Opinion of the European Economic and Social Committee on the ‘Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions: The future of the textiles and clothing sector in the enlarged European Union’.

(COM(2003) 649 final)

(2004/C 302/19)

On 28 October 2003, the Commission decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the abovementioned proposal.

The Section for the Single Market, Production and Consumption, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 4 May 2004. The rapporteur was Mr Pezzini and the co-rapporteur was Mr Nollet.

At its 410th plenary session of 30 June and 1 July 2004 (meeting of 1 July), the European Economic and Social Committee adopted the following opinion by 81 votes to one.

1. Introduction

1.1 The fact that 2.1 million people continue to be employed in the European textile industry is an indication of the way its vitality has endured and of its great potential. This figure has increased by more than 500,000 with the accession of the new Member States. Thanks to considerable innovations in the field of both processes and products, the industry continues to contribute to European wealth with an annual turnover of over EUR 200 billion, not taking into account the ancillary sector, and strong growth – particularly in the ‘non-conventional’ sector (hi-tech technical textiles (1)) – which now account for almost 30 % of all output and with R&D spending approaching 8-10 % of turnover.

1.2 The European Union is the biggest world player in the textile and clothing sector. The suggestion that globalisation would inevitably sideline the textile industries of the industrialised countries has turned out to be false, and it is definitely not the case in Europe. The European continent is still the biggest exporter of textile products in the world and the second biggest clothing exporter in a global import-export market of over EUR 350 billion in 2002 (6 % of world trade).

1.2.1 It is worth remembering here that China is the biggest global exporter of clothing.

1.3 Europe has thus far managed to capitalise on its assets in terms of quality and organisation: small ranges, fashion system, highly creative haute couture, quick to respond to demand, fast manufacturing and delivery times. It has also innovated in the area of processes and intelligent materials thanks to nanotechnology and new fibres, i.e. technical textiles, which are highly competitive and with a growing trade surplus. Recent chemistry applications to textiles have lead to the creation of new products. It should be pointed out here that global market access conditions vary widely in the sector. While the EU applies customs tariffs of less than 9 % on average, many other countries apply tariffs of up to 30 %, in addition to hefty non-tariff barriers.

1.4 In Europe, the textiles and clothing sector has managed to cope with series of radical changes and has been quick to take advantage of new technology to find an appropriate response to different production costs, reacting promptly to the emergence of new global competitors. The reaction of European industry has been, on the one hand, a firm commitment to modernisation achieved through competitive restructuring and assimilation of technology; and, on the other, to occupy a new market position by exploiting networking opportunities in production, distribution, innovation and technological marketing.

1.5 In 2002 gross investment was approximately 9 % of value added in the sector, or some EUR 5 billion. Naturally, almost 70 % of this went to the textile sector, while the clothing sector received around 30 %. The textile sector trade balance is positive, whereas imports exceed exports in the clothing sector. Moreover, the textile-clothing sector, to which footwear should be added, is a very diverse, composite industry, with a vast array of products ranging from high-tech synthetic fibres to wool processing; cotton to industrial filters; rags to high fashion; and from carpet slippers to footwear designed to protect against corrosive chemicals.

1.6 The textile, clothing and footwear industry is concentrated in the five most populated countries of the European Union, and their companies account for over three-quarters of European output in the sector. Value added is also concentrated in these countries, of which Italy is by far the most important, followed by the United Kingdom, France, Germany and, to a lesser extent, Spain. Of the smaller countries, Portugal, Belgium and Greece are particularly important in terms of value added. Belgium is especially active in the field of technical and intelligent textiles. As far as the new Member States are concerned, the sector is particularly important in Poland, Estonia and Lithuania and in the candidate countries – Turkey, Romania and Bulgaria.
1.7 In terms of employment, the rate has declined by an average 2.6% per annum over the last five years. Spain and Sweden are the only exceptions to this trend, with an increase in employment (+2%) in the sector between 1995-2002. As a full player in market globalisation of the sector, the European textiles industry has thoroughly restructured and streamlined its companies, outsourcing the most labour-intensive operations and focusing instead on more skill-intensive manufacturing processes. Use of information and communications technology, new technology and more efficient production methods has also played a role here.

1.8 With regard to trade, import quotas are due to disappear when the Multi-Fibre Arrangement (MFA) is phased out in 2005. This means all parties will have to think hard about how new trading conditions for textile products can be created, in order to enable the European textiles industry to compete globally; and, at the same time, to guarantee fair conditions for the poorest and particularly vulnerable countries. It is increasingly clear that implementation of the Barcelona Process should be a priority. This provides for an area of free trade between Europe and the entire southern shore of the Mediterranean, thus making the pan-Euro-Mediterranean area a reality.

