

GLOBAL TRADE LAW SERIES

GLOBAL TEXTILES AND CLOTHING TRADE

TRADE POLICY PERSPECTIVES

Umair Hafeez Ghori

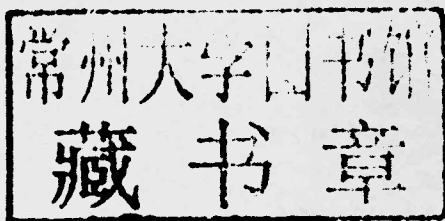


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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

In the Name of Allah, the Most Gracious, the Most Merciful

*For
The Ummah
&
The People of Pakistan*

About the Author

Dr Umair Hafeez Ghori (LLB (Hons), LLM, PhD) has a background in legal practice both as a litigator and as a corporate lawyer in Pakistan. He joined the Faculty of Law, Bond University in November 2010 after completing his PhD from the University of New South Wales. His research and teaching focus is on international trade law, international business transactions, business & commercial laws and the law of contracts. Prior to joining Bond University, Umair taught advanced legal research, foundations of law research and different components of international trade law at the Faculty of Law, UNSW. He is also a Fellow of the Tim Fischer Centre for Global Trade and Finance at the Bond University, Faculty of Law, where his primary research is on international trade law, business and investment laws. He has written several articles and conference papers on international trade, with focus on the textiles and clothing sector.

Foreword

It is with greatest pleasure that I write this Foreword. This book began life as a doctoral thesis at the University of New South Wales under the supervision initially of Professor Bryan Mercurio and later of Bryan and I together. It was, from inception, that rarest of theses: one that dealt with contemporary developments of real import. Quotas on trade in textiles and clothing were abolished early in 2005, about the time this research project commenced, and Umair wanted to explore the impact of this seminal event and the impact more broadly of trade in textiles and clothing on poorer nations.

The finished work makes an elegant, well supported argument that restrictions on trade in these products merely defers the day when production will move to a yet poorer nation with lower labour costs and more comparative advantage. Preferential access is often justified on the basis that it assists a poor country with much-needed exports. However, Umair Ghori's analysis establishes that while this may be the case from the perspective of that one country, the preferential access which that country enjoys is preventing another, typically even poorer, country from competing and succeeding in this market.

The capital required to compete in this sector is relatively modest, and the skills relatively unsophisticated. For these reasons, textile and clothing manufacture often is traditionally a country's first step on the road to industrialisation. This is why this book matters, as it shows well-meaning measures adopted by richer nations to be misguided. The rich nation is assisting a poorer nation with privileged access, but at the expense of an often yet-to-identified even poorer nation. Dr Ghori's perspective, as a Pakistani national, doubtless assisted with these important insights.

The book also undertakes substantial case studies of the effect of the abolition of quotas generally on global trade in this sector, and specifically on China and Pakistan. It tests pre-abolition predictions of the impact of abolishing quotas

Foreword

against the post-abolition reality and finds many of the predictions to have been way off the money. In particular, it finds most of the benefits predicted to flow to Pakistan from abolition, never materialised. The book also looks forward and, informed by this analytical history, attempts its own predictions of the further evolution of trade in this sector, especially in light of China's generally rising wage levels. All of the analysis is supported by the judicious use and interpretation of extensive statistics and compelling arguments.

This book should be read by trade policy makers, scholars of trade policy, and everyone with a specific interest in the textiles and clothing trade. In pursuing its central theme, it illumines many other issues along the way, and will serve as a resource on a range of trade policy issues that are often poorly understood.

Umair Ghori's capacity to analyse the global trading system from a poor country perspective brings a new, distinctive and insightful voice to the discourse. Too often these issues are analysed through a developed country lens that results in a very partial view. This book makes an important contribution by highlighting the policy settings that are likely to make the global trading system fairer for all its participants.

