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RECENT TRENDS IN PRODUCTION AND TRADE IN TEXTILES AND CLOTHING

Consumer expenditure on clothing in industrial countries as a whole can be estimated to have increased by about $4\frac{1}{2}$ per cent in real terms in 1978, as against roughly 3 per cent in the preceding year. In the United States the growth of consumer expenditure attained $6\frac{1}{2}$ per cent in 1978, a rate which was exceeded only in 1972 and 1973. It was also considerably higher than the expansion rate of total consumer expenditure which rose by 4 per cent. The difference can partly be explained by the behaviour of prices. Whereas consumer prices for clothing increased by only $3\frac{1}{2}$ per cent in 1978, those of other consumer items rose by $7\frac{1}{2}$ per cent. In the EC the growth of total consumer expenditure (4 per cent) was the same as in the United States and consumer expenditure on clothing, on the basis of preliminary data available, increased less than the total expenditure. In the United Kingdom, however, there was a large increase ($9\frac{1}{2}$ per cent) in consumer expenditure on clothing, which exceeded that in total consumer expenditure (6 per cent). In Japan, expenditure on clothing stagnated in 1977 in spite of a rise of 4 per cent in total consumer expenditure. In 1978 expenditure on clothing probably increased, though not as rapidly as total consumer expenditure which rose by 5 per cent. For the period 1973 to 1978 as a whole, United States' consumer expenditure on clothing increased on average by 4 per cent per year, as compared with an estimated 1 per cent in the EC and 3 per cent in Japan.

Production of textiles and clothing in developed countries as a whole had shown a large increase in 1976 but stagnated during much of 1977. It underwent some decline in the early months of 1978 before improving slightly in the latter part of the year. For 1978 as a whole textile production registered no growth and clothing production declined by 1 per cent. As in 1977, this stagnation was mainly due to developments in Western Europe. In the EC, where a decline had taken place in 1977, production of textiles and clothing continued to fall in the first six months of 1978. Though it recovered in the second half of the year, for 1978 as a whole, it was 2 per cent below the 1977 level in the case of textiles and 4 per cent in that of clothing, in both cases below the peak attained in 1973. In most other Western European countries, production of textiles and clothing also declined in 1978.

Production in the textile industry of the United States, after an initial setback in the first quarter of 1978, rose steadily throughout the rest of the year, and for 1978 as a whole increased by 2 per cent over 1977. Clothing production, which had increased by $6\frac{1}{2}$ per cent in 1977 stagnated in 1978. In Japan, production of textiles and clothing rose slightly in 1978, but its combined level was still about 10 per cent below that of 1973.

TABLE I - WORLD PRODUCTION OF TEXTILES AND CLOTHING BY AREAS
1973-1978

(Annual percentage rate of change in volume)

	1973-1978	1976	1977	1978
TEXTILES				
World	$\frac{1}{2}$	$7\frac{1}{2}$	$\frac{1}{2}$	$2\frac{1}{2}$
Developed Countries	$-1\frac{1}{2}$	$9\frac{1}{2}$	-1	0
EC	$-1\frac{1}{2}$	10	-3	-2
United States	-1	$10\frac{1}{2}$	0	2
Japan	$-2\frac{1}{2}$	$8\frac{1}{2}$	-2	1
Developing countries	$3\frac{1}{2}$	$7\frac{1}{2}$	0	$5\frac{1}{2}$
Eastern Trading Area	5	$3\frac{1}{2}$	$4\frac{1}{2}$	4
CLOTHING				
World	$2\frac{1}{2}$	$9\frac{1}{2}$	3	1
Developed Countries	1	11	2	-1
EC	-1	$5\frac{1}{2}$	-2	-4
United States	$2\frac{1}{2}$	$17\frac{1}{2}$	$6\frac{1}{2}$	0
Japan	$-2\frac{1}{2}$	6	0	1
Developing Countries	$6\frac{1}{2}$	$11\frac{1}{2}$	1	7
Eastern Trading Area	6	5	5	4

Note: This table differs from Table 16 in "International Trade 1978/79" due to the different area definitions used and to revisions.

Sources: UN, Monthly Bulletin of Statistics; OECD, Indicators of Industrial Activity; national statistics.

Available data for the first half of 1979 suggest a slight increase in the level of textile and clothing production in developed countries as a whole. In the EC, textile and clothing production (seasonally adjusted) was running at a level some 1 1/2 to 2 per cent higher than in the last half of 1978. In the United States, production (also seasonally adjusted) of textiles was some 1 1/2 per cent higher than in the last half of 1978. Clothing production, on the other hand, continued to decline during the first 6 months of 1979, to a level some 4 per cent below the last 6 months of 1978. In Japan, the level of production of textiles and clothing, taken together, showed little change during the first 6 months of 1979.

