28 per cent of countries obtain duty-free treatment, with the remaining 55 per cent paying MFN tariffs. Pakistan is among that group whose exports are subject to MFN tariffs.

Average applied tariffs on various textile categories in the EU is given below:

Category	Applied Tariff*
Fibres	0.7%
Yarns	5.3%
Raw materials	6.3%
Fabrics	9.1%
Clothing	11.9%

*These are ad valorem (based on value) tariffs.

Tariffs are being applied on a similar basis as is adopted by the U.S. that is a lower tariff is being charged on low value added products and a higher tariff is charged on high value added products. Since fibres are the lowest value added products so the tariff charged is also at its minimum i.e. 0.7% ad valorem. The tariff charged on yarns (5.3%) is higher than fibres as it is a higher value added product as compared to the fibres. This trend continues and the tariff rates keep on increasing as we move from lower value added products to higher value added products. Thus the maximum tariff of 11.9% is charged on the highest value added product i.e. clothing.

5.2.2 Implementation of ATC

The path of integration being followed by the EU is that the product categories that are at the lower end of the value chain have been integrated at a higher rate than the high value added products. This is obvious form the data regarding integration during the first stage, as follows:

Stage I			
Description	**Integration**		
	Base year 1990		**Share within Stage I**
	Tonnes	**Percentage**	
Tops and Yarns	210,572	5.41%	33.36%
Fabrics	281,172	7.22%	44.55%
Made-ups	123,655	3.17%	19.59%
Clothing	15,729	0.40%	2.49%
Total integrated in stage I	631,128	**16.20%**	100.00%
Total volume of textile imports in 1990	3,894,668	100.00%	

A total of 16.2% of the imports of the year 1990 were integrated at the beginning of the first stage. This level of integration was in accordance with the requirement of a minimum integration of 16% for the first stage. This integration was brought about by a major contribution from the low value products i.e. 5.41% integration in tops and yarns and 7.22% share from the fabrics. On the higher side of the value chain, only 3.17% came from made-ups and a low of 0.4% from clothing. This integration can be analyzed by looking at the four categories as components of stage 1. From the data in the above table, we can see that the maximum integration is in case of fabrics, i.e. 44.55% (almost half of the total integration of stage 1). A share of 33.36% (one-third) of tops and yarns follows this. Then we have made-ups at 19.59% and finally clothing at 2.49% only. This analysis supports the argument that the major part of integration comes from low value added products and as we move towards high value added products, the contribution towards integration declines. It is because of this strategy that tops, yarns and fabrics brought about almost 80% of integration while the remaining 20% came from the categories of made-ups and clothing.

The outcome of Stage II is similar to that of Stage I. The data is given in the following table.

Stage II			
Description	Integration		
	Base year 1990		Share within Stage II
	Tonnes	Percentage	
Tops and Yarns	414,241	10.64%	62.18%
Fabrics	87,645	2.25%	13.16%
Made-ups	81,527	2.09%	12.24%
Clothing	82,792	2.13%	12.43%
Total integrated in Stage II	666,205	**17.11%**	100.00%
Total volume of textile imports in 1990	3,894,668	100.00%	

The beginning of Stage II was marked by a total integration of 17.11% of the imports of the year 1990, thus fulfilling the requirement of a minimum integration of 17% for the second stage. In this stage, the strategy of integrating low value added products by higher percentages was followed even aggressively. Out of the total of 17.11%, a major share of 10.64% went to tops and yarns. This category alone accounted for almost two-thirds (62.18%) of the total integration in Stage II. The rest of the three categories had integration of nearly 2% each i.e. a share of almost 12.5% each within the total commitment for integration. Again almost 80% of the integration were brought about by tops, yarns and fabric while the contribution of made-ups and clothing remained at nearly 20%. In this way, the integration of import sensitive commercially meaningful items has been postponed until the last day of the agreement thus raising concerns among the exporting countries.

6 Criticism

The record of multilateral trade negotiations to date has disappointed developing countries. They are critical of the outcome in a number of major Uruguay Round negotiations including agriculture, textiles, and intellectual property. The developed countries have also been blamed on the ground that the important multilateral agreements signed since the conclusion of the Uruguay Round have covered sectors of special interest to them; e.g. basic telecommunication, information technology, and financial services. On the other hand, issues of concern to developing countries have not been taken good care of. The Agreement on Textiles and Clothing, in particular, has been criticized on the following grounds.

- Developing countries complain that developed countries have enjoyed extended transition periods for textiles and agricultural goods and have aggressively subsidised these sectors for a long span of time. Now, when these sectors are growing in the developing countries, the transition periods and waivers granted to them have been short-term.
- The Agreement on Textiles and Clothing was formulated in such a way that developed countries could essentially postpone the elimination of restrictions until 2005 since half of the products are to be liberalised only on the last day of the Agreement. Little real liberalisation has taken place to date. Practically, in the second stage, the US has eliminated only 1.3% of its MFA quotas and the EU only 3.15%, based on the volume of imports.
- The average tariffs on textile & clothing remain 2-3 times higher than on other industrial goods.
- Because the coverage of the Agreement is wider than the list of products that are restricted by the MFA, it appears likely that many MFA restrictions will be removed only when the third stage begins in 2002. The bulk of the quota restrictions may be eliminated only on the last day of the 10-year transitional period.
- The integration program of 1 January 1995 saw only one quota actually removed, i.e. a quota imposed on work gloves imported into Canada. By postponing the integration of majority of the commercially meaningful products till the end of the transition period, the importing countries run the risk that the last stage will be too difficult for them to implement on schedule.
- Agreement on Safeguards does not permit targeting a specific country or a set of countries and the actions have to be taken on a global basis. However, ATC allows for deviation from the normal practice of allocating global quotas, under special circumstances. It is feared that such provisions might be used against the developing world.
- USA has been blamed to use the provision regarding safeguards too often and specifically against the developing countries. In 1995, (first year of the agreement) the United States used the safeguard provisions 24 times against 14 exporting developing countries. U.S. then used this provision once in 1996, 2 times in 1997 and 10 times in 1998.

- The U.S. has miss-used the provision of “rules of origin”. They have changed the criterion to identify the origin of the product, effective from 1st July 1996. As a result, countries that already had highly utilised quotas had to charge more goods from their quotas, thus reducing their potential exports. The purpose of such gimmicks of the U.S. government is nothing but adversely affect some highly competitive exporting countries.
- The EU has also pushed the textile exporting countries to be in compliance with EU’s rules of origin. In Bangladesh, thousands of export licenses were drawn because of this provision thus leading to job insecurity for more than a million workers, mostly women.
- Developed countries are blamed to take shelter under misinterpretation of ATC and hence postponing the implementation of the Agreement. They fulfil the requirement of liberalisation in word but not in spirit.
- GATT 1994 works on the principal of overall balance but this agreement has the unusual clause of sectoral balance of rights and obligations.
- ATC has the provision of imposing penalty only on the exporting countries, which are mostly developing. Where as, there is no provision of imposing penalty on the importing country (mostly developed) if they fail to fulfil their obligations.
- Rules governing the “de minimis provisions” have not been laid down clearly. So the developed countries might take safeguard actions and depriving the developing countries from the exports under this provision.
- Since both EU and US have postponed the integration of the “most sensitive” products in the last stage. So the ITCB fears that they might try to stretch the ATC beyond 2005.
- In recent bilateral agreements regarding allocation of quotas, the U.S. has included strong measures to avoid circumvention and they claim that these measures are in accordance with the ATC. However, the exporting countries have voiced concerns over the application of these bilateral provisions (and unilateral actions where mutual agreements can not be reached) that they are actually a result of highly technical interpretation of ATC.
- ITCB has complained that CITA, in order to discourage imports into U.S., requires visas for those products that have already been integrated under the ATC.
- TMB has not been quite affective in checking the unjustified use of safeguard measures.
- EU is blamed to have used anti-dumping measures against products under quota and it is regarded as double protection by the exporting countries. Moreover, such measures are used repeatedly against the same products and countries thus having a negative effect on the process of liberalisation.
- Provisions made in ATC to benefit the small suppliers are not being fully reflected in the implementation of the agreement by the EU and the U.S.
- EU and US are linking international trade with social conditions. Social conditions include child labour, forced labour, environmental issues etc. The area of social conditions was left open in the Uruguay round and is now being used by the developed world for disguised protectionism.

The results of ATC until 1999 indicated that the textile exports from developing countries increased by only 4.3% over the last four years, whereas textile exports of developed countries increased by 9%, over the same period of time.

According to a statement released by the officials of Third World Network* (TWN) in December 1999:

> *After five years of implementation, very few quotas have been removed. Of the total quantity of imports under specific restrictions, only 5-6% has been freed of restrictions over 70% of the 10-year transition period. Additional quota access has not resulted in any lessening in the restrictive nature of quotas. Developing countries, including small suppliers and least-developed countries, have not received meaningful increases in their access possibilities*

For smooth running of WTO, industrial countries will need to make concessions in sectors important to the developing world during the next multilateral trade round. It requires reductions in textile trade barriers that are being substituted for import quotas phased out under the Uruguay Round. It is not the implementation of ATC in letter that is important to the developing countries, rather it's the "quality " of implementation that matters. Industrial nations now argue that in order to overcome the problems of implementation of ATC, they need to "renegotiate" the agreement. The developing countries say that ATC does not comes in the way of liberalisation and if implemented in its true spirit, will not leave the importing countries with adjustment problems.

On the other hand, developed countries have shown their concerns about the following problems:

- The continuing problem of circumvention of quotas by the exporters. There is a need that concerned exporting countries should take serious steps to solve this problem.
- The limited progress being made by the developing countries in improving their market access conditions.
- Circumvention of quotas has been taking place by making use of transhipment of goods (making a product in one country and then shipping it to another country to re-export it from the second country as its product), false declaration of country of origin and other kinds of falsification of documents.

* The Third World Network is an independent non-profit international network of organisations and individuals involved in issues relating to development, third world and North-South issues. It conducts research on economic, social and environmental issues pertaining to the South.

7 Textile Sector of Pakistan

7.1 Overview of textile sector

Textile sector of Pakistan is the largest contributor of the industrial sector as it has a 40% share in the employment of the manufacturing sector. More than 60% of the total exports of Pakistan come from the textile sector. Its share in GDP is about 8%, about 30% in Value Added production by manufacturing sector. Since cotton is the biggest source of raw material for the textile sector and Pakistan is the fourth largest producer of cotton in the world, so the textile sector is also regarded as being indirectly responsible for employment in the agricultural sector. The sector is comprised of enterprises in:

- Spinning
- Weaving
- Processing and finishing
- Knitted fabrics and clothing
- Woven garments
- Woolen spinning, weaving and garments

There are about 442 large textile companies with 50 of them as integrated units (engaged in spinning as well as weaving, and in some cases garments as well). Besides the above-mentioned companies there are at least 300 "large enterprises"[*] of knitted and woven garments. In addition, there are thousands of small factories and workshops in different sectors of weaving, finishing, woven garments, knitwear, home textile etc. The highlights of the textile sector are given below:

- Pakistan is one of the four largest producers of cotton in the world. The annual average production has been around 9 million bales of 170 Kgs for the last five years.
- The country enjoys the advantage of a large labour force with very low wage rates.
- After a consistent growth in all the sectors of spinning, weaving and value added sectors like bed-wear, knitwear and woven garments, the textile industry of Pakistan faced difficult times in 1997.
- Exports of all textile and clothing increased at less than 2% per year (in value terms) from 1996 to 1998. However, cotton yarn exports decreased in value by 8.4% in 1996-97 and 18% in 1997-98.
- In 1998, exporters were concerned about the sanctions following the nuclear tests of May 1998. There was also a substantial loss of trade due to the Asian crisis and the dislocation of the markets in the Far East. Overall exports of textile and clothing have decreased in value by 4% during July 1998 to December 1998 as compared to the same period last year. During this period cotton yarn exports fell by 12.3%, cotton cloth exports by 1.4% and woven

[*] That has 100 or more employees.

garments by 2.5%. However Knitwear and hosiery showed a 25% increase and bed-wear also increased by 31%.

- The serious and financially strong operators in the textile sector are not pessimistic about the industry and there is a drive to modernise the textile industry.

7.2 Top Asian Textile Exporting Countries

1998 ($ million)	
Country	**Exports**
China	39,485
Korea	15,577
Hong Kong	10,980
Turkey	9,900
India	9,275
Japan	6,260
Thailand	4,965
Pakistan	***4,897***
Indonesia	4,862

Pakistan was the eighth largest Asian exporter in the year 1998, based on the value of exports. We had a share of 3.9% in Asia and 1.91% in the world textile exports.

7.3 Textile Exports of Pakistan

The major buyers of Pakistani textile produce are the EU and the US. Trade in textile and clothing products between Pakistan and the EU; and Pakistan and the US are regulated by bilateral agreements. Under these agreements, exports of several products from Pakistan are limited by the imposition of quotas. These will be discussed in detail in the quota utilization discussion.

The trend in the world market is that trade is shifting from textiles category to the clothing category. This is shown in the table below:

Textile and Clothing Exports

	1992-93		1997-98		2002-3 Estimated	
	Textile	**Clothing**	**Textile**	**Clothing**	**Textile**	**Clothing**
	Percentages					
WORLD	45.4	54.6	42.8	57.2	36	64
PAKISTAN	75.8	24.2	75.2	24.8	63	37

Between 1992-93 and 1997-98, the share of global textile trade was reduced from 45.4 percent to 42.8 percent of the total trade. However, this has not been the case with Pakistan. In 1992-93, textile had a share of one-third of exports and this share remained almost the same till 1997-98. But this trend is forecasted to change with trade moving towards clothing. It is estimated that in the year 2002-3 the world will have two-thirds of clothing category in its trade while Pakistan will only have one-third coming from the clothing category and the major share will remain to lie with the textile category.

8 Quota Utilization of Pakistan

Pakistan has independent quota arrangements with EU/Turkey, the US and Canada. The quota utilisation for USA and the EU is discussed as follows:

8.1 European Union

The EU is Pakistan's first trade partner in textiles and USA follows this. According to the value of exports, Pakistan was EU's 13th largest supplier of textiles and clothing in the year 1997. The value of exports of Pakistan to the EU was ECU 1.41 billion. The main EU partners are Italy, France, UK and Netherlands. EU ha fixed quotas for Pakistan for the SIGL* categories of 1, 2, 2A, 3, 4, 4C, 5, 6, 7, 8, 9, 18, 20, 26, 28, and 39. The mechanism of limiting imports by quota is that EU announces specific quota limits for the coming calendar year. This quantitative limit is adjusted in each year in accordance with the flexibility provisions contained in the ATC. The EU has an integrated system of licenses (SIGL), which is based on computers linking the European Commission with the departments in various countries that issue import licenses. When the licenses issued reach the designated quota, European Commission orders the issuing departments to cease the issue of licenses. In order to keep the exporters in touch with the outstanding quota; the up to date quota utilization information is placed on the web site of the integrated system.

The quota utilization of Pakistan is compared with major Asian exporters including China, India, South Korea and Hong Kong in the following tables.

SIGL	Description	Pakistan			China			India		
		1997	**1998**	**1999**	**1997**	**1998**	**1999**	**1997**	**1998**	**1999**
1	Cotton yarn	99.5	99.4	82.8	23.1	12.6	5.2	99.8	99.9	80.7
2	Woven fabrics (cotton)	99.3	99.9	96.5	94.5	91.1	96.2	99.9	96.3	84.2
2A	Other than unbleached or bleached	88.8	91.7	66.1	60.5	71.1	93.5	65.5	69.0	47.4
3	Woven fabrics (synthetic)	100	99.8	99.2	94.9	84.8	91.9	99.9	99.6	78.9
4	Shirts, T-shirts	91.0	91.0	90.8	99.9	99.6	95.1	99.9	99.9	97.3
5	Jerseys, pullovers, waistcoats	91.3	89.5	92.1	99.8	99.6	97.3	99.9	95.4	97.6
6	Woven trousers, shorts of wool, cotton	90.9	90.4	88.9	99.9	99.8	99.0	99.8	100	98.2
7	Women's blouses, shirts	66.4	69.4	25.5	99.7	99.3	95.0	99.8	95.8	85.6
8	Men's shirts of wool, cotton, MMF	55.2	46.9	31.3	99.8	99.8	99.2	89.6	92.3	83.1
9	Terry towelling (cotton)	99.8	99.9	94.0	59.9	65.6	87.1	99.0	81.8	76.2
18	Briefs, nightshirts, pyjamas &similar	40.1	39.8	40.7	99.6	99.6	98.5			
20	Bed linen	99.3	99.9	97.8	***79.3***	***80.3***	***95.2***	99.7	89.9	79.7
39	Table, toilet & kitchen linen	74.0	78.2	60.0				99.4	99.9	77.4
26	Women's dresses of wool, MMF	37.0	19.3	16.0	87.1	99.5	98.0	95.7	100	97.7

* SIGL {systeme integre de gestion de licenses (integrated system of licenses)} is a computer system linking the European Commission with the departments issuing import authorisation in the member states.

