

DEVELOPMENT OF THE COTTON INDUSTRY AND CHANGES IN THE PATTERN OF COTTON PRODUCTS TRADE IN SOUTHEAST ASIA

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Preface

The cotton industry spearheaded the industrial revolution not only in Britain but in almost all countries of the world, leading their industrialization, economic development and growth. Therefore, the history of the development of the modern cotton industry is, in a sense, the history of regional dispersion of this industry. The development of the cotton industry in Southeast Asia in recent years is no exception.

The cotton industry has developed remarkably in Southeast Asia in recent years. Whereas Japan has been a cotton goods exporter since prewar years, India established her position as a cotton products exporter after the war. Today, Communist China, Hongkong, Pakistan, Taiwan, and the Republic of Korea are emerging as exporter countries on the world market. In other Southeast Asian countries, too, the degree of self-sufficiency in cotton goods has risen markedly.

This thesis endeavours to review the recent development of the cotton industry in Southeast Asia, the changes in the demand-supply pattern in the various areas within this region and the effects which the development and changes in the demand-supply pattern are exerting on cotton goods trade.

I. DEVELOPMENT OF THE COTTON INDUSTRY AND CHANGES IN THE DEMAND-SUPPLY PATTERN

1. Development of the Cotton Industry and Its Background

The development of cotton industry in Southeast Asia in recent years can be traced through the following statistics.

Let us first focus our attention on spinning equipment. In 1960, cotton spindles in entire Southeast Asia, including Japan and Communist China, totalled 35,280,000 or an increase of about 75 per cent over the 1951 total. The ratio of this area's spindleage to the world total increased from 16 per cent in 1951 to 28 per cent in 1960. (cf. Table 1)

This relatively high ratio is of course due to the presence in this area of the three major cotton spinning countries—India, Communist China, and Japan.

In terms of cotton spinning facilities, these three countries are among the world's "Big Five." The two other countries are the United States and the Soviet Union. The spinning facilities of Southeast Asia exclusive of these three countries totalled 4,030,000 spindles in 1961 or only slightly more than 10 per cent of the region's total equipment. However, the spindleage of these developing countries (minus the trio) has been increasing at a remarkable rate. Their combined spinning equipment in 1960 rose to 4.7 times that of 1951.

Table 1. COTTON SPINNING EQUIPMENT IN SOUTHEAST ASIA AND FUTURE PLANS

(Thousand Spindles)

	1951	1955	1960	Plans or Goals
Burma	—	—	41	Long-range goal: 320,000 spindles
Ceylon	—	26	26	Long-range goal: 125,000 spindles
Taiwan	—	207	400	
Communist China	4,251	5,660	9,600	
Malaya & Singapore	—	—	16	Additional 14,000 spindles being installed
Hongkong	199	232	490	Spindles installed in 1961 and those scheduled by the end of 1961 total about 155,000
India	10,849	11,888	13,864	3rd programme (1961-65) installation plan: 776,000 spindles
Indonesia	—	—	127	Short-range goal: 1,125,000 spindles (1963) Long-range goal: 1,750,000 spindles (1968)
Japan	4,341	8,168	7,781	
Republic of Korea	310	364	475	
Pakistan	315	1,356	1,941	Goal at the end of 2nd programme (1965): 2,500,000 spindles
Philippines	—	38	410	
Thailand	31	38	60	Short-range plan: about 200,000 spindles
South Viet Nam	—	10	45	Additional 92,000 spindles being installed or projected
SUBTOTAL	20,296	27,987	35,276	
World TOTAL	124,894	129,838	121,892	

Source: IFCATI, *International Cotton Industry Statistics* and other data.

Seen country by country, Pakistan now boasts almost 2 million spindles while Hongkong, Taiwan, the Republic of Korea and the Philippines have 400,000 to 500,000 spindles each. Moreover, spinning mills have been established in a number of countries which had hardly any spinning equipment during the early 1950's.

Raw cotton consumption in the entire region including Japan and Communist China totalled 18,183,000 bales in the 1960-61 crop year (beginning August 1), or more than twice the amount of consumption in 1950-51. This region's share of the world total raw cotton consumption rose from 24 per cent to 38 per cent during this period. (cf. Table 2) In particular, raw cotton consumption in the

countries exclusive of India, Communist China, and Japan during the 1960-61 crop year registered an increase of 4.6 times that of the early 1950's.

There are many factors that contributed to the rapid development of the cotton industry in Southeast Asia in recent years.

Foremost among them was, of course, the internal factor. Many of the countries in this area which won political independence after the war planned industrialization as a means of getting rid of the colonial, monocultural economic structure. As a part of this effort, they promoted the development of the cotton industry. As pointed out by the Economic Commission for Asia and the Far East, the cotton industry is a very suitable one for countries embarking on industrial development because of its relatively simple technology and low capital intensity, combined with large domestic markets.

Table 2. RAW COTTON CONSUMPTION IN SOUTHEAST ASIA
(Thousand bales)

	1950-51	1955-56	1960-61
Burma	9	20	26
Ceylon	4	4	5
Taiwan	26	125	190
Communist China	3,250	5,900	7,700
Hongkong	127	223	480
India	3,150	4,280	4,620
Indonesia	15	32	47
Republic of Korea	115	220	270
Pakistan	150	820	1,125
Philippines	10	10	135
Thailand	25	40	60
South Viet Nam*	21	—	25
Japan	1,599	2,322	3,500
SUBTOTAL	8,501	13,996	18,183
World TOTAL	35,080	41,209	48,042

Source: ICAC, *Cotton—Quarterly Statistical Bulletin*.

Note: * Total of South Viet Nam, Cambodia, and Laos.

In some of these countries, the governments themselves took the initiative in establishing spinning mills. The notable examples of this situation are found in the Philippines, Burma, Thailand, and Ceylon. In many countries, the governments were active in promoting the development of cotton industry by providing industrial credit for private enterprises. Most of the governments endeavoured to encourage investment in the cotton industry by either reducing or exempting domestic taxes on new cotton spinning enterprises, imposing restrictions on the import of competitive products and, more recently, adopting positive measures to induce private foreign capital. In many countries import

restrictions necessitated by balance of payment difficulties—a factor which in many cases prompted the governments concerned to develop the cotton industry for the purpose of saving foreign exchange reserves—had the effect of warding off competitive products from abroad.

The second factor contributing to the rise of the cotton industry in Southeast Asia was the external factor. In response to the Southeast Asian countries' need for industrialization and their efforts to develop the cotton industry, industrially advanced countries extended helping hands to the underdeveloped countries for their economic development. This aid was a potent factor for promoting the development of the cotton industry in this area.

