Federal Republic of Germany
Country Statement
65th Plenary Meeting of the ICAC 2006

1 Trends in the cotton industry

1.1 Volume and origin of imports of cotton

In 2005, German raw cotton imports amounted to 72,617 tonnes. This represents a decline of 15 %. The downward trend, which has been going on for years now, has thus accelerated again.

Germany's leading cotton suppliers in 2005 were – as in the preceding year – Brazil, Mali, Chad and Uzbekistan. They accounted for 43 % of Germany's cotton imports (2004: 40 %). Uzbekistan increased its exports by 46 % to 9,568 tonnes, thereby regaining top place, after it had fallen back to fourth place in the two preceding years. Behind it comes Chad (8,623 tonnes), which recorded a 21 % increase, followed by Mali (6,613 tonnes) and Brazil (6,599 tonnes); however, both these latter countries saw substantial declines (- 37 % and - 35 %). Greece and Sudan, which increased their exports by 24 % and 3 % respectively, pushed the USA (- 22 %) back into seventh place. The sharpest rises were recorded by Côte d'Ivoire (251 %), Paraguay (161 %), Nigeria (144 %) and Senegal (88 %) – but none of these countries play more than a marginal role in Germany's cotton imports. Substantial growth was also registered by Kasakhstan (69 %), Zimbabwe (42 %) and Egypt (37 %), all of which return to the top ten suppliers of German cotton (cf. Annex 1).

1.2 Re-exports of cotton

German cotton re-exports fell in 2005 to 17,656 tonnes (2004: 18,713 tonnes). 85 % of them went to other European Union member states, with the Czech Republic remaining well ahead of other countries in the list of destinations of German cotton re-exports. It accounted for 38 % of the re-exports (2004: 43 %). Exports to Poland increased by more than two-thirds, so that Poland now takes second place with a share of 15 %, followed by Belgium (12 %), Austria (8 %), Italy (6 %) and Greece (5 %). The leading destinations outside Europe were the USA and Thailand (each just under 3 %) (cf. Annex 2).

1.3 Import prices of cotton

The average price of German raw cotton imports fell by almost one-fifth in 2005. At 1.01 €/kg (2004: 1.24 €/kg; 2003: 1.15 €/kg), it reached the lowest level since 1993. This represents a continuation of the trend of the last 12 years, in which two years of rising (or stagnating) import prices are followed by a year with a (usually marked) drop in price (cf. Annex 3).

1.4 Cotton textile industry

2005 was another poor year for Germany's cotton industry. Cotton processing, spinning and weaving once again suffered sharp declines in turnover, declines which at just under 25 % (processing, spinning) and 9 % (weaving) were rather greater than the average in

the textile sector. The output of yarn, fabric and clothing from cotton also fell further.
For many years, almost three times as much clothing has been made from cotton as from synthetic fibres in Germany. In 2005, domestic output in both segments dropped by about one-seventh against the preceding year. Domestic production of yarn also fell in 2005, with the decline in cotton yarn (just under 20 %) being almost twice as great as the decline in yarn from synthetic fibre (approx. 11 %). As a consequence, cotton has lost further ground in this area, and accounts for only one-seventh of the output of yarn from synthetic fibre. In the case of fabrics, synthetic fibres have been able to maintain their competitive advantage over cotton, as the decline in the output of both types of fabric was similar (-5 and -6 % respectively) (cf. Annexes 4 and 5).
Overall, there was a continuation of the process of restructuring and internationalisation of the German textile and clothing industry, which began decades ago and is a response to the increasing pressures of international competition. For the clothing industry, this entails an increasingly strong regional diversification of production, whilst design, logistics, the making of patterns, and quality assurance remain in Germany. The situation is different in the textile industry, which continues to do most of its production in Germany and is increasingly concentrating on technical textiles for modern applications in the fields of construction, communications, medicine, protection and transport. Technical textiles already account for almost half of textile production here.

