

ECIPE PRESENTATION »

Global Nonwoven Summit

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» Growing importance of nonwoven in trade

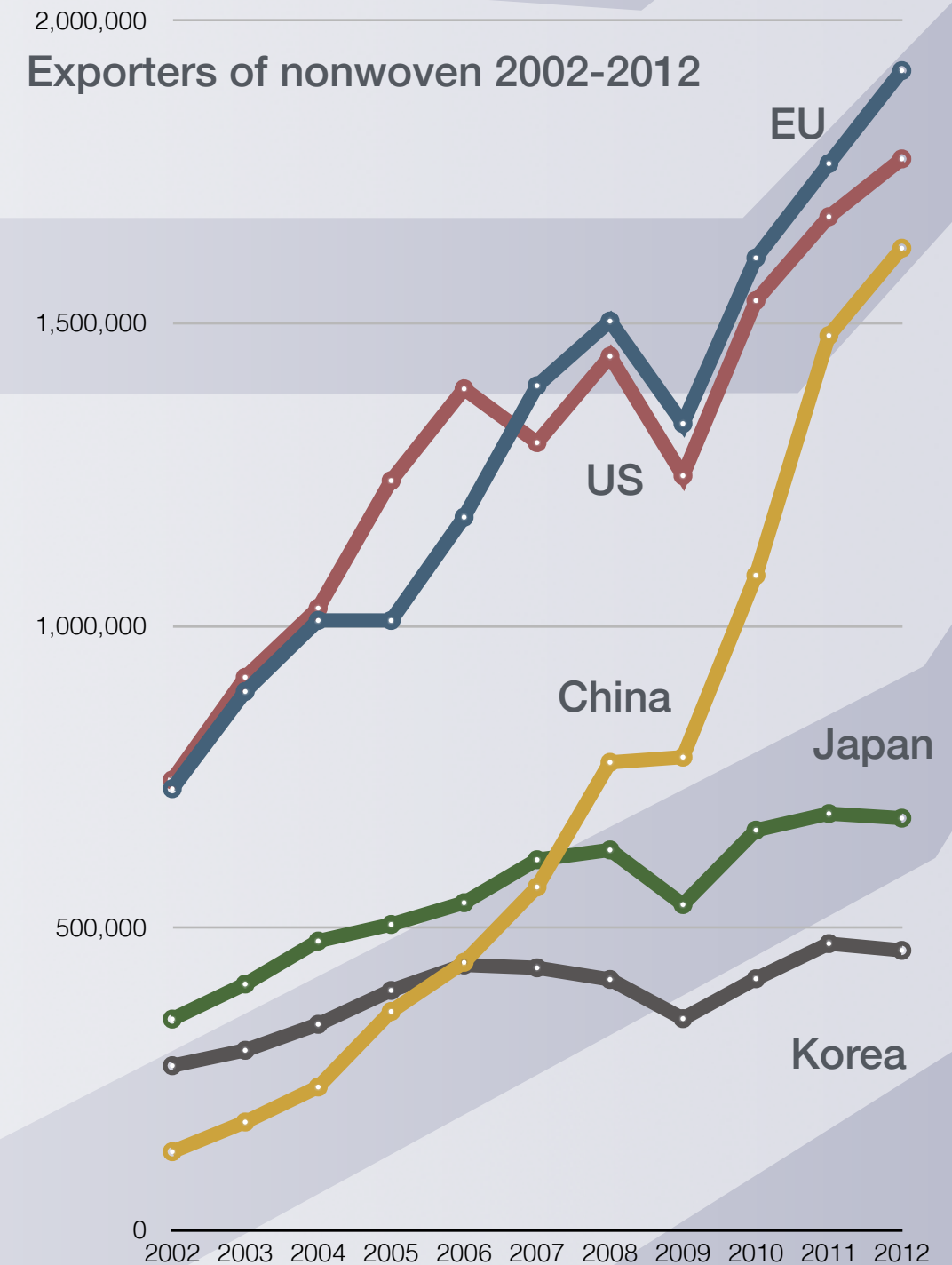
Global trade impacting the economy

- » In 10 years, the share of world GDP from international trade increased from 40% to 52%
- » Increasing 'natural' regional integration – boosted by major free trade agreements
- » Increased role from investments, services and inputs