In developing countries, the growth of textile and clothing production showed an acceleration in 1978 as compared with 1977, when it had stagnated. For the period 1973 to 1978 production of textiles is estimated to have risen by about 3 1/2 per cent on average per year, whereas for developed countries as a whole it declined. For clothing the average yearly increase in developing countries was 6 1/2 per cent as against 1 per cent in developed countries.

In the Eastern trading area, textile and clothing production expanded by 4 per cent in each case in 1978, slightly less than the gains of 4 1/2 and 5 per cent, respectively, registered in 1977.

Available production data for individual member countries of the Arrangement are shown in Table I of COM.TEX/W/63 Revision 1.

World exports¹ of textiles and clothing² expanded by 17 per cent in dollar value in 1978, more rapidly than in the preceding year (13 per cent). In 1977, almost the entire increase in trade value was due to the rise in dollar unit values. In 1978, with the marked depreciation of the dollar, the rise of unit values in dollar terms was even faster than in the preceding year; there was, however, also a rise in volume, which can be estimated at roughly 5 per cent.³ This increase has however to be considered in relation to developments in earlier years. Expansion in the volume of world trade in textiles and clothing since 1973 have been characterized by sharp year-to-year fluctuations, which can be explained by the cyclical variations in demand and production as well as by the impact of the Arrangement on the actions of textile exporters and importers. Following a small increase in 1973, the volume of world trade in textiles and clothing declined sharply in the recession year 1975. In 1976, there was a strong expansion, followed again by a stagnation in 1977. For the period 1973 to 1978 it can be estimated that the volume of world trade in textiles and clothing increased by roughly 3-4 per cent on average per year, i.e. much less than in the preceding decade, and also less than the volume of trade in all manufactured products.

¹This paragraph has been based on statistics which exclude EC intra-trade and therefore differ from those contained in "International Trade 1978/79".

²SITC Rev.1 divisions 65 (textiles) and 84 (clothing).

³All estimates given for the movements in volume are only rough indicators of orders of magnitude. The usual difficulties of assessing quantitatively movements in volume are compounded in a period of high inflation and fluctuating exchange rates.

TABLE 2 - IMPORTS OF TEXTILES AND CLOTHING INTO THE DEVELOPED MEMBER COUNTRIES
OF THE ARRANGEMENT, 1973-1978

(Billion dollars and percentages)

	Billion dollars 1978	Textiles			Billion dollars 1978	Clothing		
		Annual rate of change 1973-76	1977	1978		Annual rate of change 1973-76	1977	1978
EC								
Total	5.61	15½	13	22	5.97	26	12	19½
Developed Countries	2.11	14	11½	25	0.79	18½	19½	23
Developing Countries	3.06	17	14	19½	4.63	29	11	18½
United States								
Total	1.94	3½	8	24½	4.86	18	13½	31½
Developed Countries	1.08	-4	14½	22	0.74	0	15	21½
Developing Countries	0.79	14½	1½	25½	4.01	23½	12½	32½
Japan								
Total	1.06	-18½	1	84	1.06	9½	7½	38
Developed Countries	0.40	-15½	3	37½	0.23	10	33½	38½
Developing Countries	0.53	-23	-1	137½	0.75	10	0	37½
Canada								
Total	1.05	9½	-3	6	0.55	30	-17½	-4
Developed Countries	0.86	9½	-2	4½	0.16	16½	-9½	-17½
Developing Countries	0.13	13½	-5½	12½	0.35	40	-21	3½
Austria								
Total	0.80	9½	14	14½	0.57	28	30½	18
Developed Countries	0.71	8½	13½	15½	0.48	26	30½	24
Developing Countries	0.07	21	16½	6½	0.09	36	28½	-5½
Finland								
Total	0.37	9	1½	8½	0.09	15	18	-1
Developed Countries	0.32	10	3	8	0.05	14	14	-3½
Developing Countries	0.03	1	-16	11½	0.03	15	15½	-7
Sweden								
Total	0.69	12	-4	4	0.79	23½	11½	1½
Developed Countries	0.54	11	-4	5	0.50	21½	13½	7
Developing Countries	0.11	15	-9	1	0.27	26	8½	-8½
Switzerland								
Total	0.79	1½	17	29½	0.91	10½	20½	31
Developed Countries	0.68	2	18	30½	0.72	6½	23½	33
Developing Countries	0.09	0	12	21½	0.17	29	7½	23
Total of above								
Total	12.30	7½	8½	22½	14.80	21	11½	22½
Developed Countries	6.71	5½	8	19	3.68	12	17½	20
Developing Countries	4.81	10	9	26½	10.29	25½	9	23

Note: This table and the following table differ from Tables 17 and 18 of "International Trade 1978/79" due to the different area definitions and different products composition of the aggregates "textiles" and "clothing" used. In addition, EC intra-trade is excluded. For explanatory notes see COM.TEX/W/63.