1.5 Foreign trade in cotton textiles and clothing

Foreign trade in cotton clothing registered strong growth in 2005 (exports up 39 %, imports up 18 %). This means that the dominant position of cotton expanded further in this field: cotton accounts for almost two-thirds of Germany's exports and imports of clothing.
The situation in foreign trade in yarns and fabrics is different: cotton saw further declines, and lost further ground to synthetic fibres. The exports of cotton yarn alone fell by about one-quarter. However, denim fabrics did represent an exception here; they were increasingly bought and sold abroad (imports up 9 %; exports up 18 %).
With regard to the structure of foreign trade, the imports of cotton yarn and clothing continue to exceed exports by a long way. In fact, the excess of imports has actually increased further. In the case of cotton fabrics, there is still an export surplus, albeit one which has been declining for years (cf. Annexes 4 and 6).

1.6. Outlook

The German cotton industry began 2006 with further declines in output. The production of cotton yarn was down 12 % on the first quarter of 2005, and output of cotton fabric fell by more than one-fifth. Once again, cotton clothing is proving to be a mainstay in the field of exports. Although production declined here too, exports again increased, by 14 %. Imports also rose further (up 9 %). However, the growth was not as strong as in early 2005, when exports and imports of cotton clothing rose by more than one-half compared with the first quarter of 2004.
Domestic demand for textiles and clothing remains restrained. It is true that the consumer confidence and business expectations have improved, and there was a slight increase in consumer spending in the first quarter of 2006 (up 0.7 %). However, the weak trends in income and employment, as well as the on-going losses in purchasing power due to energy and commodities prices, have continued to have an impact.

With regard to the international competitive position of German textiles and clothing manufacturers, the pressure of competition has again increased as the world's textile markets have liberalised. Nevertheless, the industry does believe that further potential for growth lies in foreign markets and in a focus on high-value and innovative products. Here, it is looking to the enlarged Europe, with fresh opportunities for production and sales, but also to promising investments in Asia and South America.

2. International trade

Global trade and cross-border investment are some of the key preconditions for growth, employment and prosperity. Germany has therefore long been an advocate of open markets and trade liberalisation on the basis of clear, predictable and multilaterally co-ordinated rules. These include the reduction of market-distorting subsidies, which we are working towards in the context of the Doha Round of the WTO. The German Government will therefore do all it can to bring the WTO negotiations to a successful conclusion, despite the temporary interruption, and thus to achieve a solution to the problems of competition in international cotton trading.

Pacta sund servanda – that is one of the most ancient and fundamental legal principles. Fulfilling agreed contracts and recognising and implementing arbitration rulings is an important precondition for a thriving development of international trade in cotton – a goal to which all the ICAC member states should feel committed. The harmonisation of international rules for cotton trading can provide an important stimulus for this. The same goes for the international standardisation and harmonisation of testing procedures for cotton. The ICAC has therefore devoted increasing attention to this in recent years. Two ICAC projects confirmed by the Common Fund for Commodities in 2005 and 2006 and headed by the Faserinstitut Bremen (FIBRE) are also focusing on this issue. We regard these projects as an important contribution to assist especially least developed countries in Africa to meet emerging quality assessment demands of the world's cotton industry.