SIGL	Description	Pakistan			South Korea			Hong Kong		
		1997	1998	1999	1997	1998	1999	1997	1998	1999
1	Cotton yarn	99.5	99.4	82.8	68.4	84.2	34.1			
2	Woven fabrics (cotton)	99.3	99.9	96.5	18.6	20.1	21.9	18.9	15.4	17.1
2A	Other than unbleached or bleached	88.8	91.7	66.1	53.5	57.6	61.7	16.7	15.0	16.2
3	Woven fabrics (synthetic)	100	99.8	99.2	18.4	14.2	13.5	0.1	0.0	0.0
4	Shirts, T-shirts	91.0	91.0	90.8				64.7	66.7	98.9
5	Jerseys, pullovers, waistcoats	91.3	89.5	92.1				100	100	99.7
6	Woven trousers, shorts of wool, cotton	90.9	90.4	88.9				99.9	99.6	96.8
7	Women's blouses, shirts	66.4	69.4	25.5				95.6	88.3	85.0
8	Men's shirts of wool, cotton, MMF	55.2	46.9	31.3				67.5	59.0	56.1
9	Terry towelling (cotton)	99.8	99.9	94.0	0.0	0.1	0.0			
18	Briefs, nightshirts, pyjamas &similar	40.1	39.8	40.7				8.4	6.8	9.4
20	Bed linen	99.3	99.9	97.8						
26	Women's dresses of wool, MMF	37.0	19.3	16.0				70.3	66.6	75.1
39	Table, toilet & kitchen linen	74.0	78.2	60.0				0.0	0.0	0.0

See ANNEX III for a detail of the SIGL product categories and the quota utilization per category between the years 1997 and 1999.

The above table shows only those categories in which the exports from Pakistan are restricted under quota. Annex IV contains a full listing of all the categories for major Asian exporters.

The quota utilisation levels are discussed after dividing them in the yarn and non-yarn categories. The non-yarn categories are taken first.

8.1.1 Non-yarn Categories

In case of Pakistan, the general trend is that utilisation in most categories has decreased in the year 1999 as compared to 1997 and 1998. The serious matter is that our utilisation in some categories has decreased so drastically that it has become less than half of the previous level (category 7, women's blouses and shirts). In case of category 8 (men's shirts), it has declined to two-thirds of its previous level. In case of category 26 (women's dresses of wool and man-made fibre), the utilisation in the year 1999 was less than half of the 1997 level.

India has a similar trend i.e. it's utilisation has also decreased in most of the categories and the decrease is significant as well. However, we do not see any drastic downward shifts in quota utilisation, as is the case with Pakistan. The utilisation levels of South Korea and Hong Kong have mixed trends and there are no drastic shifts in the utilisation levels.

Among the countries under discussion, China has the highest utilisation rates and these are improving as well. All the non-yarn categories had more than 90% utilisation rate in the year 1999. The numbers also suggest that the market lost by both Pakistan and India is being taken up by China, as when utilisation rate of Pakistan and India decreases simultaneously in some category, the utilisation level of China increases in that category. The alarming part is that the utilisation level of China is not increasing by just two or three percentage points but in fact by five to twenty five percentage points.

8.1.2 Yarn Categories

Cotton yarn is kept separate from the above discussion, as it is a low value added product. The trend of utilisation levels for yarn is totally different. Though the utilisation level is falling both in Pakistan and India, but they still have the highest utilisation levels among the countries under discussion. In case of China and South Korea, the Utilisation level for yarn is falling and interestingly, the decrease is very drastic as the levels became less than half as compared to previous year. This analysis simply suggest that China, South Korea and Hong Kong are moving towards value addition and in the value added products market, China is grabbing share from Pakistan and India.

In case of Pakistan, the market for textile products for women remains untapped. This is obvious from the utilisation levels in the categories 7 (women's blouses and shirts) and 26. In these categories, the utilisation levels not only remain low but are also showing a drastic decreasing trend. In the year 1999, our utilisation in category 7 was only one fourth of the designated quota and the situation was even worse in case of category 26 (women's dresses of wool and man-made fibre) that had a utilisation of as low as 16 percent. India and China are filling this vacuum as they have achieved almost 100 percent utilisation in both these categories.

8.2 United States of America

USA is the second largest importer of textile exports of Pakistan. The quota utilisation figures are as follows:

HTS Codes*		Pakistan			China			India		
		1997	1998	1999	1997	1998	1999	1997	1998	1999
300/301	Yarn			50.3	49.1	13.6	66.8			
219	Fabric	82.5	58.6	35.9	5.3	51.2	32.3	98.9	94.0	74.4
226		***70.2***	***83.1***	***71.2***	71.2	52.1	64.0			
313					68.2	59.2	78.0	99.2	82.8	75.0
314		79.0	67.1	42.7	94.3	86.5	86.0	92.0	87.6	79.9
315		80.8	77.8	50.8	89.6	79.9	94.3	82.7	97.7	46.1
317/617		88.7	78.2	40.8	77.5	60.8	81.1	99.1	90.9	0.0
613/614		72.5	86.5	65.4	66.5	66.0	47.3			
615		72.6	81.1	75.9	72.3	51.8	36.6			
625		71.3	84.2	35.7						
626		42.9	65.4	34.2						
627		0.3	0.0	1.0						
628		32.0	40.0	17.5						
629		4.3	4.0	5.9						
237	Apparel	22.4	23.4	44.5	86.1	84.4	42.8			
239		22.9	15.2	32.0	92.0	86.8	87.3			
331/631		77.5	81.9	67.8	94.6	84.0	72.4			
334/634		88.1	58.2	78.0	96.9	73.2	73.5	92.8	77.9	78.0
335/635		67.7	56.4	38.3	96.0	66.5	67.2	96.9	87.5	81.7
336/636		61.7	73.1	51.6	87.1	74.2	96.3	85.8	91.5	94.3
338		93.5	77.1	88.0	***92.7***	***90.7***	***97.0***	***90.7***	***98.6***	***96.3***
339		77.4	72.9	83.9						
340/640		90.0	61.0	69.8	80.2	93.3	87.8	94.9	100.0	99.5
341/641		27.3	77.9	24.6	85.6	86.3	70.5	90.4	96.9	92.3
342/642		18.4	55.7	38.0	74.2	79.9	91.8	91.7	87.1	85.7
347/348		81.9	73.2	92.7	100.0	97.6	97.1	89.7	92.5	87.3
351/651		85.1	84.3	74.9	88.7	84.4	83.4	86.1	100.0	93.9
352/652		69.2	76.4	52.0	98.5	83.9	90.1			
359/659		89.5	74.2	84.7	73.4	77.5	85.0			
638/639		36.0	19.9	75.4	97.3	97.8	93.5			
647/648		73.8	69.8	65.7	95.6	87.6	90.3	85.9	88.9	76.3
360	Made-ups	61.5	63.4	91.7	73.0	76.4	76.8			
361		51.1	61.4	87.4	81.6	95.8	96.0			
363		80.8	87.8	90.4	93.8	79.4	62.8	89.9	91.9	93.9
369		70.6	76.7	85.0	61.4	62.8	61.1	98.9	94.4	76.9
666		56.8	85.2	97.2	84.9	89.4	83.7			

** See ANNEX VI for HTS (Harmonised Tariff Schedule) codes description.*

HTS Codes*		S. Korea			Hong Kong			Turkey		
		1997	1998	1999	1997	1998	1999	1997	1998	1999
		Percentages								
300/301	Yarn	16.7	41.4	14.6				21.9	28.2	88.0
219	Fabric	2.0	1.2	1.7	10.4	23.6	17.8	33.4	73.2	71.8
226					***1.8***	***1.9***	***4.5***			
313		24.2	22.0	18.2				1.3	2.1	3.5
314		23.7	28.6	21.5	0.6	5.4	3.2	0.2	0.3	0.8
315		49.8	57.7	48.2	-	14.6	3.0	1.8	1.6	0.5
317		***11.3***	***12.5***	***26.7***				14.0	9.6	15.3
326								4.8	7.8	8.4
613/614		5.7	6.7	25.8						
615										
617					34.9	89.3	49.1	0.7	1.5	3.1
625		***91.2***	***86.2***	***88.3***				58.9	77.7	55.6
626								20.9	20.5	12.9
627								1.8	1.7	0.3
628								4.7	5.5	1.5
629								4.4	16.7	5.7
237	Apparel	7.1	7.3	3.1	37.3	52.5	27.6			
239		83.9	-	-	70.9					
331/631					58.2	62.7	63.0			
333/334		27.9	68.2	71.2	49.0	70.3	68.5			
335		33.9	62.0	38.2	62.5	77.6	67.3	15.0	20.1	15.8
336/636		91.6	83.2	93.4	48.0	61.5	64.8	26.7	33.7	26.8
338		92.2	99.1	93.5	82.8	88.7	92.0			
339										
340/640		39.1	49.5	56.0	68.7	76.9	74.4	6.6	5.4	10.0
341/641		56.7	61.7	71.2	64.2	79.0	82.3	10.8	9.1	11.8
342/642		91.6	98.7	94.1	48.9	64.8	86.7	16.5	18.2	22.5
347/348		62.1	99.3	92.3	91.7	92.8	90.8	41.0	56.9	52.7
351/651		45.5	95.9	94.7	64.0	87.9	88.0	96.6	89.5	92.8
352/652		75.9	92.2	95.5	66.1	72.2	80.6	54.2	66.8	69.5
359/659		24.8	27.2	40.7	42.7	48.4	51.5			
638/639		66.1	93.9	99.0	76.4	96.3	90.9			
647/648		54.8	98.1	89.7	47.8	69.8	73.2			
360	Made-ups									
361								85.1	94.4	85.5
363		0.4	7.3	5.6						
369					-	-	-	36.5	80.6	83.3

** See ANNEX VI for HTS (Harmonised Tariff Schedule) codes description.*

See ANNEX V for a detail of the designated quota per category between 1997 and 1999.

Only those categories are to be discussed here that are restrained by quota limits from Pakistan. Quota limits for major Asian exporters including China, India, Korea, Hong Kong and Turkey are compared to utilisation levels of Pakistan.

According to the data given in the tables, performance of Pakistan is poor in USA as compared to the utilisation levels in European Union. In the EU, we were almost fully exhausting our quota limits in many categories. This is not the case in the US where we have hardly touched 90 % utilisation in only four categories out of the thirty-six discussed. The situation is getting worse over time as our utilisation has decreased in nineteen categories while increasing only in eleven categories. In case of India, the quota utilisation went down in nine categories while rose only in two categories. China's performance shows a mixed trend, as it has lost in ten categories and gained in nine.

Percentage Average Utilisation

	Pakistan			China			India			Korea			Hong Kong			Turkey		
Years	97	98	99	97	98	99	97	98	99	97	98	99	97	98	99	97	98	99
Yarn			50	49	14	67				17	41	15				22	28	88
Fabric	61	66	47	82	72	80	97	91	72	24	25	23	5	12	9	11	18	19
Apparel	69	72	78	90	86	83	91	96	93	52	62	70	71	79	80	35	42	46
Made-ups	75	82	89	80	76	68	90	92	93	1	7	6	-	-	-	60	88	84

8.2.1 Yarn

The quota utilisation levels of yarn are given for Pakistan (1999 only), China and Korea and Turkey. Korea is only marginally utilising the quota, whereas China and Turkey have erratic utilisation trends as their utilisation levels have increased drastically in the year 1999. Pakistan has the highest utilisation levels. Since yarn is a low value added product, the discussed countries are not utilising their quotas.

8.2.2 Fabric

In case of Pakistan, the utilisation levels in the fabric categories are lower than China and India but better than Korea, Hong Kong and Turkey. India had the highest utilisation levels both in 1997 and 1998 but then China took up the lead in the year 1999. Korea has low utilisation levels (average for all the fabric categories is 24%) and these are maintained over the mentioned time period. Hong Kong and turkey had very low utilisation rates in 1997. However, they improved their utilisation levels in 1998. In 1999, Turkey showed further improvement while Korea showed a slight decline. However, their utilisation levels have remained below twenty percent. Since Korea, Hong Kong and Turkey are only marginally utilising the quotas so our discussion is focused on Pakistan, India and China.

The utilisation levels of Pakistan increased on the average* between 1997 and 1998 from 61% to 66%. During the same time period, China's utilisation levels fell from average utilisation of 82% to 72% and India lost its average utilisation levels from 97% to 91%. However, the situation changed in the next year as the average utilisation levels of Pakistan fell sharply to 47% (almost two-thirds of its previous level), India fell to 72% and China rose to 80% thus reaching close to its 1997 level of 81%. Pakistan and India have shown a similar trend between 1998 and 1999 as the utilisation levels of both the countries fell sharply while China gained during the same time period. So the numbers suggest that China is taking up the market that is being lost by India and Pakistan. Moreover, India had the highest average utilisation levels in 1997. But then the utilisation level started falling and China became the leader in 1999.

8.2.3 Apparel

In the apparel segment, Pakistan is showing consistent improvement as the average utilisation level has increased from 69 % in 1997 to 78% in 1999. China is showing an opposite trend as its average utilisation has decreased consistently over the three years. The average utilisation level was 90% in 1997 and it came down to 83% in 1999. India showed improvement in 1998 as the average utilisation levels reached 96% in 1998 from a low of 91% in 1997. However, the utilisation levels then fell to 93% in 1999 but still above the 1997 level. Korea has also shown improvement in this category and has the highest improvement rate as its average utilisation level has increased from 52% in 1997 to 70% in 1999. No other country has gained so many percentage points. Hong Kong has also shown improvement by reaching an average utilisation level of 80% in 1999 as compared to 71% in 1997. Among all the categories discussed, Hong Kong has maximum utilisation in this segment. Turkey is also improving its utilisation levels consistently. It has reached 46% in 1999 from 35% in 1997. So the general trend is that except China, every other country has shown improvement in this segment.

India is enjoying the highest utilisation levels in this segment as well. Though Pakistan, Korea, Hong Kong and Turkey have improved their utilisation levels, they are still far below India.

8.2.4 Made-ups

The trends in this segment are similar to that of the apparel segment. Pakistan has shown consistent improvement over the years as it has touched an average utilisation level of 89% in 1999 as compared to 75% in 1997. India has also shown a slight improvement by touching an average level of 93% in 1999 as compared to 90% in 1997. However, China tends to loose gradually in each discussed year and has declined to 68% in 1999 as compared to 80% in 1997. In the made-ups categories under discussion, Korea is not a significant player as it is a supplier in only one category and even for that category, the

* All the averages discussed are weighted averages obtained by diving the total quota utilization levels (values) by the total allocated quota levels.

utilisation level is below ten percent. Similar is the case with Hong Kong as it has quota in only one category and even that has a zero utilisation level in all the years discussed. Turkey has shown remarkable increase in utilisation and touched 84% average utilisation in 1999 compared to 60% in 1997. Among the four segments, Turkey has highest utilisation level in made-ups.

India has kept its lead and has highest utilisation levels in this segment as well with Pakistan standing at second position. The difference in utilisation levels of Pakistan and India was broad in 1997 but the percentage utilisation difference decreased to four percentage points in 1999.

In the United States, imports from Pakistan, China and India are restricted in many common categories. In these categories, India currently has the highest utilisation levels. China follows this while Pakistan remains at the lowest level among these three competitors. We need to improve our utilisation levels with special emphasis on value added products. The rising utilisation levels of Korea and Hong Kong in the apparel segment and of Turkey in the made-ups segment can pose serious threat to our utilisation levels in these high value added segments in the years to come.

