A. The textile industry

This survey refers to the raw materials and finishing branches, which include cotton and wool spinning mills, weaving mills, factories producing basic materials, plants for rendering services and ancillary plants, mainly for finishing, dyeing and printing.

The first years of the 80's have been characterized by a number of trends which did lead, and are likely to lead in the foreseeable future, to a certain retrenchment and consolidation in the above-mentioned branches.

Under the influence of the world crisis and a number of other factors, as the gap between the rate of exchange of the European currencies and the dollar, the stiff competition of most of the textile producers, especially those from the developing countries, and certain local developments, like the flight of young workers from the branch, the ageing of the factories as well as the older staff of workers and, finally, the opening of the local market to the import, a number of enterprises which were just at the threshold of becoming profitable started to close down, and there developed a trend for vertical joining together of factories and for the creation of combines for the total production line starting from raw material and ending with the finished product.

As to cotton spinning mills, two old mills were closed down, one mill joined a large combine and some of the others started to specialize in the production of mixed threads. All this led to a significant reduction of the output, which is intended almost entirely for the local market, so that the export of cotton threads has become absolutely marginal. The trend for the future is, at best, to keep up the present output, with the option of closing down an additional mill and of increasing the import of threads from abroad.

In the wool spinning mills section, actually two independent mills continue working, which are fighting for the local market, for export and against import. They achieve this by way of improving the quality of their products and of developing new production lines. It may be assumed that this will also be the trend for the future.
Three plants for basic raw materials - woollen tops, acrylic fibres and nylon thread - go on working and a large part of their output continues to be exported. There will be investments, mainly for intensifying production, for improving the quality of the products and for producing goods of higher added value (as, for example, texturized nylon threads instead of flat ones). No investments for an increase of the output are expected.

As regards weaving, there were, in the last years, no investments in equipment. The existing plants - some of the bigger enterprises and many small ones - are struggling to keep their markets in this country as well as abroad, in the main by improving their products qualitatively and by intensive marketing operations.

Other trends that are developing more and more are the changeover from the export of fabrics to the manufacture of ready-made products, mainly bedclothes, and the attempts to invade additional markets. No other trends are anticipated for the foreseeable future.

Finishing, dyeing and printing: at the end of the 70's and the beginning of the 80's, some investments were made in this branch, especially for setting up finishing sections in the big combines. Today, a state of saturation prevails and only marginal investments, for renovation of equipment, various improvements etc. will be made. The tendency for integration of finishing plants in the big combines may in the course of time lead to a reduction in the activities and even to the closure of small plants which were busy rendering finishing services to others.

Similar conditions may develop in the field of production of ancillary items, as, for example, elastic ribbons etc.

In conclusion, it appears that a certain reduction in the output and a decrease of the occupied manpower as well as a reduction in the export of raw materials can be anticipated. In contrast to this, the trend of enterprises joining together is going to be strengthened, so that one company will occupy itself with a number of production processes, and the export of ready-made products will also grow. As to import, it may be assumed that the import for the purpose of export and the import of other raw materials, even for the local market, is going to increase.
B. The clothing and knitting industries

Data on the Clothing Branch, 1981-1982

<table>
<thead>
<tr>
<th></th>
<th>1981</th>
<th>1982</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments (in million Shekels at 1982 prices)</td>
<td>466</td>
<td>325</td>
</tr>
<tr>
<td>Employed Persons</td>
<td>33,000</td>
<td>34,000</td>
</tr>
<tr>
<td>Output (in million Shekels at 1981 prices)</td>
<td>10,000</td>
<td>9,900</td>
</tr>
<tr>
<td>Export (in million $ at current prices)</td>
<td>277.0</td>
<td>255.4</td>
</tr>
<tr>
<td>Import (in million $ at current prices)</td>
<td>15.5</td>
<td>20.0</td>
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</tbody>
</table>

Source: Centre for Industrial Planning of the Ministry of Industry and Trade.

1. Structure of the Industry

The clothing industry includes approximately 1,000 enterprises, among them about fifty enterprises employing more than 100 workers each, which represents about one half of the workforce, and about sixty enterprises employing from fifty to 100 workers, which is about 16 per cent of the workforce.