Country of Origin	Quantity (metric tons)	Quantity (metric tons)	Quantity (metric tons)	Quantity (metric tons)	Quantity (metric tons)	Quantity (metric tons)	Quant. Change (%)
	2005	2004	2003	2002	2001	2000	2005/ 2004
Uzbekistan	9,568.0	6,542.7	8,392.8	21,575.8	23,115.6	40,260.7	46.24
Chad	8,622.5	7,104.7	11,920.2	10,613.1	9,533.4	15,101.4	21.36
Mali	6,612.6	10,563.7	5,649.9	7,401.3	5,510.9	3,415.3	-37.40
Brazil	6,598.9	10,196.4	2,509.7	6,438.4	7,464.8	788.5	-35.28
Greece	6,496.4	5,226.9	9,526.9	4,848.2	9,029.3	10,129.5	24.29
Sudan	5,662.0	5,505.7	13,342.5	16,570.5	12,133.2	10,265.7	2.84
USA	4,342.5	5,590.3	7,267.4	6,551.1	6,049.0	4,822.9	-22.32
Kazakhstan	4,320.5	2,550.3	5,862.3	3,323.9	3,439.1	1,771.0	69.41
Egypt	3,035.7	2,219.9	948.2	2,198.9	3,825.7	2,240.2	36.75
Zimbabwe	2,876.3	2,030.6	2,329.2	2,560.4	3,699.6	4,294.6	41.65
Cameroon	2,775.5	2,621.5	5,967.7	9,607.6	9,072.5	6,946.5	5.87
Tadzhikistan	2,270.0	5,226.6	2,522.0	3,158.1	2,205.6	1,775.6	-56.57
Israel	1,771.7	5,584.3	6,898.9	5,233.4	3,350.8	5,224.6	-68.27
Jemen	879.6	709.0	465.0	201.4	115.8	4.2	24.06
Senegal	763.2	405.6	760.0	246.0	421.5	322.2	88.17
Benin	747.8	1,176.2	954.3	1,592.6	2,713.8	3,828.3	-36.42
Nigeria	726.6	297.3	184.9	83.7	1,008.0	–	144.40
Côte d'Ivoire	660.8	188.3					250.93
Turkey	529.0	2,248.4	5,317.4	1,333.6	2,530.9	1,006.3	-76.47
Turkmenistan	470.0	729.4	428.6	891.3	1,819.2	3,807.4	-35.56
India	420.9	263.1	277.6	358.9	551.1	798.1	59.98
Syria	403.3	1,259.5	884.2	8,066.9	2,897.8	5,181.7	-67.98
Paraguay	388.5	149.0	365.0	5,359.9	3,411.7	–	160.74
Burkina Faso	283.9	1,411.0		1,226.5	730.1	2,261.1	-79.88
Azerbaijan	234.2	284.3	282.7	684.5	688.0	215.1	-17.62
Mozambique	201.4	255.8	216.7				-21.27
Russian Federation	190.2						
Spain	165.1	2,284.1	622.8	215.7	200.9	2,448.4	-92.77
Latvia	150.7	297.5	778.7	887.7	332.6	506.6	-49.34
Togo	80.0						
Central Africa	71.7	1,337.3	1,320.0	697.3	237.5	3,410.6	-94.64
Pakistan	48.5		112.5	1,506.5	2,177.3	6,554.4	
Kyrgyzstan	45.0	116.5	356.1	666.2	1,316.2	965.4	-61.37
Iceland	40.2						
Guinea	33.7						
Other Countries	129.9	1,192.2	599.0	3,575.9	10,100.5	5,990.6	-138.6
Total	**72,616.8**	**85,568.1**	**97,063.2**	**127,675.3**	**129,682.4**	**144,336.9**	-15.14

*) of which Côte d'Ivoire2.412,7 t, Togo 1.410,0 t, Iran 845,9 t, Burkina Faso 730,1 t;
°) of which Burkina Faso 1.226,5 t, Ghana 1.145,1 t, Togo 500,0 t, Slovakia 202,5 t, Hungary 90,4 t.

German Re-Exports of Cotton

	2005 [metric tonnes]	share 2005 in %	2004 [metric tonnes]	share 2004 in %	2003 [metric tonnes]	share 2003 in %
Czech. Repub	6,738	38.2	8,100	43.3	5,244	39.3
Poland	2,643	15.0	1,558	8.3	931	7.0
Belgium	2,027	11.5	100	0.5	105	0.8
Austria	1,319	7.5	1,937	10.4	2,214	16.6
Italy	1,092	6.2	1,377	7.4	853	6.4
Greece	845	4.8	14	0.1	1	0.0
USA	472	2.7	2	0.0	0	0.0
Thailand	462	2.6	154	0.8	0	0.0
Switzerland	457	2.6	330	1.8	531	4.0
Croatia	307	1.7	200	1.1	220	1.7
Slovenia	303	1.7	442	2.4	284	2.1
Romania	219	1.2	300	1.6	331	2.5
France	114	0.6	357	1.9	406	3.0
India	109	0.6	30	0.2	187	1.4
others	548	3.1	3,814	20.4	2,026	15.2
Total	**17,656**	**100.0**	**18,713**	**100.0**	**13,332**	**100.0**