8.3 General trends in quota utilization

The common findings from the discussion on quota utilisation in the EU and US are:

- The general trend is that the quota utilisation levels of Pakistan are falling.
- Pakistan has higher utilisation rates in EU as compared to US.
- Pakistan has low utilisation levels in the categories that are meant for products of women and girls.
- Among the countries discussed, on a comparative basis, the utilisation levels of Pakistan are high in low value added products and low in high value added products.
- China and Hong Kong and Turkey have low utilisation rates in low value added products and high utilisation rates in high value added products.

In November 1999, a deal was struck between China and the U.S. regarding the Chinese accession to WTO. According to the deal, the Chinese textile exports will not be subject to quotas from January 1st, 2005 rather than 2010.

According to the U.S. officials, China's accession to the WTO would dramatically boost apparel exports to the United States. If quotas are removed after December 31 2004, China's share of the U.S. apparel market could grow between 18 to 30 percents. Much of this increase would occur at the expense of other developing countries including Pakistan. Even in absence of China's accession to WTO, we are loosing our markets to China. With our stumbling footings in the textile market and coming in force of such deals, we will find ourselves in deep trouble. To prevent from such negative developments come our way, we need to review our textile policy on an urgent basis.

9 Category-wise Export Analysis of Pakistan

A category-wise export analysis is required in order to find out the composition and trend of textile exports of Pakistan. This analysis has been based on the following four basic textile and clothing segments.

- Yarn
- Fabric
- Apparel
- Made-ups

This analysis has been conducted for our exports to US. A similar exercise can be done for EU as well but is not possible at the moment because of data availability constraints. However, we believe that similar findings will be obtained in the EU market as well.

9.1 Exports to the US

The data regarding the textile exports of Pakistan to the US in the four basic segments during the year 1999 is given below. The figures are in million US dollars.

	US imports from			
	Pakistan	**%**	**World**	**%**
Yarn	56	3.80	1,304	1.93
Fabric	196	13.29	4,842	7.16
Apparel	714	48.41	49,914	73.84
Mad-ups	490	33.22	6,473	9.58
Total	**1,456**	**100.00**	**62,533**	**100.00**

The textile export of Pakistan to US had a value of US$ 1,456 million in the year 1999 while the total US imports were US$ 62,533 million. Our export to US had a 3.8% component of yarn in it compared to 1.93% component of yarn in the entire US imports. It means that the yarn component of our exports was twice as much as the average yarn component of other exporters to US. Since yarn is a low value added product, this is not a healthy trend. Instead of exporting yarn, we should be adding some value to it i.e. converting it into fabric and then apparel before exporting it to fetch a better price.

The case of fabric component of our exports has been similar to that of yarn as it constituted 13.29% of our fabric exports to US and only 7.16% for the entire US imports. It means that the fabric component of our exports was also twice the fabric component of total US imports in the year 1999. Fabric also lies at the lower end of the value chain and we have not been able to add value to it before we export it.

Apparel had the largest share of 73.84% in the US imports. Our exports to US also had apparel as the largest component but it was only 48.41% of our total exports. In other words, apparel, as a component of our exports is only two-thirds of the apparel component of US imports. So we have lagged behind in this value added segment.

Finally, the component of made-ups (i.e. 33.22%) was very high as compared to the made-ups component of total US imports (9.58%). The main reason for this trend is that the fabric that we produce is of poor quality; mainly due to technology constraints. The defects of the fabric become prominent on dyeing and become hidden on printing. So a major portion of fabric that we produce is printed for "masking" its defects. This printed fabric is exported in forms of bedspreads, quilts, pillow cases and sheets etc. Such products make up the made-ups category that have a major component in our exports.

The data presented in the previous table and the discussion following the table clearly depicts the fact that compared to the world, our exports are high in low value added product segments like yarn and fabric and low in high value added product segments such as apparel. This trend in our exports needs to be changed by focusing on value addition.

9.1.1 Export Ranking

A ranking of all the textile exporters to the US has been developed on the basis of quantity (by taking square meter equivalent as the common unit) and dollar value of exports of each country. The ranking in each of the four basic segments and for both the criteria (quantity and value) is obtained by looking at the standing of Pakistan with respect to the rest of US exporters of textile products. The data is given in the following table:

	Ranking Criteria	
	Quantity	**Value**
Yarn	3	5
Fabric	4	8
Apparel	18	21
Mad-ups	2	3
Total	4	15

The first inference that can be drawn from the above table is that as we move from low value added products to high value added products, our ranking falls according to both the criteria i.e. quantity and value. In case of quantity of exports, our ranking is 3 for yarn exports and 4 for fabric exports. But this ranking falls down to as low as 18 in case of apparel, which is a high value added product. Similarly, for the value criterion, our ranking for yarn is 5, for fabric is 8 and is pushed down to 21 in case of apparel. It has been discussed earlier that the component of made-ups is high in our exports. This is also obvious from the ranking as we stand as the second largest exporter of made-ups to US on the basis of quantity exported. So this analysis again depicts the fact that the focus of our textile exports has been on low value added products rather than high value added products and that is why our ranking in low value added products is better than high value added products.

Another interesting thing to note is that our ranking on the quantity criterion is higher than the value criterion within every segment and hence on an over all basis. We stand on the third position for yarn exports based on the quantity of exports ranking but keeping value as the criterion, our standing is pushed down to number five. Similarly, our quantity ranking for fabric is 4 and is pushed downward to 8 if value ranking is the criterion. In case of apparel, the quantity ranking is 18 but again the ranking based on value of exports is lowered to 21. Finally, the quantity ranking for made-ups is number 2 but the value ranking is number three. For the entire exports, the figures are even more alarming as our quantity ranking is number four but our value ranking is pushed down drastically to number fifteen.

These numbers clearly suggest that the price that we are getting for our exports is low as compared to other textile exporters to the US since our quantity ranking is higher in each basic segment. Moreover, as we are present in low value added categories, it results in low value of export thus pushing our value ranking downwards as compared to the quantity ranking. This analysis again suggests that in order to increase our export earnings through textiles, we need to concentrate on value addition and quality products. Thus our strategy for textile exports needs to be quality driven rather than quantity driven.

Now we will analyse the exports of Pakistan to the US by dividing the US imports from Pakistan (all the MFA categories) into three mutually exclusive segments namely:

- Exports under quota
- Exports in unrestricted categories
- Untapped categories

These segments will be referred to as "three-segment" during the remaining part of the analysis. The analysis is carried out as follows for all the four major categories i.e. yarn, fabric, apparel and made-ups.

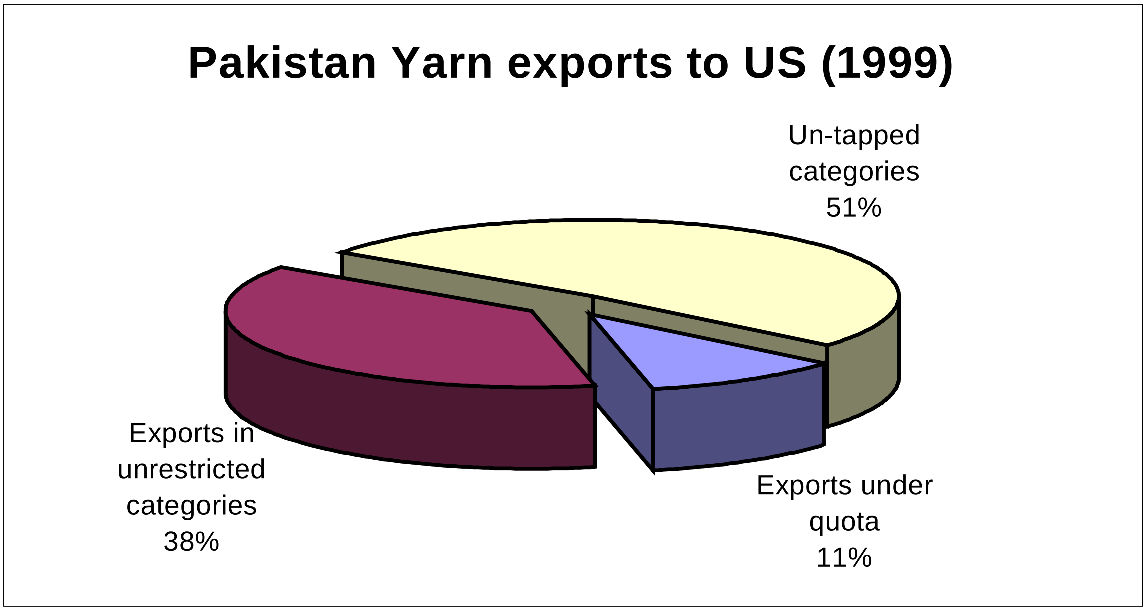
9.1.2 Yarn

The yarn exports of Pakistan to the US are given in the following table:

Exports to US ($ million, 1999)			
	HTS Codes*	World	Pakistan
Exports under quota	301	138.432	11.205
	Sub Total	**138.432**	**11.205**
Exports in unrestricted categories	200	102.242	0.403
	300	193.841	41.434
	603	41.393	1.548
	604	99.012	0.384
	607	57.832	0.894
	Sub Total	**494.320**	**44.663**
Untapped categories	201	144.717	
	400	77.029	
	600	307.197	
	606	137.835	
	800	4.482	
	Sub Total	**671.260**	
Grand Total		**1,304.012**	**55.868**

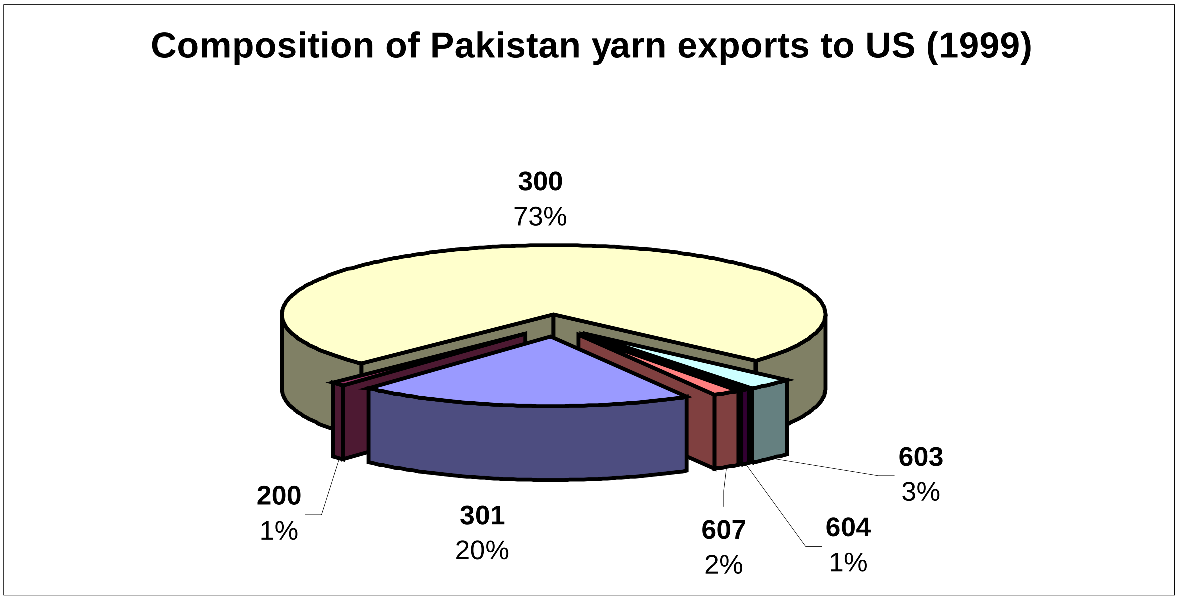
** See ANNEX VI for HTS (Harmonised Tariff Schedule) codes description.*

There are a total of eleven MFA categories of yarn out of which, exports of Pakistan are restricted by quota in only one category of combed cotton yarn (category 301). In the year 1999, we were exporting to US in six yarn categories while leaving five yarn categories untapped. The distribution of MFA categories according to the above stated three-segment criterion is as follows:



Our exports in the restricted category were slightly more than 11 million US dollars while in the five unrestricted categories, we had an export of nearly 45 million dollars. The above chart is made using the value of total yarn imports of US. The categories in which we are not present make more than half (nearly 51%) of the US yarn imports, that is, a market of US$ 671 million out of a total of US$ 1304 million of yarn imports. So a major segment of the US yarn market remains untapped by Pakistan.

The interesting thing to note is that almost 73% of total yarn exports of Pakistan (US$ 41.434 million from a total of US$ 55.868 million) came from a single category i.e. carded cotton yarn (category 300) that is not under quota restrictions. Another 20% came from the quota-restricted category of combed cotton yarn (category 301). Thus we are not only missing a larger component of the market but are also heavily reliant on a single category within the tapped categories. This reliance on a single category is shown in the following chart.



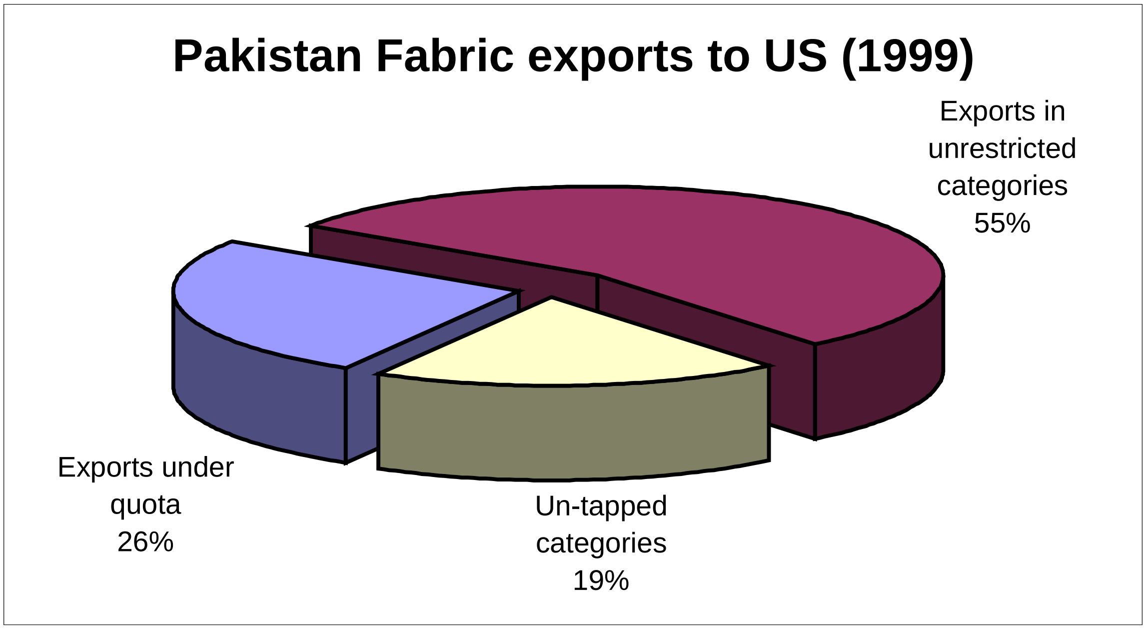
More than 90% of our exports are coming from two categories i.e. 300 and 301. In the remaining four categories, our presence is only marginal.

The data clearly suggests that we have not been able to diversify our yarn exports and if we loose our exports in the categories 300 and 301, due to any reason, we will stand nearly losing the yarn segment in all.

