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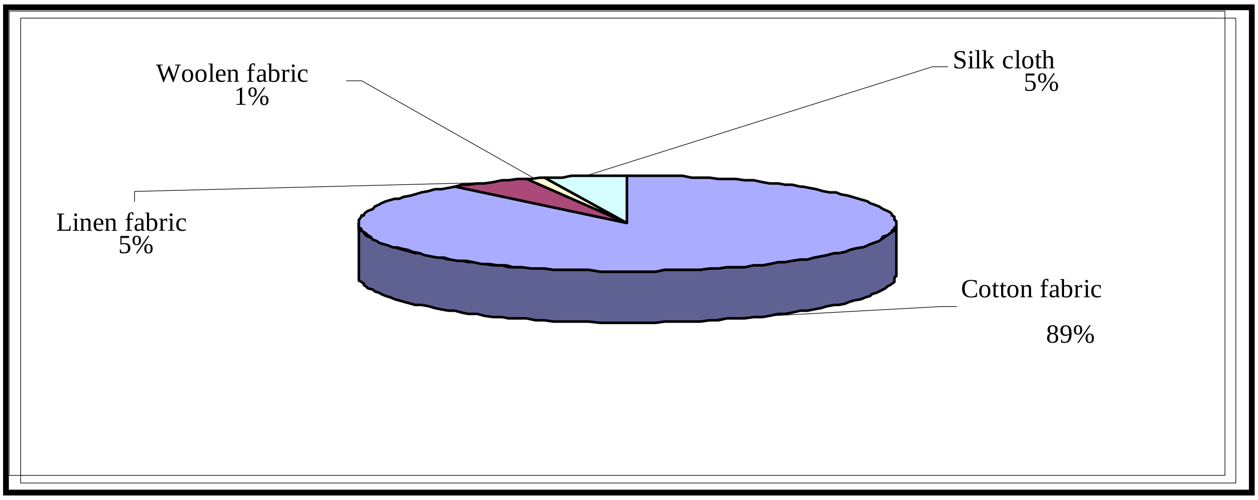
# Russian market of cotton fiber in 2005

One of the priorities of real economic growth and national security of Russia is effective development of textile industry. Earlier textile industry was one of the strategic industries producing goods used in almost every branch of industry and economic field.

Textile industry of Russia is a great complex with a total number of employees of about 300 000. Textile industry is associated with main budget important industries – fuel and energy complex, military complex, heavy engineering industry and metallurgy.

In 2005 247562 tons of cotton yarn have been produced, which was 96,1% from a year earlier - 2004.

2237119 square meters of cotton fabric have been produced in 2005, which was 104,1% to the equal period of year 2004. Recession tendency in yarn production in 2005 and accordingly import reduction in cotton fiber continue. That can be explained by the growth in cotton yarn import to Russia from CIS countries, mainly from Uzbekistan (pie chart 1).




**Pie chart 1. Structure of fabric production by Russian producers in 2005**

Share of cotton fabric in the market structure of textiles in Russia was 89% in 2005 compared with 87% in 2004, cotton industry does not give up it’s positions.

Taking into account that Russia does not produce cotton fiber, but has great basic assets for cotton yarn and fabric production, some of cotton manufacturers will diversity their production into making blended yarn and cotton fabric, modified flax fiber and different chemical fibers.

Cotton industry of Russia is totally dependent on imported materials - lint cotton, which is mainly produced in CIS countries. At present time cotton market in Russia has become more civilized according to market research.

In 2005 305,5 thousand tons of cotton fiber and 28 thousand tons of cotton yarn were imported to Russia.

Russian textile manufacturers prefer to work with big trading companies, buying cotton from them with advantages:

- delay in payment;
- exact obligations on shipment and supply;
- operative managing of settling quality and weight claims problems.

