

**Textile imports**

**European Parliament resolution of 13 December 2007 on the future of the textile sector after 2007**

*The European Parliament,*

- having regard to the Memorandum of Understanding between the European Commission and the Ministry of Commerce of the People's Republic of China on the Export of Certain Chinese Textiles and Clothing Products to the European Union, signed on 10 June 2005,
  - having regard to the decision taken in October 2007 by the Commission and the Chinese Government on a system of joint import surveillance,
  - having regard to its previous resolutions on this matter, and in particular that of 6 September 2005 on textiles and clothing after 2005<sup>1</sup>,
  - having regard to Rule 108(5) of its Rules of Procedures,
- A. whereas the abolition of quotas in the textiles and clothing sector has been leading to serious social consequences, primarily for regions where the highest numbers of firms and workers – mainly women – are concentrated and wages are chronically low,
- B. whereas China is the world's leading producer and biggest exporter of textile and clothing to the European Union,
- C. whereas, following the expiry of the Multi-fibre Arrangement on 1 January 2005, the Commission and China concluded the above-mentioned Memorandum of Understanding imposing restrictions on Chinese imports of certain textile categories for a transitional period, which will expire on 1 January 2008,
- D. whereas the European Union and the Chinese Government agreed on a system of joint import surveillance for the year 2008,
- E. whereas 70% of all counterfeit goods entering the European market come from China, and half of all European customs procedures against counterfeiting relate to textiles and clothing,
- F. whereas, following the accession of China to the WTO, WTO members were permitted to adopt special safeguard measures in the form of quantitative restrictions on Chinese exports until the end of 2008 if the market were to be disrupted,
- G. whereas the European Union is the world's second largest exporter of textiles and clothing,
- H. whereas in the European Union the textiles and clothing sector is mainly composed of small and medium-sized enterprises (SMEs), and whereas parts of the sector are concentrated in regions strongly affected by economic restructuring,

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<sup>1</sup> OJ C 193 E, 17.8.2006, p. 110.

1. Is aware that the lifting of the quota system is the result of a legally-binding agreement made when China joined the WTO, but recalls that the Protocol on the accession of China to the WTO enables all WTO members, including the European Community, to apply safeguard measures against imports from China until the end of 2008, if necessary;
2. Maintains that the double-checking surveillance system will serve no purpose unless it prevents any repetition of the situation that occurred in 2005, when imports into the EU grew at an accelerating rate; stresses that new safeguard measures need to be enforced, covering, among other things, categories of products to be specified by Member States, so as to enable employment in, and the business of, this sector to be safeguarded and promoted in the EU;

#### ***External competitiveness of the EU-based textile sector***

3. Expresses its concern over high tariffs and non-tariff barriers in many third countries; stresses that the Commission, in its bilateral, regional and multilateral agreements with third countries, should secure better market-access conditions in such countries, as this is vital for the future of the EU-based textile and clothing industry, especially SMEs;
4. Asks the Commission to take the opportunity presented by the negotiation of trade agreements to promote and strengthen environmental and social standards, such as decent work, in third countries, in order to guarantee fair competition;
5. Calls on the Commission and the Member States to actively promote the modernisation of the EU-based textile industry by supporting technological innovation, research and development through the Seventh Framework Programme, as well as vocational training, particularly for SMEs; in this respect, calls on the Commission to conduct a proper and global investigation into this serious issue;
6. Considers that binding rules on origin marking for textiles imported from third countries should be applied and, in this respect, calls on the Council to adopt the pending proposal for a regulation on the 'made in' indication; notes that this regulation would help to provide better consumer protection and would support a European industry based on research, innovation and quality;

#### ***EU textile industry and workers***

7. Calls on the Commission to ensure that a substantial part of the Globalisation Adjustment Fund will be used for the restructuring and retraining of the textile sector, in particular SMEs heavily affected by the liberalisation of the market;
8. Repeats its proposal that a Community programme – backed by the appropriate means of support – should be drawn up for the textile and clothing sector, and especially for the more disadvantaged regions that depend on it, with a view to promoting research, innovation, vocational training, and SMEs, and should go hand in hand with a Community programme to help create new markets and boost external promotion of the sector's products, for instance at international trade fairs;
9. Calls on the Commission and the Member States to assist the textile and clothing sector's workers with social measures and plans for companies facing restructuring;

### ***Unfair trade and counterfeiting***

10. Recalls that trade defence instruments (anti-dumping, anti-subsidy and safeguard measures) are fundamental regulating mechanisms and legitimate tools to proactively address both legal and illegal imports from third countries, especially in the textile and clothing sector, which is now an open market without quota protection;
11. Calls on the Commission to encourage the Chinese authorities to align their currency exchange rates and to review their euro/dollar foreign exchange balance, which are now facilitating a massive flow of Chinese textile and clothing imports;
12. Expresses its concern over systematic violations of intellectual property rights; urges the Commission to combat these violations, in particular counterfeiting, at multilateral, regional and bilateral level, including every form of unfair trade;

### ***Import surveillance***

13. Welcomes a system of joint import surveillance that will ensure double checking of Chinese exports to the EU of eight textile and apparel products; however, expresses its deep concern about the manner in which the system is to be set up; calls on the Commission to guarantee proper implementation of this double checking and to evaluate its effectiveness, so as to ensure a smooth transition to free trade in textiles;
14. Stresses that a double checking system cannot be implemented in 2008 alone and that an effective surveillance system should be guaranteed for a longer period of time;
15. Considers that the High-Level Group should ensure oversight of a surveillance system for textile and clothing imports into the European Union;
16. Calls on the Commission and the US to engage in consultations on the issue of textile imports from China;
17. Calls on the Commission to set up a monitoring system and to evaluate the results before the end of the first quarter of 2008 in order to ensure that the disruptive effects of a surge in textile imports are duly and promptly taken into account, and asks the Commission to report to Parliament on its findings;

### ***Security and consumer protection***

18. Urges the Commission to use its powers to ban unsafe products from the EU market, also in the textile and clothing sector;
19. Calls on the Commission to guarantee that imported textile products entering the EU market, particularly those imported from China, are subject to security and consumer protection requirements identical to those for textile products manufactured inside the EU;
20. Asks the Commission to conduct a proper evaluation and study of the question of the alleged pass-through of price reductions to EU consumers;

### ***Developing countries and the EU's Mediterranean partners***

21. Calls on the Commission to support the establishment of a Euro-Mediterranean production area in the textile sector, taking advantage of the geographical proximity of the EU and its Mediterranean partners' markets in order to create an internationally competitive area capable of ensuring that present levels of industrial output and employment are maintained;
22. Emphasises that the termination of import restrictions on textiles will not only bring about radical changes in import trends on the EU market, but also risks having an impact on clothing and textile sectors in developing countries, including the EU's Mediterranean partners;
23. Calls on the Commission to study the impact of the full liberalisation of the textile and clothing sector on the least developed countries (LDCs); is particularly concerned about the disregard of basic social and labour rights by some LDCs in order to remain competitive; calls on the Commission to evaluate how Aid-for-Trade and similar programmes can help LDCs engage in socially and environmentally sustainable sectoral programs;
24. Calls on the Commission to evaluate the usefulness of supply-side management tools for the clothing sector, in order to level off global competition and prevent a lowest-common-denominator approach to social and environmental standards;

#### ***Informing Parliament***

25. Requests that the Commission provide Parliament with full information on any significant developments in the framework of international trade in textiles;

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26. Instructs its President to forward this resolution to the Council, the Commission, and the governments and parliaments of the Member States.