9.1.3 Fabric

The fabric exports of Pakistan to the US are given in the following table:

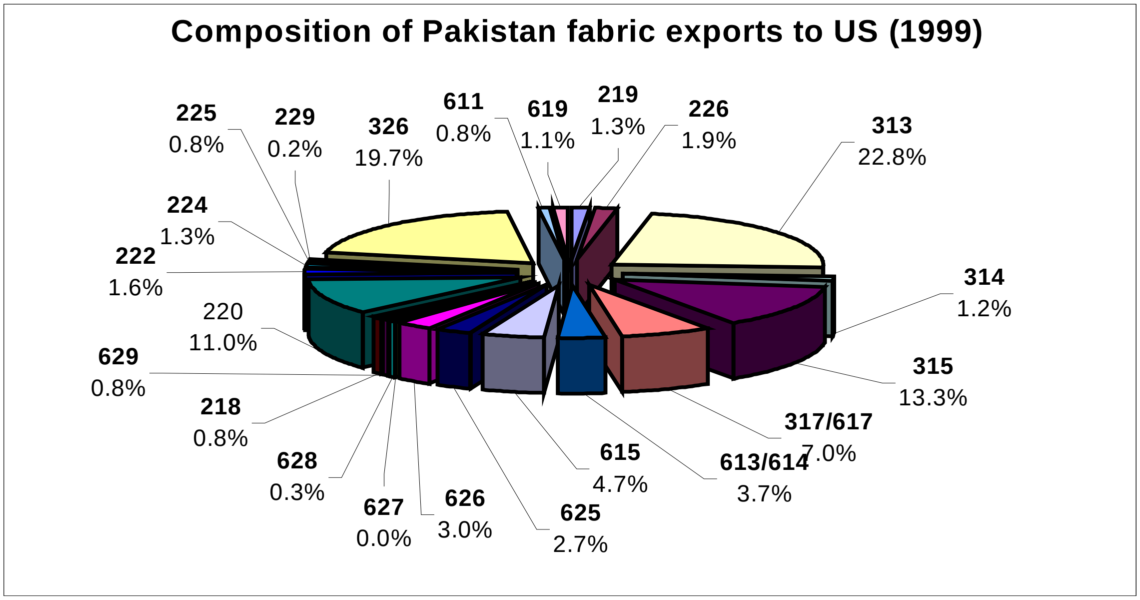
Exports to US ($ million, 1999)			
	HTS Codes	World	Pakistan
Exported under quota	219	86.069	2.474
	226	34.122	3.635
	313	188.995	44.693
	314	160.268	2.431
	315	155.41	25.96
	317/617	280.764	13.665
	613/614	61.605	7.273
	615	16.01	9.122
	625	81.23	5.196
	626	10.299	5.92
	627	10.915	
	628	29.723	0.55
	629	144.311	1.526
	Sub Total	**1259.721**	**122.445**
Exports in unrestricted categories	218	201.114	1.641
	220	250.002	21.56
	222	663.849	3.214
	224	305.742	2.492
	225	239.622	1.653
	229	564.088	0.337
	326	92.144	38.595
	611	69.923	1.598
	619	272.023	2.105
	Sub Total	**2658.507**	**73.195**
Un-tapped categories	227	11.351	
	410	203.488	
	414	71.468	
	618	66.193	
	620	315.906	
	621	7.182	
	622	79.054	
	624	21.096	
	810	147.613	
	Sub Total	**923.351**	
Grand Total		**4841.579**	**195.64**



There are a total of 31 MFA categories that lie in the fabrics' segment. The break-up according to the said three-segment criterion is shown in the above chart. Thirteen categories are restricted under quota for exports of Pakistan that make 26% (US$ 1,260 million) of total US fabric imports. Pakistan is also exporting in another nine categories not restricted by quota that make a 55% (US$ 2,659 million) of US fabric import market. Finally, Pakistan left the remaining nine categories untouched in the year 1999 thus leaving 19% (US$ 923 million) of the market untapped. Pakistan exported fabric worth of US$ 195.64 million out of which US$ 122.445 million came from quota restricted categories while the remaining US$ 73.195 million came from quota free categories.

The nine categories that remain untouched constitute almost one-fifth of the total US fabric imports i.e. a market of US$ 923 million out of a total fabric market of US$ 4842 million. Pakistan is the fourth largest fabric supplier (based on quantity ranking) to the US market and this is also obvious from the chart above that shows our presence in 81% of the categories.

We also need to look at the shares of various fabric categories within the fabric exports of Pakistan. This analysis is carried out using the following pie chart.



The alarming part is that similar to that of yarn, we are heavily relying on a few categories i.e. 313 (a share of 22.8%), 315 (a share of 13.3%) and 326 (a share of 19.7%) that make up more than half of our exports. Categories 313 and 315 are restricted by quota while category 326 is unrestricted. We earned US$ 109 million out of total exports of US$ 196 million from these three categories. The other nineteen categories thus constitute less than half of our fabric exports implying that our presence in these categories is not significant. Though we are present in many categories, but similar to the case of yarn, we are dependent on a few categories for a major chunk of our fabric exports.

9.1.4 Apparel

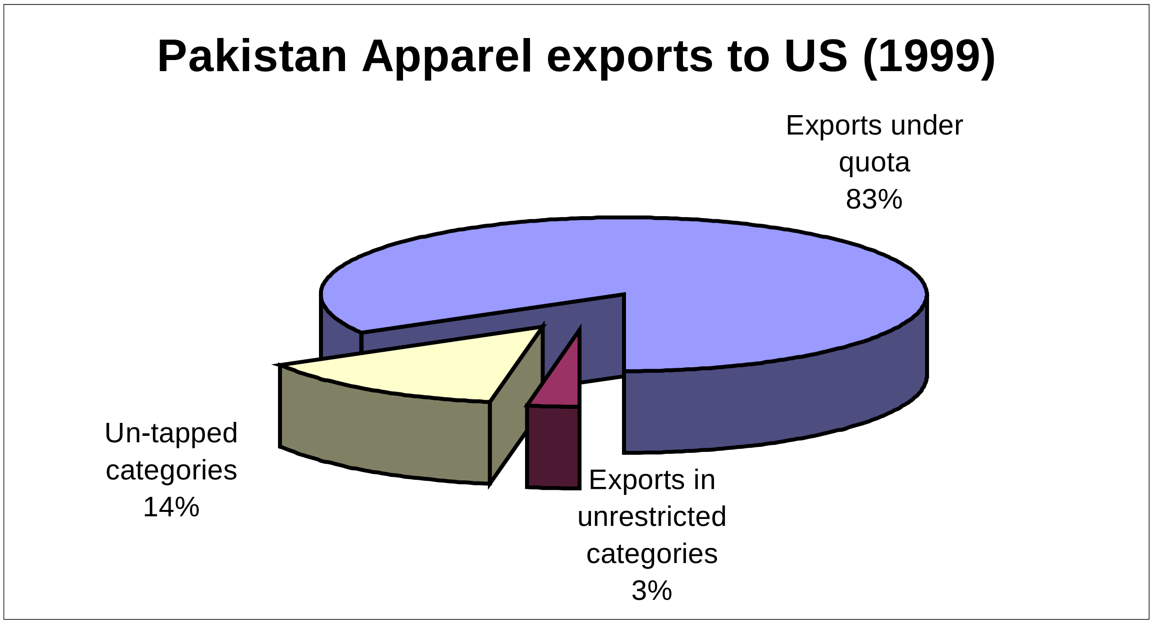
The apparel exports of Pakistan to the US are given in the following table:

Exports to US ($ million, 1999)			
	HTS Codes	**World**	**Pakistan**
Exports under quota	**237**	252.540	2.449
	239	1,428.198	9.983
	331/631	221.715	8.369
	334/634	1,495.982	24.154
	335/635	1,385.666	10.564
	336/636	1,478.591	14.023
	338	4,396.913	349.247
	339	3,633.846	73.422
	340/640	2,882.014	40.039
	341/641	1,893.831	6.813
	342/642	934.922	5.733
	347/348	8,665.528	74.581
	351/651	1,125.835	14.547
	352/652	2,997.756	8.522
	359/659	2,741.214	40.135
	638/639	3,330.156	6.158
	647/648	2,733.788	19.503
	Sub Total	**41,598.495**	**708.242**
Exports in unrestricted categories	**345**	441.970	2.717
	431	11.505	0.047
	438	322.215	0.069
	445	225.799	0.011
	643	63.826	0.146
	644	216.112	0.081
	650	142.206	3.122
	Sub Total	**1,423.633**	**6.193**

The apparel categories in which Pakistan is not present are given (alongwith US import) in the table on the next Page.

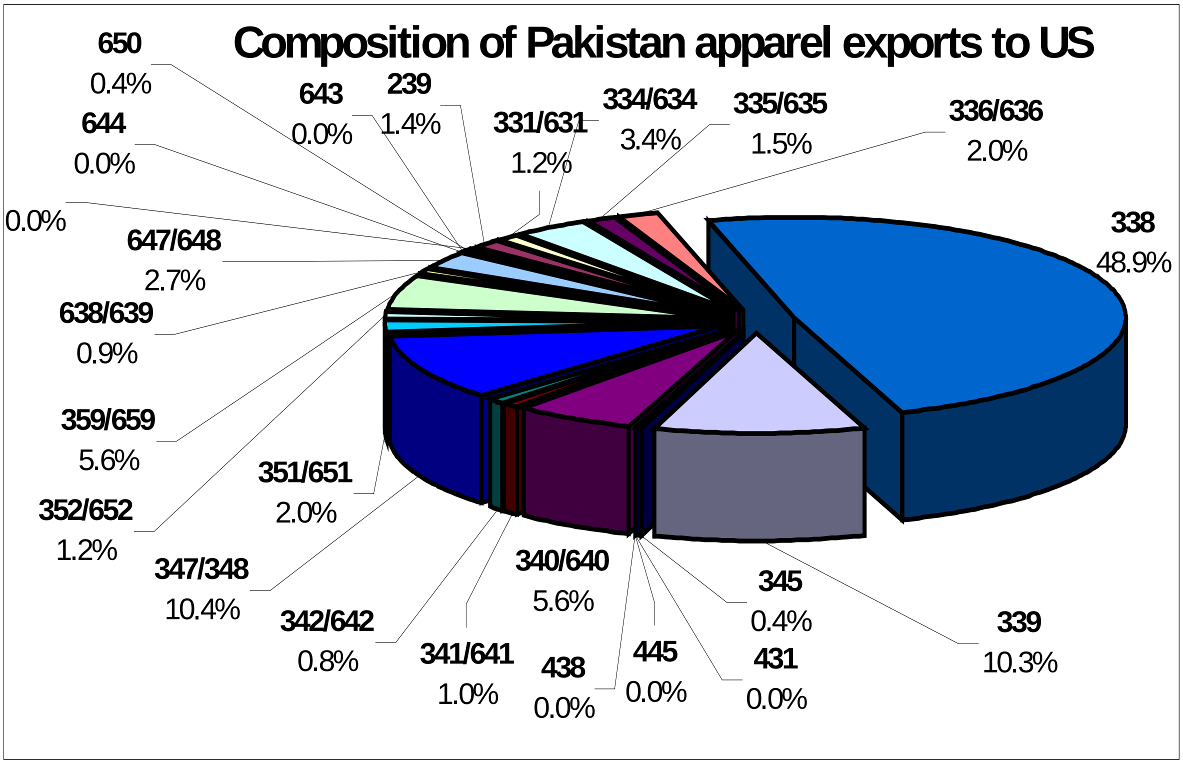
Exports to US ($ million, 1999)			
	HTS Codes	World	Pakistan
Un-tapped categories	330	11.147	
	333	25.237	
	432	12.355	
	433	317.538	
	435	449.455	
	436	49.718	
	439	3.592	
	440	31.973	
	442	166.977	
	443	593.898	
	444	56.578	
	446	619.047	
	447	233.929	
	448	197.695	
	459	160.671	
	630	7.767	
	632	397.676	
	633	105.567	
	645	84.532	
	646	392.594	
	649	1,151.329	
	653	103.972	
	654	100.619	
	831	3.578	
	832	4.437	
	833	28.339	
	834	13.135	
	835	86.844	
	836	131.330	
	838	233.771	
	839	8.498	
	840	295.571	
	842	64.049	
	844	11.977	
	845	371.596	
	846	25.745	
	847	263.976	
	851	0.561	
	852	1.406	
	858	9.637	
	859	63.494	
	Sub Total	**6,891.810**	
Grand Total		**49,913.938**	**714.435**

There are a total of 78 MFA categories that constitute the apparel segment out of which the exports of Pakistan to the US are restricted in 30 categories. The value of our exports in this segment was US$ 714 million out of which US$ 708 million came from the quota-restricted categories and only US$ 6 million came from the unrestricted categories. The division of the apparel market of US according to the previously mentioned three-segment criterion is shown in the following chart.



Out of a total US apparel market of US$ 50 billion, we are present in the major segments that constitute a market of nearly US$ 43 billion (US$ 41.5 in restricted categories and $1.5 in unrestricted categories). The categories that are under quota for Pakistan constitute 83% of the total US market. Pakistan is also exporting in another seven categories that are not restricted by quotas and these categories constitute 3% of US market on the basis of value of US imports in these categories. There are 41 categories that remain untapped and these constitute 14% of the market. So in the apparel segment, we do not face the problem of untapped markets as such since they are only 14% of the total market.

An analysis is also carried out to observe the composition of apparel exports of Pakistan in each category. The data is given in the previous table and is presented in the form of a pie chart as follows.



The problem of relying on a few categories is significant in this segment as well. This is obvious from the fact that out of our total apparel exports of US$ 714 million to the US, almost US$ 423 million (nearly 60%) comes from only two categories i.e. 338 and 339 (both restricted by quota) representing knit shirts. Another US$ 78 million (nearly 11%) comes from another two categories of 340 (shirts) and 359 (cotton apparel) which are both restricted by quota. This makes four categories contributing to nearly three-fourth of our exports. So in the apparel segment, though we are present in almost all the major categories but our presence is not significant in most of the categories; as was the case with our yarn and fabric exports.

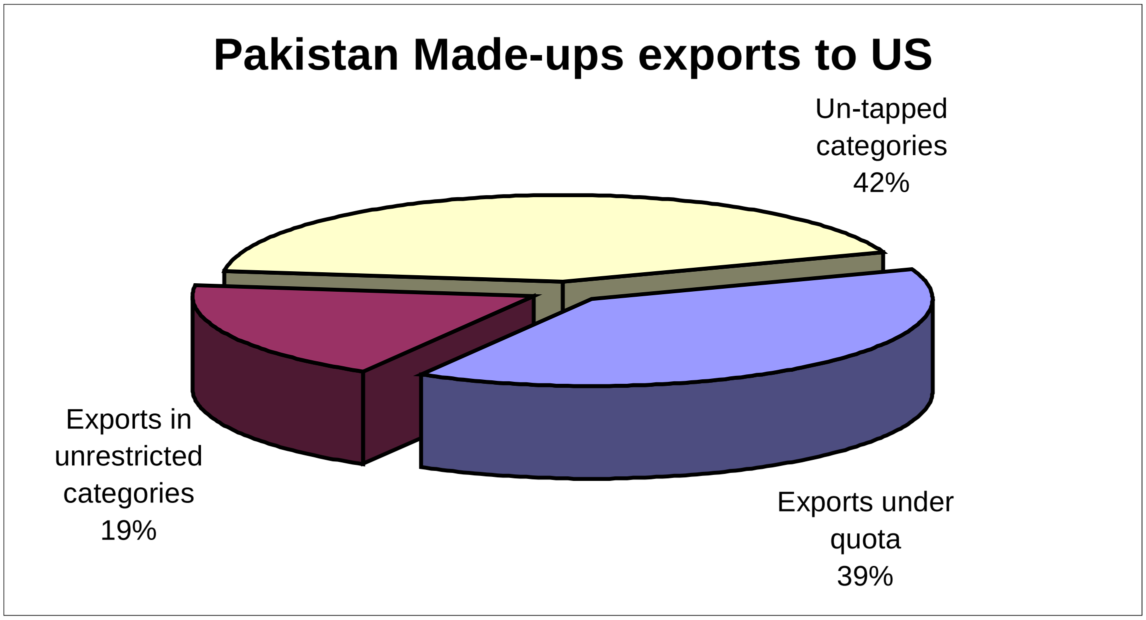
Another interesting thing to note is that out of total US apparel imports of US$ 50 billion, our exports to US are restricted in categories that make US imports of $ 41.6 billion i.e. quota restraints on 83% of imports. This shows the US policy of postponing the integration of "commercially meaningful" high value added products till the last day of the agreement.