The shape of global competition has changed

- » Rapid growth in developing countries, but main demand induced in West
- » Complemented by Inner demand (China), south-south trade
- » Developing countries now moving upstream in value-chain, and to inputs
- » First real signs of inner demand in emerging markets (especially in China)

Nonwoven ahead of the curve

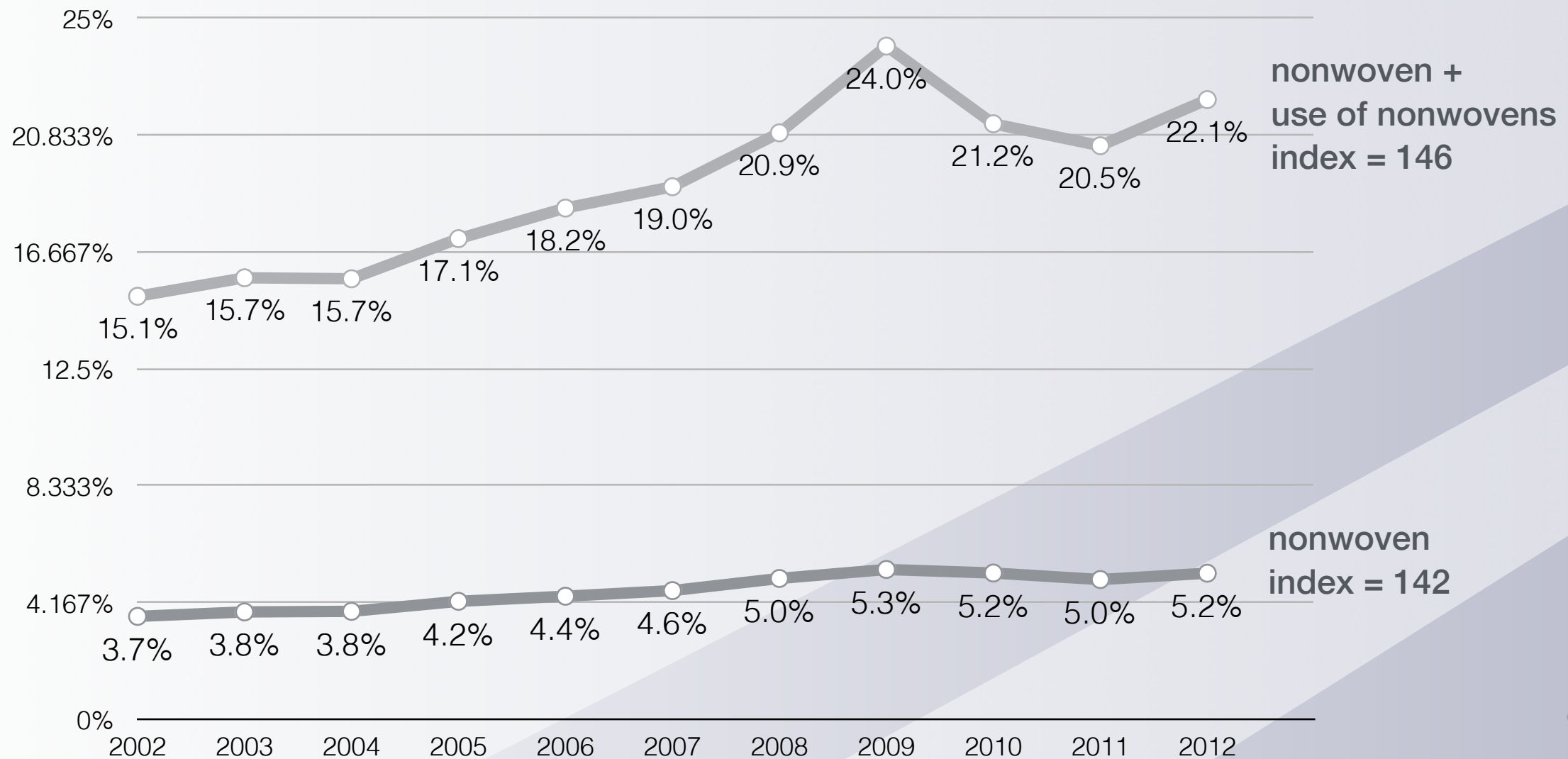


» The increased importance of non woven

Relative share of nonwovens increasing

- » Free market competition/competitors, less politicised than traditional textiles trade
- » Increasing trade dependency and supply-chain benefits

Trade in nonwovens (expressed as % of textile trade)