Economic cooperation with Southeast Asia extended by advanced countries consists of two types—governmental and private. Government-basis aid related directly to the cotton industry includes the supply of textile machinery with the United States' foreign aid funds (the Republic of Korea, Taiwan and Viet Nam); establishment of cotton mills by aid from the Communist bloc centring around Communist China and the Soviet Union (Cambodia, Burma and Indonesia); installation of cotton mills with Japan's reparations payments and related economic cooperation programmes (Burma, the Philippines, and Indonesia) and the supply of raw cotton by the United States' various aid programmes.

For example, the supply of textile machinery to this area with U.S. International Cooperation Agency funds totalled \$46,200,000 by the 1960 U.S. fiscal year, while the supply of American raw cotton on the basis of various aid programmes was 589,000 to 886,000 bales per annum between the 1957 and 1960 U.S. fiscal years. The American raw cotton aid is worthy of note in that it has acted as a factor that changed the pattern of the development of the cotton industry in the so-called underdeveloped countries after the war. Before World War II, the development of the cotton industry in underdeveloped countries was based on indigenous raw cotton, but after the war, the cotton industry began to develop in such countries lacking in home-grown raw materials as Taiwan, the Republic of Korea, and the Philippines.

Under the international political and economic situation which changed after World War II, economic development and industrialization of underdeveloped countries have provided a supporting factor for the advanced countries' own prosperity rather than a competitive factor. In this way, the development of the cotton industry in Southeast Asia was promoted by various kinds of aid and economic cooperation. This is a distinctive postwar characteristic of the development of the cotton industry in this area.

As will be pointed out later, however, the degree of self-sufficiency in cotton products remains extremely low in many Southeast Asian countries despite the development of the cotton industry in recent years. Thus, the development of cotton industry is a problem of the future for these countries. As shown in Table 1, most of the countries are planning to increase their spinning facilities. In the area excluding Communist China, spinning facilities will increase by around 3,500,000 spindles over the 1960 figure if the targets of the respective countries are reached. With the internal and external factors mentioned

above as the background, the cotton industry in this region can be expected to continue developing in the future.

2. Changes in the Demand-Supply Pattern

The development of the cotton industry has naturally caused a marked change in the supply and demand pattern of cotton goods in Southeast Asia.

During the early 1950's, the area's ratio of self-sufficiency in cotton products (domestic production to total supply) was slightly less than 100 per cent, despite the presence of the two large exporting countries—India and Japan. Communist China had just about reached the stage of self-sufficiency while Taiwan and the Korean Republic achieved a self-supply rate of more than 60 per cent. In other countries, the rate was still considerably low. The rate was less than 10 per cent in Burma, Ceylon, Malaya and Singapore, Indonesia, and the Philip-

Table 3. SELF-SUPPLY RATE OF COTTON PRODUCTS IN SOUTHEAST ASIAN COUNTRIES (In thousands of tons)

	1951			1960		
	Domestic output (a)	Total supply (b)	Self-supply rate (c) (%)	Domestic output	Total supply	Self-supply (%)
Burma	2.2	23.0	9.6	5.3	44.7	11.3
Ceylon	1.0	10.1	9.9	1.0	12.0	8.3
Taiwan	8.2	12.6	65.1	44.2	39.2	112.8
Communist China	790.0	792.6	99.7	1,830.0	1,759.5	104.0
Malaya & Singapore	—	18.9	0	1.6	22.9	7.0
Hongkong	30.7	10.5	292.4	69.6	63.5	109.6
India	732.8	631.3	116.1	906.8	814.3	111.4
Indonesia	3.7	79.1	4.7	9.9	94.1	10.5
Japan	360.0	229.2	157.1	670.6	465.9	143.9
Republic of Korea	26.0	29.1	89.3	56.9	53.3	106.7
Pakistan	28.8	106.5	27.0	230.5	181.7	126.8
Philippines	2.1	39.9	5.3	29.3	50.1	58.5
Thailand	6.5	20.4	31.9	12.4	48.1	25.8
South Viet Nam (d)	4.0	20.7	19.3	3.5	16.6	21.1
S. E. Asia TOTAL(e)	1,996.0	2,026.0	98.5	3,881.1	3,687.5	105.3

Source: FAO, *Per Caput Fiber Consumption Level*. (Rome, 1960), p.105—125.

- Notes: (a) Row cotton consumption.
 (b) Raw cotton consumption + cotton goods imports — cotton goods exports.
 (c) Domestic output / Total supply.
 (d) Laos and Cambodia are included in the 1951 figures.
 (e) Countries other than those listed are included.

pires. (cf. Table 3)

The development of the cotton industry during the 1950's raised the self-supply rate remarkably and in 1960, the area's over-all self-sufficiency rate rose to 105 per cent. Thus, Southeast Asia became an exporting region. Japan, India, Hongkong, Communist China, Taiwan, the Korean Republic, and Pakistan not only achieved self-sufficiency, but, during the latter part of the 1950's, became active cotton goods exporters on the world market. In other countries, too, the rate of self-supply increased appreciably. The Philippines, in particular, attained a self-supply rate of 58 per cent by 1960. In other countries, however, the self-sufficiency rate rose only to around 10 per cent, except in Thailand and in Viet Nam where it rose 20 per cent plus. Thus, for many countries, the real effect of the development of the cotton industry on the demand-supply pattern remained a problem for the future.

Two points must be considered in regard to the self-supply rate of the countries which have failed to reach the stage of self-sufficiency. One is the fact that in some of these countries, their cotton industries began to develop only in recent years and are now developing at a remarkable pace. In fact, the Philippines is reported to have reached the stage of near self-supply in the course of the development since 1960 while South Viet Nam has registered a marked increase in the rate.

The other point concerns the fact that the rate of self-sufficiency in cotton fabrics is fairly high in many countries. As shown in Table 4, which gives the estimated figures for six net importing countries, Burma, Ceylon, Indonesia, the Philippines, Thailand, and South Viet Nam have more or less reached the 60 per cent level of self-supply rate for fabrics. This illustrates the fact that the

Table 4. ESTIMATED COTTON YARN AND CLOTH SELF-SUPPLY RATE OF NET IMPORTING COUNTRIES, 1960

(In tons)

	Cotton* yarn production (A)	Cotton yarn import (B)	Cotton yarn supply (C)=(A) +(B)	Cotton cloth import (D)	Cotton** cloth supply (E)=(C) +(D)	Self-Supply rate (%):	
						Yarn A/C	Cloth C/E
Burma	5.3	20.5	25.8	18.9	44.7	20.5	57.7
Ceylon	1.0	1.9	2.9	8.7	11.6	34.5	25.0
Indonesia	9.9	49.3	59.2	33.2	92.4	16.7	64.1
Philippines	29.3	2.7	32.0	15.8	47.8	91.6	66.9
Thailand	12.4	2.7	15.1	28.1	43.2	82.1	35.0
South Viet Nam	3.5	6.2	9.7	6.9	16.6	36.0	38.4

Source: Same as Table 3.

