Attached is the provisional draft of part of the chapter on commodities to be included in the Annual Report. The sections distributed herewith deal with Textiles and Clothing. The text is subject to editorial changes and to minor factual modifications in the light of information which may be received later.

Contracting parties wishing to make suggestions are asked to forward them to the secretariat before 9 September 1963.
After a standstill in 1961, the value of textiles and clothing which entered international trade showed a definite expansion during 1962. Yarns and fabrics (SITC 65) rose by almost 5 per cent over 1961 and clothing (SITC 84) by about 12 per cent. With a total value of about $7,000 million (of which clothing amounted to $1,500 million), this group continued to be by far the most dominant among the consumer goods traded internationally, and as in 1961 accounted for about 9 per cent of trade in all manufactured goods.

The higher level of activity in the textile and clothing sector which was predominant during 1962 compared with 1961 both in trade and production was mainly due to growth in textiles based on man-made fibres and in ready-made garments. Among trade in yarns and fabrics of traditional fibres only wool had some gain while the cotton sector showed a rather depressed picture both in production and trade. It would appear that the major Asian suppliers kept approximately the same relative position in the world textile and clothing market as in 1961 which, however, was below the share held in 1959-60.

The rise in intra-European trade and in sales within the Common Market in particular accounted for the larger part of the increase in trade in yarns and fabrics. The gains in exports of clothing were mainly due to intra-European trade and a new upsurge in shipments from Hong Kong. The exports of yarns and fabrics from North America and India were maintained more or less at the level of 1961 while Hong Kong's exports of this category declined by 12 per cent. Japan, on the other hand, was able to register a gain of 7 per cent due to a considerable increase in sales to North America. In the case of India a decline in cotton textiles was more or less compensated for by a higher value of sales in jute manufactures totalling about $325 million. The gain was in jute fabrics, in particular to the United States, while sales of jute bags declined. India thus improved in 1962 its position as exporter of jute manufactures compared with Pakistan, whose exports fell to $108 million as against $128 million in 1961.

The trade developments in the major groups of yarns and fabrics and for clothing are described in more detail below.

**Cotton textiles**

As mentioned above, cotton yarns and fabrics did not participate in the upsurge which took place in international trade in textiles during 1962. The value of sales of cotton fabrics from the major producers fell by about $100 million to just over $1,200 million and thereby continued the decline already apparent in 1961. Among the big exporters only Portugal seems to have had a marked increase in the quantity of cotton fabrics exported and was able to recover the losses suffered during 1960. Belgium also saw some increase in quantity but not in value. With respect to cotton yarn both Portugal and India did better than in the previous year. The sluggishness in trade corresponded to a great extent to the rather depressed production conditions in the cotton industry which continued for the second year in succession in most of the countries of Western Europe and in India and Japan.
Intra-European trade in cotton yarn and fabrics showed a downward tendency and the same was the case for Western European exports to other areas, Portugal being a major exception with a marked increase in sales to the United States. Spanish exports, which had registered spectacular gains in earlier years, suffered a severe decline to most markets. The United Kingdom recorded a small improvement in its exports of yarns (although still far below the level of 1960 and earlier years) while its exports of fabrics fell to a new low (totalling about 30,000 tons, i.e. a cut of almost 50 per cent in five years). Imports of cotton yarn and fabrics into the United Kingdom also went down (by almost 30 and 15 per cent respectively in terms of weight) after having shown a sharp upward trend between 1958 and 1961. Other European countries witnessed generally a standstill or a decline in their imports.

While a shrinkage in production and trade was thus the characteristic feature for cotton textiles in most of Western Europe, somewhat more buoyant market conditions prevailed in North America; even there, however, domestic production started to decline during the second part of the year. Imports, on the other hand, although erratic, reached a new record. United States imports of yarns doubled from the previous year (reaching about 13,000 tons) while imports of fabrics (amounting to almost 480 million square yards) more than regained the level of 1960 after having witnessed a sharp temporary decline during 1961. Japan, Hong Kong, Taiwan, India, Portugal and the United Kingdom registered the greatest gains in the United States import market. Shipments of cotton piece-goods from the United States declined again (by 8 per cent in terms of value) after a temporary halt in this trend during 1961, the biggest drops being in exports to Canada, the Philippines, Indonesia, Venezuela and the United Kingdom.