» Most economies are improving their nonwoven competitiveness

Relative importance of exports in traditional textiles and clothing declining

- » Emerging markets replacing each other, moving towards inputs (textiles) or specialisation
- » OECD economies, high-value added leading to relatively stable competitiveness on traditional textile

No impact from T/C on nonwoven developments

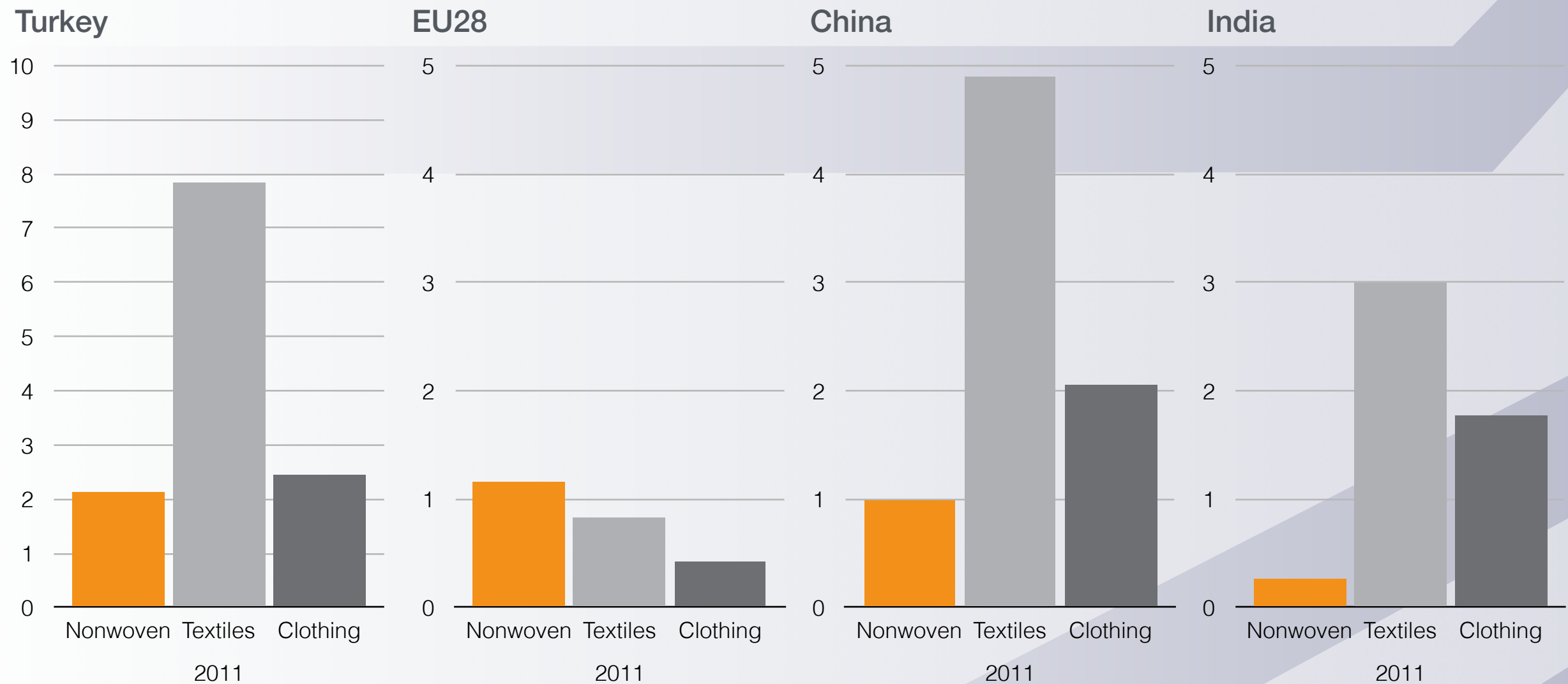
- » Increased relative importance of nonwoven across all exporters
- » Both emerging and developing countries developing export competitiveness
- » No correlation between textiles and nonwoven competitiveness

