RESTRICTED
COT/W/140
15 December 1971
Special Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

Cotton Textiles Committee

PRODUCTION, CONSUMPTION AND TRADE IN COTTON TEXTILES IN 1969 AND 1970

Note by the Secretariat

This paper, prepared by the secretariat, contains an analysis of developments in the market for cotton textiles during 1969 and 1970. The grouping of countries follows that used in A Study on Cotton Textiles published 1966, and in the COT/STAT series of documents currently submitted to the Committee.

Contents | Page

I. INTRODUCTION

Table I below indicates that, for the world as a whole, the textile industry has consistently failed to develop at the same rate as manufacturing in general. This trend continued in 1969 as well as in 1970 and was especially true for developed countries. The developing countries shared in the general growth but the rate of growth in their textile industries was much the same as that for all manufacturing in 1970.

The clothing, footwear and made-up textile sector has also failed, in world terms, to match development in general manufacturing and its rate of growth has been similar to that of the textile industry. With regard to the developing countries, the clothing sector also developed more slowly than general manufacturing. The development of the world clothing sector was faster than that for the textile industry over the period 1965-66 but it fell behind in 1968 and continued at a slightly lower level in both 1969 and 1970. This is not true of the developing countries where the clothing industry continued to show a faster rate of growth.

Statistics on a tonnage basis indicate a continued increase in fibre consumption in 1969 and 1970, although the growth rate fell markedly in 1970. Wool was the only apparel fibre to sustain a decline in consumption over 1969 and 1970. Cotton remained the dominant raw material for the world's textile industry in 1969 and 1970 but with a much lower rate of growth than man-made fibres; its percentage share declined further from 57 per cent in 1968 to 55 per cent in 1969 and 54 per cent in 1970. Indeed, on the basis of "cotton equivalents", which makes allowance for less waste and greater cover provided by man-made fibres, the International Cotton Advisory Committee (ICAC) has estimated that man-made fibres already account for a higher percentage of world fibre consumption than cotton, with figures for cotton of 47.3 per cent and 46.4 per cent respectively for 1969 and 1970 against 49.1 per cent plus 50.2 per cent for man-made fibres. Clearly, what is commonly called, the cotton textile industry on a world basis has become multifibre in terms of raw material consumption and, thus, also in terms of production and trade.

Exports of all textiles and clothing expanded at a very similar rate to exports of manufactures in general during 1969 and 1970 on a value basis but exports of cotton textiles and clothing together expanded at a considerably lower rate so that their percentage share of total textile exports fell to 26 per cent in 1969 and 25 per cent in 1970. Within this total, however, exports of cotton clothing expanded even faster than exports of all manufactures whilst cotton textile exports lagged far behind the overall rate of growth.

TABLE I

World Production and Trade: All Manufactures and Textiles

Indices: 1963 = 100

	1965	1966	1967	1968	1969	1970
Total Manufacturing Production						
World	116	125	130	140	151	158
Developing countries	118	124	129	138	150	159
Textile Industry Production						
World	110	115	117	125	131	135
Developing countries	116	116	120	128	136	144
Clothing, Footwear and Made-up Textile Industry						
World	110	116	118	124	130	133
Developing countries	123	132	138	143	146	148
Mill Consumption of Apparel Fibres	112	117	120	127	133	136
of which: Cotton	109	112	113	114	115	117
Others	117	126	130	148	163	170
Value of World Exports						
All manufactures	124	135	143	165	187	201
Textiles and clothing - all fibres	121	131	139	159	186	199
Cotton textiles and clothing	119	125	119	132	147	155
of which:						
Cotton textiles[a]	113	115	106	113	122	124
Cotton clothing[b]	124	145	148	174	197	220
	Percentages					
Mill consumption of cotton as a percentage of all apparel fibres used	61	60	60	57	55	54
Exports of cotton textiles and clothing as a percentage of total exports of textiles and clothing	31	30	28	27	26	25

[a] Yarn and fabric

[b] Clothing and other made-up goods

Sources: United Nations Monthly Bulletin of Statistics; In rnational Cotton Advisory Committee and GATT estimates.

II. PRODUCTION

Cotton yarn

On a world basis, 1969 saw an increase in production of cotton yarn of 2 per cent over the 1968 level but there was no substantial change in 1970. The increase in 1969 seems to have been partially due to increased offtake of yarn by the cotton weaving sectors newly established in some developing countries and partially due to increased offtake of cotton yarn by the knitting sector, which more than offset the decline in consumption by weavers in developed countries. The decline in 1970 in weaving offtake was offset by increases in consumption elsewhere. Similarly, the participating countries in the Cotton Textiles Arrangement which, taken together, accounted for 59 per cent of world output in 1970, increased cotton yarn output by 1 per cent compared with 1968. However, data for 1970 indicate a stagnation compared with 1969 due largely to a decline in demand in the weaving sector in industrialized countries.

Group I countries experienced a decline of cotton yarn output both in 1969 and in 1970 and, in doing so, continued the trend already evident over 1967/68. The fall was about 2 per cent in 1969 and 3 per cent in 1970. Nearly all major producers in Group I, such as the United States, the United Kingdom, Sweden and the European Economic Community shared in the decline, although Belgium and Italy achieved increases in output in 1969. Canadian output in 1970 showed some improvement over the low level prevailing in 1969.

After the decline in its output of cotton yarn in 1969, Japan's production is estimated to have remained at the same level as in 1970. The halt in the decline in cotton yarn production was in large measure due to increased offtake by the knitting sector.

In contrast to the clear picture of general decline in cotton yarn production amongst Group I countries, Group II countries succeeded in boosting 1969 output by 6 per cent over the 1968 level and achieved a 3 per cent increase in 1970, despite progressively poorer trading conditions. Amongst major producers, Greece, Pakistan, Portugal, Turkey, the Arab Republic of Egypt, the Republic of Korea and Taiwan showed sizable increases throughout the period under review, whilst others, such as Israel, Mexico and Spain showed some decline in 1970. India and Hong Kong experienced a slight decline in cotton yarn output in 1969 compared with 1968, but output went ahead again in 1970. Poland showed a continued increase in cotton yarn production over the period, with a rise of 2 per cent in 1969 and 6 per cent in 1970. Non-participating countries increased their output of cotton yarn in 1969 by 4 per cent and by 1 per cent in 1970.