Source: UN Trade data tapes.

TABLE 3 - NET TRADE IN TEXTILES AND CLOTHING OF THE DEVELOPED
MEMBER COUNTRIES OF THE ARRANGEMENT, 1973, 1977 AND 1978

(Billion dollars)

	Textiles			Clothing		
	1973	1977	1978	1973	1977	1978
EC						
Total	1.99	1.49	1.34	-0.76	-2.29	-2.78
Developing Countries	0.23	0.02	-0.11	-1.29	-3.07	-3.69
United States						
Total	-0.08	0.34	0.10	-1.72	-3.15	-4.29
Developing Countries	-0.05	0.00	-0.07	-1.26	-2.69	-3.62
Japan						
Total	1.34	3.02	2.66	-0.20	-0.33	-0.60
Developing Countries	1.06	2.09	1.91	-0.35	-0.44	-0.65
Canada						
Total	-0.62	-0.85	-0.90	-0.22	-0.51	-0.49
Developing Countries	-0.06	-0.09	-0.10	-0.15	-0.33	-0.35
Austria						
Total	-0.03	-0.05	-0.03	-0.03	-0.20	-0.20
Developing Countries	0.03	0.05	0.06	-0.02	-0.08	-0.07
Finland						
Total	-0.19	-0.23	-0.25	0.14	0.26	0.31
Developing Countries	-0.03	-0.02	-0.02	-0.02	-0.03	-0.03
Sweden						
Total	-0.31	-0.42	-0.42	-0.25	-0.59	-0.59
Developing Countries	-0.07	-0.09	-0.09	-0.13	-0.29	-0.26
Switzerland						
Total	0.13	0.32	0.39	-0.32	-0.50	-0.65
Developing Countries	0.03	0.08	0.09	-0.05	-0.13	-0.16
Total of above						
Total	2.22	3.62	2.89	-3.35	-7.31	-9.28
Developing Countries	1.14	2.05	1.67	-3.28	-7.05	-8.83

Source: UN Trade data tapes.

For the developed member countries of the Arrangement as a group¹, the growth in the dollar value of imports of textiles and clothing² accelerated to 22 1/2 per cent in 1978 as a result of a faster rise in dollar unit values as well as a marked increase in volume following the stagnation of the preceding year. The growth of imports from developing countries was somewhat higher than that of total imports in the case of both textiles and clothing. The growth in the dollar value of exports was less than that of imports. As a result, the developed member countries' combined import surplus³ in clothing increased from \$7.31 billion in 1977 to \$9.28 billion in 1978, while the export surplus in textiles declined from \$3.62 billion to \$2.89 billion. From data available for the first 6 months of 1979⁴ compared to the first 6 months of 1978, imports of textiles and clothing can be estimated to have risen by around 27 per cent in value. Textile imports from developing countries increased slightly faster than total and clothing imports rose at roughly the same pace. The expansion in the value of textile and clothing exports of an estimated 17 1/2 per cent was less than that of imports, and consequently the export surplus for textiles fell by around \$0.50 billion, while the import surplus on clothing expanded by roughly \$1.50 billion.

⁵In 1978, the increase of 15 per cent in the dollar value of the EC's⁵ exports of textiles and clothing taken together was less than in 1977. Most of the 1978 increase stemmed from exports to other developed countries, compared to 1977 when exports to developing countries had shown the most rapid rise. The growth in textile and clothing imports, on the other hand, accelerated to 20 1/2 per cent in 1978. The fastest expansion was recorded for imports originating in other developed countries which increased by around 25 per cent. In the case of both textiles (for the first year) and clothing (for the second consecutive year), 1978 imports from developing countries rose less rapidly than the total, in contrast with the long-term trend. As a result of the faster rise in imports in 1978, the EC's import surplus for clothing increased from \$2.29 to \$2.78 billion and the export surplus for textiles declined from \$1.49 to 1.34 billion. In the first half of 1979 compared to the first half of 1978, imports of textiles and clothing expanded by 34 per cent, outstripping the gain of 18 per cent in the value of exports.