2. Production

Owing to the decrease in export the output of the branch did not increase in 1982, in real terms it even decreased by about 1 per cent against 1981. Because of the thriving local market, not only the part of the output which was not exported, but also imported products totalling twenty million dollars were absorbed locally in 1982.

3. Profitability

The data about the clothing and knitwear for the year 1982 must be seen against the background of developments which took place in the branch during the last year, just as in industry as a whole, namely the world crisis, especially the crisis in the developed countries, and the decline in the value of the European currencies in relation to the dollar, a decline which hurts the clothing branch in particular, because of the fact that actually more than 80 per cent of the export of that branch is directed to the European Common Market countries.

In many cases the exporters were compelled to continue exporting their products in the year 1982 at the prices of 1981 and, in some cases, even below those prices.
4. **Trade**

(a) **Imports**

The imports of the branch in 1982 came approximately to twenty million dollars, this being an increase of about 70 per cent in comparison with the imports of 1981. More than one third of these imports came from countries of the Far East.

(b) **Exports**

The clothing branch exports approximately 40 per cent of its output. There are 250 exporters working in the branch; about 75 per cent of the export is in the hands of thirty firms, each of which exports for more than two million dollars. As was already mentioned, the main export of the branch is directed to the Common Market. From the data for the year 1982 it appears that the export of the branch to Common Market countries declined in that year to about 83 per cent as against a rate of 87 per cent in the year 1981, whereas the rate of the export of the branch to the United States rose from 4.5 per cent in 1981 to 7.5 per cent in 1982. This change in the distribution of the export came about as a result of the efforts that had been made in order to widen the export markets and to spread the risks, but also because of the fact that many firms engaged local agents in the market outlets of their exports during the whole year.

A summing-up of the data collected in the division for a number of years shows an increase of the share of the large enterprises and the big concerns in the total export of the branch at the expense of the smaller and medium enterprises. To illustrate this: the share of the big concerns and enterprises in the export of the branch rose from 48 per cent in 1978 to 58 per cent in 1982. In contrast to this, the export of the fashion firms, which are generally considered to belong to the leading exporters of the branch, decreased from 43 per cent in 1978 to 32 per cent in 1982. The facts, as seen from another point of view, show that the firms which exported for more than ten million dollars, increased their share of the total export of the branch from about 30 per cent in 1978 to about 40 per cent in 1982. The data that was received explains the fact that the big firms which produce a small number of items in large quantities, succeeded to establish regular or continuous trade relations with Europe and the United States - through the appointment of local agents or through the setting up of local stores to ensure continuous supply and also by signing long-range contracts.

5. **Employment and professional training**

The number of persons employed in the branch in the year 1982 came to 34,000, compared with 33,000 in 1981. The changes in the number of employees can be attributed to the quick growth of the branch during the last years, to the high retirement rate existing in the branch, where the majority of the employees are women, and to the effect of the investments in sophisticated equipment which caused productivity to increase and manpower to be saved.
In the last years a continually growing lack of professional or semi-professional workers is felt in the branch. In the course of the years, training operations were carried out and were adapted to the needs of the branch. Such professional training is available in the Shenkar College, in the training centres of the Ministry of Labour and in the industrial schools of the enterprises themselves. In 1982, 12,000 workers got their professional training, including an addition of 2,000 workers to the branch.

There were, in 1982, 34,000 in the branch, as against 33,000 in 1981. In this connection it must be pointed out that a high percentage of the factories is concentrated in development districts; this also indicates that the large concerns and firms of the branch are situated in these districts. Generally, they met with difficulties in their attempts to reduce the number of workers because of the decrease in output, when, on the other hand, the branch also absorbed new workers, following new investments.

6. Investments

During the last years, many new investments were made in the branch. These investments were intended mainly for increasing mechanization and for equipment to save manpower. The investments were made mainly by the big enterprises and concerns, both for horizontal and vertical expansion.

Lately, many large firms of the branch offered emissions to the public in order to finance projects for investments in their plants which are intended mainly to replace equipment, for enlargement projects and for the improvement of the financial structure of their enterprises.

It is to be mentioned that many mergers were carried out in the branch in order to make the production processes more efficient and to improve the rentability. Such mergers took place for horizontal as well as vertical relationships, as in many cases, together with the merger itself, also investments for the purpose of enlargement were made.