Increases in exports to the United States and to a smaller extent to Australia and New Zealand seem to have been the only bright spots in the sales endeavours of the major Asian suppliers of cotton textiles; their total sales continued the downward tendency already apparent in 1961 after a period of substantial gains. Japan increased slightly its export volume of cotton cloth but suffered a minor decline in export value caused by decreases in shipments to the United Kingdom, the Netherlands, Indonesia, Viet-Nam and Nigeria. Hong Kong's exports also went down drastically in the case of Indonesia while India's sales of fabrics, which despite export incentives dropped by about 10 per cent, fell particularly in the case of African markets except Sudan. India, however, registered its highest export quantum of cotton yarn since 1959 - 27,000 tons. Pakistan, which during the period 1959-60 emerged as the world's greatest exporter of cotton yarn but which had already lost this position during 1961 when sales to Hong Kong fell drastically, had a further drop in yarn shipments in 1962.

The contractive tendency which dominated trade in cotton textiles during 1962 seems to have had its major causes in the predominant downward tendency in the short-term cotton textile cycle in Western Europe which moved contrary to

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1The special cycles apparent in the textile industry are assumed to be caused mainly by variations in stocks.
the upward-going movement in general economic activity, and in the increasingly greater self-sufficiency in cotton textiles which has emerged in many less-developed countries, a fact from which especially suppliers like India and Japan might have suffered. The entry of new countries into the shrinking international market, among them several Eastern European countries, might also have made competition harder and increased the emphasis put on price and quality something which may have caused difficulties for several traditional exporters. Cotton textiles were also faced with more competition from the man-made fibre industry. The share of cotton in total fibre consumption dropped from 67 per cent in 1961 to 65 per cent in 1962. The stabilization of cotton's share which took place in the late 1950's, especially in the United States, appears therefore not to have been lasting.

The Short and Long-Term Arrangement regarding international trade in cotton textiles (referred to in the general introduction to this section on commodity trade, see page 1) has up to now been mainly invoked by the United States. During 1962, under the provisions of the Short-Term Arrangement the United States requested a number of countries to restrain their exports of certain cotton textiles in order to avoid disruptive effects in the United States markets. A greater number of requests for restraint have been made by the United States since the entry into force of the Long-Term Arrangement although most of those which came in the fourth quarter of 1962 can be regarded as an extension of the agreements under the Short-Term Arrangement. These requests may have prevented further gains in exports of the restrained categories for the countries concerned, although it is difficult to give any precise assessment of the effects of the Short and Long-Term Arrangement on trade in 1962. On the other hand, if one looks at all categories of cotton textiles as a whole, the statistical evidence seems to point to the fact that, despite a possible hampering of imports of certain products and ensuing difficulties for some exporters, the arrangements in force did not prevent 1962 from being a year of considerable gains in shipments to the United States for the majority of the exporting countries. Only developments during the coming years can show to what extent the Long-Term Arrangement will influence the structure of trade and production in cotton textiles.

Man-made fibre textiles

In contrast to cotton textiles, production and trade in man-made fibre textiles continued to expand during 1962. World output of man-made fibres grew by about 12 per cent above 1961, and these fibres continued to increase their share of total fibre consumption (which was 25 per cent in 1962 compared with 23 per cent in 1961) mostly at the expense of cotton.

The United Kingdom continued its system outside the Arrangements of special agreements with its major suppliers on import ceilings. The majority of the countries of continental Western Europe maintained quantitative import restrictions on several kinds of cotton textiles.
International trade in man-made yarn and staple amounted to 635,000 tons\(^1\), i.e. an increase of 20 per cent over 1961. The greatest rise was in synthetic yarn and fibre, trade in which increased from 110,000 tons in 1961 to 163,000 tons in 1962, the member countries of the EEC (intra-EEC trade in particular) and Japan accounting for the greater part of the increase. Exports of rayon staple went up by about 60,000 tons (i.e. by 20 per cent), the Federal Republic of Germany, Japan and the United Kingdom showing the greatest growth. Shipments of rayon yarn showed less expansion but, by totalling over 150,000 tons, more than recovered the decline of 1961. A major part of world exports of rayon yarn and fibres continued to be sold to the Eastern Trading area.