¹ Combined trade of the the EC, United States, Japan, Canada, Austria, Finland, Sweden and Switzerland.

² Annual trade data refer to products falling under SITC Rev.1 divisions 65 (textiles) and 84 (clothing) but excluding, as far as possible, those products not composed of cotton, wool or man-made fibre.

³ F.o.b.-c.i.f., except for the United States and Canada where both exports and imports are valued f.o.b..

⁴ Half yearly data refer to textile and clothing products composed of all textile materials. See COM.TEX/W/63 Revision 1.

⁵ Excluding intra-trade.

⁶ Imports of textiles and clothing expressed in metric tons increased by 12 and 6 per cent, respectively, in 1978.

In the United States, the growth in the value of textile and clothing imports accelerated to $24\frac{1}{2}$ and $31\frac{1}{2}$ per cent in 1978¹, with imports from developing countries rising more rapidly than total. In 1978, exports expanded much less rapidly than imports, and as a result the import surplus in clothing expanded from \$3.15 to \$4.29 billion, and the export surplus in textiles fell further to \$0.10 billion. For the first 6 months of 1979 exports recorded a sharp rise of almost 50 per cent over the same period in 1978, the largest part of the increase being accounted for by exports to the EC which expanded by 72 per cent. At the same time, imports of textiles and clothing taken together rose by only 4 per cent, a decline of 2 per cent for textiles being only partly offset by a gain of 6 per cent for clothing².

In Japan, the growth in the dollar value of textile imports which had fallen on average by about $18\frac{1}{2}$ per cent per annum between 1973 and 1976, recovered marginally in 1977 before increasing sharply (by 84 per cent) in 1978. Clothing imports which had risen by $7\frac{1}{2}$ per cent in 1977, also increased strongly (by 38 per cent) in 1978. In both cases, developing countries supplied the bulk of the 1978 increase, textile imports from them rising almost one and a half times, and clothing imports expanding by almost 40 per cent. Exports, on the other hand, recorded only modest gains in value terms - 3 per cent for textiles and 5 per cent for clothing. As a result, Japan's export surplus for textiles dropped from \$3.02 to \$2.66 billion and the import surplus for clothing rose from \$0.33 billion to \$0.60 billion. Textile and clothing imports continued to expand strongly in the first half of 1979 (by 71 per cent) whereas exports which had increased only marginally in 1978, remained unchanged for textiles and declined 30 per cent for clothing.

Canada's imports of textiles, which had declined in both value and volume terms in 1977, increased by 6 per cent in value in 1978, which implies a further fall in volume. Clothing imports continued to decline in both value and volume, although much less rapidly than in 1977. Imports of textiles and clothing originating in developing countries increased by $12\frac{1}{2}$ and $3\frac{1}{2}$ per cent in value respectively, and Canada's import surplus with this area for textiles and clothing taken together increased from \$0.42 to \$0.45 billion. In the first 6 months of 1979, Canada's imports recovered to a level 29 per cent (textiles) and 20 per cent (clothing) above the corresponding period in 1978.

In Austria, textile imports rose by $14\frac{1}{2}$ per cent and those of clothing by 18 per cent in 1978, most of the increase coming from developed countries. Textile imports from developing countries rose by $6\frac{1}{2}$ per cent and clothing imports declined by $5\frac{1}{2}$ per cent. Exports grew faster than imports in 1978 and as a result Austria's import surplus in textiles and clothing together fell from \$0.25 to \$0.23 billion.

¹Imports of textiles and clothing expressed in square yard fibre equivalent rose by 13 and 17 per cent, respectively, in 1978.

²In terms of square yard fibre equivalent textile imports fell 30 per cent and clothing imports fell 10 per cent.

In Finland, textile imports expanded by $8\frac{1}{2}$ per cent in 1978 compared to $1\frac{1}{2}$ per cent in 1977. Exports increased at the same rate as imports and the import surplus for textiles increased to \$0.25 billion. The growth in clothing exports accelerated to 13 per cent in 1978 bringing the export surplus to \$0.31 billion from \$0.26 billion in 1977. In the first 6 months of 1979 the value of imports of textiles and clothing grew rapidly by over 40 per cent as did exports, by 30 per cent.

In 1978 the growth in Sweden's clothing imports slowed down to $1\frac{1}{2}$ per cent while textile imports which had declined in 1977 rose by 4 per cent. Imports of textiles and clothing from developing countries fell by $8\frac{1}{2}$ per cent in the case of clothing and rose by 1 per cent in the case of textiles. Exports rose faster than imports and Sweden's import surplus in textiles and clothing taken together remained unchanged at \$1.01 billion. For the first 6 months of 1979 compared to the corresponding period in 1978 imports rose by 24 per cent (textiles) and 28 per cent (clothing).