Average Import Prices of Cotton

Year	€	DM	change [%]
1980	1.69	3.30	
1981	2.08	4.06	23.0
1982	1.88	3.68	-9.4
1983	2.06	4.02	9.2
1984	2.55	4.98	23.9
1985	2.30	4.50	-9.6
1986	1.25	2.44	-45.8
1987	1.19	2.32	-4.9
1988	1.43	2.80	20.7
1989	1.41	2.75	-1.8
1990	1.49	2.92	6.2
1991	1.46	2.85	-2.4
1992	1.12	2.19	-23.2
1993	1.00	1.96	-10.5
1994	1.21	2.37	20.9
1995	1.45	2.83	19.4
1996	1.38	2.69	-4.9
1997	1.42	2.78	3.3
1998	1.42	2.78	0.0
1999	1.17	2.29	-17.6
2000	1.24	2.42	5.7
2001	1.42	2.78	14.9
2002	1.08		-24.0
2003	1.15		6.5
2004	1.24		7.8
2005	1.01		-18.5

Annex 4

ICAC SURVEY FOR THE ANNUAL REPORT ON THE WORLD TEXTILE SITUATION										
COUNTRY : FEDERAL REPUBLIC OF GERMANY										
			1999	2000	2001	2002	2003	2004	2005	2006
COTTON CONSUMPTION		UNIT 1/	ANNUAL	ANNUAL	ANNUAL	ANNUAL	ANNUAL	ANNUAL	ANNUAL	QTR I
COTTON YARNS 3/	Production	Metric tons	114,520	123,359	123,608	103,147	87,829	79,173	63,431	16,714
	Imports	Metric tons	93,110	94,918	86,064	82,313	83,297	76,028	68,816	17,972
	Exports	Metric tons	47,329	56,031	61,753	54,385	49,953	48,629	36,967	8,640
COTTON FABRICS	Production*	Metric tons	133,477	149,178	136,141	121,408	121,973	104,718	98,261	23,458
	Imports	Metric tons	99,154	104,375	106,116	100,941	97,042	95,244	93,663	22,413
	Exports	Metric tons	103,854	109,831	115,930	109,785	103,423	100,057	95,420	21,279
DENIM FABRIC 4/	Production*	Metric tons	n.a.	n.a.	568	n.a.	n.a.	n.a.	n.a.	n.a.
	Imports	Metric tons	6,071	5,342	6,267	5,386	4,372	3,985	4,355	884
	Exports	Metric tons	4,914	5,146	5,822	5,792	4,636	3,963	4,658	978
COTTON APPAREL	Production*	Metric tons	28,400	28,000	24,700	19,900	17,900	15,700	13,500	3,400
	Imports	Metric tons	272,690	279,930	301,332	230,376	253,253	244,808	288,947	77,960
	Exports	Metric tons	40,160	40,950	44,902	44,035	53,549	55,983	77,748	22,044
CHEMICAL FIBER	Production*	Metric tons	572,612	575,571	511,260	482,208	431,167	513,849	455,512	117,715
YARN 5/ **)	Imports	Metric tons	221,616	236,157	233,159	231,276	222,577	215,560	213,812	61,318
	Exports	Metric tons	439,904	469,210	395,429	404,984	387,906	375,719	345,108	90,100
CHEMICAL FIBER	Production*	Metric tons	172,210	182,980	158,684	146,174	130,416	139,828	132,870	34,989
FABRICS 5/ **)	Imports	Metric tons	118,090	130,420	123,834	113,250	103,342	111,954	111,047	27,748
	Exports	Metric tons	126,160	128,610	122,373	112,717	100,612	109,294	104,803	26,576
CHEMICAL FIBER	Production*	Metric tons	15,200	14,600	11,900	7,300	6,300	5,500	4,700	1,100
APPAREL 5/ **)	Imports	Metric tons	199,200	200,540	186,287	145,289	149,031	162,623	158,032	31,361
	Exports	Metric tons	44,300	41,230	40,238	31,008	31,821	35,507	45,367	9,254
TEXTILES AND API	Value of imports	Mill. EUR	29,231	30,268	30,710	28,980	29,173	27,945	27,800	7,511
OF ALL FIBERS 6/	Value of exports	Mill. EUR	18,473	19,143	20,394	20,866	21,435	20,327	19,939	5,476

1/ Please use metric tons where possible. Otherwise, please state the unit of measure. If the data you furnish are in pieces, square meters or yards, please supply us with your best estimate of a conversion factor to metric tons.