Cotton fabrics

1969, despite being a reasonably good year economically, witnessed a stagnation in world cotton fabric output which stayed at the low level of 1968. Despite increased production by Group II countries as a whole and by Japan and

TABLE II

Production of Cotton Yarn and Fabrics

('000 metric tons)

		Cotton yarn		Cotton fabrics	
		Q	%	Q	%
A. World	1968	9,518	100	6,880	100
	1969	9,709	100	6,889	100
	1970	9,728	100	6,741	100
B. Total Participating Countries (including Poland)	1968	5,694	60	4,201	61
	1969	5,729	59	4,134	60
	1970	5,725	59	3,912	58
Of which:					
Group I	1968	2,859	30	2,070	30
	1969	2,795	29	1,970	29
	1970	2,715	28	1,786	26
Group II	1968	2,089	22	1,523	22
	1969	2,208	23	1,539	22
	1970	2,272	23	1,528	23
Japan	1968	551	6	423	6
	1969	527	5	428	6
	1970	526	5	403	6
C. Non-Participating Countries	1968	3,824	40	2,679	39
	1969	3,980	41	2,755	40
	1970	4,003	41	2,830	42

C = Difference between A and B

Poland as well as those countries which were non-participants in the Cotton Textiles Arrangement, the steep fall in Group I production served to restrict world cotton fabric growth to less than 0.2 per cent. This stagnation in 1969 was followed by a decline of 2 per cent in 1970. In woven cotton fabrics, the countries participating in the Cotton Textiles Arrangement experienced a decline in both years, 2 per cent in 1969 and 5 per cent in 1970. Group I countries were largely responsible for this continued decline over the period, with a fall of 5 per cent in 1969 and of over 9 per cent in 1970. The large producers such as the United States, the European Economic Community, the United Kingdom and Sweden experienced falling production throughout the period. Of the EEC member countries, Belgium, the Federal Republic of Germany and Italy increased cotton fabric output in 1969 but only Italy continued to increase production in 1970.

In Group II countries, production of cotton fabric increased in 1969 but fell slightly in 1970. The 1969 rise was just over 1 per cent and the decline in 1970 was about 1 per cent so that there was little change in the production level between 1968 and 1970. Production in India fell throughout this period, whilst in Israel, Spain, Pakistan, Taiwan and the Republic of Korea, production showed a continual increase. All other countries in the group experienced a patchy performance with either 1969 or 1970 showing a decline in production.

Outside these two groups, Japan increased production of cotton fabric by over 1 per cent in 1969 but showed a fall of 6 per cent in 1970. Poland increased output in 1969 by 6 per cent, however production declined by 1 per cent in 1970. Non-participating countries, largely developing countries with rapidly growing cotton textile industries, increased output of cotton fabric by 3 per cent in 1969 and by a further 3 per cent in 1970. This growth, combined with the overall decline in the participating countries, led to an increase in their share of world output to 40 per cent in 1969 from 39 per cent in 1968, and to 42 per cent in 1970.

In summary, the steady decline in Group I was reinforced by a downturn in production in some major exporting countries in Group II and in Japan. This movement is clearly, in part, due to the levelling-off of economic activity which, in general, appeared in industrial areas during these two years but more basically reflects the erosion of the dominant position of weaving and of cotton in the total fabric situation with knitting and other non-weaving processes and man-made fibres taking an increasing share of the market.

III. TRENDS IN CONSUMPTION

1969, and especially 1970, witnessed a slowdown in economic activity in the United States, the United Kingdom and in some member countries of the European Economic Community, notably the Federal Republic of Germany. Due to a complete lack of comprehensive stock figures, it is difficult to obtain more than a general idea of trends in consumption of cotton yarns and fabrics, although clearly, at a time of economic turnround, changes in stock levels may alter the consumption picture markedly. Such data as exist suggest an increase in producer and consumer stock levels and a reduction in sales at the end of 1969 and during 1970. Consequently, the description below, based on apparent consumption (i.e. production - exports + imports) of cotton yarn and fabrics is likely to provide a rather more optimistic picture than is really the case. Furthermore, a complete analysis of developments in consumption of fabrics should take into account net imports of clothing and other made-up articles but this has been impossible due to the lack of the necessary data.

Cotton yarn

World apparent consumption of cotton yarn measured in terms of production figures suggests a rise in both 1969 and 1970. Those countries participating in the Cotton Textiles Arrangement shared in this increase; their consumption of cotton yarn rose very marginally in 1969 and by about 1 per cent in 1970.

Group I countries, with a decline in consumption by cotton weaving, only partly offset by an increase in knitting offtake, coupled with the continued tendency of the market to be taken by spun man-made fibre yarns, blends and filament yarns, showed a decline in apparent consumption of cotton yarn over the whole period. A fall in 1969 of 2 per cent was followed by a 1 per cent fall in 1970. In 1969, declines in apparent consumption in the United States of 5 per cent and in the United Kingdom of 3 per cent, more than offset rises elsewhere, particularly in the European Economic Community. In 1970, the decline in the United States was 1 per cent and in the United Kingdom 2 per cent. Canada, Sweden and the European Economic Community also showed significant falls in consumption.

Group II countries, taken together, increased their apparent consumption of cotton yarn in 1969 and 1970. A rise of nearly 5 per cent in 1969 was followed by a further rise of over 4 per cent in 1970. Individually, most of the countries in the Group experienced a rise in apparent consumption in 1969, India, Hong Kong and the Arab Republic of Egypt being the exceptions. Indian consumption recovered in 1970 as did that of the Arab Republic of Egypt, whilst Hong Kong's consumption showed little change. All other developing countries within the Group, with the exception of Mexico, increased their consumption in 1970; in Mexico consumption declined by 10 per cent. Apart from Hong Kong, Taiwan and Korea, increased yarn offtake was largely due to increased weaving capacity rather than growth in the knitting sector.