The growth in Switzerland's textile and clothing trade accelerated to around 30 per cent in 1978. As in 1977, imports from developing countries expanded less rapidly than total while imports from developed countries increased more rapidly. Switzerland's export surplus in textiles rose to \$0.39 billion in 1978 while the import surplus in clothing also increased, to \$0.65 billion. For the first 6 months of 1979 compared to the first 6 months of 1978 exports of textiles and clothing together rose by 15 per cent and imports by 20 per cent.

A more detailed breakdown of annual data on trade in textiles and clothing of the developed member countries of the Arrangement are shown in COM.TEX/W/63.

Exports of textiles and clothing¹ from developing countries² can be estimated to have risen in value terms by nearly 20 per cent in 1978, i.e. $21\frac{1}{2}$ per cent for textiles and 16 per cent for clothing. In the case of textiles the growth of exports from developing countries was faster than that of world exports, but for clothing it was marginally less. Following a long period of almost uninterrupted increase, the share of developing countries in world exports of both textiles and clothing was at its highest in 1976. After a decline in 1977; in 1978

¹Refers to SITC Rev.1 divisions 65 (textiles) and 84 (clothing) in the case of developing countries as a whole. For individual developing countries, textiles and clothing exclude as far as possible products not composed of cotton, wool and man-made fibre.

²This paragraph has been based on statistics which differ from those contained in "International Trade 1978/79" due to different area definitions used.

this share increased slightly for textiles to 33 per cent, thus regaining its 1976 level, but for clothing it remained practically unchanged at 54 per cent, still below its peak of 1976.

For the developing countries for which 1978 data are available, Brazil's, textile exports which had increased by 40 per cent in 1977 rose by 11 per cent in 1978. Exports to the EC fell by 3 per cent after a rise of 43 per cent in 1977 and those to the United States accelerated by 29 per cent.

The growth in Egypt's textile exports slowed to 21 per cent in 1978. The rise of 8 per cent in shipments to the eastern trading area which accounted for 60 per cent of all textile exports was only partly offset by exports to developed countries, in particular the EC, which more than doubled.

Hong Kong's textile and clothing exports increased by 4 and 12 per cent, respectively, in value and by 7 and 6 per cent in volume in 1978. Shipments to the EC and the United States, which together absorb three-quarters of Hong Kong's textile and clothing exports, increased by 20 and 13 per cent. Textile imports increased by 26 per cent, and as a result Hong Kong's export surplus declined again to \$1.73 billion. For the first six months of 1979 compared to the same period in 1978, exports of textiles and clothing rose by 33 and 19 per cent respectively while textile imports were up 34 per cent.

Israeli exports of textiles and clothing increased by 23 per cent and 15 per cent in 1978. Exports to the EC which in 1978 absorbed 57 per cent (textiles) and 71 per cent (clothing) of Israel's exports increased by 30 per cent and 20 per cent respectively. Imports of textiles increased faster than exports and as a result the import surplus which had declined in 1977 increased to \$0.03 billion in 1978. Although clothing imports increased faster than exports in 1978, Israel's export surplus expanded to \$0.12 billion.

The growth in the value of the Republic of Korea's exports of textiles and clothing accelerated to 31 per cent in 1978. Exports to the United States and Japan which had increased marginally or declined in 1977, expanded by 23 to 74 per cent in 1978. Exports to the EC grew much less rapidly in 1978, (7 per cent compared to 20 per cent in 1977). Korea's export surplus for textiles and clothing continued to grow, reaching \$3.01 billion in 1978. For the first 6 months of 1979 exports rose by 34 per cent (textiles) and 20 per cent (clothing) over the first 6 months of 1978.

Singapore's exports of textiles and clothing accelerated by 37 and 40 per cent respectively in 1978. Clothing exports to the United States, the biggest market at 43 per cent of Singapore's exports, almost doubled while those to the EC which took 31 per cent hardly increased. Textile imports increased by one-third, most of the increase stemming from imports originating in developing countries. 1978 saw Singapore's import surplus in textiles widen to \$0.34 billion and the export surplus in clothing grow to \$0.19 billion.

Turkey's textile exports which had declined in 1977 expanded by 26 per cent in 1978. Exports to the EC increased by 33 per cent and this area accounted for over three-quarters of Turkey's textile exports in 1978.

Foreign trade statistics of developing member countries of the Arrangement, as reporting countries as well as trading partner countries, are contained in Document COM.TEX/W/63, plus Revision 1.