2. The Commission proposal

2.1 The Commission communication addresses the complex problem of the textile and clothing sector in a bid to boost its competitiveness and dynamism, applying the Lisbon Strategy specifically to the sector.

2.2 The communication proposes measures based on industrial and trade policies, with particular emphasis on employment, research and technological development, innovation, vocational training, regional development, sustainable development, corporate social responsibility, public health, consumer protection, combating counterfeiting, patent and industrial and intellectual property rights, competition policy and state aid.

2.3 The Commission suggests some areas in which industrial policy measures should be more efficient and more effective, in particular:

— research, development and innovation, new materials and intelligent materials, nanotechnology, new production processes and cleaner technology, focusing on fashion and promoting creativity;

— corporate social responsibility: compliance with international labour and environmental standards, responsible management of industrial change, worker consultation;

— education and training: easier access to finance for SMEs through streamlined procedures, dissemination of information, coordination of action;

— development of networking potential and capacity;

— the Doha Programme, for the reduction and harmonisation of customs tariffs and the elimination of non-tariff barriers to trade;

— complete the Euro-Mediterranean area by 2005, in order to provide free movement of textile products in countries with the same rules of origin and administrative cooperation systems;

— labelling systems for EU access; examination of label use for articles/products in accordance with international labour and environmental standards;

— EU trade preferences: focusing on the 49 poorest countries (LDCs - Less Developed Countries) (1), and extending preferential status to intermediate clothing products;

— combating fraud and counterfeiting, strengthening existing measures and adoption of new measures to protect industrial and intellectual property, checks to avoid unfair commercial practices; strengthening the common customs system;

— ‘Made in Europe’ label of origin in order to promote European quality products and protect consumers;

— Structural Funds: use and new guidelines, particularly in the framework of the Financial Perspective for 2007-2013.

2.4 In addition, the Commission communication suggests some avenues to be explored:

— action at stakeholder level;

— action at Member State level;

— action at European Union level.

2.4.1 It proposes establishing a High Level Group comprising representatives from the Commission, the Member States and the social partners, in order to check on the initiatives and their implementation at the various levels. The communication also provides for regular reports to be drawn up between spring 2005 and the end of 2006.

(1) There are 49 Less Developed Countries, of which 40 are ACP countries (Africa, Caribbean, Pacific) and 9 non-ACP: Afghanistan, Bangladesh, Butan, Cambodia, Laos, Myanmar, Maldives, Nepal, Yemen.
3. The viewpoint of textile industry representatives

The Committee held a hearing of textile industry representatives at its building in Brussels on 21 January 2004. The views expressed in this point reflect the written contributions received and the statements made in the course of the hearing (1).

3.1 The social players present – employers, trade union representatives and local administrators – were unanimous in calling for urgent action to cushion the extremely rapid impact of imports from a number of countries, particularly China, India and Pakistan, on European businesses in the sector.

3.2 As 2005 and the end of the quotas regime approaches, the following measures were requested as a matter of urgency:

— the possibility of tapping new financial resources;

— a special intervention to be introduced within the Structural Funds;

— investment in training and hence human resources;

— compulsory labelling of product origin for all countries;

— compulsory traceability at all stages of production;

— attention to consumer health through relevant labelling of risk-free products;

— reciprocity in customs tariffs with countries developing rapidly in the sector;

— review of agreements with third countries, removing tariff concessions for countries infringing the rules of trade, social standards, and sustainable development or manufacturing nuclear weapons;

— review of the organisation of European customs, in order to simplify them and ensure more specific checks to reduce fraud, now at an unsustainable level;

— a strong financial commitment to research and innovation and assistance to businesses, especially SMEs, so that they can diversify production to include technical and intelligent textiles.

3.3 The Italian textile and clothing sector, which is one of the most vulnerable in the European Union, presented a joint document agreed by all the country’s producers, large and small, and trade union representatives, highlighting a number of priorities and recommending that these lead to practical, effective and timely measures. According to the document, inertia at this point in time could impose heavy social and economic costs on Europe.

3.3.1 The main points were as follows:

3.3.2 Community products are granted 0 % rates in only 22 countries, while on other markets they are subject to an average rate varying between 15 and 60 %. Moreover, they often run up against a plethora of non-tariff barriers. From 2005 onwards in particular, the textile and clothing sector will no longer be able to bear the privileges currently granted to the EU’s largest competitors (China, India, Pakistan and Indonesia). In any case, such privileges should be restricted to the least developed countries and to small producing countries who in 2005 will themselves be placed in an extremely vulnerable position.