TABLE III

Apparent Domestic Consumption of Cotton Yarn and Fabrics

('000 metric tons)

		Cotton yarn		Cotton fabrics	
		Q	%	Q	%
A. World+	1968	9,518	100	6,880	100
	1969	9,709	100	6,889	100
	1970	9,728	100	6,741	100
B. Total Participating Countries (inc. Poland)	1968	5,599	59	4,217	61
	1969	5,615	58	4,259	62
	1970	5,667	58	4,077	61
of which					
Group I	1968	2,950	31	2,280	33
	1969	2,904	30	2,198	32
	1970	2,863	29	2,012	30
Group II	1968	1,892	20	1,420	21
	1969	1,984	21	1,509	22
	1970	2,071	21	1,516	22
Japan	1968	561	6	346	5
	1969	525	5	367	5
	1970	527	5	366	5
C. Non-participating countries*	1968	3,919	41	2,663	39
	1969	4,094	42	2,630	38
	1970	4,061	42	2,665	40

+ = World consumption is taken to be equal to world production; changes in stock positions are disregarded.

C = Difference between A and B

Source: World total - International Cotton Advisory Committee, Washington.
Other data - GATT COT/STAT/series of documents.

Japan's consumption fell about 7 per cent in 1969 compared with 1963, whilst it was relatively stagnant in 1970 with some tendency to rise supported by increased knitting activity. Poland increased cotton yarn consumption by 3 per cent in 1969 and a further 2 per cent in 1970. Non-participating countries appear to have increased their consumption of cotton yarn by 4 per cent in 1969, whilst experiencing a decline of 1 per cent in 1970 based on derived production data again without taking account of possible stock changes.

Woven cotton fabric

Participating countries in the Cotton Textiles Arrangement showed a minor increase in apparent consumption of cotton fabric in 1969, and this 1 per cent increase largely reflects the world picture suggested by production figures. In 1970, however, there was a marked decline by 4 per cent, which again closely followed the trend for the world in general as indicated by total output.

Group I countries experienced a continued shrinkage in their demand for woven cotton fabric, by 4 per cent in 1969 and by 8 per cent in 1970. A downward trend in the United Kingdom, the United States, Norway, Sweden, and Australia in 1969 was more than enough to offset a moderate increase in the European Economic Community and elsewhere. In 1970, a similar downtrend in the European Economic Community, Canada and Austria served to accelerate the decline of offtake for the Group as a whole.

Group II countries as a whole experienced an increase in apparent consumption of cotton fabric throughout 1969 and 1970, and, in doing so, offset to some extent the heavy fall in consumption in developed countries. Nonetheless, their consumption figures followed the world trend to a degree, there being a much larger increase in 1969 than in 1970 (6 per cent as against less than 1 per cent). India Israel, the Republic of Korea and Spain all showed a consistent increase in cotton fabric consumption over the whole period, whilst Hong Kong, Pakistan and Taiwan showed a decline in both years. Eslewhere, development in apparent consumption was patchy with both increases and declines evident.

Japan increased apparent consumption by some 6 per cent in 1969 but 1970 saw a very marginal reduction of less than 1 per cent which was in line with the world trend. Poland's apparent consumption increased very markedly in 1969 (8 per cent) but declined by 2 per cent in 1970. Available statistics suggest a marginal decline in apparent consumption of cotton fabric in 1969 of about 1 per cent in non-participating countries, followed by an increase of about the same magnitude in 1970.

In summary, owing to increased consumption in developing countries and the cushioning effect of increased offtake by the knitting sector in Group I countries, which partly offset reduced offtake by weavers, apparent consumption of cotton yarn by participants in the Cotton Textiles Arrangement rose by 68,000 tons over the period 1968-1970. On the other hand, apparent consumption of woven cotton fabric, in the face of growing competition from knitted fabrics and man-made fibre

and blended wovens, fell over the same period by 140,000 tons. Even without allowing for increased stocks, for which data are not available, it is clear that over the period under review the market for cotton yarn was relatively stagnant, whilst that for woven cotton fabric clearly declined.

IV. INTERNATIONAL TRADE

World trade in cotton textiles showed an uneven performance during the two years 1969 and 1970. In general, 1969 witnessed growth in trade in all types of cotton textiles, more particularly in yarn and finished products, whilst trade in cotton fabrics was fairly stagnant. As economic conditions in the main import markets worsened in 1970, so trade in cotton textiles slowed, with cotton fabric continuing to stagnate and other items showing a lower growth rate than in 1969.

Cotton yarn

Estimates of world imports of cotton yarn in 1969 suggest a 10 per cent increase over 1968 and a further, though smaller, increase of 7 per cent in 1970. The poorer trading conditions in weaving offtake of cotton yarns which continued to develop over the period under review were offset in part by continued good trade in the knitting industry consumption of spun cotton yarns.

Table IV

Trade in Cotton Yarn

('000 metric tons)

		Imports		Exports	
		Q	%	Q	%
A. World (excluding Mainland China)	1968	269	100	308	100
	1969	297	100	365	100
	1970 1/	319	100	368	100
B. Total participating countries (including Poland)	1968	211	78	291	94
	1969	229	77	341	93
	1970	240	75	352	96
of which:					
Group I	1968	156	58	91	29
	1969	180	61	104	28
	1970	184	58	90	24
Group II	1968	38	14	196	64
	1969	42	14	231	63
	1970	38	12	258	70
Japan	1968	15	6	4	1
	1969	3	1	5	1
	1970	13	4	5	1
C. Non-participating countries*	1968	59	22	17	6
	1969	68	23	24	7
	1970	79	25	16	4

1/ Estimated. *Difference between A and B

Sources: World total - International Cotton Advisory Committee, Washington and GATT estimates. Other data - GATT COT/STAT/series of documents.