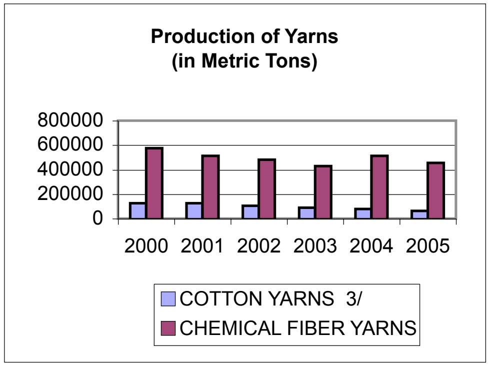
2/ If quarterly data are not available, please furnish semiannual or annual data.

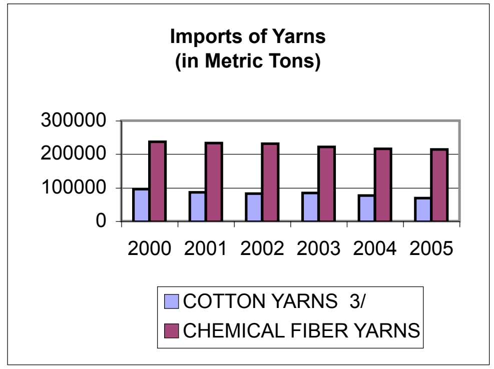
3/ Include blends of 50 % or more cotton by weight. Otherwise please specify the blend content.

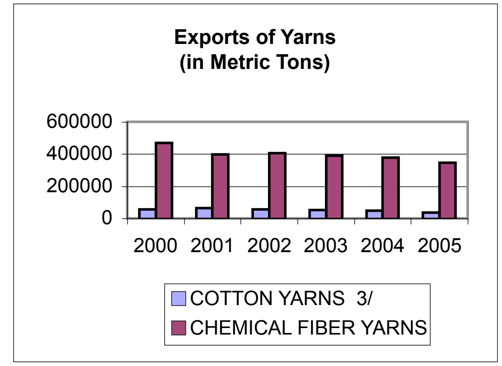
4/ Continue to include denim fabric in total cotton fabric production and trade data.

5/ Include blends of 50 % or more chemical fibers by weight. Chemical fibers include both cellulosic and noncellulosic fibers. For yarn, include production in the spinning industry only.

Annex 5


Production of Yarns
(in Metric Tons)
800000
600000
400000
200000
0
2000 2001 2002 2003 2004 2005
COTTON YARNS 3/
CHEMICAL FIBER YARNS


Imports of Yarns
(in Metric Tons)
300000
200000
100000
0
2000 2001 2002 2003 2004 2005
COTTON YARNS 3/
CHEMICAL FIBER YARNS


Exports of Yarns
(in Metric Tons)
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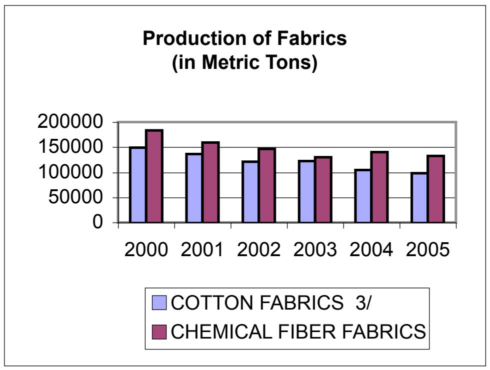
400000
200000
0
2000 2001 2002 2003 2004 2005
COTTON YARNS 3/
CHEMICAL FIBER YARNS