3.3.3 It is hoped that labelling will avoid a generic ‘Made in the EU’ for a more explicit ‘Made in Italy-EU’, ‘Made in France-EU’ etc. formula. More than 60 % of products on the market are already voluntarily labelled with the origin. If the wording were to be made compulsory, checks on penalties would follow: the wide leeway presently allowed opens the floodgates to counterfeiting and fraud, which is doubly damaging to European industry. Furthermore, European buyers are at a disadvantage compared to their American, Japanese, Chinese or Australian counterparts. There is no reason not to have the same information as others, by means of compulsory labelling. If European consumers were aware of product origin, they could effectively judge not only the price, but also the price/quality ratio in relation to their own requirements.

3.3.4 The link between textiles and health has been repeatedly demonstrated. Many skin conditions are triggered by use of low-quality textile products. This is further reason for allowing consumers to choose the area of origin of products.

3.3.5 Illegal imports of items of clothing have reached alarming levels, and false ‘Made in...’ labels are spreading across international markets. More severe checks and harsher penalties are called for here.

3.3.6 The development of new materials, production processes and clean technologies in support of sustainable development are of particular importance to the sector.

(1) The hearing was attended by Ms Concepció Ferrer i Casals, Member of the European Parliament and President of the Forum for Textiles, Clothing and Leather. The European Commission was represented by Mr Luis Filipe Girão, Head of Unit in DG ENTR, and Mr Ghazi Ben Ahmed of DG TRADE. The 60 people attending included Italians, Germans, French, Turks, Lithuanians and Belgians.
3.3.7 Employers’ and trade union federations stressed that they have always adhered to the underlying principles of the ‘Code of Conduct’ for the textiles and clothing sector, which has in effect been directly incorporated into the Member States’ national collective labour agreements. The Commission is consequently asked to introduce the social dimension into the sphere of international agreements.

3.3.8 Social dumping (manufacturing products while pushing down labour costs to the detriment of workers’ rights, using child and forced labour) is morally repugnant, but cannot be directly tackled by imposing anti-dumping tariffs. The industrialised nations, of Europe in particular, should therefore combat dumping far more vigorously through more stringent clauses and, most importantly, through the GSP (1). Ecological dumping also reduces production costs, to the detriment of the environment.

3.3.9 International institutions, with the support of industrialised countries, should launch targeted projects in order to disseminate know-how flowing from the sustainable development principle among developing countries, as the Community is indeed doing with the new Member States.

3.3.10 The use of labels confirming that a product’s access to the EU is subject to compliance with international environmental standards might be helpful in achieving this objective.

3.3.11 The aim that should be pursued is to protect the environment and provide European businesses with realistic conditions of operation and competition, through a radical overhaul of the contents of agreements.

4. EESC comments

4.1 The EESC has closely followed the Commission’s efforts, particularly over the last few years, to re-establish the textile and clothing sector as a key Community concern. It notes, in particular, that the presentation of best practice in the various areas of innovation and marketing provided food for thought for the many people who attended the Conferences recently organised by the various DGs in Brussels (2).

4.2 Unfortunately, the local-level impact of these thought-provoking initiatives did not live up to expectations. This leads us to reflect once again on how we can harness knowledge and information and disseminate them more widely to all stakeholders.

4.2.1 Close involvement of professional employers’ and workers’ associations at all levels must go hand in hand with and be used as a framework for the whole innovation process.

4.2.2 Only a tried and tested policy of cooperation between the social partners, including the experience of the Bilateral Agencies (3) and a common effort to support growth in the sector, will enable us to meet the challenge of globalisation which, especially in this sector, ‘... poses real concerns...’, as Commissioner Lamy rightly said recently.

4.3 The Industry Council of 27 November 2003 described industrial competitiveness as one of the key areas where the European Union and the Member States have active roles to play in order to meet the objectives set by the Lisbon strategy (OJ C 317 of 30.12.2003, p. 2). The textiles sector is unquestionably the most exposed at present to the deindustrialisation triggered by the new aspects of world trade.

4.3.1 Primarily for these reasons, the textile sector is faced with a permanent process of restructuring and modernisation, combined with a marked slow-down of economic activity, production and employment. It is however a strategic sector which continues to provide employment, especially to women. In its above-mentioned conclusions, the Council – aware of the sector’s value – invites the Commission to report back by July 2004 on initiatives which might take the form of an Action Plan to support the textile sector.