Total imports of cotton yarn by participating countries in the Cotton Textiles Arrangement grew by 9 per cent from 210,765 tons in 1968 to 229,116 tons in 1969. In common with world imports, of which participating countries accounted for 75 per cent in 1970, the rate of growth slackened somewhat in 1970 and imports of cotton yarn showed a 5 per cent increase over 1969, with total imports of 239,939 tons, largely due to an immense increase in Japanese imports by over 10,000 tons. Group I countries in total shared in the growing imports of cotton yarn showing a larger increase than the world total for 1969, but a smaller increase in 1970 due to the poor economic conditions which developed during the year, especially in the United States. In 1969, the Group's imports rose by 15 per cent to 179,687 tons, whilst in 1970 they slowed markedly but still rose by over 2 per cent. As a whole, the Group increased its net import balance (see Table IV) for cotton yarn for imports rose more rapidly in 1969 than exports, whilst exports fell in 1970. The net import balance for the Group increased from 65,000 tons in 1968 to 76,000 tons in 1969 and 94,000 tons in 1970. The EEC for which intra trade is included and the Nordic countries were largely responsible for increased yarn imports by the Group whilst there was a marked decline in imports by the United States in both 1969 and 1970. The United Kingdom's imports were stagnant throughout the period under review.

Largely due to a very marked increase in yarn exports by the United States, mostly to Indonesia and Ghana under PL 480, 1969 witnessed an increase in cotton yarn exports by Group I countries of 14 per cent. In 1970, shipments by the United States declined and with stagnation in United Kingdom exports and a fall in EEC exports including intra trade, the Group showed a fall of 14 per cent in 1970 thus returning to the level of 1968.

Group II imports of cotton yarn showed some increase in 1969, but fell back again in 1970. This development for the Group as a whole resulted from movements in Hong Kong imports which represented 98 per cent of the Group's total imports of cotton yarn in 1970. 1969 saw an increase in cotton yarn imports for the Group of 10 per cent and 1970 saw a decline of 9 per cent. The Group as a whole continued to be a large net exporter of cotton yarn with a plus balance of 189,000 tons in 1969, compared with a balance of 157,000 tons in 1968. In 1970 the net export balance had increased to 219,000 tons. Most countries in the Group experienced an increase in exports of cotton yarn in 1969, although there was a decline in shipments from Israel and Spain. India managed to more than double exports of cotton yarn, largely through increased shipments to Yugoslavia, Eastern Europe, the Arab Republic of Egypt, the United Kingdom and developing countries such as Ceylon and Burma with insufficient spinning capacity. Pakistan also experienced a sizable increase of some 5,000 tons of cotton yarn exports. 1970 saw a slight decline in India's yarn exports as well as those from Israel, Mexico, the Arab Republic of Egypt and Spain. Elsewhere exports increased most markedly, e.g. from Pakistan, Taiwan the Republic of Korea and, in particular, Turkey. Exports for the Group increased by 18 per cent in 1969 to 231,312 tons, but the growth slowed somewhat in 1970 with an 11 per cent increase to 257,824 tons.

Cotton yarn imports in Japan fell drastically in 1969 to 2,604 tons from 14,771 tons in 1968 as shipments from Pakistan were greatly reduced. In 1970 total imports recovered to 12,925 tons as offtake from Pakistan recovered and imports from Taiwan and Korea increased. With exports of yarn stagnant during 1969 and 1970 Japan temporarily became a net exporter of cotton yarn in 1969 with a surplus of 2,369 tons, compared to its net import position in 1968. In 1970 it became a net importer once more with a deficit of 8,375 tons. Poland continued to export only small quantities of cotton yarn in 1969 and 1970, whilst imports increased in 1969 and remained at this level in 1970. Thus Poland continued to be a net importer of cotton yarns. Imports of cotton yarn by non-participating countries rose throughout the period at a faster rate than world imports. Their share of import trade in cotton yarn rose from 22 per cent in 1968 to 25 per cent in 1970, as weaving development in these countries tended to outstrip the development of spinning capacity. Conversely, after an early slight increase in 1969 to 7 per cent of world export trade in cotton yarn compared with 6 per cent in 1968, non-participants' exports fell to 4 per cent of the world total in 1970.

Table V

Foreign Trade Balance in Cotton Yarn for Participating Countries 1968-1970

(metric tons)

	1968	1969	1970
Total participating countries	+ 80,332	+ 111,556	+ 112,338
of which:			
Group I	- 64,955	- 75,938	- 94,295
Group II	+ 157,342	+ 189,156	+ 219,347
Japan	- 10,275	+ 2,369	- 8,375
Poland	- 1,780	- 4,031	- 4,339

Cotton fabric

World import trade in cotton fabrics grew by 1 per cent in 1969 and by nearly 2 per cent in 1970. In both years growth was at a very much lower level than for trade in cotton yarn, reflecting the relative stagnation in offtake of woven cotton fabric in favour of knitted goods and blended fabrics in the major consuming areas such as the United States and Western Europe.

Group I countries increased their imports of cotton fabrics in 1969 by 4 per cent, but there was a subsequent decline in 1970 by 2 per cent. The result was an increase of imports of only 7,000 tons over the period from 1968 until 1970. Every country within the Group, except for Australia, the United Kingdom

and Norway increased imports in 1969. The EEC (intra-trade included) was notable with an increase in imports during the year of 27 per cent, whilst the United Kingdom experienced a fall of 23 per cent. In 1970, the EEC continued to increase imports by 9 per cent, whilst other major countries in the Group showed either stagnant or declining imports of cotton fabric. In particular United States imports fell by 8,000 tons or 9 per cent, and United Kingdom imports by 10,000 tons or 13 per cent. The Group's exports of cotton fabric increased in 1969, but fell markedly in 1970 with all major exporters suffering a decline. Despite the increase in exports in 1969, the position of the Group as a net importer hardened with net imports increasing from 191,901 tons in 1968 to 203,839 tons in 1969 (Table VII). In 1970 the net deficit widened still further to 205,819 tons, the reduction in imports of 2 per cent being more than counter-balanced by the fall in exports of 5 per cent.