Revealed comparative advantage (RCA)

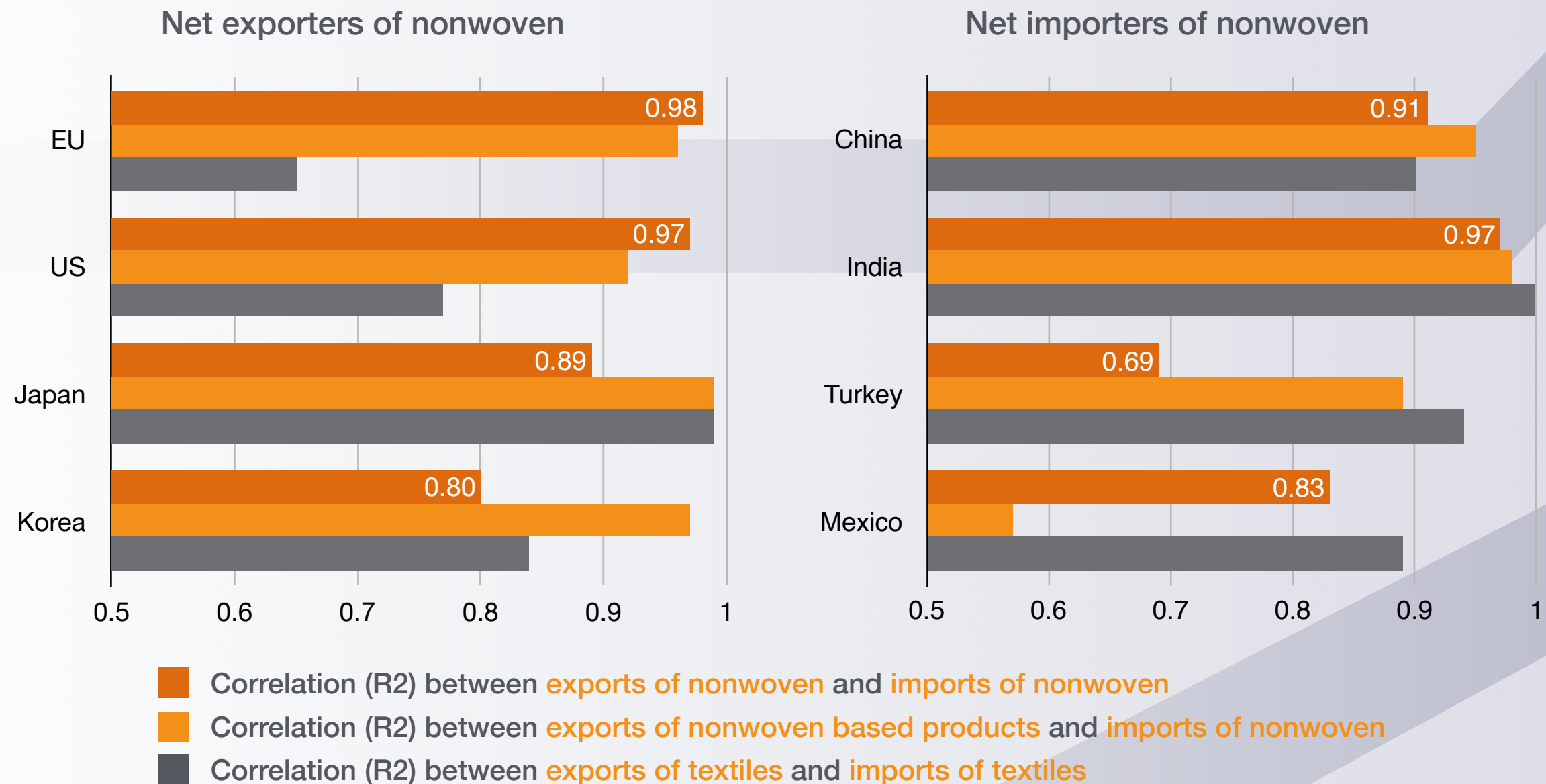
Relative importance of sector in a country's exports where 1 = global average; 2 = twice the average share