4.4 The Committee believes that the Commission should, partly in the light of the points made in its communication, urgently take a fresh look at the following points:


4.4.2 The Bilateral Agencies comprise representatives of small businesses and workers who, acting on the principle of reciprocity, take provide finance for back-up, refresher and innovation courses for employees and owners of micro- and small enterprises.

4.4.3 Cf. the hearing of 21 January 2004 and the conclusions in point 13.

(1) EESC opinion CESE 313/2004 (REX/141).
(4) Cf. the hearing of 21 January 2004 and the conclusions in point 13.
4.4.2 Role of customs in the integrated management of external borders (1), taking on board the considerations and other suggestions set out in the Committee's opinion.

4.4.3 Rules of origin in preferential trade arrangements (COM(2003) 787 final), in order to stabilise the level of future tariffs produced by the new round of multilateral negotiations, by free trade agreements and by support for sustainable development. Moreover, as repeatedly argued in the present opinion, management procedures and supervisory and safeguard mechanisms [...] also need to be designed to make sure that preferential arrangements are used properly and shield the business community and the financial interests at stake from abuses of the system (2).

4.4.4 The terms of the partnership with China (3), within which various Community resources have been earmarked to increasing competition between China and the EU (junior Managers Training Programme, Development of Vocational Training, under title B7-3).

4.4.5 Introduction of an adequately resourced Community programme to support research, innovation (not exclusively technological) and vocational training in the sector (capacity of small-scale employers and the workforce in particular to adjust to the new international setting and consumers' requirements). This principle has also been clearly stated by the European Parliament in its resolution on the future of the textile and clothing sector adopted in February 2004.

4.4.6 Consumer protection measures. Consumers are increasingly aware of the potential health effects of certain products which are often in contact with the skin, not least in connection with the spread of contact allergies or other skin disorders (4). In the light of developments in European legislation regarding transparency in the food sector, similar legislation should be introduced for compulsory labelling to inform consumers on the origin of the material used and where the finished product is manufactured.

4.5 The introduction of a compulsory 'Made in …' label could help increase consumers' confidence that when they purchase a garment they are paying a price that corresponds to the standards of production and style applied in the country of origin – the country of origin must be the country in which the garment was finished as opposed to the country in which it was produced – but the Commission’s ‘Made in Europe’ proposal is unconvincing. A single European label would be blind to the particular and outstanding qualities of individual countries’ products – ‘united in diversity’.

4.6 The culture of corporate social responsibility should be consolidated as a European model, but must also be extended to the developing countries through specific instruments which could be checked at consumer level and whose trade-related aspects would therefore be significant (5).

4.7 Environmental and workplace safety legislation in force in industry must be made more visible to consumers, in order to boost competitive advantage.

4.7.1 The Union's clear-cut position on sustainable development and, consequently, on compliance with the timetable of the Kyoto Protocol, can be successful and meet with the approval of the European manufacturing sector, provided that it is accompanied by an acknowledgement of the efforts entailed by these commitments. Failing to take account of unfair competition or to take action to prevent it would do nothing to facilitate the spread of a culture of progress among European employers and workers. Furthermore, it could accelerate deindustrialisation in Europe, which would benefit some multinational companies (6), who can turn to production in countries with less awareness of this principle, emblematic of a ‘social market economy’.

4.7.2 The Commission’s efforts to reduce energy consumption, in part through the general introduction of eco-design requirements for energy-using products (7), may in time achieve their objective, if European industries – textiles and clothing in particular – still have a market, and consequently machinery, for production. Otherwise, the proposal might just as well be extended to some allegedly developing countries so that they can enhance the energy consumption of plant used to manufacture their products.

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(5) Cf. Eurostat: The GDP in the World. Of world GDP, which was EUR 34,000 billion in 2002, over 55 % was in the hands of approximately 45,000 multinationals.
4.8 The Committee urges that at European level too, constant attention focus on micro and small enterprises, which are very common in this sector. Particular attention should be paid to the present financial system, which tends to favour large businesses. The Committee also recognises the Commission’s work to highlight the problems micro and small enterprises, and to cultivate entrepreneurship within European culture.

4.9 The Committee calls for a reduction in the number of countries benefiting from the Generalised System of Preferences (GSP), as stated earlier. In conjunction with this, the Committee considers that the customs tariffs currently applied by the EU – which are among the lowest in the world – must not be lowered any further before those of a number of countries with highly competitive textile and clothing exports come down to a comparable level. In its resolution on the future of the textile and clothing sector in the European Union of 29 January 2004, the European Parliament also recommends adopting the criterion of reciprocity, or ‘access to markets at world level that is comparable to the import conditions that the EU will be applying with effect from 2005’. The Committee is for trade liberalisation, but against one-way liberalisation. Other countries should also be ready to open their markets to EU textiles and clothing producers.