Exports of man-made fibre fabrics from the major exporting countries were approximately 10 per cent greater than in 1961, totalling 220,000 tons. The Western European countries accounted for the larger part of this increase. Shipments from the United States, on the other hand, levelled off, while India and Hong Kong registered gains. Japan, by far the world’s greatest exporter of man-made fibre fabrics, suffered a decline due to lower sales of rayon, while shipments of synthetics continued to increase.

**Wool textiles**

The activity in the wool textile industry during 1962 seems to have been slightly above the level of 1961 with increases to be noted particularly in the United States, Italy and Belgium. Trade in wool yarns and fabrics combined improved by about 10 per cent.

Belgium had the greatest improvement in its sales of woollen yarns (worsted and woollen together), which went up from 18,500 tons to 22,000 tons. France, the world's greatest exporter of this commodity with total sales of 32,500 tons, had only a slight increase in its foreign sales. The United Kingdom kept its level of exports from previous years while sales from Italy declined. Japan almost doubled its export volume, reaching a total of 6,700 tons. The Federal Republic of Germany kept its position as by far the most important importer of woollen yarns and increased its purchases by about 10 per cent to a total of 36,000 tons (which accounts for more than a third of total world imports), while the foreign purchases of the United States went up from 2,400 to 4,000 tons.

Among the leading exporters of wool fabrics (i.e. Italy, the United Kingdom, Belgium and Japan), only the United Kingdom suffered a decline in its export volume (of the order of 4 per cent). Exports from Italy, the chief supplier in volume in the world market, rose by 19 per cent to a total of 55,000 tons (about 40 per cent of world exports), while the export volume of Belgium hardly changed compared with 1961. Japan was able to increase its exports

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\(^1\)Excludes trade among countries belonging to the Eastern Trading area.
by a quarter over the previous year (reaching 7,200 tons) although they were still below the quantities of 1959 and 1960. The Federal Republic of Germany, which is also by far the world's greatest importer of wool fabrics, increased its imports only by 2 per cent. The greatest rise in imports seems to have been that of the United States which went up from 8,700 tons in 1961 to about 10,000 tons in 1962, a level which, however, was still considerably below that of 1960.

Clothing

Exports of clothing from the EEC countries both to each other and to other European countries rose by 15 per cent, or by approximately $60 million, of which intra-EEC trade accounted for $42 million. At the same time trade of the EFTA countries among themselves and exports to the rest of Western Europe registered a gain of $24 million (i.e. a 27 per cent increase in sales inside EFTA and a 15 per cent increase in exports to EEC). Both EEC and EFTA increased their sales of clothing to the United States but suffered declines in shipments to the rest of the world taken as a whole. North America's clothing exports were slightly less than the year before despite some increases in sales to the EEC countries.

Hong Kong was able to expand its exports of clothing to a total of more than $200 million, i.e. an increase of about one third compared with 1961, due to an almost complete recovery of the North American and Western European markets which suffered declines during 1961. Exports to North America rose by $18 million and attained a total of $68 million, somewhat less than the $74 million obtained in 1960. Sales to Western Europe increased by $30 million and thus far surpassed the amount of both 1960 and 1961. Exports to the EFTA countries went up from $53 to $64 million, of which expansion the United Kingdom accounted for $15 million. Due to increases in the imports of the Federal Republic of Germany and the Netherlands, there was also a substantial rise in Hong Kong's shipments to the EEC, which went up from $16 million in 1961 to $25 million in 1962. Exports to the non-industrial countries showed a rather varied picture, with considerable gains in sales to Mexico, Panama, Australia, New Guinea, Indonesia, Libya, Liberia and Nigeria, and at the same time declines in exports to others, among them Ghana, Thailand and Chile.

Japan's exports of clothing amounted to $205 million, only slightly less than those of Hong Kong, due to a much slower growth in 1962. The increase in exports was $14 million and entirely caused by a rise in sales to the United States, which is still a more important market for Japan than for Hong Kong and which takes more than half of Japan's total clothing exports. Despite this gain, Japan's exports in 1962 both to North America and to the world as a whole were lower than in 1959 and 1960.
Table - Tableau

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North America

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