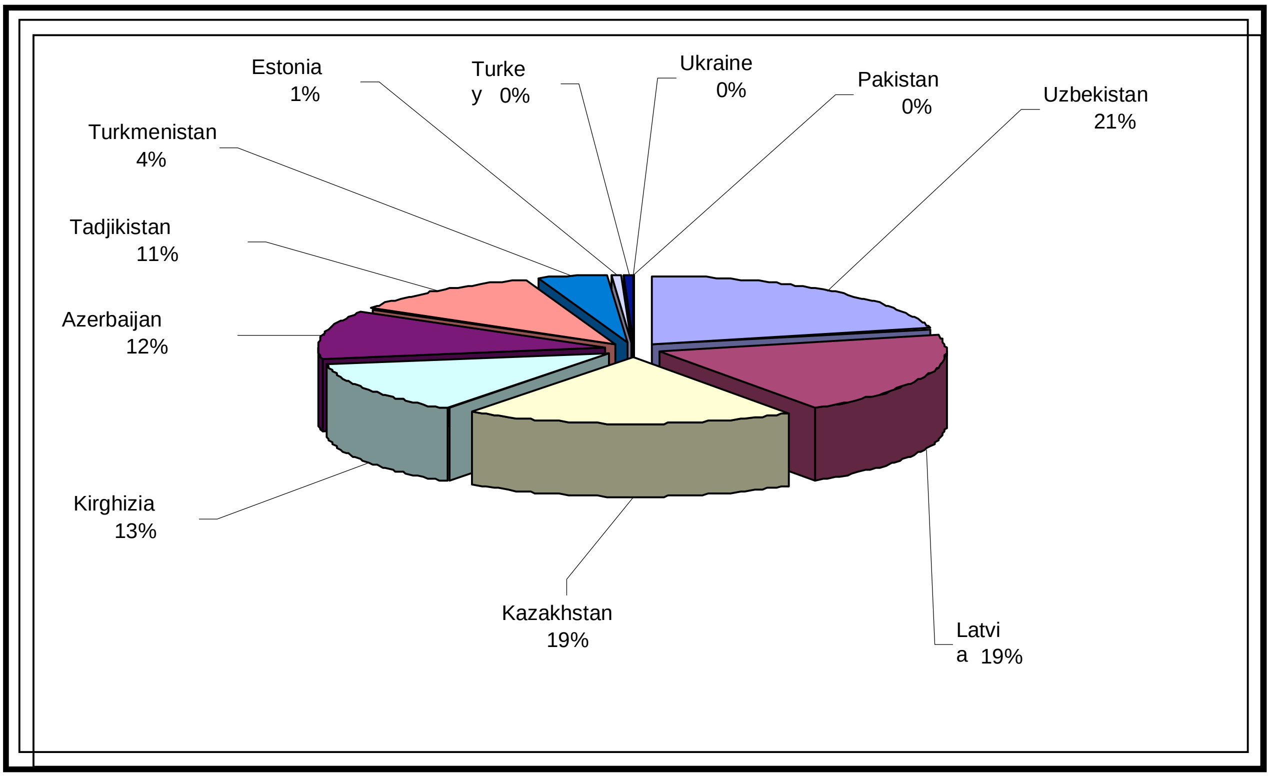
As it was said before, import of cotton fiber mainly comes from CIS countries.

But at present time import from other countries is increasing.

The reasons for such situation are:

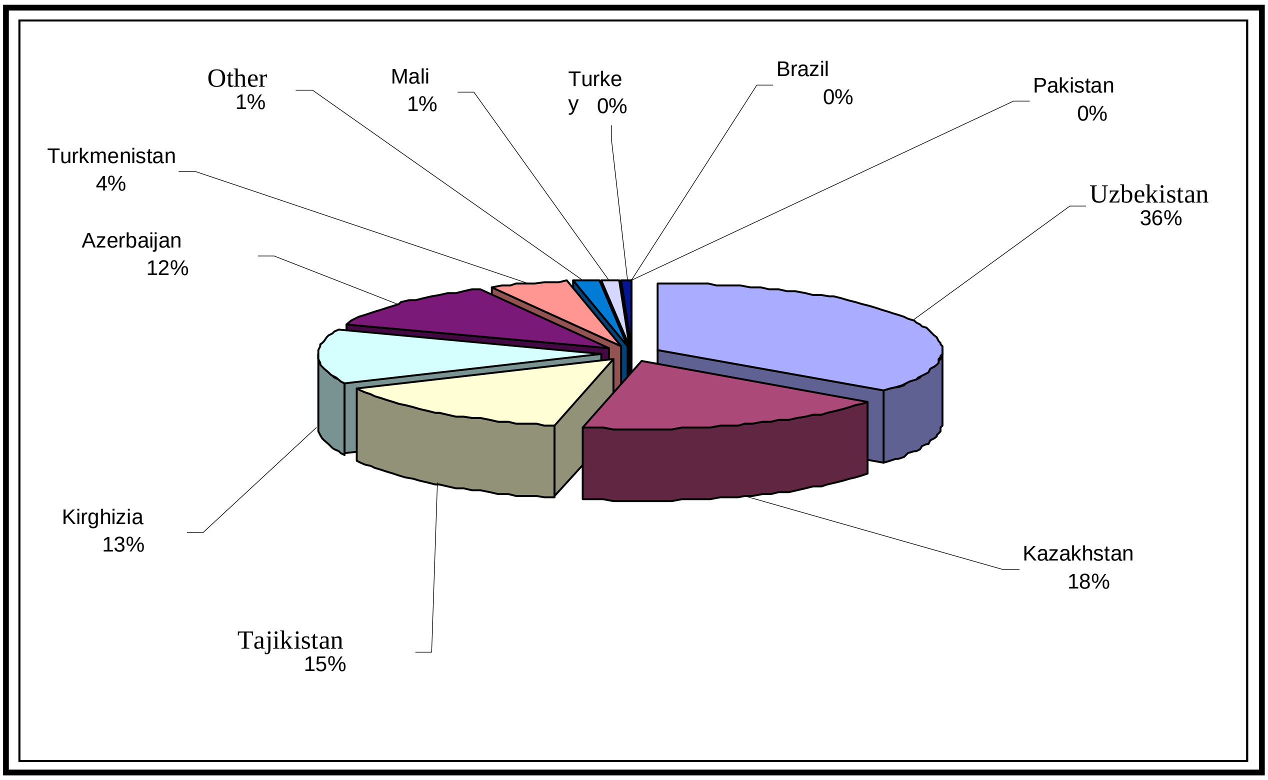
- credits given by western banks are much more cheaper than credits given by Russian banks and banks of countries that produce lint cotton;
- payment and paper work is much easier (less administrative barriers);

Mainly cotton fiber market of Russia is supplied by Uzbekistan, Kazakhstan, Tadzikistan, Kirghizia and Azerbaijan. (Pie chart 2).




**Pie chart 2. Segments of main countries-exporters of lint cotton in 2005**

Share of cotton fiber from Uzbekistan is traditionally high but now it is 36% in comparison with 68% in the year 2000. (Pie chart 3).



**Pie chart 3. Segments of main producing countries of cotton fiber in 2005**

As it was said before decrease of cotton import is associated with increase of cotton yarn import to Russia, mainly from Uzbekistan (in table 1 information on import of cotton yarn from different countries in 2005 is given).