Group II imports of cotton fabric remained at a low level throughout the period and after a sharp reduction to 47,827 tons in 1969 from 57,588 tons in 1968 they subsequently rose to 52,197 tons in 1970, due mainly to developments in Hong Kong imports of cotton fabric which largely account for the Group II total. Portugal, Greece and Macao are, however, also reasonably large importers of cotton fabric. The Group as a whole secured an increase in exports of cotton fabric of 6 per cent in 1969 against a background of increased world exports and thus increased its share of world trade to 39 per cent (Table VI). Most countries within the Group shared in this trend, India being the major exception due largely to reduced shipments to the United Kingdom. Even in 1970 with a decline in world total exports of cotton fabric, Group II countries in total managed to secure an increase of over 3 per cent in their exports so that the share of the Group in world exports increased to 42 per cent. Within the Group, however, increased exports were largely from Hong Kong, Taiwan and Korea, whilst the traditional exporters such as India, Pakistan, Spain and Portugal experienced stagnant or declining exports. The net export balance for cotton fabric for the Group as a whole increased throughout the period from 222,620 tons in 1968 to 249,435 tons in 1969 and 255,448 tons in 1970.

Japan's imports of cotton fabric increased greatly over the period from 1968 to 1970. From a total of 5,258 tons in 1968 to 6,868 tons in 1969 and 11,032 tons in 1970, Japanese imports rose 110 per cent over the period. Despite this large increase, Japan's imports still only accounted for 2 per cent of world imports in 1970. As imports increased, exports declined with a fall in both 1969 and 1970 so that over the two-year period exports fell by over 29,000 tons from 81,919 tons in 1968 to 52,578 tons in 1970; a fall from 11 per cent to 7 per cent in Japan's share of the world export trade in cotton fabrics. The net export balance declined rapidly from 76,661 tons in 1968 to 41,546 tons in 1970.

Estimated data for non-participating countries suggest some increase in imports of cotton fabric over the period 1968-1970 despite relative stagnation in 1969, although their percentage share of the world total remained at 35 per cent. Exports too showed some tendency to increase, and as world exports faltered non-participant's share in world export trade in cotton textiles increased slightly from 22 per cent to 23 per cent.

Table VI

Trade in Cotton Fabric

('000 metric tons)

			Imports		Exports	
			Q	%	Q	%
A.	World	1968	702	100	738	100
		1969	709	100	754	100
		1970 1/	721	100	734	100
B.	Total participating countries (including Poland)	1968	458	65	579	78
		1969	467	66	584	78
		1970	468	65	565	77
	of which:					
	Group I	1968	394	56	202	27
		1969	410	58	206	27
		1970	401	56	195	27
	Group II	1968	58	8	280	38
		1969	48	7	297	39
		1970	52	7	308	42
	Japan	1968	5	1	82	11
		1969	7	1	68	9
		1970	11	2	53	7
C.	Non-participating countries*	1968	245	35	160	22
		1969	242	34	170	22
		1970	253	35	169	23

1/ Estimated

* Difference between A and B

Sources: World total - International Cotton Advisory Committee, Washington and GATT estimates. Other data - GATT COT/STAT/series of documents.

Table VII

Foreign Trade Balance in Cotton Fabric
for Participating Countries 1968-1970

(metric tons)

	1968	1969	1970
Total participating countries	+ 121,359	+ 117,451	+ 96,929
of which:			
Group I	- 191,901	- 203,839	- 205,819
Group II	+ 222,620	+ 249,435	+ 255,448
Japan	+ 76,661	+ 60,760	+ 41,546
Poland	+ 13,979	+ 11,095	+ 5,754

Cotton clothing

Trade in cotton clothing showed a very rapid rate of growth during the two years 1969 and 1970. In 1969, imports for participating countries as a whole grew by 20 per cent, whilst in 1970 they grew by a slower, but still large, 11 per cent as economic conditions in the main centres of consumption worsened. Total exports increased at slightly slower rates at 17 per cent and 9 per cent for the years 1969 and 1970 respectively.

Group I countries in total accounted for nearly all (95 per cent in 1970 - Table VIII) imports of cotton clothing and the Group's imports rose by 20 per cent in 1969 and by 11 per cent in 1970. In 1969, all countries in Group I increased their imports of cotton clothing, except Australia and Norway. In 1970, these two countries reversed the trend and increased imports, whilst in the EEC (including intra-trade), Scandinavia and the United Kingdom, imports also rose.

Table VIII

Trade in Cotton Clothing 1968-1970

(US$'000)

		Imports		Exports	
		Value	%	Value	%
Total participating countries (including Poland)	1968	737	100	760	100
	1969	885	100	886	100
	1970	983	100	967	100
of which:					
Group I	1968	705	96	355	47
	1969	846	96	453	51
	1970	937	95	534	55
Group II	1968	24	3	271	36
	1969	27	3	297	34
	1970	28	3	308	32
Japan	1968	4	1	120	16
	1969	7	1	121	14
	1970	13	2	107	11

Source: GATT COT/STAT/series of documents.

Austria, Canada and the United States experienced rather stagnant imports in 1970, which thus reduced the Group's growth rate pertaining in that year. It is possible that apart from indicating a worsening in consumer offtake, these developments indicate a switch from cotton goods to blended and man-made fibre products, as is suggested by independent statistics showing a very rapid growth in imports of man-made fibre goods. Exports for the Group as a whole increased by 28 per cent in 1969 and a further 18 per cent in 1970, notably due to large export increases from the EEC, including trade within its member countries. Exports from the United States increased in 1969 but declined in 1970. Exports for the Group accounted for 55 per cent of the total for all participating countries in 1970, a rise of 7 per cent over the share for 1968 of 47 per cent. The result of these movements was a widening in the import deficit despite the strong increase in exports over the two years under review. The net import balance was $350 million in 1968, $393 million in 1969 and $403 million in 1970.