country/ year	Nonwoven			Textiles			Clothing		
	2003	2005	2011	2003	2005	2011	2003	2005	2011
China	0.47	0.58	0.99	3.86	3.97	4.89	2.4	2.26	2.06
EU	1.04	0.94	1.16	0.9	0.92	0.83	0.41	0.41	0.42
Indonesia			0.23	2.95	3.14	2.74	1.53	1.45	0.99
India	0.02	0.01	0.26	4.29	3.72	2.99	2.74	2.82	1.78
Japan	0.99	1.04	1.06	0.61	0.61	0.69	0.02	0.02	0.03
Korea	1.75	1.70	1.08	3.15	2.32	1.66	0.34	0.2	0.12
Morocco	0.07	0.03	0.03	5.35	4.73		7.62	7.04	
Mexico	0.42	0.46	0.38	1.31	1.08	0.56	1.02	0.95	0.47
Pakistan	0.00	0.00	0.09	10.04	8.9	8.58	9.6	10.41	9.62
Turkey	0.69	0.86	2.13	9.2	8.61	7.85	3.87	3.53	2.46
US	1.61	1.88	1.64	0.84	0.84	0.64	0.14	0.13	0.12
Vietnam		0.17	0.4	4.03	3.82	5.83	3.64	3.63	3.65

» Different regional developments in T/C. Yet common trends in nonwoven



» A different view on competing imports and supply chains



High degree of intra-industry (non-woven to non-woven) but also

- » Importing nonwovens leads to increase in exports of nonswoven-based products
- » Importing nonwovens does not lead to decrease in locally made nonwovens

» A new trade policy environment for nonwovens

New geometries of global trade rules

- » Trans-Pacific Partnership (TPP)
 - » Most expansive sectoral annexes on non-tariff barriers (NTBs)
 - » Including market disciplines on investments, SOEs, intellectual property, subsidies
- » Transatlantic Trade & Investment Treaty (TTIP)
 - » Mirrors TPP, with horizontal measures on NTBs
 - » Regulatory co-operation on chemicals, medical devices, cars and car parts
 - » Aspirations for a creation of a “Regulatory Council”
- » EU-Japan FTA
 - » Conforming to EU safety standards on car parts (UNECE)
 - » Review starting last week of April 2014

