



THE INFLUENCE OF TRADE ISSUES ON THE WORLD COTTON DEMAND

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ABSTRACT

For any business to be successful today, globalization is a trend and a key term one must become familiar. When evaluating the risks and benefits of becoming a global player, there are many factors that influence the business opportunities available. Historically, cotton has been traded globally. With the recent changes in trade agreements and the impact of global economic and political situations, keeping abreast of these developments are crucial. This report will review those changes in trade legislation, political and economic issues and the supply/demand situation for cotton as each continue to be a major factor in world trade.

KEYWORDS: cotton, world cotton demand, cotton fiber, cotton producers, cotton exporters

Introduction

Global opportunities are abundant, however the challenge is to identify and take advantage of those opportunities. Markets are opening and growth of those markets will continue. For the year 2000, the world consumption of textiles was placed at 4.8 million metric tons for a population of six billion¹. That calculates to a per capita consumption of eight kilograms of fabric, which has doubled from 1950. There has been an increase in consumer spending worldwide. Since 1989, U.S. textile products have lost a full percentage of consumer disposable income expenditures, going from 5.9% to 4.9%². For any manufacturer to grow their business, they must respond to these markets and know what the consumer is buying. Along with these opportunities there are obstacles, of which some are not so easy to analyze and overcome. The textile

industry, as most other industries, has found itself attempting to embrace globalization, which is going to happen. The main challenge is to think on a global basis. Along with that, the industry must contend with consumer demand volatility, reduced customer lead times, new product introduction and increased margins and price pressure. Clearly other countries have done so as evident by more than 60% of apparel sold in the U.S. is now imported³. The increasing importance of cotton apparel imports into the U.S. market, combined with world textile trade that is rapidly moving in the direction of lower tariffs and the elimination of quotas, creates a dynamic sourcing environment. Like it or not, today's marketplace is global. Globalization is not new, and there are so many more resources available to day that process and standards are under constant pressure. The U.S. is setting the standard for what consumers