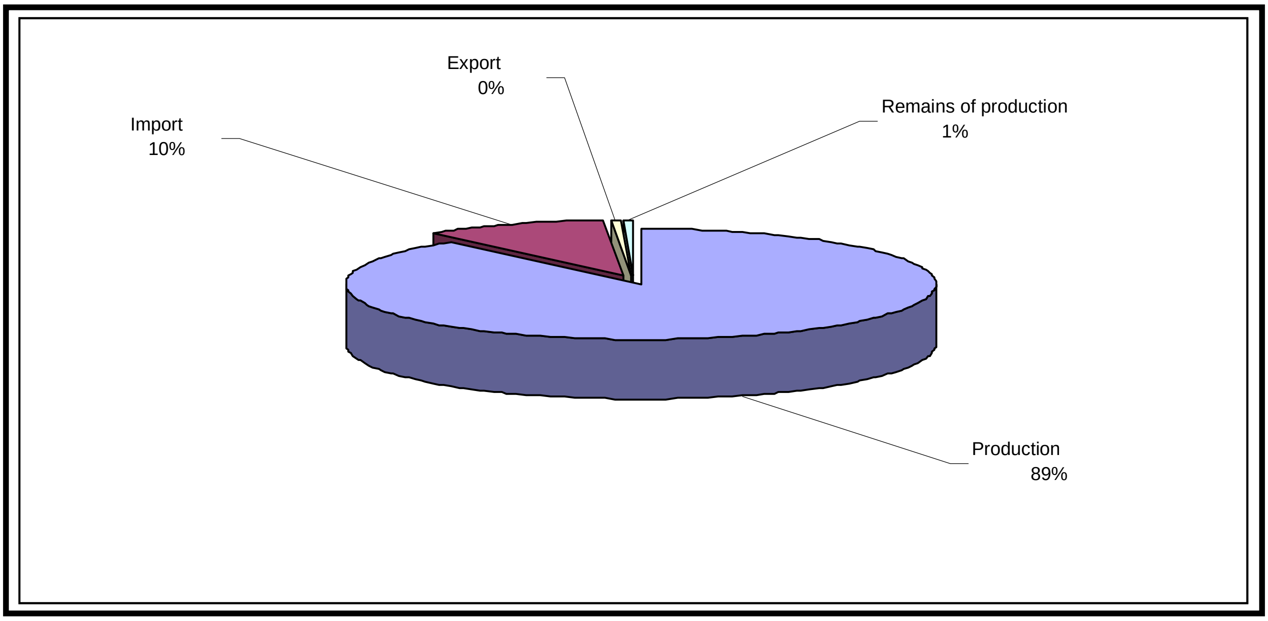
TABLE 1

| № п/п | Country of origin | Totaly 2005 г. | | |
|---|---|---|---|---|
| | | Amount ( kg ) | Value $ | Average price ($/kg) |
| | **Import- total** | **27 935 988** | **40 602 953** | **1,45** |
| 1 | UZBEKISTAN | 11 946 385 | 15 866 825 | 1,33 |
| 2 | TURKMENISTAN | 6 344 752 | 6 930 983 | 1,09 |
| 3 | AZERBAIJAN | 3 154 333 | 3 395 470 | 1,08 |
| 4 | UKRAINE | 1 424 218 | 4 051 613 | 2,84 |
| 5 | TADJIKISTAN | 1 115 841 | 1 515 727 | 1,36 |
| 6 | TURKEY | 840 646 | 1 433 846 | 1,71 |
| 7 | KAZAKHSTAN | 666 133 | 951 943 | 1,43 |
| 8 | GERMANY | 376 815 | 1 420 832 | 3,77 |
| 9 | ESTONIA | 316 025 | 352 722 | 1,12 |
| 10 | LATVIA | 275 862 | 546 290 | 1,98 |
| 11 | CHINA | 270 639 | 638 418 | 2,36 |
| 12 | LITHUANIA | 221 403 | 436 611 | 1,97 |
| 13 | PAKISTAN | 190 511 | 201 465 | 1,06 |
| 14 | SPAIN | 180 853 | 224 638 | 1,24 |
| 15 | POLAND | 167 098 | 514 685 | 3,08 |
| 16 | BULGARIA | 92 272 | 250 592 | 2,72 |
| 17 | ITALY | 86 638 | 467 653 | 5,40 |
| 18 | FINLAND | 85 553 | 445 337 | 5,21 |
| 19 | KIRGHIZIA | 38 457 | 50 414 | 1,31 |
| 20 | INDIA | 29 112 | 82 854 | 2,85 |
| 21 | SYRIA | 27 754 | 34 692 | 1,25 |
| 22 | MALAYSIA | 24 809 | 372 352 | 15,01 |
| 23 | PHILIPPINES | 23 871 | 28 645 | 1,20 |
| 24 | LUXEMBURG | 8 836 | 132 672 | 15,01 |
| 25 | BELORUSSIA | 6 208 | 14 896 | 2,40 |
| 26 | KOREAN REPUBLIC | 6 122 | 91 139 | 14,89 |
| 27 | UNITED ARAB EMIRATES | 4 024 | 47 439 | 11,79 |
| 28 | SWITZERLAND | 3 554 | 47 484 | 13,36 |
| 29 | SLOVAKIA | 3 394 | 17 287 | 5,09 |
| 30 | FRANCE | 1 832 | 15 519 | 8,47 |
| 31 | GREECE | 927 | 13 900 | 14,99 |
| 32 | SRI LANKA | 270 | 405 | 1,50 |
| 33 | CZECHIA | 266 | 481 | 1,81 |
| 34 | INDONESIA | 246 | 1 061 | 4,31 |
| 35 | GREAT BRITAIN | 192 | 4 032 | 21,00 |
| 36 | SIANGAN (HONG KONG) | 65 | 1 406 | 21,63 |
| 37 | KOREA, REPUBLIC | 38 | 142 | 3,74 |
| 38 | SWEDEN | 20 | 113 | 5,65 |
| 39 | AUSTRIA | 14 | 370 | 26,43 |

In 2005 27,9 thousand tons of cotton yarn was imported, including 11,9 thousand tons from Uzbekistan (44%).