Group II countries also increased their imports, but with only a 3 per cent share of the total for all participating countries their import level in value terms remained low at only $28 million in 1970. Their imports increased by 18 per cent over the period from 1968 until 1970 with Hong Kong and Portugal being the main growth elements and together with Mexico accounting for the major

part of all Group II imports. Exports for the Group accounted for 32 per cent of total exports of cotton clothing by participants in the Cotton Textiles Arrangement in 1970. This showed a fall from the 36 per cent share recorded in 1968. Despite this downturn in percentage share, exports in value terms increased in both 1969 and 1970. For the former year, the rise in exports of cotton clothing amounted to 10 per cent, whilst in 1970 a rise of only 4 per cent was secured as imports of cotton clothing by North America, one of Group II's major markets, stagnated. The major exporter of cotton garments within Group II, Hong Kong, succeeded in raising exports in 1969, but 1970 saw a 4 per cent decline. India, Portugal, Macao, Taiwan and the Arab Republic of Egypt managed to increase exports over the two-year period under review, whilst exports of cotton clothing from the Republic of Korea stagnated and those from Israel declined. The net export balance for the Group increased in 1969 to $270 million from $247 million in 1968, whilst the position was further consolidated by an increase to $279 million in 1970.

Japan showed a very high percentage increase in imports of cotton clothing over the period 1968-1970 with a 73 per cent rise in 1969 and an 89 per cent increase in 1970. These increased imports largely originated in developing Asian countries. However, the total imports at $13 million in 1970 were still at a relatively low level. Exports of cotton clothing from Japan increased in 1969 by about 1 per cent, but showed a large fall of $14 million or 11 per cent in 1970. The effect of the movement in imports and exports led to a reduction in Japan's export balance from $116 million in 1968 to $114 million in 1969 and $95 million in 1970. Poland showed some increase in cotton clothing imports in both 1969 and 1970, but with exports much larger and growing somewhat faster, its net trade surplus increased. In 1968 and 1969 the surplus was $10 million, whilst in 1970 it had increased to $13 million.

Table IX

Trade Balance for Cotton Clothing 1968-1970

($ million)

	1968	1969	1970
Total participating countries	+ 23	+ 1	- 16
of which:			
Group I	- 350	- 393	- 403
Group II	+ 247	+ 270	+ 279
Japan	+ 116	+ 114	+ 95
Poland	+ 10	+ 10	+ 13

Miscellaneous cotton made-up goods

Trade in miscellaneous cotton made-up goods, based on data for participants in the Cotton Textiles Arrangement, which account for the major part of total world trade, rose markedly throughout the period under review. Indeed, the growth rate in this item of trade was second only to that for cotton clothing in 1969 and even exceeded the latter's growth rate in 1970. Growth for imports by all participants in 1969 was over 10 per cent, whilst 1970 saw a growth in trade of 16 per cent. The total value of trade in miscellaneous made-up products of cotton rose from $365 million in 1968 to $469 million in 1970. Exports also rose, although not as rapidly as imports with a 7 per cent increase in 1969, and with a 14 per cent increase in 1970, following the same rising trend. Total participants exports were valued at $387 million in 1968 and $471 million in 1970.

In detail, it may be seen from Table X that Group I imports, which accounted for over 90 per cent of the overall total, increased by about 10 per cent in 1969 whilst in 1970, the Group's imports rose by 14 per cent. The United Kingdom and Canada experienced a decline in imports over the period, whilst other countries substantially increased their imports of miscellaneous cotton made-up products, notably the United States with a 34 per cent increase from 1968-1970 and the EEC with a 24 per cent increase including intra trade. The Group's share of total imports however, fell slightly over the period from 92 per cent to 89 per cent. Exports from the Group showed a 10 per cent growth in 1969 which accelerated to 12 per cent in 1970. However, since the rate of growth of Group I fell behind the rate of world growth its share of total exports fell back to 66 per cent from the peak achieved in 1969 of 67 per cent. The Group continued to be a net importing area with a net deficit of $108 million in 1970 compared with $83 million in 1968.

Group II remained a small importer of miscellaneous cotton made-up goods during 1969 and 1970, although imports rose considerably during the period. Hong Kong, Israel, Portugal and Mexico, were the major importers in 1969 and increased their imports in that year, whilst in 1970 an increase in these countries imports was reinforced by increased imports by Taiwan. Imports by the Group as a whole (excluding Colombia, Greece, Jamaica, Spain and the Republic of Korea for which full data are not available) rose by 22 per cent in 1969 and by as much as 45 per cent in 1970. Exports from the Group rose rather more slowly than the total for all participants in 1969 with an increase of only 2 per cent and a resultant reduction in the Group's share of participants exports to 27 per cent from 28 per cent. In 1970, however, the Group increased exports of miscellaneous cotton made-up products by 24 per cent, thus exceeding the growth rate for participating countries as a whole, and boosting its share of the total to 29 per cent. In 1969, the combination of relatively stagnant exports and strongly increasing imports had the effect of reducing slightly the Group's surplus trade balance to $78 million from $82 million in 1968. The export balance increased again in 1970, however, with a net position of $90 million. On a country basis a reduction in exports by Hong Kong, Pakistan, Portugal, Taiwan and India in 1969 did much to offset increases elsewhere. In 1970, exports from these countries resumed a growth pattern benefiting the total performance for the Group.

Table X

Trade in Miscellaneous Cotton Made-up Goods 1968-1970

(US$'millions)

		Imports		Exports	
		Value	%	Value	%
Total participating countries (including Poland)	1968	365	100	387	100
	1969	404	100	414	100
	1970	469	100	471	100
of which:					
Group I	1968	335	92	252	65
	1969	367	91	276	67
	1970	417	89	309	66
Group II	1968	26	7	108	28
	1969	31	8	110	27
	1970	46	10	137	29
Japan	1968	1	negligible	22	6
	1969	2	negligible	22	5
	1970	2	negligible	19	4

Source: GATT COT/STAT/series of documents.