Notes: * Raw cotton consumption.

** The figures are given on the hypothesis that cotton cloth output equals the volume of cotton yarn supply.

cotton industry in these countries developed through the pattern of yarn-import and fabric-production. The latter process was carried out by small-scale and village industry with hand and, in instances, power looms. Particularly noteworthy is the fact that in Burma, Indonesia, and Viet Nam, the self-supply rate of cotton yarn is considerably lower than that of cotton cloth. It is for this reason that Indonesia is laying stress on spinning in her programme for cotton industry development for the immediate future.

II. TRENDS AND STRUCTURE OF COTTON GOODS IMPORT

1. Trends of Cotton Goods Import

During the first half of the 1950's, cotton products import by Southeast Asian countries as a whole registered a sharp downward curve following the 1951 peak. Imports of both cotton yarn and cloth in 1955 amounted to only 212,000 tons—a decrease of more than 30 per cent as compared with 1951. In 1956 and 1957, imports increased considerably but again declined sharply in 1958, when the total of cotton yarn and cloth imports amounted to 201,000 tons or less than the 1955 figures. Towards the end of the 1950's, however, cotton yarn and cloth imports again increased appreciably, the total for 1960 amounting to 290,000 tons. Even the 1960 figure, however, was less by about 8 per cent than that of 1951. (cf. Table 5)

There were a number of factors that caused the fluctuations in Southeast Asia's cotton goods imports during the 1950's.

**Table 5. COTTON AND RAYON PRODUCTS IMPORTS
IN SOUTHEAST ASIA**

(In thousands of tons)

	Cotton			Rayon		
	Yarn	Cloth	Total	Yarn	Cloth	Total
1950	91.3	228.2	319.5	15.5	33.8	49.3
1951	61.8	253.5	315.3	33.3	51.1	84.4
1952	74.0	201.4	275.4	32.1	61.6	93.7
1953	51.8	189.1	240.9	37.7	48.4	86.1
1954	53.9	174.6	228.5	55.5	46.0	101.5
1955	44.2	167.8	212.0	69.7	62.9	132.6
1956	63.3	224.2	287.5	77.0	80.5	157.5
1957	66.1	190.7	256.8	74.7	58.3	133.0
1958	50.7	150.2	200.9	58.9	61.0	119.9
1959	87.8	146.5	234.3	60.8	53.6	114.4
1960	113.2	177.1	240.3	74.5	44.2	118.7

Source: Same as Table 3.

Foremost among them was the effect of the development of the cotton industry in the countries which had previously depended largely on imports. This trend was most clearly shown by the decrease of imports by Pakistan, which in 1951 was the largest cotton goods importing country. Pakistan's cotton yarn and cloth imports fell from 77,000 tons in 1951 to 3,700 tons in 1955 and then to 400 tons in 1960. The import decrease in the region under review during the first half of the 1950's was largely due to the decline in Pakistan's imports. Imports also decreased throughout the 1950's in Taiwan, the Republic of Korea, Communist China, and the Philippines. The former three countries achieved cotton goods self-sufficiency, while the latter remarkably raised its degree of self-supply.

In other countries, the degree of self-sufficiency increased somewhat but it had no appreciable effect on the volume of cotton yarn and cloth imports up to 1960. Except for Malaya and Singapore, whose re-export trade dwindled sharply, imports by such major markets as Burma, Ceylon, Indonesia, Thailand, and South Viet Nam were higher than the 1951 level.

Paradoxically, there were some cases in which the development of the cotton industry caused an increase in cotton yarn and cloth imports. For example, Hongkong's cotton yarn and cloth imports which totalled 18,400 tons in 1951, ran up to 61,300 tons in 1960. If not for Hongkong's import increase, South-east Asia's cotton yarn and cloth imports in 1960 would have amounted to 229,000 tons or about 30 per cent less than the 1951 figure.

The increased import of cotton yarn and cloth by Hongkong during the closing years of the 1950's inclusive of 1960 was partly due to the remarkable expansion of the export of cotton cloth and clothing and partly due to the fact that as a free trade port, it was able to import the raw materials freely—a great geographical advantage for the development of the cotton industry. That is, cotton yarn imported into Hongkong was manufactured into woven fabrics and knitted goods for export while imported cotton cloth was processed by finishing and clothing plants. These operations contributed to development of the cotton industry in Hongkong and at the same time this development served to increase the demand for cotton yarn and cloth.

Secondly, mention must be made of the competition from rayon yarn and cloth. Imports of rayon and cloth increased sharply during the first half of the 1950's in contrast to the severe decline in the imports of cotton yarn and cloth. This phenomenon was seen in almost all countries under review and imports of cotton goods declined in many markets. (cf. Table 6) During the latter half of the 1950's, however, rayon yarn and cloth imports declined and in some markets, the shares of cotton goods recovered. (cf. Table 7)

The third factor was the import restriction resulting from balance of trade difficulties. This served as a big factor causing short-range fluctuations in this region's imports and, as such, was different in nature from the long-term or structural factors mentioned earlier. As mentioned above, the import decline after the 1951 peak was partly due to the development of the cotton industry in Pakistan, which in itself was facilitated by the import restrictions caused by balance of payments difficulties. Also, under the recession following the so-called

Table 6. COTTON AND RAYON TEXTILE IMPORTS BY SOUTHEAST ASIAN COUNTRIES

(In thousands of tons)

		Cotton				Rayon			
		1950	1951	1959	1960	1950	1951	1959	1960
Burma	{yarn	7.5	3.9	14.2	*20.5	0.1	0.1	0.8	1.6
	{cloth	7.8	16.1	12.7	*18.9	1.0	3.5	0.7	1.4
Ceylon	{yarn	0.2	0.1	1.9	1.9	—	—	—	—
	{cloth	10.8	8.8	8.1	8.7	1.6	3.7	6.7	6.0
Communist China	{yarn	—	—	*0.1	—	*0.3	*0.3	*4.2	*13.4
	{cloth	*5.8	*8.7	—	—	—	—	*0.6	*0.6
Taiwan	{yarn	0.9	1.1	—	—	—	0.2	0.1	—
	{cloth	7.9	3.0	—	—	0.1	—	—	—
Malaya & Singapore	{yarn	5.3	1.5	1.5	1.9	0.2	0.1	0.2	0.1
	{cloth	41.0	39.8	19.5	21.5	9.5	16.1	18.3	12.5
Hongkong	{yarn	17.5	7.6	34.1	25.6	1.2	2.2	1.7	2.2
	{cloth	12.4	10.8	31.2	35.7	6.2	6.8	10.1	9.4
India	{yarn	0.1	0.6	0.7	0.4	9.8	23.8	20.4	19.3
	{cloth	0.8	0.9	0.6	0.5	0.3	0.3	0.9	0.1
Indonesia	{yarn	14.5	5.5	20.5	49.3	0.5	2.9	9.7	9.3
	{cloth	50.6	65.7	20.0	33.2	2.6	6.5	5.2	3.0
Korea	{yarn	0.2	2.1	—	—	0.7	1.0	9.8	12.6
	{cloth	1.1	0.8	—	—	—	—	—	—
Pakistan	{yarn	35.5	33.3	0.2	*0.2	*2.1	*3.2	4.6	*4.0
	{cloth	45.4	43.6	0.2	*0.2	*0.6	*1.9	0.2	*0.2
Philippines	{yarn	0.9	1.6	*3.1	2.7	—	—	*2.1	2.5
	{cloth	*12.1	*30.7	*13.0	15.8	*8.0	*6.7	*4.8	5.1
Thailand	{yarn	6.1	1.5	6.6	3.0	*0.2	*0.2	0.8	0.4
	{cloth	18.4	9.6	28.6	28.1	*2.4	*3.2	3.7	3.0
S. Viet Nam	{yarn	(a)2.2	(a)2.7	3.6	6.2	0.4	0.3	5.7	8.3
	{cloth	(a)11.2	(a)12.9	8.0	6.9	1.3	2.0	1.3	1.7
TOTAL of S.E. Asia	{yarn	91.3	61.8	87.8	113.2	15.3	33.3	60.8	74.5
	{cloth	228.2	253.5	146.5	177.1	33.8	51.1	53.6	44.2