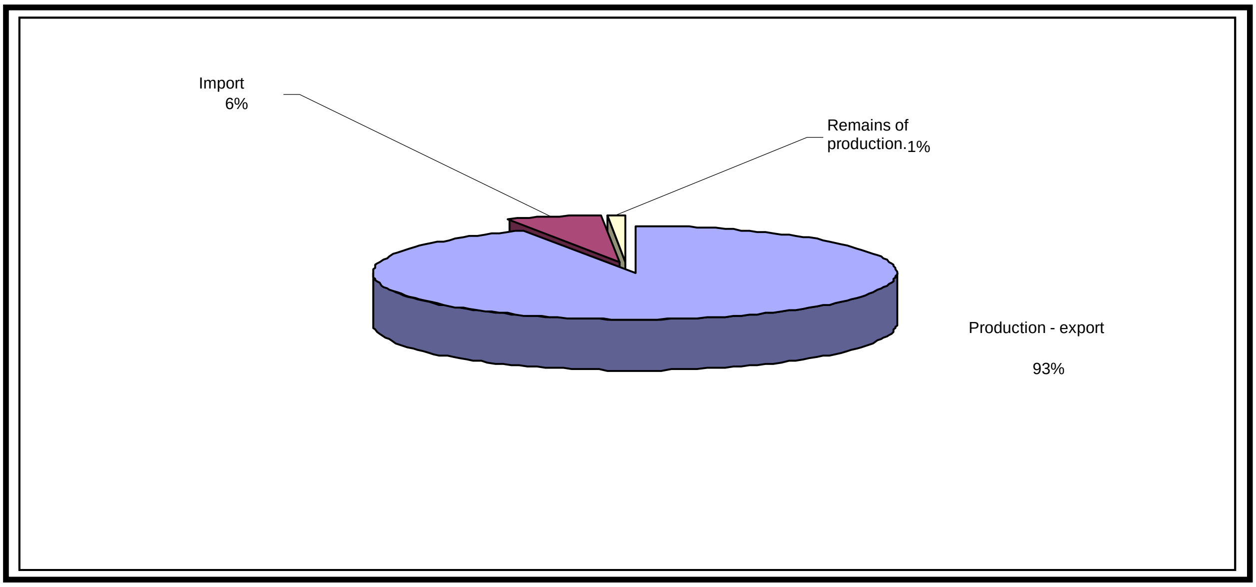
Yarn comes at cheaper prices than average Russian prices (about 2,5-3,5 $/kg), that makes finished goods made from Russian yarn noncompetitive in terms of price.

Share of import of cotton yarn has reached 10%, which makes it necessary to pay special attention to this situation. (Pie chart 4).




**Pie chart 4. Structure of Russian market of cotton yarn in 2005**

Traditionally the main part of cotton fabrics on the Russian market was made in Russia, that situation hasn't changed so far. (Pie chart 5).




**Pie chart 5. Structure of Russian market of cotton fabrics in 2005**

Export of cotton fabrics up to 2002 made up about 25%, in 2003 it was about 17% from the total amount of produced goods (19,6% in 2002), in 2004-2005 part of export was 16% from the total amount of produced goods.

Of course, decrease in cotton fabrics export is caused by decrease in the demand on foreign markets.  Pressure of Chinese textile, which is noted both by European and American textile manufacturers, and forecasted by experts of ICAC, of course, can have very negative consequences for Russian and European community if no actions are taken. Especially since WTO legislation is very liberal in terms of protective actions.

Import of cotton fabrics on Russian market is increasing but its share is still not big, it is about 4%.

This factor may be explained with the fact that due to decrease in export, competitive Russian fabrics come to domestic market, replacing imported goods and in view of growthing competitiveness of cotton productions this tendency is quite predictable.

Now the necessity of creating Federal centre for assistance in the development of textile industry is under discussion, the main idea of which is cooperation between government, business and science for restoring (raising) competitiveness of Russian goods on domestic market and increasing export. That will insure steady development of this industry.