9.1.5 Made-ups

The exports of Pakistan to the US in the made-ups segment are given in the following table:

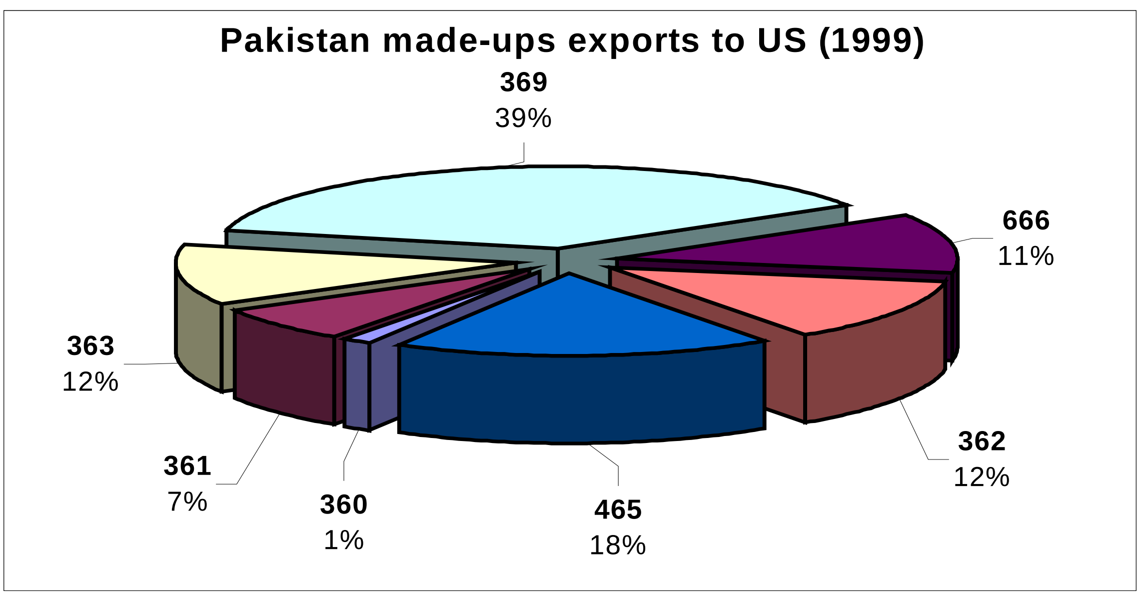
Exports to US ($ million, 1999)			
	HTS Codes	World	Pakistan
Exports under quota	360	71.923	6.824
	361	278.689	33.942
	363	414.263	58.297
	369	1,238.404	184.347
	666	508.438	56.060
	Sub Total	**2,511.717**	**339.470**
Exports in unrestricted categories	362	441.875	61.022
	465	761.157	88.997
	Sub Total	**1,203.032**	**150.019**
Un-tapped categories	464	9.637	
	469	10.252	
	665	351.752	
	669	392.810	
	670	1,637.082	
	863	3.537	
	870	261.732	
	871	29.205	
	899	62.334	
	Sub Total	**2,758.341**	
Grand Total		**6,473.090**	**489.489**

There are 16 MFA categories that constitute the made-ups segment. Pakistan has quota restrictions in five such categories and also exports in another two categories that are not restricted by quota under the Pak-US bilateral textile agreement. There are a total of nine categories that were not touched by Pakistan in the year 1999. The break-up of our made-ups exports to US according to the previously mentioned three-segment criterion is given in the following pie chart.



The value of US made-ups import in the year 1999 was nearly US$ 6.5 billion. Pakistan was present in a total of seven categories that comprised a world market of US$ 3.7 billion representing 58% of total made-ups categories (39% are quota restricted categories and 19% are unrestricted categories). It means that a major component of the made-ups market i.e. US$ 2.8 billion remains untapped in our case that makes 42% of total categories.

The problem of not diversifying the exports is present in case of made-ups as well. This is shown in the following chart.



The made-ups exports of Pakistan are heavily reliant on two product categories that are 369 (cotton manufactures, which is quota-restricted category) and 465 (floor coverings, which is an unrestricted category). Nearly 57% of our made-ups export (US$ 272 million out of a total of US$ 490 million) came from these two categories in the year 1999. On the other extreme, category 360, which is restricted by quota, contributes only 1% to our made-ups exports. Thus, in this segment as well we face both the problems of leaving many categories untouched and also relying on a few categories for our exports to US.

10 Recommendations

The textile sector of Pakistan is far from meeting the global competition. We need to bring changes to our textile industry to make it globally competitive and responsive to international trends. The following steps are required in this regard.

Broad-based exports

We should diversify our exports and adopt an optimum product mix by tapping into new categories to have broad-based exports. For this purpose, Ministry of Commerce should announce a special incentive such as duty drawback and duty-free import of machinery for exporters who are willing to export in untapped categories.

Revision of quota policy

Our quota policy is based on performance (quantity exported) and it promotes quantity driven exports. We need to change our quota policy to value (unit price realised) to encourage a quality driven textile export sector. It is strongly recommended to change the quota policy with immediate affect.

Exports in unutilised and under-utilised categories

The analysis of our exports led to the conclusion that in many categories, we are only marginally present. Incentives like a lower export refinance rate, liberal financing of working capital needs etc. should be offered for exports in those categories that are under-utilised or unutilised. Similar incentive should be given for those unrestricted categories where our exports are only marginal.

Flow of information

The flow of quota information should be such that updates on quota information should be available to both the exporters and importers at any point in time. A timely flow of information keeps the importer and the exporter up-to-date about the available quota levels and helps to promote exports.

Quality incentives

An incentive package should be announced for those exporters who export value-added and high quality products in order to encourage a quality rather than quantity driven textile sector.

Global competitiveness

Measures should be taken to ensure our global competitiveness in the years to come such that we would be able to export even in absence of quotas, when ATC is fully implemented. These measures include compliance with international quality standards, switching to efficient processes and production methods and bringing built-in responsiveness to global trends in our production and exports.

Anti-dumping and Countervailing duty cases

Both EU and US have aggressively used the ATC provisions of imposing anti-dumping (AD) and countervailing duties (CVD) in order to provide protection to their domestic industry. Initiation of such trade policy instruments against imports from developing countries has been very disappointing. In many cases, the exporting countries were deprived of their rights. We need to tackle such things on an international level such that our efforts become successful. A special body needs to be established, preferably in connection with other third world exporters to prevent EU and US from misusing such provisions.

Social conditions

One of the most controversial issues that were left open in Uruguay round was relationship between social conditions and international trade. Developed countries want to introduce specific provisions in rules for international trade regarding social conditions. These provisions include a ban on child labour and forced labour, use of environment friendly processes and raw materials, disposal of wastes etc. The developing countries fear that these proposed provisions will be used as a new from of disguised-protectionism. Though such issues have never been materialised, but we need to be pre-emptive and fight such unacceptable issues in connection with other exporting countries. These measures are a threat not only to our textile exports but also our exports in every other sector.

Regional blocks

The intra region trade among member countries of regional trade blocks like NAFTA (North American Free Trade Agreement, having US, Canada and Mexico as its members) and EU (European union, having fifteen European countries as members) accounts for a major component of international trade. The member countries of such trade blocks give each other preferential treatment as regards international trade. EU and US are major importers of our textile produce and any changes in their regional trade have a direct impact on our exports. Even after the implementation of WTO, member countries of such regional economies will keep on getting preferential treatment. The enlargement of EU (inclusion of central and Eastern European states) and NAFTA (to FTAA -Free Trade Area of the Americas-) will extend this benefit to more neighbouring countries thus increasing competition for Pakistan and other developing countries. According to UNCTAD, such enlargement will intensify competition in textile and clothing exports. Ministry of commerce should devote a special wing to take care of such trade developments. This wing should be given the responsibility to negotiate preferential arrangements with large importers of our products and to find alternate markets in case of loss of markets due to regional trade developments.

Expansion of WTO

A number of countries will be becoming a member of WTO in the years to come. The inclusion of China and many Russian states will have potential affect on our exports, especially textiles. These countries include both the importers and exporters of textiles. The proposed wing of Ministry of Commerce to deal with regional trade blocks should also be given the task to forecast and evaluate the impact of WTO expansion on our exports. This wing should give recommendations to our exporters to keep them in line with the international trade developments.

Co-ordination between Government and exporters

A strong co-ordination needs to be established between the government and the entrepreneurs to meet the challenges of changing global trends. A timely flow of information in both the directions and prompt actions taken on the basis of the information obtained (changing both the internal and external policy matters affecting our production and trade) will lead to an export conducive environment.

Implementation of ATC

EU and US have postponed the integration of "import sensitive" and "commercially meaningful" products till the last day of the agreement. As a result, their domestic producers are not exposed to global competition. On the last day of implementation of ATC, when all the textile and apparel products are integrated into normal GATT rules, it is feared that the US and EU producers will put pressure on government for extended protectionism. If this is the case in future, we will not be able to get any benefit out of the implementation of ATC. To prevent such things from happening, Pakistan needs to show its concerns to TMB. It is strongly recommended to launch an aggressive campaign, alongwith other developing countries, to show our concerns about implementation of WTO agreements. The coverage of such a campaign should encompass other agreements alongwith ATC.

11 Conclusion

According to our preliminary study, the implementation of ATC is going to affect textile exports of Pakistan to a large extent, if implemented in its true spirit. At one hand, it will enable us to push our exports in those categories that have a potential of greater exports but are limited by the quota constraints. But on the other hand, the exports that we merely get because of the quota allocated and not because of our competitiveness, we will loose them when quotas will be completely abolished under the ATC.

Agreement on Textiles and Clothing, when fully implemented will not only affect our exportable products but each and every textile good that we produce. Under WTO, we are required to open up our markets to the rest of the world and this means that we will have to allow all the textile producers to sell their products in our markets. We will only be able to compete globally if we are able to reduce our costs and improve our quality to the tune of international standards, whether its textiles or any other sector of the economy. Moreover, the market share that we get just because of allocated quota will no longer be available once MFA is completely phased out and all the textile export is free from quotas.

The developed nations are the ones who are going to get maximum benefit out of WTO agreements and even then they are so careful. We need to be careful as well so that by avoiding the possible implications, we can get maximum benefit out of WTO agreements implementation.

EU and US have postponed the integration of "import sensitive" products until the last day of the agreement. This extended protectionism is giving them enough time to make their industry globally competitive by modernisation and introducing efficient processes. It is feared that by 2005, when ATC is fully implemented US and EU may have become as competitive as the third world in many key areas. The new era for the textile industry will set in the year 2005. Every country is gearing up to meet the challenges of that era. If we want to guarantee our position as an exporter of textile and apparel products in the future, we need to modernise our industry and meet the challenge of cost reduction and quality up-gradation to an extent that the developed world is not able to match our quality and cost combination.

The textile sector of Pakistan has a lot of potential. We have not been able to make an optimum use of this potential because of the short-term ad-hoc policies that have governed this sector. We need to work out a long-term plan for the sustainable development of this sector. We strongly believe that if the new textile policies are formulated in line with our recommendations, these will help us boost our exports both in the short and the long run.

12 ANNEXTURES

12.1 ANNEX I------List of MFA members

Argentina
Austria
Bangladesh
Belgium
Brazil
Canada
China
Columbia
Costa Rica
Czechoslovakia
Denmark
Dominican Republic
Egypt
El Salvador
Finland
France
Germany
Greece
Guatemala
Hong Kong
Hungary
India
Indonesia
Ireland
Italy
Jamaica
Japan
Korea, South
Luxembourg
Macau
Malaysia
Mexico
Neth. Antilles, Aruba
Netherlands
Norway
Pakistan
Peru
Philippines
Poland
Portugal
Romania
Singapore
Spain
Sri Lanka (Ceylon)
Sweden
Switzerland
Thailand
Turkey
United Kingdom
Uruguay
Yugoslavia

12.2 ANNEX II-----List of Products Covered by ATC

This Annex lists textile and clothing products defined by Harmonised Commodity Description and Coding System (HS) codes covered by ATC.

The following categories are completely covered.

HS No.	Product Description
Ch. 50	Silk
Ch. 51	Wool, fine/coarse animal hair, horsehair yarn & fabric
Ch. 52	Cotton
Ch. 53	Other vegetable textile fibres; paper yarn & woven fabric
Ch. 54	Man-made filaments
Ch. 55	Man-made staple fibres
Ch. 56	Wadding, felt & non-woven; yarns; twine, cordage, etc.
Ch. 57	Carpets and other textile floor coverings
Ch. 58	Special woven fabric; tufted textile fabric; lace; tapestries etc.
Ch. 59	Impregnated, coated, cover/laminated textile fabric etc.
Ch. 60	Knitted or crocheted fabrics
Ch. 61	Art of apparel & clothing access, knitted or crocheted
Ch. 62	Art of apparel & clothing access, not knitted/crocheted
Ch. 63	Other made up textile articles; sets; worn clothing etc.

The textile and clothing products covered from Chapters 30-49 and 64-96 are

HS No.	Product Description
3005.90	Wadding, gauze, bandages and the like
ex 3921.12}	{
ex 3921.13}	{Woven, knitted or non-woven fabrics coated, covered or laminated with plastics
ex 3921.90}	{
ex 4202.12}	{
ex 4202.22}	{Luggage hand bags and flat goods with an outer surface predominantly of
ex 4202.32}	{textiles materials
ex 4202.92}	{
ex 6405.20	Footwear with soles and uppers of wool felt
ex 6406.10	Footwear uppers of which 50% or more of the external surface area is textile material
ex 6406.99	Leg warmers and gaiters of textile material
6501.00	Hat-forms, hat bodies and hoods of felt; plateaux and manchons of felt
6502.00	Hat-shapes, plaited or made by assembling strips of any material
6503.00	Felt hats and other felt headgear
6504.00	Hats & other headgear, plaited or made by assembling strips of any material
6505.90	Hats & other headgear, knitted or made up from lace, or other textile material
6601.10	Umbrellas and sun umbrellas, garden type

6601.91	Other umbrella types, telescopic shaft
6601.99	Other umbrellas
ex 7019.	10 Yarns of fibre glass
ex 7019.	20 Woven fabrics of fibre glass
8708.21	Safety seat belts for motor vehicles
8804.00	Parachutes; their parts and accessories
9113.90	Watch straps, bands and bracelets of textile materials
ex 9404.	90 Pillow and cushions of cotton; quilts; eiderdowns; comforters and similar articles of textile materials
9502.91	Garments for dolls
ex 9612.	10 Woven ribbons, of man-made fibres, other than those measuring less than 30 mm in width and permanently put up in cartridges

12.3 ANNEX III----SIGL Product Codes

Category	Description
1	Cotton yarn, not put up for retail sale
2 2 A	Woven fabrics of cotton, other than gauze, terry fabrics, pile fabrics, chenille fabrics, tulle and other net fabrics Of which: Other than unbleached or bleached
3 3 A	Woven fabrics of synthetic fibres (discontinuous or waste) other than narrow woven fabrics, pile fabrics (incl. terry fabrics) and chenille fabrics Of which: Other than unbleached or bleached
4	Shirts, T-shirts, lightweight fine knit roll, polo or turtle necked jumpers and pullovers (other than of wool or fine animal hair), undervests and the like, knitted or crocheted
5	Jerseys, pullovers, slip-overs, waistcoats, twinsets, cardigans, bed-jackets and jumpers (others than jackets and blazers), anoraks, wind-cheaters, waister jackets and the like, knitted or crocheted
6	Men's or boys' woven breeches, shorts other than swimwear and trousers (incl. Slacks); women's or girls' woven trousers and slacks, of wool, of cotton or of man made fibres; lower parts of track suits with lining, others than category 16 or 29, of cotton or of man-made fibres
7	Women's or girls' blouses, shirts and shirt-blouses, whether or not knitted or crocheted, of wool, of cotton or man-made fibres
8	Men's or boys' shirts, other than knitted or crocheted, of wool, cotton or man-made fibres
9	Terry towelling and similar woven terry fabrics of cotton; toilet linen and kitchen linen, other than knitted or crocheted, of terry towelling and woven terry fabrics, of cotton
10	Gloves, mittens and mitts, knitted or crocheted
12	Panty-hose and tights, stockings, understockings, socks, ankle-socks, sockettes and the like, knitted or crocheted, other than for babies, including stockings for varicose veins, other than products of category 70
13	Men's or boys' underpants and briefs, women's or girls' knickers and briefs, knitted or crocheted, of wool, of cotton or of man-made fibres
14	Men's or boys' woven overcoats, raincoats and other coats, cloaks and capes, of wool, of cotton or of man-made textile fibres (other than parkas) (of category 21)
15	Women's or girls' woven overcoats, raincoats and other coats, cloaks and capes; jackets and blazers, of wool, of cotton or of man-made textile fibres (other than parkas) (of category 21)