Japan's imports of the products under review increased sharply, both in 1969 and 1970, by 48 per cent and 29 per cent respectively, although they remained at relatively low levels in terms of total imports by participating countries i.e. $1.5 million in 1969 and $2.0 million in 1970 (Table X). At the same time Japanese exports of miscellaneous made-ups showed little growth in 1969 and fell by an estimated 15 per cent in 1970 so that Japan's share of participants' exports fell from 6 per cent to 4 per cent between 1968 and 1970. Japan's net trade surplus narrowed from $21 million to $17 million over the two years. Poland consolidated its position as a net exporter of miscellaneous cotton made-up products with only a moderate increase of 9 per cent in imports compared with a 47 per cent increase in exports between 1968 and 1970. The Polish surplus on foreign trade in these goods rose from $1 million in 1968 to $2 million in 1969 and $3 million in 1970.

Table XI

Foreign Trade Balance in Miscellaneous Cotton Made-up Goods
(US$ million)

	1968	1969	1970
Total participating countries	+ 21	+ 10	+ 10
of which:			
Group I	- 83	- 91	- 108
Group II	+ 82	+ 78	+ 98
Japan	+ 21	+ 21	+ 17
Poland	+ 1	+ 2	+ 3

General developments in trade in cotton textiles

(a) Group I imports /Appendix Table VIII/. In value terms, 1969 witnessed a 15 per cent increase in Group I imports of all cotton textiles from all sources; 1970, however, saw a very marked reduction of the rate of growth with a 7 per cent increase only. Imports increased from $2,040 million in 1968 to $2,338 million in 1969 and $2,498 million in 1970. Within this general trend some items showed greater growth than others. In 1969, imports by Group I of cotton clothing and cotton yarn showed large increases with 20 per cent and 19 per cent rises respectively. Imports of cotton miscellaneous goods also rose by 17 per cent, whilst cotton fabric imports rose by only 11 per cent. The only item to suffer a slight decline in imports by Group I was cotton household made-up goods which fell about 1 per cent and for which data is set out separately from miscellaneous made-up goods in the relevant Appendix Table. 1970 saw imports slow for all items except the cotton household goods group which reversed the import downturn of 1969 and achieved a slight increase of 3 per cent; as well as other miscellaneous cotton goods which, with a growth of 20 per cent in 1970, improved slightly on the 1969 performance. Cotton yarn imports by Group I grew only 6 per cent in 1970, whilst cotton clothing imports grew by 11 per cent. Fabric imports showed only a marginal 1 per cent growth. The general pattern over the period appears to have been that imports of cotton yarn, clothing and non-household miscellaneous made-up cotton goods into Group I have fared better than imports of cotton fabric and household textiles.

The table below sets out in percentage terms, based on value figures, the share achieved by the various areas supplying cotton textiles to Group I. From this it may be deduced that countries participating in the Cotton Textiles Arrangement continued to supply 86 per cent of Group I imports of cotton textiles in 1969, but that the percentage share fell slightly to 85 per cent to the benefit of non-participating countries. Within participating countries, Group I appears to have increased its percentage share of the total imports in value terms from 45 per cent in 1968 to 46 per cent in 1969 and 48 per cent in 1970. This performance was weighted by EEC imports, 67 per cent of which, by value, originated in Group I countries in 1970 including 58 per cent from within the EEC itself. (Appendix Table VIIIa.) Indeed 46 per cent of Group I imports from within the group were accounted for by intra-EEC trade. Group II countries maintained their share at 29 per cent in 1969, but experienced a slight decline in 1970 to 28 per cent. Japan suffered a continued decline in its percentage share from 11 per cent in 1968 to 10 per cent in 1969 and 9 per cent in 1970.

A detailed analysis by product shows some marked growth in the percentage of Group I imports supplied by Group II countries at the semi-manufactured end of the market with increases for both cotton yarn and for grey cloth. Imports of finished fabrics from Group II showed no growth in percentage share of total imports by Group I, neither on a volume nor on a value basis. However, there was a slight improvement in the share of developing countries in the supply of made-up cotton household textiles. On a value basis, Group II's share of cotton clothing imports into Group I fell from 37 per cent to 30 per cent and Japan's share fell from 12 per cent to 9 per cent and whereas the position of non-participating countries improved somewhat from a 12 per cent share to 15 per cent, it was Group I itself which was the main beneficiary with a rise from 39 per cent to 45 per cent over the two years 1969 and 1970. This is an incomplete assessment, however, since no quantity data is available and there may well be some difference in unit value of exports between Groups I and II so that the share of the Group on a quantity basis may not have shown the same decline. With regard to miscellaneous made-up goods imports into the industrialized countries, Group II retained its share though at the low level of 6 per cent. Japan's share fell as did that of non-participants so that the share of intra-trade rose from 72 per cent in 1968 to 76 per cent in 1970.

Table XII

Percentage Share of Total Imports of Cotton Textiles by Group I by Source Based on Value in US$

1968-1970

	1968 %	1969 %	1970 %
World	100	100	100
Total participating countries (including Poland)	86	86	85
of which:			
Group I	45	46	48
Group II	29	29	28
Japan	11	10	9
Non-participating countries	14	14	15

(b) Group II exports [Appendix Table X]

On the basis of export statistics in value terms, Group II countries as a whole increased their total exports of cotton textiles during both 1969 and 1970. The Group (excluding Colombia, Jamaica and Turkey, for which complete data for 1968-1970 are not available) increased exports in dollar terms by 11 per cent in 1969 to $1,102 million from $991 million in 1968, and slightly less fast at 10 per cent in 1970 to $1,213 million, in spite of the poorer economic conditions which became evident in some of their major export markets during the course of the year. Statistics based on quantity show a similar movement, but a slightly lower rate of growth with an increase of 10 per cent in 1969 and 8 per cent in 1970, as the unit value of total cotton textiles exports from Group II countries tended to increase. Total figures show the following increase in value per ton of cotton textiles exported during the period under review:

Unit Value of Cotton Textile Exports by Group II countries 1968-1970

(US$ per ton)

1968	1969	1970
$1,960	$1,979	$2,013

Within the overall total for the Group, most countries experienced sustained growth over the period in value terms. The main exceptions being Mexico, Macao, Spain and the Arab Republic of Egypt, where export value was either stagnant or declined slightly in 1970. The movement for these countries on a quantity basis was the same as for value, whereas Israel experienced an increase in the value of exports over the whole period, but a decrease in volume whilst India's exports developed similarly in 1970.