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**Research Associate Program, ICAC**

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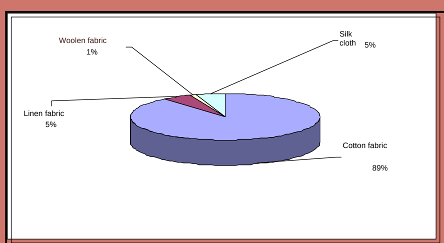
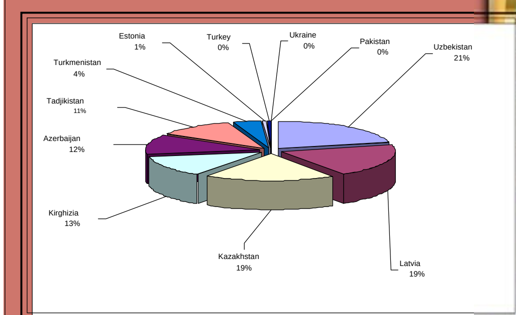
- Textile industry is associated with main budget important industries – fuel and energy complex, military complex, heavy engineering industry and metallurgy.
- In 2005 247562 tons of cotton yarn have been produced, which was 96,1% from a year earlier - 2004.
- 2237119 square meters of cotton fabric have been produced in 2005, which was 104,1% to the equal period of year 2004.

**Structure of fabric production by Russian producers in 2005**



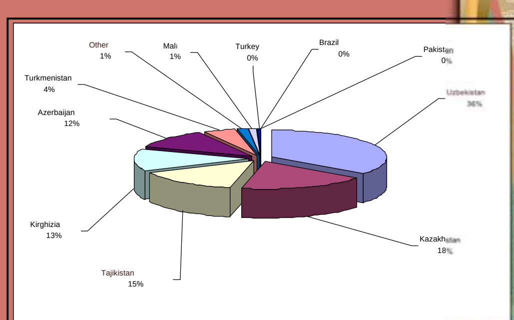

pie chart 1

**Share of main countries exporters of cotton fiber in 2005**




pie chart 2

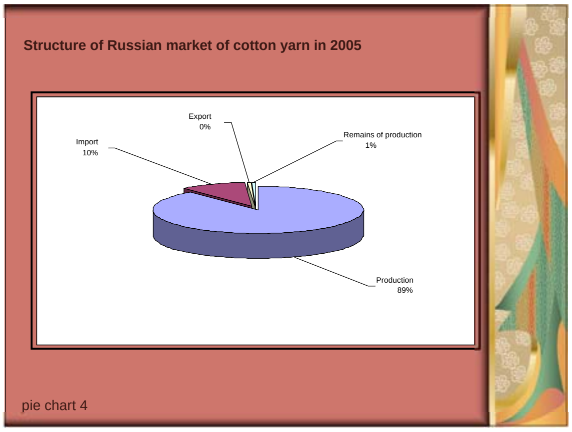
**Share of main producing countries of cotton fiber in 2005**

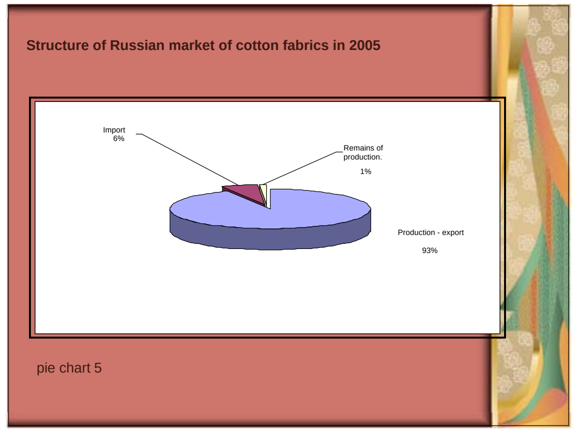



pie chart 3

**Information on import of cotton yarn from different countries in 2005**

- In 2005 27,9 thousand tons of cotton yarn was imported
- Uzbekistan – 11,93 thousand tons of cotton yarn (44 %)
- Turkmenistan – 6,34 thousand tons
- Azerbaijan – 3,15 thousand tons
- Ukraine – 1,42 thousand tons
- Tadjikistan – 1,15 thousand tons
- Kazakhstan – 666 thousand tons
- Germany – 376 thousand tons


Structure of Russian market of cotton yarn in 2005
Export
0%
Import
10%
Remains of production
1%
Production
89%
pie chart 4


Structure of Russian market of cotton fabrics in 2005
Import
6%
Remains of
production.
1%
Production - export
93%
pie chart 5