4.9.1 External border customs controls must be stepped up in order to overcome the serious problems of pirating and counterfeiting. They need to be combined into genuine joint European customs services, with specific support measures for the new Member States.

4.9.2 The Committee shares the serious concerns of those categories affected by fraud, and considers that all possible measures should be taken to reduce it. Customs services have repeatedly pointed out that they have insufficient personnel to check goods in transit, especially in ports. An average of 1,000 containers arrive daily in the port of Naples, for example, with a staff of only three to check them: on average, less than 1 % of these are opened (and opened only, not inspected).

4.9.3 Given this state of affairs, made worse by the planned fraud carried out by criminal groups affecting business in many European ports, one possible approach might be to concentrate particular products in specifically equipped ports, in which the categories concerned would be represented and tighter controls carried out by the customs services.

4.9.4 Point 11 of the European Parliament’s resolution substantially agrees with this line, requesting the Commission to encourage and assist manufacturers in establishing a surveillance and information network to identify the sources of counterfeit or pirated products and eliminate them from the market.

4.9.5 Another solution might be to divide containers, in sealed condition, between the areas of final destination. This would dramatically reduce the number of containers needing to be checked in ports and enable more thorough checks to be made.

4.10 The countries from which goods originate must also be asked to improve controls. Countries which connive at fraud by operating ineffectual control mechanisms should suffer temporary withdrawal of advantageous export conditions. The GSP alone, widely used in the textile and clothing sector, costs the EU EUR 2.2 billion annually by way of lost customs revenue. Conversely, the participating countries receive an annual benefit of the same amount. If the EU is given advantages of that magnitude, it is entitled to impose terms and conditions on the receipt of those advantages.

4.10.1 The Committee is well aware that the EU’s real borders do not necessarily coincide with the Member States’ physical boundaries: they increasingly lie within the territory of the countries from which its imports come. The EESC has already expressed its views on this question.

4.11 The current rules of origin are too complex and difficult to apply; they are easily misunderstood and require in-depth knowledge of numerous legal texts. They now represent a constraint on trade and a powerful incitement to fraud. Beneficiary countries most often merely serve as conduits for the products of non-beneficiary countries.

4.12 With regard to the advantages to be granted to developing countries, the Committee calls on the Commission – the Trade DG in particular – to define clear standards, especially for the protection of labour rights, protection of the environment, suppression of drug trafficking, observance of fundamental human rights, sustainable development and other important aspects concerning consumer protection and animal welfare.

4.13 Turning to the Common Customs Tariff (CCT), the Committee notes that the recent Regulation 1789/2003 amending Regulation 2658/87, and which came into force on 1 January 2004, is also the result of a series of compromises over the level of the CCT. These compromises make implementation difficult and complex and consequently facilitate fraud and evasion. The heading ‘Articles of apparel and clothing accessories’, indicated by codes 61, 62 and 63 includes 466 items; of these 398 attract a tariff of 12 %, with the other 68 having tariffs ranging from complete exemption to 2 %, 4 %, 5.3 %, 6.2 %, 6.3 %, 6.5 %, 6.9 %, 7.2 %, 7.5 %, 7.6 %, 7.7 %, 8 %, 8.9 %, 10 % and 10.5 %. Other codes: 64 (Footwear, gaiters and the like), 65 (Headgear and parts thereof), 66 (Umbrellas) and 67 (Feathers and artificial flowers) have tariffs of 1.7 %, 2.2 %, 2.7 %, 4.7 %, 5 %, 5.2 %, 7 % and 8 %.

4.13.1 There are more than 20 tariff levels for the total of 1,516 headings covered by codes 50 to 67 of the Combined Nomenclature (CN). Having such a large number of very similar tariffs causes only problems, and demonstrates the weakness of a system which could be more rational and less vulnerable to pressure from centres of economic interest which, while maximising their gains, generate nothing but difficulties for very many businesses. The Committee considers that setting a limited number of tariffs – three or four at most – would significantly reduce fraud and simplify the system enormously.

4.14 The Committee attaches particular importance to promoting compliance with core labour standards and fair trade, protection of the environment and combating drug trafficking. Whilst it is true that the current GSP cuts CCT levels by 40%, thus enabling all the developing countries to export their textile, clothing and footwear products to EU countries with a tariff of less than 5% provided that they undertake to observe the social and environmental clauses, it has nevertheless proved unsuccessful as a moral campaign. Neither has the special incentive regime intended to counter drug trafficking, from which 12 countries have benefited, had any impact in terms of reducing the drugs trade. On the other hand, many small European businesses have had to fold due to unsustainable competition; this is the result of overall production costs which are not at all comparable with those costs imposed by progressive, sustainable development-oriented regulation.