Source: Same as Table 3.

Notes: (a) Formerly Indo-China.

(b) Countries other than those listed are included.

* Partly estimated.

Korean War boom, the region's foreign exchange position deteriorated rapidly, necessitating the imposition of strict import restrictions.

The balance of payments difficulties persisted during the latter half of the 1950's and affected the cotton goods import in Southeast Asia. Especially during this period, priority was given to capital goods under the respective countries'

industrialization programmes with the result that cotton goods imports were restrained for this reason.

Table 7. COMPETITION BETWEEN COTTON AND RAYON IN
SOUTHEAST ASIAN IMPORTING COUNTRIES (%)
(Ratios of cotton textiles to the total import volume of cotton and rayon textiles.)

	Burma	Ceylon	Malaya & Singapore	Indonesia	Philippines	Thailand	Viet Nam
1950	93.3	87.3	82.7	95.5	61.9	90.4	88.7
1951	84.7	70.6	71.8	88.3	82.8	76.6	87.2
1952	84.8	62.5	62.9	79.2	62.6	84.9	86.4
1953	91.4	71.8	77.4	84.4	63.4	85.6	79.9
1954	90.6	72.2	65.7	85.9	67.8	88.0	82.7
1955	90.7	62.1	53.6	77.6	71.9	83.4	80.1
1956	94.7	65.8	62.1	71.4	82.0	74.5	65.2
1957	92.4	64.8	61.5	69.4	80.1	83.2	69.9
1958	89.6	59.9	40.9	70.0	81.2	87.8	67.8
1959	94.7	59.9	53.2	73.1	70.0	88.7	62.4
1960	92.9	63.9	65.0	87.0	70.9	90.1	56.7

Source: Same as Table 3.

Table 8. CHANGES IN THE TRADE SITUATION AND IMPORT COMMODITY
COMPOSITION IN THE SOUTHEAST ASIAN COUNTRIES
(Monthly mean, millions of currency unit of each country) (d)

		1954	1955	1956	1957	1958	1959	1960
Burma Ratio (%)	Export	100	90	98	91	77	89	89
	Import	81	72	78	177	81	88	103
	Textiles	29.8	23.1	28.7	28.2	19.5	26.0	
	Metals	11.6	11.7	8.8	12.1	12.1	10.5	10.8
	Machinery	9.6	10.1	12.9	10.3	19.4	14.4	16.6
	(Transport equipment)	5.7	7.9	8.1	9.6	8.3	6.2	
Ceylon Ratio (%)	Export	151	162	144	140	142	146	153
	Import	116	122	135	150	143	167	163
	Textiles	10.5	9.3	9.9	9.1	10.6	8.5	9.5
	Metals	Unavailable						
	Machinery	4.9	5.8	6.4	6.3	7.4	7.7	7.1
	(Transport equipment)	4.1	4.8	5.1	4.9	6.2	8.8	7.9

		1954	1955	1956	1957	1958	1959	1960
Malaya (a) Ratio (%)	Export	135	198	188	182	157	206	244
	Import	100	129	146	151	138	145	179
	Textiles	6.7	6.9	5.7	5.6	5.3	5.7	5.6
	Metals	Unavailable						
	Machinery (Transport equipment)	7.4	6.4	7.2	7.7	7.5	8.1	8.8
		3.7	4.8	5.9	5.7	5.8	5.8	6.5
Indonesia Ratio (%)	Export	823	898	878	907	751	884	3,152
	Import	598	600	817	763	517	459	2,157
	Textiles (b)	29.1	29.2	24.7	21.7	19.7	18.4	27.1
	Metals	10.6	12.0	9.8	14.6	10.3	13.2	9.8
	Machinery (Transport equipment)	19.4	17.1	17.8	17.7	17.1	17.9	18.3
Philippines Ratio (%)	Export	33.4	33.4	37.8	35.9	41.1	44.1	46.7
	Import	39.9	45.6	42.2	51.1	46.6	43.6	50.3
	Textiles	17.2	15.6	11.7	12.6	9.7	7.5	5.0
	Metals	Unavailable						
	Machinery (Transport equipment)	12.9	13.6	19.1	17.6	17.5	21.1	17.8
		5.3	5.5	5.7	5.5	5.2	5.4	18.2
Singapore (c) Ratio (%)	Export	224	281	286	290	262	287	290
	Import	252	322	327	338	312	326	340
	Textiles	5.0	5.6	5.5	5.2	7.1	5.5	5.4
	Metals	Unavailable						
	Machinery (Transport equipment)	3.1	3.2	3.7	4.0	3.9	3.5	4.0
		1.9	1.9	2.3	2.7	2.5	1.9	2.5
Thailand Ratio (%)	Export	376	543	577	628	537	630	719
	Import	556	600	630	703	685	749	786
	Textiles	17.9	18.9	19.1	16.2	14.9	15.4	14.2
	Metals	Unavailable						
	Machinery (Transport equipment)	12.2	10.8	11.7	12.1	13.7	16.6	16.1
		7.6	8.1	8.4	10.5	9.0	7.8	8.9
Viet Nam Ratio (%)	Export	164	202	132	235	161	219	250
	Import	946	768	635	842	677	655	701
	Textiles	20.1	15.4	19.4	15.3	16.0	11.3	10.9
	Metals	Unavailable						
	Machinery (Transport equipment)	8.1	8.5	7.7	10.0	9.3	11.5	12.8
		5.2	6.8	5.3	6.9	7.9	6.4	6.1

Source: ECAFE, *Economic Survey of Asia and the Far East, 1958* and the same series for 1959, (Bangkok, 1959, 1962), p. 188, 192~4, p. 184, 193~4 respectively.