Production of Fabrics
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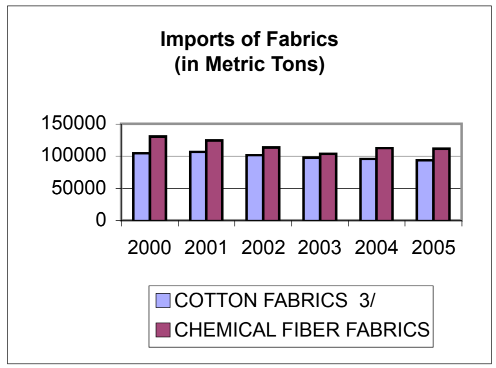
150000
100000
50000
0
2000 2001 2002 2003 2004 2005
COTTON FABRICS 3/
CHEMICAL FIBER FABRICS


Imports of Fabrics
(in Metric Tons)
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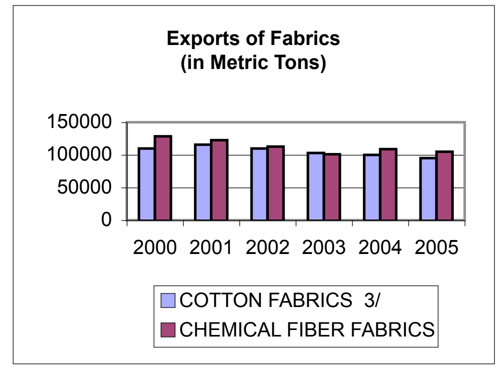
100000
50000
0
2000 2001 2002 2003 2004 2005
COTTON FABRICS 3/
CHEMICAL FIBER FABRICS


Exports of Fabrics
(in Metric Tons)
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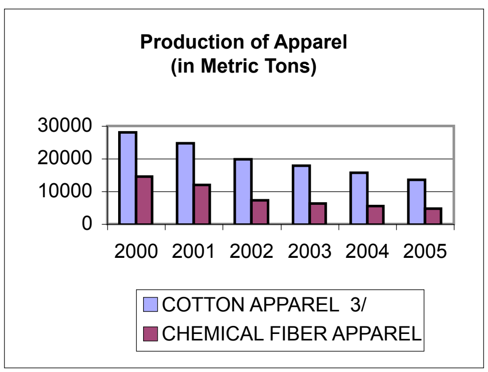
100000
50000
0
2000 2001 2002 2003 2004 2005
COTTON FABRICS 3/
CHEMICAL FIBER FABRICS


Production of Apparel
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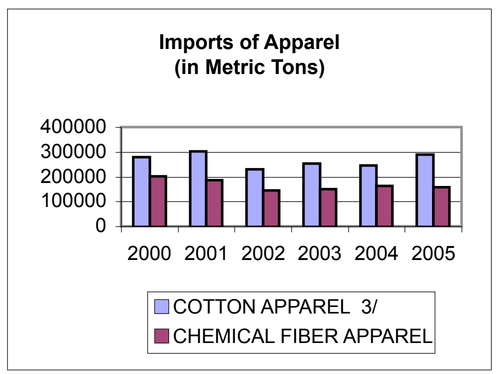
20000
10000
0
2000 2001 2002 2003 2004 2005
COTTON APPAREL 3/
CHEMICAL FIBER APPAREL