Ross P. Buckley
Professor of Law
University of New South Wales
Sydney, Australia

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Any endeavour in the Name of God becomes an act of worship. I pray for the Acceptance of this endeavour, hopeful of making a contribution to the field of knowledge. This book is based on my PhD thesis written at the Faculty of Law, UNSW. This effort would not be possible without the excellent supervision of Professor Ross Buckley (Faculty of Law, UNSW) and Professor Bryan Mercurio (Faculty of Law, CUHK). Professor Buckley's guidance helped me improve my language and refine presentation of arguments. I found him to be kind and always accommodating to my impromptu intrusions. Thanks are due to Professor Mercurio for taking time out to comment on my drafts despite his extensive commitments. He was not only instrumental in encouraging me to pursue a PhD but also taught me the basics of international trade law. I also take this opportunity to thank my 'unofficial' supervisor Professor Leon Trakman, who commented on my work from time to time. His comments greatly helped in polishing various chapters of this thesis. I am forever indebted to these academics for sharing their knowledge with me.

At the Faculty of Law administration at UNSW, I extend thanks to Ms Jenny Jarrett for her help in dealing with administrative matters. I also thank Dr Alana Maurushat for teaching me the basics of Advanced Legal Research. She may not realise this but these skills made a huge contribution in developing my research skills. During my candidature, I was also fortunate to have the gentle company of Dr John Squires. I thank him for our never-ending chats on world affairs. I hope it did not disrupt his work too much! I could not have asked for a better colleague. In the conversion of my PhD thesis into a book, I acknowledge valuable research assistance support from Ms Kristen Roehrig and Mr Hossein Motevalli. I particularly appreciate Kristen's eagle-eye in spotting the minutest of mistakes and errors in the manuscripts.

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List of Abbreviations

AGOA	African Growth Opportunity Act
ASEAN	Association of South East Asian Nations
ATC	Agreement on Textiles and Clothing
CBI	Caribbean Basin Initiative
CBTPA	Caribbean Basin Trade and Partnership Act
CITA	US Committee for the Implementation of Textile Agreements
CMT	Cut Make Trim
CTG	Council for Trade in Goods
DR-CAFTA	Dominican Republic-Central America Free Trade Agreement
DSB	Dispute Settlement Body
DSU	Dispute Settlement Understanding
DTS	Direct to Store
EBA	Everything But Arms
EEC	European Economic Community
EU	European Union
Euro-Med	Europe-Mediterranean
FDI	Foreign Direct Investment
FOB	Free on Board
FTA	Free Trade Agreement
GASMA	Gujranwala Art Silk Manufacturers Association
GATT	General Agreement on Trade and Tariffs
GSP	Generalised System of Preferences
ILO	International Labour Organization
IMF	International Monetary Fund
IT	Information Technology
ITCB	International Textiles and Clothing Bureau

List of Abbreviations

LDCs	Least Developed Countries
LTA	Long-Term Arrangement Regarding Cotton Textiles
MFA	Multifibre Arrangement
MFN	Most Favoured Nation
MMF	Man Made Fibre
MOU	Memorandum of Understanding
NAFTA	North American Free Trade Agreement
NAMA	Non-Agricultural Market Access
NICs	Newly Industrialised Countries
NT	National Treatment
NTB	Non-tariff Barriers
NTC	National Tariffs Commission, Government of Pakistan
OPP	Outward Production Processing
OTEXA	Office of Textiles and Apparel, US Department of Commerce
PFY	Polyester Filament Yarn
PTA	Preferential Trade Agreement
PSS	Product Specific Safeguards
ROO	Rules of Origin
RTA	Regional Trade Agreement
SAFTA	South Asian Free Trade Agreement
SSA	Sub-Saharan Africa
STA	Short-Term Agreement Regarding International Trade in Textiles
T&C	Textiles and Clothing
TMB	Textiles Monitoring Body
TS	Transition Safeguards
TSB	Textiles Surveillance Body
TUF	Technology Upgradation Fund
UK	United Kingdom
UNCTAD	United Nations Conference on Trade and Development
US	United States
USCIT	US Court of International Trade
USITC	United States International Trade Commission
USBTA	United States – Vietnam Bilateral Trade Agreement
VERs	Voluntary Export Restraint
VJEPA	Vietnam-Japan Economic Partnership Agreement
WB	World Bank
WTO	World Trade Organization