- Notes: (a) Includes trade with Singapore.
 (b) Includes clothing & footwear.
 (c) Does not include trade with Malaya.
 (d) U.S. \$ for the Philippines.

The situation described above is shown in Table 8. The table explains the following facts:

(a) Commodity imports by the countries in this region were subject to sharp fluctuations. Except for countries such as Viet Nam, which depend heavily on foreign aid imports, the import fluctuations are naturally contingent on the unstable export.

(b) In the course of the fluctuations in the import level, the share of capital goods imports centring around machinery registered a rising curve on the whole while the ratio of textile imports tended to decline. In 1954, the share of textiles was equal to, or above, the combined ratio of metals, machinery and transport equipment in many countries but the ratio was reversed by 1959 in all the countries.

Particularly noteworthy is the fact that in Burma, Indonesia, and the Philippines, the years when the share of textile imports decreased sharply corresponded with those when the total imports declined.

Finally, a fourth factor that served to increase the cotton goods import in Southeast Asia should be mentioned. That is, the economic aid extended by many countries in various forms.

The United States' ICA non-project funds granted to the Southeast Asian region between April 1948 and June 1960 totalled \$3,419 million, of which textiles accounted for \$324 million, including cotton cloth, \$117 million.

Surplus American raw cotton purchases approved for the countries of this region under Chapter 1, PL 480, amounted to 284,000 bales in the 1959-60 fiscal year. Of these, most of the 199,000 bales for Indonesia and 6,000 bales for Burma were imported after being processed into cotton yarn and cloth in third countries. Incidentally, the increase in the cotton yarn import by Indonesia in 1960 was largely due to the effects of this programme.

Besides, Communist China extended cotton cloth credits to Indonesia in 1958, contributing to the latter country's import increase in recent years.

2. Changes in the Descriptions of Cotton Goods Imports

(a) Increased Weight of Cotton Yarn Import

As explained earlier, the development of cotton industry in many parts of the region under review started from the increased production of fabrics by the indigenous weaving industry. Thus, as the ratio of self-supply of fabrics increased, the self-sufficiency rate of yarn declined. Such a trend of cotton industry's development is naturally reflected in the itemized composition of the cotton goods imports. The trend of this region's cotton products imports declined throughout the 1950's, but cotton yarn imports increased sharply after hitting their lowest point in 1955. Compared with 1951, cotton cloth imports in 1960 were 30 per cent less, but cotton yarn imports registered an increase of 83 per cent. Except for the countries which achieved self-sufficiency and turned themselves into exporters, cotton yarn imports by most countries increased remarkably both in volume and ratio. (cf. Tables 5 and 6)

Consequently, the ratio of cotton yarn to the total volume of imported yarn

and cloth was as high as almost 40 per cent in 1960—a sharp increase over the 1951 figure which was approximately 20 per cent. In countries which have not reached the stage of self-sufficiency such as Burma, Indonesia and South Viet Nam, cotton yarn imports in terms of weight were equal to, or above, cotton cloth imports.

The trend was more pronounced with regard to rayon. Rayon yarn import in 1960 was more than double the amount imported in 1951. The ratio of rayon yarn import to the total import of yarn and fabrics was as high as 63 per cent—a sharp increase over the 40 per cent of 1951. About 60 per cent (43,300 tons) of the rayon yarn import in this region is accounted for by countries which are self-sufficient and/or exporting cotton goods such as India, Communist China and the Republic of Korea. In the case of cotton yarn imports, the ratio in self-sufficient and/or exporting countries is only 25 per cent.

Such a change in the import structure speaks of the fact that the Southeast Asian region is acquiring more importance as a yarn importing area than as a fabrics importer.

Table 9. COMPOSITION OF COTTON CLOTH IMPORT BY THAILAND

		1956	1960(a)	
Total Imports (million yards)		178.9	118.0	
Ordinary cotton cloth		76.1	68.9	
COMPOSITION RATIO (%)	By descriptions	Shirtings	49.6	34.4
		Poplins	19.0	27.9
		Drill, Twills	5.2	4.3
		Voile, Lawn	2.3	1.8
		Ducks	Unknown	0.5
By processings	Unbleached	6.2	0.4	
	Bleached	32.0	41.2	
	Dyed	21.8	14.4	
	Printed	16.1	13.2	
Mosquito nets		3.7	3.8	
Other cotton cloths		16.8	21.1	
Remnants		3.4	6.0	

Source: Data, compiled by Taiyūkai (Cotton Textile Exports' Association for Thailand, Osaka).

Note: (a) January-October.

(b) Decrease of the Imports of Low-Grade Cotton Yarn and Cloth

The move to attain self-sufficiency in cotton products is pushed mostly in regard to low-grade goods. The effect of this fact naturally appears in the item-by-item composition of imported cotton goods. This trend is spurred also by the ban or direct restrictions imposed by the governments concerned on im-

ports of the kinds of goods that compete directly with the indigenous products for the purpose of protecting and developing their domestic cotton industries.

Thailand, for example, has virtually banned the import of cotton yarn of No. 32 count or less, unbleached cotton cloth excepting duck, and specified bleached and dyed drills and coloured cloth. Table 9, which illustrates the recent trends of cotton cloth import in Thailand shows that the share of shirtings has declined while that of poplin has increased in recent years. It also shows that the ratio of unbleached cloth has decreased sharply, becoming almost negligible in 1960.

In South Viet Nam, too, restrictions have been strengthened gradually on the import of competitive goods in proportion to the development of domestic fabric production. The fact that the decrease of imports has manifested itself mostly in unbleached cloth is shown in Table 10. The change in South Viet Nam's import structure will become more clear when one examines the change in the descriptions of the exports from Japan, which is the largest cotton cloth supplier for that country. Japan's cotton cloth export to South Viet Nam, which amounted to 56 million square yards in 1957, declined to 32 million square yards in 1960. The share of shirtings fell off from 39 per cent to 17 per cent while that of poplin rose sharply from 44 per cent to 63 per cent.

Table 10. COMPOSITION OF COTTON CLOTH IMPORT
BY SOUTH VIET NAM

		1956	1960
Total Import (tons)		7,108	6,786
COMPOSITION RATIO (%)	Unfigured, total	86.1	56.8
	Unbleached	10.2	—
	Bleached	31.3	26.1
	Dyed	42.7	31.6
	Coloured	1.9	—
	Printed	11.6	24.3
	Figured	2.0	—
	Blanketing	0	(a)
	Mixtures	0.3	17.9

Source: Syndicat Général de l'Industrie
Cotonnière Française, *Industrie
Cotonnière Française*, Part 2.