Imports of Apparel
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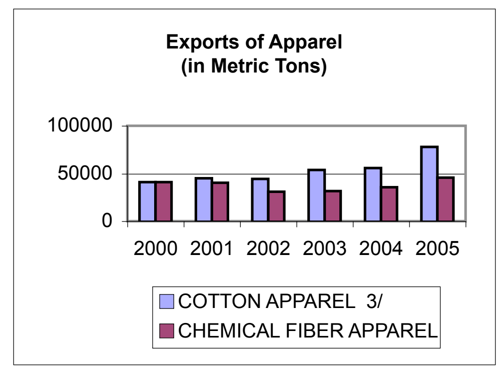
300000
200000
100000
0
2000 2001 2002 2003 2004 2005
COTTON APPAREL 3/
CHEMICAL FIBER APPAREL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50000
0
2000 2001 2002 2003 2004 2005
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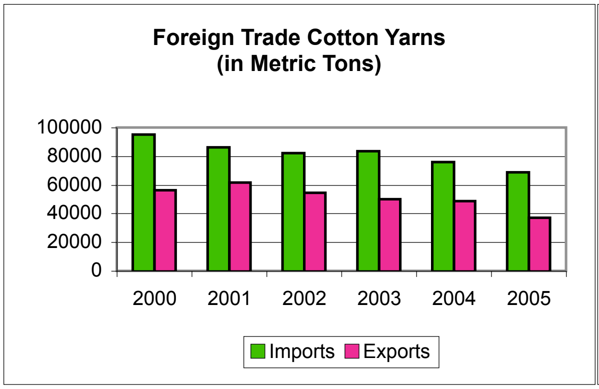
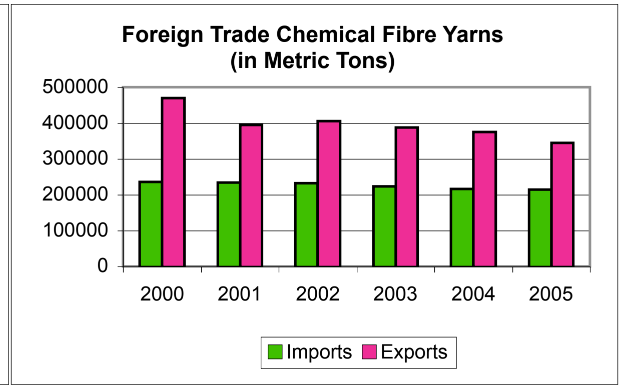
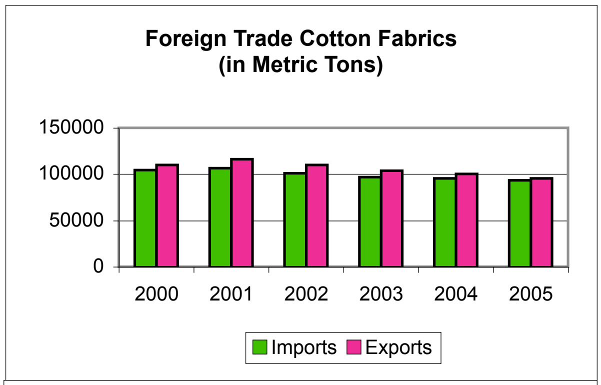
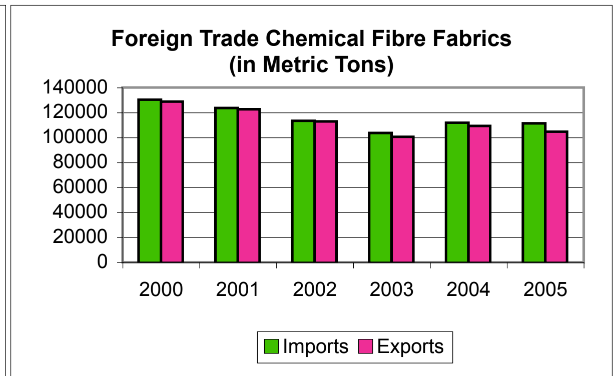
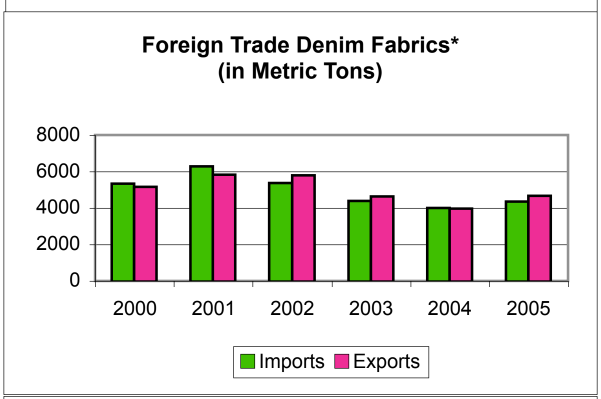
CHEMICAL FIBER APPAREL











* Included in Foreign Trade Cotton Fabrics