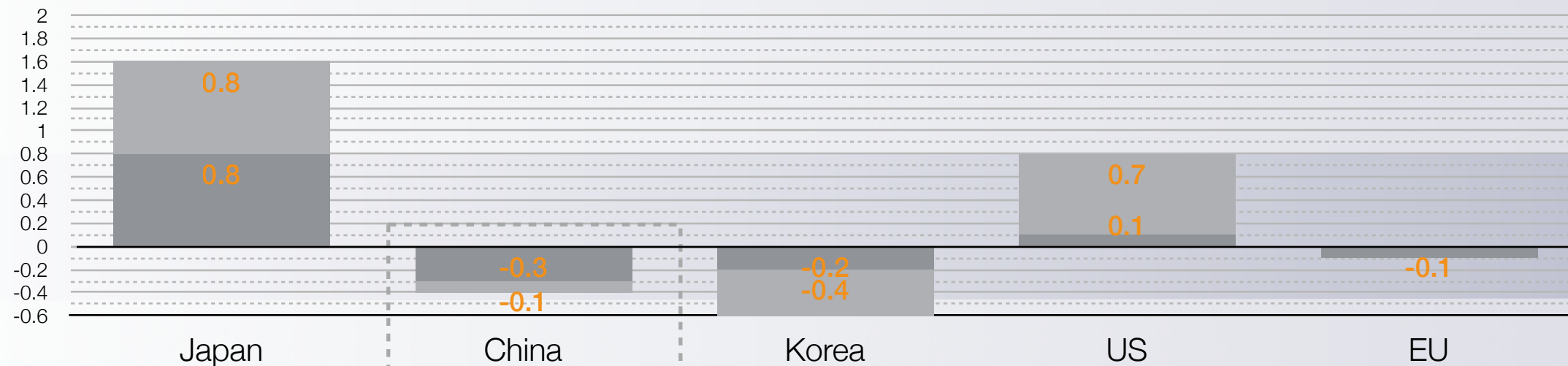
Issues for the textiles and nonwoven industry

- » Sequencing and completion?
 - » Most rules emerging from TPP
 - » Political sensitivities in traditional textiles and manufacturing
- » China left outside of all major economic partnerships
 - » China's FTAs with Switzerland, New Zealand too minor to make a difference for technical upgrade
 - » Only open door is China-Japan-Korea (CJK), leading to RCEP (ASEAN+6)
- » Cementation of conflicting rules between different regions and regulatory systems
- » Trade diversion?

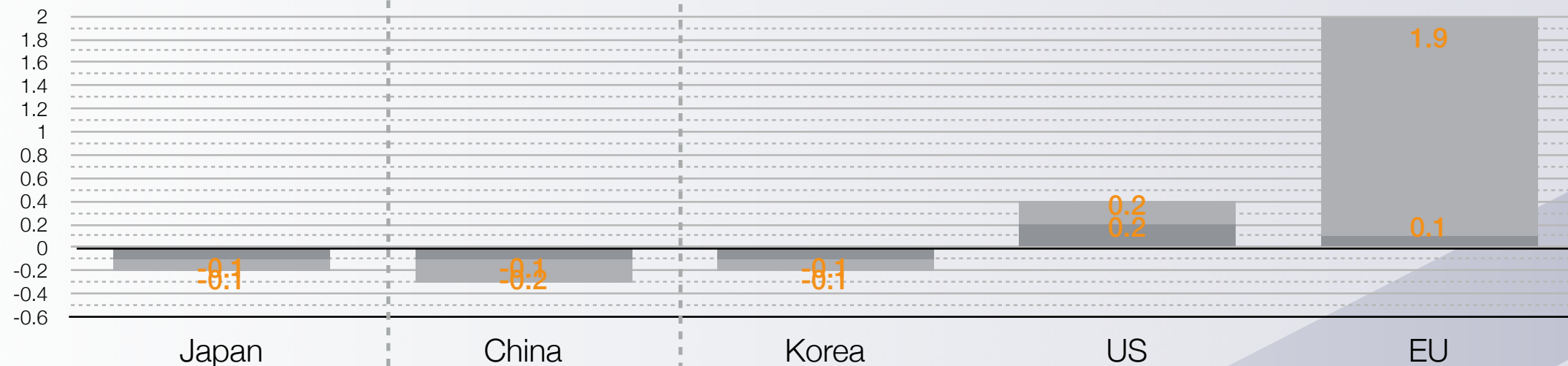
» Trade diversion (impact on GDP)