4.15 The EESC believes that the efforts of the Council, the Commission and the European Parliament should be stepped up in order to exclude from the GSP all those countries that need to export their textile, clothing and footwear products to the EU, yet do not respect the fundamental rights enshrined by the ILO (International Labour Organisation).

4.16 The EESC is convinced that per capita GDP cannot be the sole criterion for deciding whether countries are eligible for reductions under the GSP in the textile sector. It also shares the concern expressed in many quarters that an undue proportion of the benefits currently to those nations which have least need of them. In order to ensure that GSP assistance is concentrated on the countries with the greatest need, the Committee recommends that the following categories of country be excluded from the system:

- nations which are members of OPEC;
- nations which do not comply with the fundamental rights enshrined by the ILO.

4.17 The Technological Poles and Innovation Centres – widespread across the EU – must help to improve networking and dissemination of experience with entrepreneurs in the industry, universities and civil society organisations.

4.18 Technical, high-tech textiles and technical footwear are increasingly gaining market share in Europe and globally. Thanks to their solid hands-on experience, small and medium-sized European companies can play, both now and in the future, an important role in producing garments that can exploit new chemical processes and develop new technology.

4.19 The EESC feels that there is a need to trial Concerted Actions between the Commission and the Member States in order to finance and support a variety of advanced services that can improve business performance, so as to encourage a match between supply and demand for innovative garments.

4.19.1 The European Social Fund (ESF) and the 6th Research and Development Framework Programme should be used to enhance and develop training facilities for a new type of professional with specific technical-operating ability, and who can act – following a suitable game plan – as innovation enablers for SMEs. Special attention should be given to those EU countries where the textile and clothing sectors have a strategic importance.

4.19.2 The professional profiles required to help businesses improve and expand production of technical textiles and footwear include: technology audit analysts, restructuring plan facilitators, and people skilled in business opportunity scouting.

4.19.3 The EESC is convinced that by harnessing existing local opportunities – technology poles, universities, Structured Dialogue between employers, workers and local authorities – businesses, and SMEs in particular, could benefit from cooperation with these new types of skilled professional in order to migrate to a higher level of competitive technology.

(1) Cf. Opinion REX/141 (GSP), points 6.6.2, 6.6.2.1, 6.6.2.2 and 6.6.2.3.
(3) Cf. REX/141 (GSP), point 6.6.2.1.
(4) Venezuela, Algeria, Nigeria, Libya, Saudi Arabia, The United Arab Emirates, Quasar, Kuwait, Iraq, Iran, Indonesia.
(5) Cf. REX/141 (GSP), point 6.6.2.3.
(6) Ibidem
(7) Small businesses would often like to switch from producing garments made from traditional products to new ones made from technical or intelligent textiles, but they lack the necessary information and knowledge of technical and commercial processes.
4.20 The Committee is also aware, as is the Commission and the European Parliament, that small firms (with fewer than 50 employees) account for approximately 70% of the EU’s textiles, clothing and footwear industry; circa 20% of firms have between 50 and 249 employees and the remaining 10% employ 250 or more. The sector has a higher concentration of female workers than other industries. Efforts to encourage innovation and technology upgrades are clearly hampered by the high degree of company fragmentation across Europe.

4.21 The EESC, whose representatives have a direct relationship with civil society organisations, has on several occasions condemned the relentless fraud operations involving a wide range of goods across Community borders. The most blatant examples of fraud include:

— declarations inconsistent with products that have cleared customs (1);

— goods with no certification of conformity, which are often dangerous for consumers;

— goods produced which do not comply with intellectual property rights;

— goods subjected to triangulation between various States (2);

— goods that do not comply with the rules of origin (3);

— counterfeit or pirated goods.

4.21.1 Some statistical surveys were recently carried out into this phenomenon. The EESC welcomes the fact that the European Union has finally adopted a Regulation that provides for counterfeit goods to be burned and destroyed by customs (4).

4.21.2 The Committee feels, however, that success in this area remains limited.

4.21.3 Indeed, customs agency directors complain about the shortcomings of Community regulation (which ought to compensate for fragmented national legislation), and the lack of staff and resources to deal with such a vast, active market.