Note: (a) Included in Others.

It is true that the change in the structure of cotton cloth imports is due, to a certain extent, to the changes in the demand pattern or the sophistication of the demand but there is no doubt that the progress toward self-sufficiency is spurring the change from low-grade to quality goods in cotton cloth import.

3. *Changes in the Import Pattern by Supplying Countries*

Southeast Asia is one of the most intensely competitive cotton goods market in the world. This is because of the increasing self-sufficiency rate in countries within this region resulting from the development of indigenous cotton industries and also because of the fact that an increasing number of the countries including mainland China are now turning into cotton goods exporters. Thus, the pattern of import among the countries in the region has been and still is changing remarkably.

(a) Shift toward a Preponderance of Intra-Asian Imports

The pattern of cotton yarn and cloth import by supplying countries within the Southeast Asian market is shown in Tables 11 and 12.

Let us first review the shift in the cotton cloth import pattern.

In 1960, the ratio of cotton cloth import from Southeast Asian countries including Japan and Communist China was 70 per cent for Thailand and South Viet Nam; 80 per cent for Indonesia and Malaya and more than 90 per cent for Hongkong and Ceylon. While Burma's pattern of country-by-country imports is unknown, it is presumed that her imports from Communist China were at least more than those from Japan, which means that Asian products presumably occupied an overwhelming share.

Throughout the 1950's, the degree of Asian dependence on imports from within Asia itself rose steadily as the ratios of imports from colonial powers declined from a fairly high prewar level. The notable examples are the cotton cloth imports from Britain by Malaya, Ceylon and Burma, imports from the Netherlands by Indonesia, and imports from France by South Viet Nam. This decline pattern was a natural result of the increase in the intra-region cotton goods exports from Southeast Asian countries in recent years which will be dealt with later.

As for cotton yarn, the ratio of intra-region imports was very high in 1960—about or over 90 per cent in most of the countries in this area.

(b) Decline of Indian Cotton Cloth and Increase of Communist China's Cotton Cloth

While the share of intra-region cotton yarn and cloth import increased steadily, considerable changes took place on the part of the supplying countries. Most noticeable was the decline of the Indian cotton cloth. During the early part of the 1950's Indian cotton cloth accounted for about 60 per cent in Ceylon and 20-30 per cent in Hongkong and Burma, as shown in Table 10. But in 1960, the share was down to 20 per cent in Malaya and Ceylon, 5 per cent in Burma and less than one per cent in Hongkong. The decline of the Indian cotton cloth export during the 1950's was apparently due to the fact that the competitive advantage of the Indian products was centred on low-grade unbleached cloth—a fact incompatible with the rising sophistication of the demand for imported cotton cloth in the importing countries where their own cotton industries developed and the standard of living rose steadily.

**Table 11. COUNTRY-BY-COUNTRY COTTON CLOTH IMPORTS
BY SPECIFIC SOUTHEAST ASIAN COUNTRIES**

(In millions of square yards/1,000 quintals)

	1951	1960		1951	1960
Hongkong			South Viet Nam		
Total imports	97.32	321.40	Total imports	(a)186.36	67.86
India	25.24	2.56	India	(a).40	.17
Taiwan	—	28.72	Hongkong	(a).04	—
Communist China	.04	156.48	Pakistan	—	.16
Japan	43.04	119.72	Taiwan	—	10.75
Others	29.0	13.92	Japan	(a).71	36.57
			Others	185.21	20.21
Malaya, Singapore			Thailand		
Total imports	344.72	167.64	Total imports	—	151.04
India	203.84	32.64	India	—	3.44
Hongkong	4.88	11.08	Hongkong	—	9.12
Communist China	1.96	24.44	Taiwan	—	4.41
Japan	60.08	69.20	Japan	—	102.78
Others	73.96	30.28	Others	—	31.29
Ceylon			Indonesia		
Total imports	78.84	78.48	Total imports	586.96	295.36
India	44.08	16.28	India	53.84	8.52
Communist China	—	9.72	Hongkong	23.96	56.80
Japan	12.40	44.72	Communist China	.76	119.72
Others	22.36	7.76	Japan	286.68	57.28
Burma			Others	221.72	53.04
Total imports	90.60	170.20			
India	(b)27.52	(b)9.52			
Hongkong	—	6.8			
Japan	(b)7.04	(b)57.12			
Others	56.04	(c)102.88			

Source: For Hongkong, Malaya & Singapore, Ceylon, Indonesia, and Burma, see the Cotton Board, *Quarterly Statistical Review*, (Manchester, Summer 1962), p. 36, 41, 42; for South Viet Nam, Syndicat Général de l'Industrie Cotonnière Française, *Industrie Cotonnière Française, 1960*, (Paris, 1961) p. 174~175; for Thailand, Department of Customs, *Annual Statement of Foreign Trade of Thailand, 1960*, (Bangkok, 1961).

Notes: (a) Indo-China in 1952.
(b) Export volume of exporting countries.
(c) Mainly Communist China.

Table 12. COUNTRY-BY-COUNTRY COTTON YARN IMPORTS BY SPECIFIC SOUTHEAST ASIAN COUNTRIES

(In millions of lbs.)

	1951	1960		1951	1960
Hongkong			Indonesia		
Total imports	16.84	56.48	Total imports	11.64	103.80
India	10.84	.68	India	.72	1.36
Pakistan	—	47.72	Hongkong	6.28	17.80
Taiwan	—	1.88	Communist China	—	32.76
Communist China	.76	.04	Japan	2.04	38.72
Japan	.24	4.68	Others	2.60	13.16
Others	5.00	1.48	South Viet Nam		
Malaya & Singapore			Total imports	(a)6.43	13.72
Total imports	3.32	4.20	India	(a)0.15	.04
India	3.08	.12	Hongkong	(a)0.1	—
Hongkong	—	1.08	Pakistan	—	7.29
Pakistan	—	2.76	Taiwan	—	.04
Communist China	.04	—	Japan	—	6.19
Japan	—	.04	Others	6.27	.16
Others	.20	.20	Burma		
Ceylon			Total imports	9.52	46.20
Total imports	.08	4.64	India	(b)0.68	(b) 0.12
India	—	3.24	Japan	(b)3.95	(b) 6.30
Others	.08	1.40	Others	4.89	(c)39.78

Source: Same as Table 10.

Notes: (a) Indo-China in 1952.

(b) Export volume of exporting countries.

(c) Mainly Communist China.

Communist China's cotton cloth was a predominant factor in the increase of the market share in this region during the 1950's. During the early part of that decade, Communist China's exports were negligible but they increased steadily until, in 1960, the country became the largest supplier for Hongkong, Indonesia, and Burma, and gained a share of 10-15 per cent in Malaya and Ceylon.

