

DEVELOPMENTS IN WORLD FIBRE CONSUMPTION PATTERN: AN OVERVIEW OF 1996 AND 2000 FAO/ICAC WORLD FIBRE CONSUMPTION SURVEY

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With the world economy in recovery and after a year of reduced chemical fiber consumption in 2001, world textile fiber consumption at the end-use level increased by 5% in 2002. This strong increase is the result of continued strong demand for cotton manufactures and a sharp recovery of chemical fiber demand. Global demand for textile fibers is now estimated at 52 million tons.

World cotton consumption increased 3% in 2002, marking the fourth year of consecutive expansion. Between 1998 and 2002, world consumers added 2 million tons to their consumption of cotton. Global demand for cotton reached 20.6 million tons in 2002. The driving force of cotton demand over the last four years has been the low level of cotton prices relative to the prices of other fibers. Low relative prices, in turn, resulted from low cotton prices and higher prices of oil, an input in the production of polyester, which did not allow the chemical fiber industry to match low cotton prices as they did during the 1990s.

Despite rapid growth of cotton demand in the last four years, the market share of cotton continued to fall because of faster growth in the use of competing fibers.

World demand for non-cotton fibers resumed expansion and increased by 6% in 2002, twice the rate of expansion of demand for cotton. As a result, the market share of cotton, which increased by half of a percentage point to 40.5% in 2001, declined to 39.7% in 2002.

Cotton demand expanded in all regions over the last four years, with the largest gains registered in developing countries. In fact, 65% of additional cotton consumption took place in developing countries, while 25% took place in industrial countries and the remaining 10% in Central and Eastern Europe and the former USSR.

Nonetheless, demand for non-cotton textile fibers increased at faster rates in industrial and developing countries, and between 1998 and 2002 the market share of cotton declined by half of a percentage point in developing countries and by 3 percentage points in industrial countries. Over the last ten years the largest declines in market share took place in developing countries, as the process of industrialization allowed the building of infrastructure necessary for the production of chemical fibers. In Central and Eastern Europe and the former USSR, faster economic growth since 1998, after a decade of political and economic change, resulted in increasing rates of textile consumption and cotton has registered more rapid growth than other fibers, making possible an increase in market share from 23% to 27% in 2002.

A joint study by the Secretariats of FAO and ICAC that will be published later this year, surveys textile consumption by fiber for 88 countries covering 91% of world demand. This study indicates the trends followed by consumers over the last decade by establishing market shares by fiber by country.

The study suggests that in only a handful of countries the market share of cotton improved or was maintained between 1992 and 2002. In fact, the decline in market share in industrial countries is the result of declines in Western Europe and in Japan, Australia and New Zealand, which was only partially offset by increases in the United States.

In Western Europe cotton demand increased by 6%, or 200,000 tons in the decade to 2002. Nonetheless, other fibers increased by 55% or 2 million tons over the same period and the market share of cotton declined from 42% in 1992 to 35.5% in 2002.

In Japan, Australia and New Zealand, cotton demand declined by 2% or 33,000 tons in the decade to 2002. Demand for other fibers increased by 12% over the same period, and the market share of cotton declined from 42% in 1992 to 39% in 2002.

The only industrial country where the market share of cotton has improved over the last ten years is the United States. Cotton's market share in that country increased by one percentage point during the decade to 40.8% in 2002.

The United States is the world's largest consumer of textile fibers. With a population of 290 million, equivalent to 5% of world population, the country consumes 21% of global textile demand. Final consumption of cotton in the United States increased by 26% or 900,000 tons in the decade to 2002. Domestically processed cotton accounts for just a third of final demand and U.S. Imports capture 70% of the domestic final demand. U.S. net imports reached 2.9 million tons in 2002.

In contrast, China (Mainland) the world's largest consumer of cotton at the mill level has registered declines in final consumption of cotton over the last decade. With a population of 1.3 billion, equivalent to 21% of the world population, the country consumes 15% of global textile demand. Final consumption of cotton in China (Mainland) in 2000 was 2.3 million tons, and mill consumption of cotton was 5.2 million tons. This gap is closed by 2.9 million tons in net exports of cotton manufactures, which increased continuously from 1 million tons in 1992. China (Mainland) processed in 2000 16% of the cotton finally consumed in the rest of the world. As mill consumption in that country increased by over a million tons in 2001 and 2002 combined, China now processes over 20% of cotton finally consumed in the rest of the world.

Other countries in Asia have been able to sustain final consumption of cotton, while increasing mill consumption. In India, mill consumption of cotton increased from 2 million tons in 1992 to 2.9 million in 2000, but final consumption increased by just 200,000 tons over the period to 1.7 million tons in 2000. Nonetheless, both, India and China (Mainland) registered rapid increases in final consumption of chemical fibers and the market share of cotton declined in both countries very rapidly.

In India, the market share of cotton declined from 68% in 1992 to 52% in 2000. Similarly, in China (Mainland), the market share of cotton declined from 57% to 30% over the same period. Within Asian developing countries, India and China (Mainland) registered the deepest declines in market share. Countries such as Malaysia and the republic of Korea, in the other end of the spectrum, registered small increases in the market share of cotton. In Asian developing countries as a whole, the market share of cotton declined from 57% in 1992 to 37% in 2000. Other developing regions also registered declines in market share, although less steep as in Asia.

In Latin America, final consumption of cotton increased over the last decade almost in tandem with mill consumption reaching 1.6 million tons in 2000. Nonetheless, consumption of chemical

fibers increased above consumption of cotton, and the market share in the region declined from 50% in 1992 to 46% in 2000.

In Africa both final and mill consumption of cotton declined during the same period and, the market share of cotton declined from 43% in 1992 to 38% in 2000.

The Middle East and Turkey is the region among developing countries where the market share of cotton is the highest, but it also declined during the 1990s from 60% in 1992 to 54% in 2000. In Turkey, a country that accounts for 60% of final consumption of cotton in the region, final consumption of cotton increased by 290,000 tons to 680,000 tons in 2000. Nonetheless, final consumption of chemical fibers increased at higher rates than those of cotton and the market share declined from 50% in 1992 to 49% in 2000.

Global consumption of cotton is expected by the Secretariat of ICAC to increase at lower rates than those registered over the last two years, and might reach 22 million tons in 2005 and 23.6 million tons in 2010. Nonetheless, non-cotton fiber consumption is expected to increase at higher rates and the market share of cotton could further decline to 38% in 2010.