■ Tariff / RoO / NTM
■ Tariff / RoO only

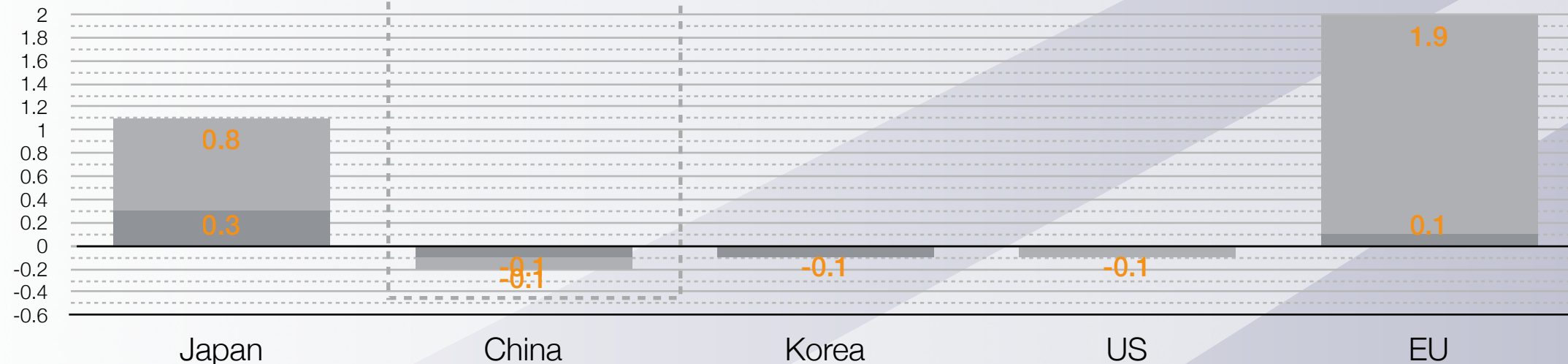
Trans-Pacific Partnership (TPP)



Transatlantic Trade & Investment Partnership (TTIP)