4.21.4 In the first half of 2003, over 50 million counterfeit or bootleg products were intercepted by European customs (5). Fraud doubled between 2000 and 2002 in the clothing sector and trebled in the perfume and cosmetics sectors (6). This is, however, only the tip of the iceberg, compared with what has slipped through the net.

4.21.5 As to the origin of these products, 66% come from Asia, especially China and Thailand. According to Commissioner Bolkestein, counterfeiting is no longer confined to luxury goods: all everyday consumer products are now potential targets for counterfeiting and pirating with the result that SMEs are increasingly falling victim to counterfeiters (7).

4.21.6 The sheer scale of the phenomenon puts increasing pressure on European firms, often forcing small firms to cease trading, making it impossible for them to stay on the market.

5. Specific comments

5.1 Since 1971 the European Community — initially via the GATT and then the WTO (World Trade Organisation) — has granted significant reductions on the Common Customs Tariff (CCT) to developing countries.

5.1.1 Products classed as non-sensitive are exempt from customs duty when exported by developing countries to the Community.

5.1.2 Products classed as sensitive — which include textiles, clothing and footwear — benefit from a 20% reduction (general regime), rising to 40% for the special regimes (8).

5.1.3 In 2003, the United Nations recognised 116 developing countries. In practice, however, the advantages granted by the EU extend to 174 Countries (9).

5.1.4 Asia is by far the main beneficiary of the preferential terms, accounting for almost 70% of the total in 2002. China alone accounts for some 25%.

(1) The customs tariff percentage depends on the type of product imported. Often they are declared as various products, with lower tariffs than for those actually imported.


(3) Ibidem.


(5) IP 03/1589 of 24.11.03.

(6) Ibidem

(7) Ibidem

(8) Special Regime for the protection of workers’ rights; SR for the protection of the environment; SR to combat drugs production and trafficking.

5.1.5 The average EU tariff for the TCF sector (Textiles, Clothing, Footwear) applied to the above countries is 4.8%. The tariff imposed by the US is 8.9%, by Japan 6.6% and by Canada 12%. The tariffs imposed by China are 20%, by Thailand 29%, by India 35%, and by Indonesia 40% (5).

5.2 Euro-Mediterranean manufacturers of TCF continue to run up against obstacles in accessing Asian markets. In order to obstruct trade, these markets have created non-tariff barriers which pose a serious problem for European industry as a whole (6).

5.3 Within EU manufacturing industry as a whole, textiles value added accounts for some 2.5% (7). Some countries, however, have relatively higher levels: Luxembourg 8.7%; Portugal 6.3%; Greece 5.1%; Italy 4.6%; Belgium 4.3% (8). In the new EU Member States, the textiles and clothing industry is even more important: Lithuania 16.1% (9), Estonia 10.5% (10) etc.

6. Conclusions

6.1 The many European entrepreneurs in the sector feel the current situation is unfair and punitive. They are often forced to cease trading as they are sometimes faced with a competitive climate that would appear to be neither fair, nor linked to entrepreneurial ability or respect for human rights in the workplace. Entrepreneurs, workers and EU political decision-makers at the different levels need to have a shared, joint vision for the medium- and long-term future of a competitive, advanced European clothing and textiles sector.

6.1.1 Respect for the fundamental labour rights set forth in the ILO’s fundamental standards must be reinforced both by specific ILO control arrangements and by close cooperation between the ILO and the WTO. The EU must step up its efforts to ensure that ILO principles on the protection of workers become a WTO touchstone.

6.2 Preferential customs tariffs could be applied only to the 49 least developed countries. The negotiations launched in Doha should lead to greater reciprocity between the Pan-European-Mediterranean area and the countries of Asia. A worldwide agreement should be reached as part of the Doha Round bringing all customs tariffs applicable to the textiles and clothing sector down to a maximum uniform level of 15% within a specific time frame, e.g. 5 years.

6.3 EU customs controls must be stepped up in order to achieve, as soon as possible, a common customs system that is consistent with single market legislation.

6.4 In order to combat counterfeiting and fraud and to provide consumers with more information, a label of origin system (geographic, social and environmental) could be developed.

6.4.1 For the same reason, the EESC proposes that the possibility be explored of launching a textile traceability system, which would be a factor in reducing fraud in relation to rules of origin legislation (11) and counterfeit products.

6.5 The Committee supports the Commission’s efforts to secure tougher trade protection instruments, and antidumping and anti-subsidy measures. Similarly, it calls on the Commission to implement safeguard measures, particularly where fraud has been identified and confirmed. In the Doha negotiations the EU should try to obtain a much stricter discipline regarding the use of safeguard measures, antidumping actions and other protective measures such as changes in origin regulations and so on.

