



THE WORLD TRADE ORGANIZATION: GLOBALIZATION AND THE LEGACY OF THE MFA

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In a last-ditch, eleventh-hour effort, delegates to the World Trade Organization (WTO) on November 14 agreed to start a new round of global trade negotiations despite a lack of consensus concerning textiles. The agreement was made at the WTO Ministerial Meeting held in Doha, Qatar, and sets the stage for global trade negotiations much like the Uruguay Round of negotiations that created the WTO in the 1990's.

After nearly a week of hard bargaining, delegates from the 142 member countries of the WTO announced a deal that was heralded by many of the participants as a much-needed boost to the flagging global economy. At the same time, the deal restored some credibility to the WTO, which has had to endure two years of embarrassment since the failure of the last Ministerial Meeting in Seattle two years ago. That meeting ended in disarray after protesters disrupted the city of Seattle and made the prospects of a deal to proceed with global talks doubtful.

At the Doha meeting, textiles emerged as a key stumbling block to future global trade talks and importing and exporting countries locked horns over textile quota and tariff liberalization. Importing countries, such as the U.S., refused to agree to accelerated

quota growth and tariff reductions sought by exporting countries, such as India. Because of this stalemate, trade negotiators agreed to put the textile issue aside in order to not derail overall agreement on proceeding with a new round of global trade talks. Thus, the stage is set for textiles to be a highly contentious issue when the global talks are formally convened sometime in 2004. Informally, discussions have already begun between the major trading countries.

Issues Facing Textiles.

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Textiles and apparel became a deal-breaker for many of the participants as the U.S. and E.U. -- the two major textile importers -- signaled an unwillingness to agree to an acceleration of quota growth under the terms of the Uruguay Round Agreement on Textiles and Clothing (ATC). The U.S. and E.U. maintained that they have lived up to the terms of the ATC and have also lowered tariffs as agreed in the Uruguay Round.

U.S. negotiators made the point that the American textile industry had borne the brunt of the ATC quota liberalization and tariff cuts as stated in the Uruguay Round. Over the past two years, the American textile industry has slashed more than 100,000 jobs in an effort to compete with a flood of low-cost imports. Further, both the