Pakistan, Hongkong, and Taiwan also successfully entered the intra-region market especially during the closing years of the 1950's. But except for the Hongkong products in some markets, the export share of these three countries remain negligible.

The largest cotton cloth supplier to this region is Japan. In 1960, Japanese products accounted for the largest share in many Asian markets including Malaya, Ceylon, South Viet Nam and Thailand and were second to Communist China in the Hongkong and Indonesian markets. However, Japan's export level fell

off slightly from that of the 1950's due to the sharp decrease in the exports to Pakistan and Indonesia.

(c) *Changes in Cotton Yarn Trade*

With regard to cotton yarn, too, India lost, by 1960, almost all of the shares she had in some markets during the early part of the 1950's. India also failed to hold any appreciable share in other markets. On the other hand, great strides have been made by newly rising cotton yarn exporting countries such as Communist China, Hongkong, Pakistan, and Taiwan, and in 1960, Asia's cotton yarn imports were dominated by these countries except in the Indonesian market.

Imports of Japanese cotton yarn increased in volume throughout the 1950's and, higher count products of 40's and above became predominant. In low count yarn, Japan lost her share gradually to the newly rising exporter countries and in 1960, her over-all yarn export share fell behind them in all the markets except Indonesia.

III. TRENDS AND STRUCTURE OF COTTON PRODUCTS EXPORT

1. *Trends of Cotton Products Export*

Among Southeast Asian countries, India was the second, after Japan, to become a cotton goods exporter. In 1950, when India's export capacity increased remarkably following the steady wartime development of her cotton industry and the postwar separation of predominantly agricultural Pakistan, her cotton cloth export ran up to more than 1,000 million yards. This was also partly due to the mad scramble on the part of importing countries occasioned by the Korean War boom. In that year, India became the largest cotton cloth exporter in the world.

Subsequently, however, the export of Indian cotton cloth became stagnant as competition on the world market became intensified. During the 1950's, India failed to reach the cotton cloth export target of 1,000 million yards scheduled in her first and second five-year programmes.

Pakistan, Hongkong, Taiwan, the Republic of Korea, and Communist China, however, increased their exports remarkably during the latter half of the decade. In all of the countries except Communist China, exports were negligible during the early part of the 1950's except for re-export of imported goods. Japan's cotton cloth export also increased considerably, so that in 1960, cotton cloth export by Southeast Asian countries including Japan aggregated 3,370 million square yards or about 50 per cent above the 1951 figure. Asia's total cotton cloth export in 1960 accounted for 47 per cent of the estimated world total for that year. Even excluding Japan, Asia's share in the world total ran up to 27 per cent in 1960. Cotton yarn export in 1960 aggregated 266 million lbs. or about 2.5 times that of 1951 and accounted for 50 per cent of that year's world total. It is evident that the Far East is steadily gaining importance as a cotton goods exporting area. (cf. Table 13)

Table 13. COTTON YARN, CLOTH EXPORTS BY SOUTHEAST ASIA

	1951	1957	1958	1959	1960
Cotton cloth (million square yards)					
India (a)	776	881	622	850	724
Pakistan	—	10	4	42	76
Hongkong { Local products }	160	196	220	235	312
{ Re-export }		148	147	46	92
Malaya (Re-export)	208	65	60	45	41
Taiwan (b)	—	20	10	63	98
Republic of Korea (b)	—	—	10	18	39
Communist China (c)	3	299	361	556	569
Japan	1,092	1,468	1,245	1,263	1,424
Asia's TOTAL	2,239	3,087	2,679	3,118	3,375
World TOTAL	6,220	6,205	5,532	6,224	7,154
Cotton yarn (million lbs.)					
India	26.2	16.7	31.3	24.3	15.2
Pakistan	—	40.0	6.8	82.5	90.5
Hongkong { Local products }	45.8	33.1	30.6	29.5	33.4
{ Re-export }		9.2	9.2	11.8	7.6
Communist China (c)	—	1.2	10.4	15.4	32.8
Japan	28.1	32.2	24.8	24.3	86.3
Asia's Total	100.1	132.4	113.1	187.8	265.8
World TOTAL	379.8	331.1	293.7	387.1	530.5

Source: Same as Table 11.

Notes: (a) In millions of linear yards.

(b) In thousands of quintals.

(c) Import volume of selected importing countries.

2. Export Market Structure and Its Characteristics

It is no exaggeration to say that the development of Southeast Asian countries' cotton cloth export during the closing years of the 1950's was primarily due to the increased export to the British and U.S. markets. The rapid rise of Hongkong and Pakistan as cotton goods exporters during the latter half of the 1950's was largely due to the increased export to Britain while the increase in the cotton cloth export by Taiwan and the Republic of Korea was initiated by the exports to the U.S. market. Also, the fact that the volume of Indian cotton cloth export did not decrease too sharply in terms of volume despite the loss of its former position in the Southeast Asian market referred to above is attributable to the

Table 14. PRINCIPAL MARKETS FOR COTTON CLOTH MADE BY SOUTHEAST ASIAN COUNTRIES, 1960

India (million yards)		Communist China (b) (million square yards)		Japan (million square yards)	
Total export	723.68	Total export	569.420	Total export	1,424.30
Britain	199.16	Hongkong	156.48	Australia	146.39
Sudan	64.28	Indonesia	119.72	B. West Africa	122.72
B. East Africa	48.64	USSR	109.58	Hongkong	112.20
Australia	48.60	Holland	43.28	Thailand	104.08
Malaya, Singapore	39.96	B. West Africa	26.80	U.S.	87.33
U. S.	35.04	Britain	25.16	Indonesia	79.54
B. West Africa	32.48	Malaya, Singapore	24.44	Singapore	64.55
Aden	30.80	Iraq	14.48	Britain	57.36
Afghanistan	22.72	Sweden	13.24	Burma	57.12
Ceylon	24.44	Australia	10.04	Indo-China	52.74

Hongkong (million square yards)		Taiwan (b) (million square yards)		Pakistan (million yards)	
Total export	312.44	Total export	(a)98.00	Total export	75.60
Britain	125.16	Hongkong	(c)28.72	Britain	37.32
U.S.	86.24	U.S.	(c)17.36	U.S.	12.12
Australia	19.24	S. Viet Nam	10.75	Aden	6.40
S. Africa	15.44	Thailand	(c)4.41	Korean Republic (b) (million square yards)	
Indonesia	14.48	Britain	(c)3.00	Total export (a)39.00	
				U.S. (c)13.68	

Source: The Cotton Board, *op. cit.*

Notes: (a) Thousand quintals.

(b) Imports of selected countries.

(c) Import volume of importing countries.

development of her exports to the markets outside Asia, especially to Britain.