Percentage Change in Exports of Cotton Textiles
by Group II Countries 1968-1970

Q = metric tons V = US$'000

1968		1969		1970	
Q	V	Q	V	Q	V
505,373	990,566	556,908	1,102,413	602,777	1,213,186

		1968/1969	1969/1970
% change	Quantity	10%	8%
	Value	11%	10%

V. GENERAL OBSERVATIONS

Two factors are central to the development of the cotton textiles industry and trade during the years 1969 and 1970. They have been increasingly important over recent years and both factors concern substitution for traditional woven cotton textile products. Firstly, there is the growth in importance of knitted and to a lesser degree other non-woven products, not only from the point of view of fabric but also of the made-up products which form a large proportion of the primary output of the sector. The second factor is the rapid increase in the use of man-made fibres and filaments as raw material in the products of the textile and clothing industry. With regard to knitting growth, some idea of its magnitude and rapidity may be gained from the following data which concerns yarn consumption in the knitting industry of Western Europe and Japan:

TABLE XIII

Yarn Consumption in the Knitting Industry of Western Europe* and Japan 1965-1969

(metric tons)

	1965	1968	1969	% change	
				1965/68	1968/69
Cotton	200,178	225,456	235,036	+13	+ 4
Man-made fibres	287,972	420,698	486,998	+46	+16
Others	149,811	133,800	141,883	-11	+ 6
Total	637,961	779,949	863,917	+22	+11

*Includes EEC and EFTA (less Denmark, Finland, Iceland and Portugal).

Sources: OECD and International Knitwear Federation.

As may be seen, yarn consumption in the knitting sector in total increased by 22 per cent over the period 1965/68 and then by a further 11 per cent from 1968 to 1969. This may be contrasted with a rise of only 4 per cent in yarn offtake by the weaving sectors of the same countries in 1969 compared with 1968 and a rise of only 1 per cent in the period 1965/68. The data given above also illustrate the growth in man-made fibre yarn offtake. Although consumption of cotton yarns in knitting increased 13 per cent from 1965 until 1968 and a further 4 per cent in 1969, which provided a useful growth outlet for cotton spinners, consumption of man-made fibre yarns, both spun and filament, showed 46 per cent and 16 per cent increases over the same periods. From constituting 45 per cent of total yarn consumed in the knitting sector of the selected countries in 1965, man-made fibre yarns rose to 56 per cent in 1969. In contrast, despite tonnage

growth, the share of cotton in the selected group of countries had fallen from 31 per cent in 1965 to 27 per cent in 1969 and the percentage of other fibre yarns, mostly wool, fell from 23 per cent in 1965 to 16 per cent in 1969.

The growth in man-made fibre offtake is also shown by data on yarn consumption in the weaving sectors of the same group of countries. Whereas man-made fibres have not penetrated the weaving sector as rapidly as the knitting industry, cotton yarn has sustained a tonnage as well as a percentage decline:

TABLE XIV

Yarn Consumption in Cotton Weaving in Western Europe* and Japan 1965-1969

(metric tons)

	1965	1968	1969	% change	
				1965/68	1968/69
Cotton	1,282,877	1,173,193	1,159,352	- 9	- 1
Man-made fibres	587,487	679,047	751,455	+16	+11
Others	158,810	200,722	215,666	+26	+ 7
Total	2,029,174	2,052,962	2,126,473	+ 1	+ 4

*Includes EEC and EFTA (less Denmark, Finland, Iceland and Portugal).

Sources: OECD; IFCATI

These developments are further illustrated by data contained in the statistical appendix to this report which shows the following production and trade data for countries participating in the Cotton Textiles Arrangement:

TABLE XV

Production and Trade in Textiles for Participating Countries

('000 metric tons)

	1968	%	1969	%	1970	%
Production						
Cotton yarn	5,694	(77)	5,729	(75)	5,725	(74)
Man-made fibre spun yarn	1,742	(23)	1,917	(25)	1,973 p/	(26)
Total	7,436	(100)	7,646	(100)	7,698	(100)
Cotton fabric	4,201	(69)	4,134	(67)	3,912	(66)
Man-made fibre fabric	1,880	(31)	2,034	(33)	2,032 p/	(34)
Total	6,081	(100)	6,168	(100)	5,944	(100)
Trade						
Exports of cotton fabric	579	(58)	584	(54)	565	(52)
Exports of man-made fibre fabric	415	(42)	494	(46)	522 p/	(48)
Total	994	(100)	1,078	(100)	1,087	(100)
Imports of cotton fabric	458	(66)	467	(62)	468	(60)
Imports of man-made fibre fabric	233	(34)	286	(38)	316 p/	(40)
Total	691	(100)	753	(100)	777	(100)

p/ Provisional

Sources: GATT COT/STAT series of documents and Textile Council, Manchester.

It is clear, from both production and trade data for those countries participating in the Cotton Textiles Arrangement, that man-made fibres are increasingly becoming dominant in the textile industry. Indeed, statistics indicate that over one third of woven fabric production in 1970 consisted of man-made fibre fabric or man-made fibre blends. Furthermore, woven man-made fibre fabrics provided 40 per cent of imports of fabric by participating countries in 1970, whilst 48 per cent of their fabric exports were also of man-made fibre. The data would have shown even greater penetration of man-made fibre if account had also been taken of the knitting sector.

In conclusion, it may be stated that the development of the cotton textile industry and trade has become as much affected by technical change and fibre availability as by economic conditions. Therefore, it is extremely difficult to make any comprehensive analysis of the traditional cotton textile market in isolation from the rapidly growing areas of textiles such as knitted goods and man-made fibre and blended textiles. This review of the cotton textile market to the exclusion of those sectors of greater growth may, therefore, have produced a too pessimistic impression of the textile market as a whole, which is, in fact, a growth market.