16	Men's or boys' suits and ensembles, other than knitted or crocheted, of wool, of cotton or of man-made fibres, excluding ski suits; men's or boys' track suits with lining, with an outer shell of a single identical fabric, of cotton or of man-made fibres
17	Men's or boys' jackets or blazers, other than knitted or crocheted, of wool, of cotton or of man-made fibres
18	Men's or boys' singlets and other vests, underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar articles, other than knitted or crocheted
	Women's or girls' singlets and other vests, slips, petticoats, briefs, panties, night-dresses, pyjamas, négliges, bathrobes, dressing gowns and similar articles, other than knitted or crocheted
19	Handkerchiefs, other than knitted or crocheted
20	Bed linen, other than knitted or crocheted
21	Parkas; anoraks, windcheaters, waister jackets and the like, other than knitted or crocheted, of wool, of cotton or of man-made fibres; upper parts of tracksuits with lining, other than category 16 or 29, of cotton or of man-made fibres
22	Yarn of staple or waste synthetic fibres, not put up for retail sale
22 A	Of which: acrylic
23	Yarn of staple or waste artificial fibres, not put up for retail sale
24	Men's or boys' nightshirts, pyjamas, bathrobes, dressing gowns and similar articles, knitted or crocheted
	Women's or girls' night-dresses, pyjamas, négliges, bathrobes, dressing gowns and similar articles, knitted or crocheted
26	Women's or girls' dresses, of wool, of cotton or of man-made fibres
27	Women's or girls' skirts, including divided skirts
28	Trousers, bib and brace overalls, breeches and shorts (other than swimwear), knitted or crocheted, of wool, of cotton or of man-made fibres
29	Women's or girls' suits and ensembles, other than knitted or crocheted, of wool, of cotton or of man-made fibres, excluding ski suits; women's or girls' track suits with lining, with an outer shell of an identical fabric, of cotton or of man-made fibres
31	Brassières, woven, knitted or crocheted
32	Woven pile fabrics and chenille fabrics (other than terry towelling or terry fabrics of cotton and narrow woven fabrics) and tufted textile surfaces, of wool, of cotton or of man-made textile fibres
32 A	Of which: Cotton corduroy
33	Woven fabrics of synthetic filament yarn obtained from strip or the like of polyethylene or polypropylene, less than 3 m wide
	Sacks and bags, of a kind used for the packing of goods, not knitted or crocheted, obtained from strip or the like
34	Woven fabrics of synthetic filament yarn obtained from strip or the like of polyethylene or polypropylene, 3 m or more wide

35 **35 A**	Woven fabrics of synthetic fibres (continuous), other than those for tyres of category 114 Of which: Other than unbleached or bleached
36 **36 A**	Woven fabrics of continuous artificial fibres , other than those for tyres of category 114 Of which: Other than unbleached or bleached
37 **37 A**	Woven fabrics of artificial staple fibres Of which: Other than unbleached or bleached
38 A **38 B**	Knitted or crocheted synthetic curtain fabric including net curtain fabric Net curtains, other than knitted or crocheted
39	Table linen, toilet linen and kitchen linen, other than knitted or crocheted, other than of terry towelling or a similar terry fabrics of cotton
50	Woven fabrics of sheep's or lambs' wool or of fine animal hair
61	Narrow woven fabrics, and narrow fabrics (bolduc) consisting of warp without weft, assembled by means of an adhesive, other than labels and similar articles of category 62
	Elastic fabrics and trimmings (not knitted or crocheted), made from textile materials assembled from rubber thread
68	Babies' garments and clothing accessories, excluding babies' gloves, mittens and mitts of categories 10 and 87, and babies' stockings, socks and sockettes, other than knitted or crocheted, of category 88
72	Swimwear, of wool, of cotton or of man-made fibres
73	Track suits of knitted or crocheted fabric, of wool, of cotton or of man-made textile fibres
77	Ski suits, other than knitted or crocheted
78	Garments, other than knitted or crocheted, excluding garments of categories 6, 7, 8, 14, 15, 16, 17, 18, 21, 26, 27, 29, 68, 72, 76 and 77
83	Overcoats, jackets, blazers and other garments, including ski suits, knitted or crocheted, excluding garments of categories 4, 5, 7, 13, 24, 26, 27, 28, 68, 69, 72, 73, 74, 75
91	Tents
97	Nets and netting made of twine, cordage or rope and made up fishing nets of yarn, twine, cordage or rope
100	Textile fabrics impregnated, coated, covered or laminated with preparations of cellulose derivatives or of other artificial plastic materials
111	Camping goods, woven, other than pneumatic mattresses and tents

12.4 ANNEX IV----EU Country Wise Designated Quotas and utilization

12.4.1 Pakistan

Category	Year	Quota*	Working Lv♦	Licensed	%Qu Used	%WL Used
1	99	18,005,000	14,055,214	11,640,381	64.65	82.82
2	99	35,006,000	34,460,788	33,266,276	95.03	96.53
2A	99	9,910,000	11,115,060	7,351,528	74.18	66.14
3	99	52,118,000	53,358,279	52,945,915	101.59	99.23
4	99	28,912,000	32,959,680	29,917,317	103.48	90.77
4C	99	2,409,333	2,409,333	0	0.00	0.00
5	99	7,938,000	9,049,320	8,335,275	105.00	92.11
6	99	31,150,000	35,511,000	31,551,149	101.29	88.85
7	99	19,450,000	12,202,111	3,109,845	15.99	25.49
8	99	5,665,000	5,497,304	1,718,569	30.34	31.26
9	99	8,035,000	10,297,915	9,676,568	120.43	93.97
18	99	18,792,000	17,420,000	7,096,691	37.76	40.74
20	99	30,357,000	36,334,458	35,522,731	117.02	97.77
26	99	19,035,000	17,267,450	2,763,542	14.52	16.00
28	99	68,792,000	70,387,440	25,274,531	36.74	35.91
39	99	11,636,000	12,450,520	7,474,388	64.24	60.03

Category	Year	Quota	Working Lv	Licensed	%Qu Used	%WL Used
1	98	17,375,000	14,624,371	14,532,548	83.64	99.37
2	98	33,781,000	36,800,882	36,781,418	108.88	99.95
2A	98	9,117,000	9,169,901	8,408,222	92.23	91.69
3	98	49,261,000	53,466,276	53,371,296	108.34	99.82
4	98	26,958,000	28,699,341	26,117,717	96.88	91.00
4C	98	2,246,500	2,246,500	58,619	2.61	2.61
5	98	7,302,000	7,758,927	6,946,053	95.13	89.52
6	98	29,044,000	30,873,585	27,900,210	96.06	90.37
7	98	17,893,000	6,258,317	4,340,652	24.26	69.36
8	98	5,429,000	5,410,852	2,535,553	46.70	46.86
9	98	7,392,000	8,478,675	8,466,889	114.54	99.86
18	98	17,288,000	13,723,340	5,467,334	31.63	39.84
20	98	27,742,000	31,511,387	31,483,579	113.49	99.91
26	98	17,511,000	14,459,320	2,795,335	15.96	19.33
28	98	63,286,000	62,900,580	27,773,753	43.89	44.16
39	98	10,850,000	10,044,980	7,855,137	72.40	78.20

* Quantitative limit set for the year.

♦ Working level is the quota level as adjusted following the use of flexibility provisions provided for in the agreement.

Category	Year	Quota*	Working Lv♦	Licensed	%Qu Used	%WL Used
1	97	16,767,000	15,619,328	15,532,935	92.64	99.45
2	97	32,599,000	34,901,642	34,655,980	106.31	99.30
2A	97	8,387,000	8,409,829	7,466,606	89.03	88.78
3	97	46,560,000	50,670,358	50,670,339	108.83	100.00
4	97	25,135,000	26,775,779	24,399,850	97.08	91.13
4C	97	1,979,750	1,979,750	128,774	6.50	6.50
5	97	6,718,000	7,157,073	6,531,960	97.23	91.27
6	97	27,081,000	29,423,335	26,741,106	98.74	90.88
7	97	16,461,000	6,506,952	4,317,999	26.23	66.36
8	97	5,202,000	5,187,738	2,863,239	55.04	55.19
9	97	6,800,000	8,641,495	8,620,692	126.77	99.76
18	97	15,904,000	14,168,120	5,683,830	35.74	40.12
20	97	25,353,000	27,894,139	27,698,408	109.25	99.30
26	97	16,110,000	12,332,230	4,562,947	28.32	37.00
28	97	58,221,000	59,819,950	30,251,576	51.96	50.57
39	97	10,116,000	8,289,910	6,137,031	60.67	74.03

Category	Year	Quota	Working Lv	Licensed	%Qu Used	%WL Used
1	96	16,295,000	15,013,811	15,009,891	92.11	99.97
2	96	31,681,000	31,446,502	31,391,935	99.09	99.83
2A	96	7,841,000	7,802,780	6,410,281	81.75	82.15
3	96	44,496,000	47,901,597	47,817,587	107.46	99.82
4	96	23,757,000	27,267,530	26,916,488	113.30	98.71
4C	96	1,979,750	1,979,750	32,616	1.65	1.65
5	96	6,281,000	6,690,080	6,667,288	106.15	99.66
6	96	25,596,000	27,283,770	24,851,188	97.09	91.08
7	96	15,390,000	7,277,452	4,795,703	31.16	65.90
8	96	5,027,000	5,366,646	4,893,576	97.35	91.18
9	96	6,357,000	7,830,724	7,829,506	123.16	99.98
18	96	14,869,000	9,701,310	5,841,619	39.29	60.21
20	96	23,575,000	25,077,742	25,076,211	106.37	99.99
26	96	15,061,000	14,987,570	5,915,229	39.28	39.47
28	96	54,432,000	54,166,770	37,614,637	69.10	69.44
39	96	9,562,000	95,232,200	5,658,383	59.18	5.94

* Quantitative limit set for the year.

♦ Working level is the quota level as adjusted following the use of flexibility provisions provided for in the agreement.

Category	Year	Quota[*]	Working Lv[♦]	Licensed	%Qu Used	%WL Used
1	95	15,835,000	15,611,881	15,565,529	98.30	99.70
2	95	30,788,000	33,049,012	32,992,148	107.16	99.83
2A	95	7,331,000	7,295,300	5,148,452	70.23	70.57
3	95	42,523,000	42,196,021	41,905,291	98.55	99.31
4	95	22,455,000	23,935,710	22,548,377	100.42	94.20
4C	95	1,863,765	1,863,765	41,151	2.21	2.21
5	95	5,872,000	6,254,410	5,284,132	89.99	84.49
6	95	24,193,000	25,788,300	19,958,852	82.50	77.39
7	95	14,388,000	6,717,388	4,179,840	29.05	62.22
8	95	4,858,000	5,186,224	4,964,133	102.18	95.72
9	95	5,944,000	6,331,170	5,929,910	99.76	93.66
18	95	13,902,000	12,541,350	7,014,188	50.45	55.93
20	95	21,922,000	23,928,992	23,447,167	106.96	97.99
26	95	14,081,000	7,153,313	5,658,316	40.18	79.10
28	95	50,890,000	54,204,360	33,858,805	66.53	62.47
39	95	9,037,000	8,342,590	5,933,473	65.66	71.12

[*] Quantitative limit set for the year.

[♦] Working level is the quota level as adjusted following the use of flexibility provisions provided for in the agreement.

12.4.2 China

Category	Year	Quota	Working Lv	Licensed	%Qu Used	%WL Used
1	99	3,866,000	3,788,930	194,946	5.04	5.15
2	99	28,854,000	31,662,320	30,471,757	105.61	96.24
2A	99	3,726,000	3,986,820	3,728,962	100.08	93.53
2G	99	1,393,000	1,490,510	186,249	13.37	12.5
2N	99	1,925,000	2,059,750	971,704	50.48	47.18
3	99	5,915,000	5,888,200	5,408,701	91.44	91.86
3A	99	739	790,73	711,585	96.29	89.99
4	99	75,137,853	79,438,863	75,546,068	100.54	95.1
4C	99	6,486,833	6,486,833	2,645,551	40.78	40.78
5	99	24,527,000	25,816,173	25,122,558	102.43	97.31
5A	99	227	242,89	238,282	104.97	98.1
6	99	25,944,000	26,155,959	25,900,121	99.83	99.02
6S	99	1,130,000	1,170,717	1,124,887	99.55	96.09
7	99	12,363,000	12,600,763	11,974,613	96.86	95.03
8	99	17,372,000	14,825,409	14,712,174	84.69	99.24
9	99	5,807,000	6,213,490	5,412,972	93.21	87.12
10	99	76,289,000	85,989,209	82,069,963	107.58	95.44
12	99	28,433,000	32,007,075	31,197,937	109.72	97.47
13	99	478,504,000	517,718,483	514,498,709	107.52	99.38
14	99	11,284,000	12,750,920	11,737,247	104.02	92.05
15	99	15,123,000	16,717,753	16,324,693	107.95	97.65
16	99	15,590,000	17,616,700	7,912,662	50.75	44.92
17	99	10,489,000	11,852,570	7,309,978	69.69	61.67
18	99	5,695,000	6,170,516	6,080,079	106.76	98.53
19	99	98,847,000	105,766,290	76,485,950	77.38	72.32
20/39	99	9,134,000	10,686,780	10,177,457	111.42	95.23
21	99	16,394,000	18,525,220	16,968,240	103.5	91.6
21C	99	1,366,167	1,366,167	538,586	39.42	39.42
22	99	16,090,000	15,930,530	7,260,245	45.12	45.57
23	99	10,917,000	3,434,139	21,118	0.19	0.61
24	99	41,071,000	46,410,230	41,223,546	100.37	88.82
24C	99	3,422,583	3,422,583	1,208,111	35.3	35.3
26	99	5,143,000	5,453,842	5,345,322	103.93	98.01
28	99	65,003,000	69,915,033	69,143,882	106.37	98.9
29	99	11,013,000	11,783,910	10,497,428	95.32	89.08
31	99	67,123,000	71,830,686	71,185,781	106.05	99.1
32	99	3,976,000	4,254,320	1,559,482	39.22	36.66
33	99	25,237,000	22,003,590	8,685,190	34.41	39.47
37	99	13,386,000	14,323,020	4,815,113	35.97	33.62
37A	99	3,967,000	4,244,690	992,876	25.03	23.39
68	99	18,922,000	21,381,860	20,879,621	110.35	97.65
73	99	5,374,000	6,072,620	5,775,802	107.48	95.11
73C	99	447,833	447,833	118,041	26.36	26.36
76	99	7,027,000	7,670,341	7,222,487	102.78	94.16
78	99	26,362,000	28,333,787	27,730,640	105.19	97.87
97	99	1,942,000	2,194,460	1,569,307	80.81	71.51
163	99	4,486,000	4,875,598	4,704,575	104.87	96.49