6.6 The Commission must step up its efforts to ensure that the TRIPS (Trade-Related Aspects of Intellectual Property Rights) are guaranteed by the WTO and respected by the Member States.

6.7 Innovation capacity must be increased – particularly as regards SMEs – by means of projects and programmes agreed at local level, with the contribution of all social partners and the involvement of research centres. Europe has some textiles colleges with long experience. It would be extremely useful to create a network of excellence with close links with enterprise and the labour market which can tap into the opportunities provided by the Sixth Framework Programme and implement a technical foresight programme to promote technological development in the sector.

6.7.1 The European textiles industry must add to its assets of fashion and the beauty of the manufactured product a capacity for innovation, introducing new fibres and composite fabrics, enriched by powders developed by nanotechnology research, which increase the fitness for purpose, safety, heat protection qualities and wearability of a product.

(1) Source: EU Commission.
(2) The most frequently used non-tariff barriers are: additional taxes or charges; minimum import prices; customs valuation prices not paid on imported goods; unreasonable discriminatory requirements on labelling and brand names; import authorisation regimes; difficult advance procedures.
(3) Cod. from 17.1 to 17.6.

6.7.2 Non-woven fabrics – special fabrics – treated with chemical substances which act as adhesives, are becoming increasingly widespread in a number of sectors – including sport, construction, the aeronautical and transport industries. As has already been said, this market is constantly expanding and represents an opportunity for product diversification with great potential for future development (1).

6.8 The CCIC (Consultative Commission on Industrial Change), which has acquired a wealth of experience over numerous decades of handling problems related to the development of the coal and steel markets (2), could play an important role as a link between the Commission and the textiles sector, facilitating product diversification.

6.8.1 There is a need to reskill those staff, who will lose their jobs as a result of restructuring. The creation and growth of entrepreneurs’ interests as regards these new composite products should be encouraged. There can only be genuine sustainable development in the future if young people are familiarised with new products and helped to appreciate their qualities and take on board the principles of respect for the environment which they promote. European bodies such as the CCIC, which have both social and technical experience, can make a valuable contribution in this regard.

6.9 The textiles, clothing and leather sector is the first to be addressed by the European Commission’s recently launched vertical policy on industry, complementing the existing horizontal policies. All observers, and particularly employers and workers in the sector, agree that it is vital that the Commission, in conjunction with the Member States and the social partners, should succeed in helping the sector to modernise its technology and meet the challenges of globalisation.

6.9.1 In addition to the technological platforms already established by Community policies (3) a fourth platform could be envisaged, dedicated to the many innovative aspects of textiles of modern design.

6.10 Deindustrialisation is underway in all the more advanced countries. In the EU, value added of the tertiary sector has risen to 70 % of total GDP (22 % for industry, 5 % for construction and 3 % for agriculture) (4). The process should not, however, be encouraged, since a large part of the value added is channelled to, or originates in, businesses: trade and transport 21.6 %; financial and business services 27.2 %; public administration 21.6 % (5).

6.11 The EESC believes that the full weight of the European vision of a ‘social market economy’ should be brought to bear on changing the WTO rules to make them as effective as possible. At present, the rules do not allow imports of products to be banned, except where they constitute a danger. However, respect for a number of social, environmental and economic priorities must be imposed without delay, given that the EU, as a global economic player, can make global governance more effective by endeavouring to ‘generalise sustainable development across the planet through … international cooperation and good domestic policies’ (6).

6.11.1 The costs of implementing these policies which developing countries have to meet could be borne partly by development cooperation programmes which seek to improve commercial conduct. The programmes would have to be reviewed regularly.

6.12 A stage in the process of globalisation has probably been reached where more attention must focus on the ‘collective preferences and sensibilities’ voiced by the general public, in order to ease international tensions and head off the ideological ‘trade wars’ which are on the increase and which it appears not to be possible to resolve using the current mechanisms and rules.

Brussels, 1 July 2004.

The President
of the European Economic and Social Committee
Roger BRIESCH

(1) Carbon fibre and kevlar fabrics are more resistant than the metals traditionally used and are lighter and more malleable.
(2) Cf. the work of the ECSC Consultative Committee, which became the CCIC.
(3) Aerospace, communications and steel.
(5) Source: Eurostat, ibidem.
APPENDIX I

to the Opinion of the European Economic and Social Committee

Although it received at least one quarter of the votes cast, the following amendment was defeated:

Delete point 6.1.1.

Outcome of the vote:
For: 31
Against: 32
Abstentions: 9