EU-Japan FTA

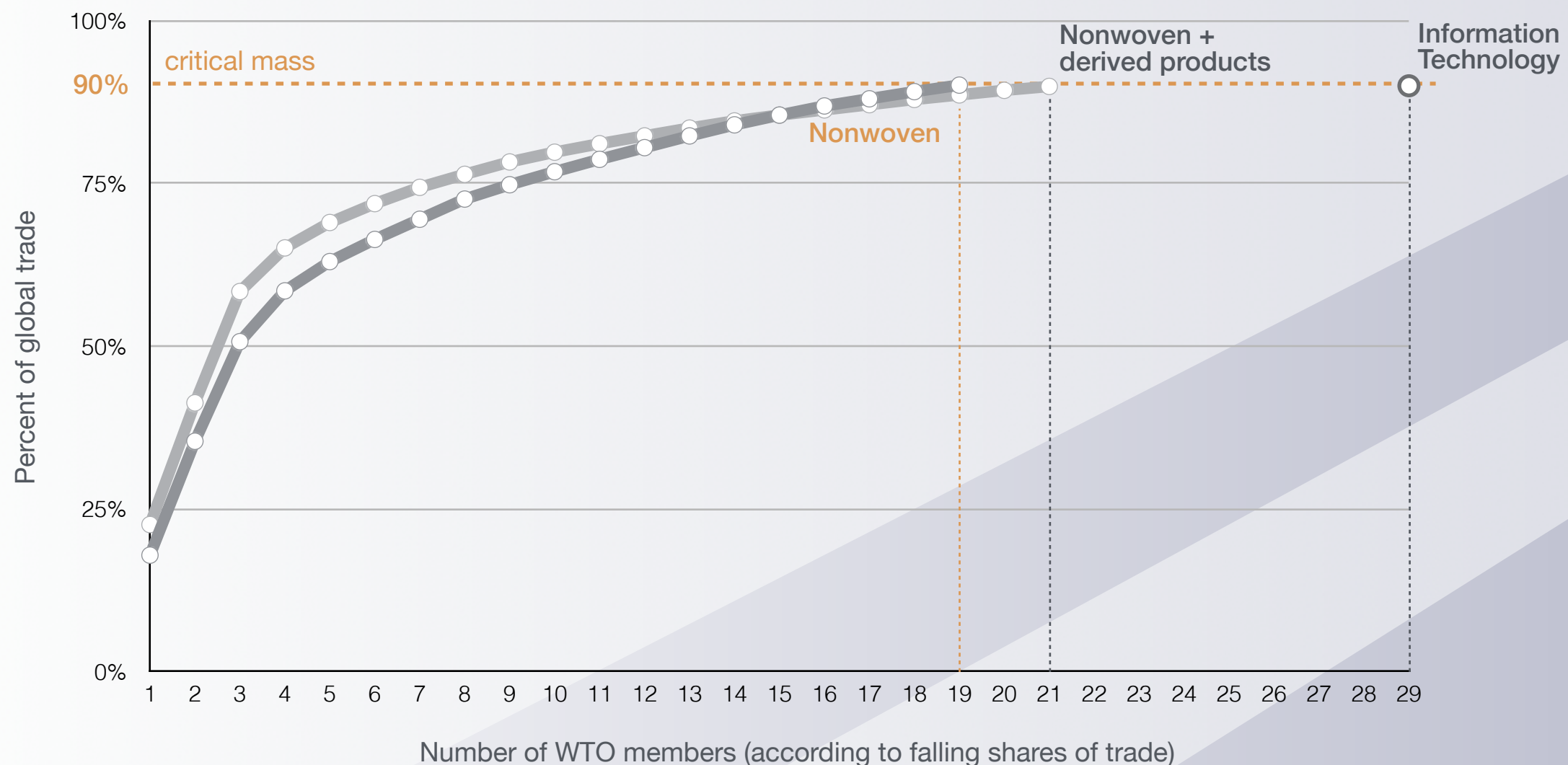


Aggregate impact = 1% GDP

» Plurilateral agreement on nonwoven

WTO allow for sectoral agreements that are plurilateral

- » Critical mass (90%) agreements, zero-for-zero on tariffs
 - » Information Technology Agreement (ITA), Pharmaceutical Agreement
 - » Zero-for-zero on tariffs makes Rules of Origin irrelevant
- » Only 19 WTO members needed to reach critical mass on nonwovens
 - » ITA initiated with 29 signatories (now 46); more than 27 member needed for services
- » Jointly with inputs (chemicals) and other sectors creates political priority



» Some policy implications

A coherent trade policy need and priorities for nonwoven across territories

- » Different set of NTBs than local industry counterparts
- » Duties makes little sense with rising competitiveness across all regions
- » Reflection of an industrial and societal change

Three dimensional market access issues for nonwoven

- » Lack of import substitution effects, third party FTAs could theoretically improve export sales
- » Effects from changes on market access on usage, outputs, inputs
- » Thus, triple competitive risks from trade diversion from TTP and TTIP

Market liberalisation through trade agreements

- » Sector agreements in absence of a major WTO deal
 - » Renegotiation of ITA in its final phase (by APEC meeting in May?)
 - » New agreement announced on environmental goods
 - » China applies to join the Trade in Services Agreement (TISA) outside WTO, receives EU endorsement
- » Zero for zero ideal to delink nonwoven sector from political issues it has no interest in