Category	Year	Quota	Working Lv	Licensed	%Qu Used	%WL Used
1	98	3,790,000	3,496,500	440,969	11.64	12.61
2	98	28,818,000	28,867,180	26,301,079	91.27	91.11
2A	98	3,721,000	3,728,092	2,649,441	71.2	71.07
2G	98	1,391,000	1,293,490	181,129	13.02	14
2N	98	1,923,000	1,788,250	1,184,589	61.6	66.24
3	98	5,912,000	6,148,270	5,215,763	88.22	84.83
3A	98	735	764,12	689,291	93.78	90.21
4	98	77,212,000	79,210,171	78,927,810	102.22	99.64
4C	98	6,434,333	6,434,333	1,849,633	28.75	28.75
5	98	24,299,000	25,022,259	24,927,896	102.59	99.62
5A	98	222	222,72	197,199	88.83	88.54
6	98	25,662,000	26,137,350	26,083,639	101.64	99.79
6S	98	1,099,000	1,077,283	1,075,042	97.82	99.79
7	98	12,248,000	12,478,698	12,390,104	101.16	99.29
8	98	17,210,000	17,274,267	17,245,195	100.2	99.83
9	98	5,772,000	6,115,870	4,010,451	69.48	65.57
10	98	73,355,000	76,530,301	76,285,604	104	99.68
12	98	27,910,000	29,135,922	29,108,429	104.29	99.91
13	98	473,766,000	513,406,319	511,790,706	108.03	99.69
14	98	10,902,000	11,074,616	9,586,195	87.93	86.56
15	98	14,845,000	15,344,286	15,173,019	102.21	98.88
16	98	15,512,000	15,506,540	5,007,535	32.28	32.29
17	98	10,283,000	10,885,560	9,311,710	90.55	85.54
18	98	5,590,000	5,971,992	5,947,776	106.4	99.59
19	98	98,111,000	103,946,140	74,668,461	76.11	71.83
20/39	98	9,071,000	9,887,390	7,936,427	87.49	80.27
21	98	16,142,000	16,422,886	14,760,223	91.44	89.88
21C	98	1,345,166	1,345,166	407,583	30.3	30.3
22	98	15,951,000	11,626,164	6,591,263	41.32	56.69
23	98	10,836,000	2,994,455	19,127	0.18	0.64
24	98	39,682,000	39,584,770	30,878,610	77.82	78.01
24C	98	3,306,833	3,306,833	1,083,619	32.77	32.77
26	98	5,095,000	5,755,088	5,727,209	112.41	99.52
28	98	63,110,000	67,545,655	67,352,898	106.72	99.71
29	98	10,692,000	11,311,050	6,940,673	64.91	61.36
31	98	65,168,000	72,959,534	72,562,271	111.35	99.46
32	98	3,946,000	3,943,900	2,362,570	59.87	59.9
33	98	24,150,000	22,538,270	6,949,605	28.78	30.83
37	98	13,221,000	13,209,450	5,705,348	43.15	43.19
37A	98	3,918,000	3,914,570	359,281	9.17	9.18
68	98	18,282,000	19,334,120	18,493,988	101.16	95.65
73	98	5,307,000	5,380,359	4,916,430	92.64	91.38
73C	98	442,25	442,25	102,869	23.26	23.26
76	98	6,692,000	7,047,129	7,033,221	105.1	99.8
78	98	25,594,000	28,204,365	27,951,420	109.21	99.1
83	98	7,518,000	8,494,516	8,456,464	112.48	99.55
97	98	1,876,000	1,871,380	1,327,738	70.77	70.95
163	98	4,272,000	4,678,831	4,676,261	109.46	99.95

Category	Year	Quota	Working Lv	Licensed	%Qu Used	%WL Used
1	97	3,715,000	3,364,180	776,215	20.89	23.07
2	97	28,761,000	29,044,620	27,431,883	95.38	94.45
2A	97	3,713,000	3,712,440	2,246,231	60.5	60.51
2G	97	1,386,000	1,386,000	72,756	5.25	5.25
2N	97	1,915,000	1,915,000	1,192,282	62.26	62.26
3	97	5,796,000	5,636,140	5,351,038	92.32	94.94
3A	97	721	673,359	554,241	76.87	82.31
4	97	76,221,000	73,027,098	72,916,034	95.66	99.85
4C	97	6,270,250	6,270,250	967,491	15.43	15.43
5	97	23,940,000	23,079,236	23,039,392	96.24	99.83
5A	97	222	224,05	197,844	89.12	88.3
6	97	25,221,000	25,542,652	25,533,639	101.24	99.96
6S	97	1,099,000	1,100,382	1,098,143	99.92	99.8
7	97	12,067,000	11,835,434	11,802,996	97.81	99.73
8	97	16,956,000	16,942,312	16,915,723	99.76	99.84
9	97	5,631,000	5,958,990	3,570,151	63.4	59.91
10	97	70,533,000	80,294,740	79,093,113	112.14	98.5
12	97	27,097,000	29,782,310	29,124,472	107.48	97.79
13	97	469,076,000	503,220,208	494,625,247	105.45	98.29
14	97	10,533,000	11,593,914	11,584,773	109.99	99.92
15	97	14,413,000	15,990,731	15,955,909	110.7	99.78
16	97	15,207,000	15,045,780	3,816,481	25.1	25.37
17	97	10,081,000	9,974,130	8,734,030	86.64	87.57
18	97	5,427,000	5,744,170	5,719,018	105.38	99.56
19	97	95,254,000	104,693,690	68,800,522	72.23	65.72
20/39	97	8,828,000	9,703,510	7,689,575	87.1	79.25
21	97	15,749,000	16,009,926	15,971,103	101.41	99.76
21C	97	1,280,333	1,280,333	558,33	43.61	43.61
22	97	15,411,000	13,832,100	5,603,170	36.36	40.51
23	97	10,520,000	1,891,429	98,876	0.94	5.23
24	97	38,340,000	40,546,460	32,809,332	85.57	80.92
24C	97	3,087,000	3,087,000	1,388,521	44.98	44.98
26	97	5,020,000	5,068,700	4,413,997	87.93	87.08
28	97	61,272,000	67,576,452	67,499,660	110.16	99.89
29	97	10,381,000	9,840,180	6,808,159	65.58	69.19
31	97	63,270,000	63,861,990	61,916,170	97.86	96.95
32	97	3,831,000	3,822,950	2,118,922	55.31	55.43
33	97	23,111,000	23,038,270	7,175,568	31.05	31.15
37	97	12,592,000	11,816,707	7,534,302	59.83	63.76
37A	97	3,732,000	3,718,980	443,427	11.88	11.92
68	97	17,663,000	18,679,450	17,273,676	97.8	92.47
73	97	5,203,000	5,320,740	5,314,686	102.15	99.89
73C	97	425,083	425,083	117,796	27.71	27.71
76	97	6,374,000	6,926,175	6,918,273	108.54	99.89
78	97	24,848,000	25,801,813	25,687,162	103.38	99.56
83	97	7,299,000	7,721,610	7,131,299	97.7	92.36
97	97	1,813,000	1,808,590	891,726	49.19	49.31
163	97	4,068,000	4,325,891	4,314,460	106.06	99.74

12.4.3 Hong Kong

Category	Year	Quota	Working Lv	Licensed	%Qu Used	%WL Used
2	99	13,891,000	14,411,912	2,457,264	17.69	17.05
2A	99	11,922,000	12,369,075	2,004,226	16.81	16.2
3	99	11,433,000	11,861,737	3,659	0.03	0.03
3A	99	7,674,000	7,961,775	1,832	0.02	0.02
4	99	47,106,000	48,636,945	48,082,629	102.07	98.86
4C	99	2,355,300	2,355,300	2,328,926	98.88	98.88
5	99	36,607,000	38,121,238	38,020,915	103.86	99.74
6	99	64,302,000	67,842,688	65,661,401	102.11	96.78
6A	99	53,979,000	56,303,464	55,856,911	103.48	99.21
6AC	99	899,65	899,65	899,28	99.96	99.96
6C	99	1,071,700	1,071,700	170,509	15.91	15.91
7	99	38,071,000	39,022,775	33,183,570	87.16	85.04
8	99	55,087,000	54,972,903	30,855,703	56.01	56.13
10	99	102,496,000	108,133,280	49,878,279	48.66	46.13
12	99	15,986,000	16,705,370	1,793,253	11.22	10.73
13	99	105,831,000	109,005,930	70,341,585	66.47	64.53
13S	99	2,167,000	2,232,010	341	0.02	0.02
16	99	2,829,000	2,984,595	16,647	0.59	0.56
18	99	8,911,000	9,222,885	868,835	9.75	9.42
21	99	21,095,000	21,727,850	16,333,580	77.43	75.17
21C	99	703,167	703,167	697,187	99.15	99.15
24	99	11,151,000	11,708,550	91,778	0.82	0.78
26	99	11,162,000	11,720,100	8,803,596	78.87	75.12
27	99	12,120,000	12,726,000	1,759,981	14.52	13.83
29	99	3,414,000	3,601,770	78,136	2.29	2.17
31	99	27,129,000	28,349,805	20,405,939	75.22	71.98
32	99	8,265,000	8,678,250	375,487	4.54	4.33
39	99	1,766,000	1,854,300	0	0	0
68	99	3,544,000	3,668,040	1,051,789	29.68	28.67
68S	99	823	851,805	210,847	25.62	24.75
73	99	2,677,000	2,757,310	608,826	22.74	22.08
73C	99	133,85	133,85	130,457	97.47	97.47
78	99	11,800,000	12,390,000	7,297,997	61.85	58.9
83	99	591	623,505	563,093	95.28	90.31

Category	Year	Quota	Working Lv	Licensed	%Qu Used	%WL Used
2	98	13,851,000	13,849,500	2,128,433	15.37	15.37
2A	98	11,887,000	12,332,762	1,849,699	15.56	15
3	98	11,400,000	11,398,763	2,29	0.02	0.02
3A	98	7,652,000	7,938,950	2,29	0.03	0.03
4	98	46,633,000	46,617,627	31,091,144	66.67	66.69
4C	98	2,331,650	2,407,429	2,328,469	99.86	96.72
5	98	36,291,000	38,069,037	38,060,042	104.87	99.98
6	98	63,840,000	64,219,776	63,980,303	100.22	99.63
6A	98	53,591,000	56,787,372	55,785,223	104.09	98.24
6AC	98	893,183	893,183	887,632	99.38	99.38
6C	98	1,050,250	1,050,250	171,693	16.35	16.35
7	98	37,634,000	37,623,075	33,229,879	88.3	88.32
8	98	54,612,000	53,126,053	32,238,760	59.03	60.68
10	98	99,608,000	99,449,160	56,381,892	56.6	56.69
12	98	15,320,000	15,290,030	4,232,380	27.63	27.68
13	98	104,318,000	104,272,610	61,064,594	58.54	58.56
13S	98	2,048,000	2,044,430	0	0	0
16	98	2,769,000	2,765,700	13,353	0.48	0.48
18	98	8,599,000	8,588,080	585,483	6.81	6.82
21	98	20,646,000	20,632,530	15,255,316	73.89	73.94
21C	98	688,2	708,846	689,161	100.14	97.22
24	98	10,761,000	10,741,500	117,881	1.1	1.1
26	98	11,002,000	10,994,000	7,323,249	66.56	66.61
27	98	11,778,000	11,760,900	1,958,886	16.63	16.66
29	98	3,295,000	3,288,455	35,173	1.07	1.07
31	98	25,998,000	25,947,105	13,697,609	52.69	52.79
32	98	7,976,000	7,961,550	284,021	3.56	3.57
39	98	1,716,000	1,713,500	289	0.02	0.02
68	98	3,373,000	3,367,015	769,753	22.82	22.86
68S	98	783	781,6	236,991	30.27	30.32
73	98	2,601,000	2,598,720	1,224,055	47.06	47.1
73C	98	130,05	130,05	127,225	97.83	97.83
78	98	11,388,000	11,367,400	5,643,141	49.55	49.64
83	98	570	568,845	424,258	74.43	74.58

Category	Year	Quota	Working Lv	Licensed	%Qu Used	%WL Used
2	97	13,811,000	13,809,500	2,613,930	18.93	18.93
2A	97	11,853,000	11,851,725	1,980,896	16.71	16.71
3	97	11,367,000	11,365,762	7,266	0.06	0.06
3A	97	7,630,000	7,629,175	7,266	0.1	0.1
4	97	46,165,000	44,073,272	28,505,334	61.75	64.68
4C	97	2,289,650	2,289,650	2,105,840	91.97	91.97
5	97	35,978,000	36,059,255	36,041,087	100.18	99.95
6	97	63,380,000	62,126,864	62,072,128	97.94	99.91
6A	97	53,205,000	54,408,110	54,387,052	102.22	99.96
6AC	97	881,633	881,633	810,138	91.89	91.89
6C	97	1,050,250	1,050,250	166,312	15.84	15.84
7	97	37,203,000	37,192,225	35,547,757	95.55	95.58
8	97	54,141,000	54,129,225	36,526,489	67.47	67.48
10	97	96,800,000	96,645,560	54,463,556	56.26	56.35
12	97	14,681,000	14,652,245	4,580,663	31.2	31.26
13	97	102,827,000	102,782,270	69,206,480	67.3	67.33
13S	97	1,936,000	1,932,640	19,64	1.01	1.02
16	97	2,710,000	2,706,755	29,187	1.08	1.08
18	97	8,298,000	8,287,465	692,121	8.34	8.35
21	97	20,206,000	20,004,123	18,352,357	90.83	91.74
21C	97	662,033	662,033	605,197	91.41	91.41
24	97	10,384,000	10,365,150	379,009	3.65	3.66
26	97	10,845,000	10,837,150	7,618,610	70.25	70.3
27	97	11,446,000	11,429,400	2,733,981	23.89	23.92
29	97	3,179,000	3,172,620	94,729	2.98	2.99
31	97	24,914,000	24,865,220	14,560,598	58.44	58.56
32	97	7,697,000	7,683,050	259,696	3.37	3.38
39	97	1,668,000	1,665,600	525	0.03	0.03
61	97	2,723,000	2,872,765	8,995	0.33	0.31
68	97	3,210,000	3,204,295	826,55	25.75	25.8
68S	97	745	743,67	333,606	44.78	44.86
72	97	22,565,000	23,806,075	3,067,178	13.59	12.88
73	97	2,528,000	2,525,810	1,662,760	65.77	65.83
73C	97	123,55	123,55	84,501	68.39	68.39
74	97	1,410,000	1,487,550	20,731	1.47	1.39
77	97	810	854,55	26,104	3.22	3.05
78	97	10,989,000	10,969,050	6,342,322	57.72	57.82
83	97	550	548,9	284,031	51.64	51.75

12.4.4 South Korea

Category	Year	Quota	Working Lv	Licensed	%Qu Used	%WL Used
1	99	903,000	903	308,062	34.12	34.12
2	99	6,113,000	6,079,600	1,331,508	21.78	21.9
2A	99	1,041,000	1,007,600	622,043	59.75	61.74
3	99	4,914,000	5,005,850	674,113	13.72	13.47
3A	99	835	926,85	634,061	75.94	68.41
9	99	1,400,000	1,400,000	168	0.01	0.01
22	99	17,136,000	16,752,400	803,086	4.69	4.79
32	99	2,601,000	2,601,000	639,942	24.6	24.6
33	99	7,684,000	7,684,000	3,149,173	40.98	40.98
35	99	7,672,000	8,439,200	7,775,410	101.35	92.13
36	99	6,292,000	6,292,000	3,719,086	59.11	59.11
37	99	8,364,000	8,364,000	2,529,472	30.24	30.24
50	99	944	944	5,28	0.56	0.56
97	99	1,716,000	1,716,000	916,097	53.39	53.39
97A	99	549,000	549,000	750	0.14	0.14

Category	Year	Quota	Working Lv	Licensed	%Qu Used	%WL Used
1	98	901,000	964,07	811,68	90.09	84.19
2	98	6,104,000	6,193,160	1,246,727	20.42	20.13
2A	98	1,039,000	1,078,810	621,435	59.81	57.6
3	98	4,878,000	5,008,480	710,125	14.56	14.18
3A	98	823	913,53	641,532	77.95	70.23
9	98	1,351,000	1,351,000	1,284	0.1	0.1
22	98	16,308,000	15,919,325	998,116	6.12	6.27
32	98	2,493,000	2,667,510	1,128,619	45.27	42.31
33	98	7,214,000	7,214,000	1,505,806	20.87	20.87
35	98	7,153,000	7,384,410	7,274,419	101.7	98.51
36	98	5,789,000	5,789,000	4,797,850	82.88	82.88
37	98	7,799,000	7,799,000	3,050,326	39.11	39.11
50	98	882,000	882,000	3,611	0.41	0.41
97	98	1,579,000	1,579,000	596,245	37.76	37.76
97A	98	505,000	505,000	0	0	0

Category	Year	Quota	Working Lv	Licensed	%Qu Used	%WL Used
1	97	900,000	854,930	584,334	64.93	68.35
2	97	6,095,000	6,062,340	1,124,644	18.45	18.55
2A	97	1,038,000	953,55	509,865	49.12	53.47
3	97	4,843,000	4,874,780	894,856	18.48	18.36
3A	97	812,000	843,71	779,166	95.96	92.35
9	97	1,304,000	970,500	2	0	0
22	97	15,521,000	15,521,000	1,379,113	8.89	8.89
32	97	2,389,000	2,214,490	1,224,115	51.24	55.28
33	97	6,772,000	6,772,000	508,992	7.52	7.52
35	97	6,670,000	7,428,213	7,146,486	107.14	96.21
36	97	5,325,000	5,431,500	4,173,707	78.38	76.84
37	97	7,272,000	7,417,440	5,361,655	73.73	72.28
50	97	825,000	825,000	13,202	1.6	1.6
67	97	1,496,000	1,496,000	309,689	20.7	20.7
91	97	1,049,000	1,049,000	16,259	1.55	1.55
97	97	1,452,000	1,452,000	460,505	31.72	31.72
97A	97	465,000	465,000	0	0	0
100	97	7,182,000	7,182,000	2,574,558	35.85	35.85
111	97	121,000	121,000	1,015	0.84	0.84

12.4.5 India

Category	Year	Quota	Working Lv	Licensed	%Qu Used	%WL Used
1	99	39,826,000	40,419,046	32,606,725	81.87	80.7
2	99	57,011,000	57,011,000	47,985,204	84.17	84.2
2A	99	18,088,000	18,088,000	8,568,015	47.37	47.4
3	99	27,747,000	27,747,000	21,899,412	78.93	78.9
3A	99	5,565,000	5,565,000	3,152,108	56.64	56.6
4	99	65,934,000	70,751,330	68,802,944	104.4	97.3
4C	99	5,494,500	5,494,500	4,153,818	75.6	75.6
5	99	35,293,000	39,174,789	38,232,622	108.3	97.6
6	99	8,936,000	9,591,720	9,421,162	105.4	98.2
6C	99	744,667	744,667	690,492	92.72	92.7
7	99	63,279,000	60,989,962	52,229,094	82.54	85.6
8	99	45,802,000	45,550,607	37,868,133	82.68	83.1
9	99	10,153,000	10,153,000	7,732,272	76.16	76.2
15	99	6,313,000	5,981,785	1,015,258	16.08	17
20	99	18,857,000	21,119,840	16,823,294	89.22	79.7
23	99	19,033,000	19,033,000	10,614,275	55.77	55.8
24	99	69,621,000	73,102,050	54,500,300	78.28	74.6
26	99	17,462,000	18,732,240	18,299,809	104.8	97.7
27	99	15,023,000	16,825,770	11,847,761	78.86	70.4
29	99	9,748,000	9,193,883	4,621,511	47.41	50.3
39	99	5,568,000	6,122,181	4,735,922	85.06	77.4

Category	Year	Quota	Working Lv	Licensed	%Qu Used	%WL Used
1	98	38,704,000	38,645,064	38,642,916	99.84	100
2	98	55,601,000	54,884,213	52,851,469	95.05	96.3
2A	98	16,640,000	17,804,800	12,283,490	73.82	69
3	98	26,226,000	25,348,267	25,236,903	96.23	99.6
3A	98	5,260,000	5,628,200	2,479,686	47.14	44.1
4	98	61,895,000	70,067,151	69,965,748	113	99.9
4C	98	5,157,917	5,157,917	4,241,084	82.22	82.2
5	98	32,907,000	33,833,982	32,264,219	98.05	95.4
6	98	8,332,000	9,444,164	9,444,164	113.4	100
6C	98	694,333	694,333	634,149	91.33	91.3
7	98	61,065,000	52,939,958	50,730,477	83.08	95.8
8	98	44,046,000	45,233,946	41,758,084	94.81	92.3
9	98	9,466,000	9,770,080	7,990,217	84.41	81.8
15	98	5,807,000	5,900,427	939,808	16.18	15.9
20	98	17,583,000	18,631,262	16,765,640	95.35	90
23	98	17,510,000	18,735,700	9,668,956	55.22	51.6
24	98	64,048,000	68,531,360	42,328,187	66.09	61.8
26	98	16,504,000	19,639,830	19,639,830	119	100
27	98	14,200,000	15,194,000	11,920,076	83.94	78.5
29	98	9,089,000	9,725,230	2,671,245	29.39	27.5
39	98	5,122,000	5,945,282	5,938,456	115.9	99.9
1	97	37,613,000	37,446,476	37,365,942	99.34	99.8
2	97	54,225,000	52,549,579	52,481,153	96.78	99.9
2A	97	15,308,000	14,143,200	9,257,159	60.47	65.5
3	97	24,788,000	24,723,509	24,719,129	99.72	100
3A	97	4,971,000	4,602,800	2,658,668	53.48	57.8
4	97	58,104,000	64,996,332	64,981,228	111.8	100
4C	97	4,601,750	6,130,000	5,654,121	122.9	92.2
5	97	30,683,000	32,778,432	32,730,532	106.7	99.9
6	97	7,769,000	8,173,946	8,171,627	105.2	100
6C	97	611,917	611,917	347,183	56.74	56.7
7	97	58,929,000	58,805,828	58,690,018	99.59	99.8
8	97	42,357,000	48,826,960	43,732,681	103.3	89.6
9	97	8,826,000	8,762,638	8,670,261	98.24	99
15	97	5,343,000	3,302,920	842,789	15.77	25.5
20	97	16,394,000	17,091,980	17,039,984	103.9	99.7
23	97	16,108,000	14,244,460	12,987,694	80.63	91.2
24	97	58,922,000	53,289,374	46,662,726	79.19	87.6
26	97	15,600,000	21,714,702	20,779,443	133.2	95.7
27	97	13,421,000	13,366,470	10,237,957	76.28	76.6
29	97	8,475,000	6,925,020	3,083,476	36.38	44.5
39	97	4,712,000	4,691,077	4,684,411	99.41	99.9

12.5 ANNEX V-----US Country Wise Designated Quotas

HTS Codes*	UOM	Pakistan			China			India		
		1997	1998	1999	1997	1998	1999	1997	1998	1999
300/301	Kg			5,263	2,376	2,299	2,448			
219	m2	8,777	8,193	7,759	2,473	2,417	2,599	63,803	66,578	65,394
226	m2	***129,268***	***126,255***	***139,722***	11,230	10,759	11,799			
313	m2				43,549	42,261	45,131	35,104	36,196	47,649
237	Doz.	255	281	144	2,000	2,119	2,122			
239	Kg	1,775	1,413	887	3,107	3,260	3,325			
314	m2	6,383	5,959	6,945	50,580	52,329	52,147	6,937	7,479	9,216
315	m2	86,035	78,726	87,321	132,432	135,736	137,772	12,967	13,718	14,508
317/617	m2	34,303	32,021	37,390	35,133	35,435	37,331	42,064		32
331/631	DPR	2,536	2,440	3,145	6,650	6,956	6,904			
334/634	Doz.	274	313	358	995	1,013	1,023	153	156	150
335/635	Doz.	428	442	431	1,082	1,090	1,127	508	659	670
336/636	Doz.	465	549	550	743	730	764	901	1,038	1,083
338	Doz.	4,906	5,970	6,055	***4,367***	***4,359***	***4,381***	***3,899***	***4,176***	***4,479***
339	Doz.	1,374	1,589	1,820						
340/640	Doz.	679	719	1,076	2,718	2,754	2,713	1,996	2,355	2,406
341/641	Doz.	723	279	790	2,542	2,044	2,581	8,428	8,921	9,240
342/642	Doz.	358	137	391	616	630	655	1,189	1,212	1,287
347/348	Doz.	922	1,054	1,109	2,454	2,529	2,464	710	788	799.857
351/651	Doz.	310	360	376	1,508	1,540	1,563	265		328.512
352/652	Doz.	774	882	939	4,483	4,705	4,684			
359/659	Kg	1,059	1,621	1,014	5,537	5,586	5,724			
360	no.	5,486	5,378	6,374	13,203	13,374	14,167			
361	no.	6,379	6,610	7,412	4,401	4,553	4,563			
363	no.	46,486	49,485	52,498	22,453	23,003	22,700	42,398	44,959	54,667
369	Kg	13,281	15,739	16,133	14,004	14,176	17,580	1,849	2,134	2,379
613/614	m2	24,078	24,994	27,181	20,104	20,350	20,881			
615	m2	25,615	26,638	28,675	25,577	26,461	26,872			
625	m2	35,486	40,888	41,930						
626	m2	35,486	40,888	41,930						
627	m2	35,486	38,574	41,930						
628	m2	7,342	7,981	8,675						
629	m2	35,486	38,574	41,930						
638/639	Doz.	236	269	271	2,508	2,606	2,580			
647/648	Doz.	724	722	915	2,818	2,834	2,862	415	481	672
666	Kg	5,286	5,300	5,802	4,971	5,050	5,188			

All the quota figures are in thousands

** See ANNEX VI for HTS (Harmonised Tariff Schedule) codes description.*

HTS Codes	UOM	S. Korea			Hong Kong			Turkey		
		1997	1998	1999	1997	1998	1999	1997	1998	1999
300/301	Kg	3,026	3,135	3,249				8,430	8,255	10,589
219	m2	8,213	8,511	8,820	40,765	42,243	43,774	41,035	40,185	43,681
226	m2				*73,1240*	*75,7750*	*78,5220*			
313	m2	49,309	51,096	52,949				50,154	49,114	51,776
237	Doz.	60	62	64	1,179	1,222	1,266			
239	Kg	1,079	251	260	5,404					
314	m2	27,493	28,489	29,522	19,721	20,436	21,176	29,180	28,576	31,062
315	m2	17,883	18,272	18,670	9,750	10,103	10,470	39,211	38,399	41,739
317	m2	*18,333*	*18,989*	*19,677*				41,035	40,185	43,681
326								4,559	4,465	4,853
331/631	DPR				4,868	4,952	5,039			
333/334	Doz.	140	148	153	299	306	312			
335	Doz.	147	155	160	342	345	347	304	291	387
336/636	Doz.	356	365	369	534	553	574	857	840	913
338	Doz.	1,389	1,421	1,370	5,095	5,132	5,169			
339	Doz.			0	0	0	0			
340/640	Doz.	6,839	3,525	6,978	3,741	3,789	3,838	2,113	2,014	1,489
341/641	Doz.	1,245	1,325	1,328	3,664	3,691	3,717	2,193	2,091	2,212
342/642	Doz.	253	252	250	800	821	843	954	935	1,016
347/348	Doz.	565	590	552	13,409	13,485	13,552	7,441	6,854	8,792
351/651	Doz.	262	258	267	1,523	1,544	1,557	837	1,047	1,167
352/652	Doz.	194	201	208	11,869	12,264	12,672	2,744	1,330	3,053
359/659	Kg	4,065	6,585	4,453	2,851	2,936	3,023			
360	no.									
361	no.							1,935	2,281	2,431
363	no.	1,056	1,094	1,134						
369	Kg				801	830	860	2,000	1,882	2,263
613/614	m2	6,013	6,231	6,457						
615	m2									
617					4,055	4,202	4,354	27,357	26,790	29,120
625	m2	*16,780*	*17,388*	*18,018*				7,855	8,538	8,909
626	m2							7,389	7,236	7,865
627	m2							7,389	7,236	7,865
628	m2							7,389	7,236	7,865
629	m2							7,389	7,236	7,865
634	Doz.				502	513	524			
635	Doz.				1,031	1,053	1,073			
638/639	Doz.	5,425	5,501	5,498	4,884	4,920	4,932			
647/648	Doz.	1,233	1,329	1,396	2,849	2,902	2,953			

All the quota figures are in thousands

12.6 ANNEX VI----Harmonized Tariff Schedule (HTS) codes

200 series are of cotton and/or man-made fibre
300 series are of cotton
400 series are of wool
600 series are of man-made fibre
800 series are of silk blends or non-cotton vegetable fibres

YARN:

Category	Description
200	Yarns put up for retail sale, and sewing thread
201	Speciality yarns
300	Carded cotton yarn
301	Combed cotton yarn
400	Wool yarn
600	Textured filament yarn
603	Yarn containing 85% or more by weight artificial staple fibre
604	Yarn containing 85% or more by weight synthetic staple fibre
606	Non-textured filament yarn
607	Other staple fibre yarn
800	Silk blends or non-cotton vegetable fibre yarn

FABRIC:

Category	Description
218	Of yarns of different colour
219	Duck
220	Fabric of special weave
222	Knit fabric
223	Non-woven fabric
224	Pile & tufted fabric
225	Blue denim
226	Cheesecloth, batiste, lawn, voile
227	Oxford cloth
229	Special purpose fabric
313	Sheeting
314	Poplin & broadcloth
315	Print cloth
317	Twills
326	Sateen
410	Woven fabric
414	Other wool fabric
611	Woven fabric containing 85% or more by weight artificial staple
613	Sheeting
614	Poplin & broadcloth
615	Print cloth
617	Twills & sateen
618	Woven artificial filament fabric
619	Polyester filament fabric
620	Other synthetic filament fabric
621	Impression fabric
622	Glass fibre fabric
624	MMF fabric, woven, containing more than 15% but less than 36% wool
625	Poplin & broadcloth of staple/ filament fibre combinations
626	Print cloth of staple/filament fibre combination
627	Sheeting of staple/filament fibre combinations
628	Twills & sateen of staple/filament fibre combinations
629	Other fabrics of staple/filament fibre combinations
810	Woven fabric, silk blend & non- cotton vegetable fibre

APPAREL:

Category	Description
237	Playsuits, sunsuits, etc
239	Babies' garments and clothing accessories
330	Handkerchiefs
331	Gloves and mittens
332	Hosiery
333	M&B suit-type coats
334	Other M&B coats
335	W&G coats
336	Dresses
338	M&B knit shirts
339	W&G knit shirts & blouses
340	M&B shirts, not knit
341	W&G shirts & blouses, not knit
342	Skirts
345	Sweaters
347	M&B trousers, breeches & shorts
348	W&G trousers, breeches & shorts
349	Brassieres & other body supporting garments
350	Robes, dressing gowns, etc.
351	Nightwear and pyjamas
352	Underwear
353	M&B down-filled coats
354	W&G down-filled coats
359	Other cotton apparel
431	Gloves and mittens
432	Hosiery
433	M&B suit-type coats
434	Other M&B coats
435	W&G coats
436	Dresses
438	Knit shirts & blouses
439	Babies' garments and clothing accessories
440	Shirts & blouses, not knit
442	Skirts
443	M&B suits
444	W&G suits
445	M&B sweaters
446	W&G sweaters
447	M&B trousers, breeches & shorts
448	W&G trousers, breeches & shorts
459	Other wool apparel
630	Handkerchiefs

Category	Description
631	Gloves and mittens
632	Hosiery
633	M&B suit-type coats
634	Other M&B coats
635	W&G coats
636	Dresses
638	M&B knit shirts
639	W&G knit shirts & blouses
640	M&B shirts, non knit
641	W&G shirts & blouses, not knit
642	Skirts
643	M&B suits
644	W&G suits
645	M&B sweaters
646	W&G sweaters
647	M&B trousers, breeches & shorts
648	W&G trousers, breeches & shorts
649	Brassieres & other body supporting garments
650	Robes, dressing gowns, etc.
651	Nightwear and pyjamas
652	Underwear
653	M&B down-filled coats
654	W&G down-filled coats
659	Other man-made fibre apparel
831	Gloves and mittens
832	Hosiery
833	M&B suit-type coats
834	Other M&B coats
835	W&G coats
836	Dresses
838	Knit shirts & blouses
839	Babies' garments and clothing accessories
840	Shirts & blouses, not knit
842	Skirts
843	M&B suits
844	W&G suits
845	Sweaters of non-cotton vegetable fibres
846	Sweaters, of silk blends
847	Trousers, breeches & shorts
850	Robes, dressing gowns, etc.
851	Nightwear and pyjamas
852	Underwear
858	Neckwear
859	Other apparel

MADE-UP AND MISCELLANEOUS TEXTILES:

Category	Description
360	Pillowcases
361	Sheets no
362	Bedspreads and quilts
363	Terry and other pile towels
369	Other cotton manufactures
464	Blankets
465	Floor coverings
469	Other wool manufactures
665	Floor coverings
666	Other man-made fibre furnishings
669	Other man-made fibre manufactures
670	Flat goods, handbags, and luggage
863	Towels
870	Luggage
871	Flatgoods and handbags
899	Other silk and vegetable blend manufactures