The degree of dependence on the British and U.S. markets of the Asian countries' cotton cloth exports in 1960 was around 70 per cent for Hongkong and Pakistan, more than 30 per cent for India and the Republic of Korea, and 20 per cent for Taiwan. (cf. Table 14) The rising export to these markets is due to the fact that because of the sharp increase in the labour cost in advanced industrial countries, the economic advantage of manufacturing low-grade cotton cloth requiring little technological superiority declined gradually. This caused these countries to change their policy in favour of importing cotton cloth of low-grade quality from countries where wages and production costs are relatively

Table 15. CHANGES IN THE EXPORT MARKETS FOR COTTON CLOTH MADE IN INDIA, HONGKONG AND JAPAN

	India (million yards)		Hongkong (million square yards)		Japan (million square yards)	
	1951	1960	1953	1960	1951	1960
U.S.	—	35	—	86	2	87
Canada	—	20	—	—	1	25
Britain	89	199	16	125	84	57
West Europe	—	—	—	2	60	118
Total for industrial areas	89	254	16	213	147	278
Far East	261	101	119	35	692	568
Middle East	137	142	—	—	64	67
Africa	50	105	—	24	128	209
Latin America	—	—	—	—	10	111
Oceania	43	62	11	26	51	173
Others (a)	196	60	11	14	—	9
Total for non-industrial areas	687	470	144	99	945	1,137
Grand total	776	724	160	312	1,092	1,424

Source: Same as Table 11.

Note: (a) Includes those whose national destinations are unknown.

low. In particular, export to Britain from such British Commonwealth countries as India, Pakistan, and Hongkong was promoted by the Commonwealth privileges of tariff exemption and non-quota import.

In the case of Hongkong and Taiwan, the recent increase in exports was partly brought about by the diversification of markets. For example, Hongkong has increased its exports to Australia, the Union of South Africa and Indonesia while Taiwan's exports to Hongkong and Viet Nam have considerably increased. Especially in 1960, Hongkong and Viet Nam ranked first and third respectively as Taiwan's cotton cloth markets.

On the other hand, India, in addition to the loss of her position in the Southeast Asian market during the 1950's, is being shut out gradually from Nigeria, Ethiopia, and other African countries which have started cotton manufacturing. Thus the centre of the export market is gradually shifting to industrialized countries including Britain and the U.S. (cf. Table 15)

The export of Communist China's cotton cloth is different from those of other Asian countries. Although her export development was promoted partly by increased exports to Britain, the Netherlands and other Free World industrialized nations, the bulk of her export found its way to Hongkong, Indonesia, Burma, Malaya, and other Southeast Asian countries. Incidentally, Communist China's cotton cloth export to the Soviet Union increased remarkably in 1959 and 1960.

Japan's cotton cloth export increased considerably during the 1950's, registering increases in almost all areas except Southeast Asia. As in the case of other Asian countries, Japan's export to industrialized countries including the U.S. and Britain also increased considerably but this increase was recorded before 1957 when other Asian countries' export to industrialized areas began to increase. Before 1957, Japan's export failed to increase as anticipated due to the quota system imposed by the importing countries or Japan's own "voluntary" export controls. (cf. Table 14)

Japan's cotton yarn export is mostly destined to Southeast Asian countries where the demand has increased appreciably. Recently a considerable increase has also been registered by India and Hongkong in the export of yarn to Britain.

3. Composition of Export Items and Its Characteristics

Cotton goods exports by Southeast Asian countries except Japan are dominated by low-grade goods. Take cotton cloth for example. Unbleached cotton cloth accounted for 62 and 69 per cent, respectively, in the cotton cloths exported by India and Hongkong in 1960. Japan's ratio was only 16 per cent.

Meanwhile, the ratios of printed cotton cloth by India and Hongkong were 4 and 3 per cent, respectively—far below Japan's ratio of 29 per cent.

Sheetings accounted for 32 and 62 per cent (unbleached product alone), respectively, of the exports of India and Hongkong in 1960. This is a sharp contrast with Japan's cotton goods export structure in which poplin accounts for more than 30 per cent and constitutes a major item.

Phenomenally, the predominance of low-grade cotton cloth in the export structure of many of the Southeast Asian countries is a reflection of the fact that one of the bases of their export development was the increased import of low-quality unbleached cotton cloth by industrially advanced countries. Basically, however, this phenomenon is related to the backwardness of these countries' cotton processing technology. At the same time, the background of their cotton industry's development and the needs of the domestic market have also had their effects on this situation.

There is a considerable difference between India and Pakistan, on the one hand, and between Hongkong and Taiwan, on the other, in their ways of entering the world market. In India and Pakistan cotton industries developed by using indigenous raw materials to meet the domestic demand. The mode shown by Hongkong and Taiwan used imported raw materials and depended on exports for the development of their cotton industry. For India and, to a certain extent, Pakistan, the low quality of their indigenous raw cotton and the low purchasing power of their domestic markets have hampered the qualitative improvement of their products.

Table 16, which shows these countries' item-wise cotton cloth exports to specific underdeveloped markets, illustrates this point. As the Table shows, exports by India and Pakistan are predominated by unbleached or bleached cotton cloth, whereas those of Hongkong and Taiwan are mostly dyed or printed cloth—a

Table 16. EXPORT OF SOUTHEAST ASIAN COTTON CLOTH TO UNDERDEVELOPED MARKETS (Description-wise) (1960)

	Total 1,000 square yards	Composition Ratio (%)					
		Unbleached	Bleached	Dyed	Printed	Coloured	Others
Hongkong Market							
India	2,572	49.9	40.7	4.4	2.6	2.4	—
Pakistan	2,454	95.8	0.1	4.1	—	—	—
Taiwan	28,728	24.1	0.1	6.9	62.3	6.6	—
Communist China	156,484	62.2	28.5	2.0	6.8	0.5	—
Japan	119,736	3.9	47.7	18.5	23.3	6.6	—
TOTAL	321,401	35.2	33.5	9.3	18.3	3.7	—
Malayan Market							
India	32,662	23.5	50.1	17.9	4.1	4.4	—
Pakistan	1,111	95.0	1.4	3.6	—	—	—
Hongkong	11,080	23.5	3.3	56.9	13.7	2.6	—
Taiwan	816	3.7	13.9	1.3	81.1	—	—
Communist China	2,445	3.4	22.5	33.1	32.6	8.4	—
Japan	69,223	0.5	23.0	22.6	45.5	8.4	—
TOTAL	167,623	8.0	25.3	24.4	35.8	6.5	—
S. Viet Nam Market (a)							
India	170	—	—	64.8	11.8	23.5	—
Pakistan	160	—	75.0	25.0	—	—	—
Taiwan	10,750	—	1.1	2.1	96.4	0.4	—
Japan	47,650	—	35.5	24.3	15.6	24.6	—
TOTAL	67,860	—	26.1	31.6	24.3	18.0	—
Thai Market							
India	3,436	3.5	62.1	0.9	1.4	32.1	—
Hongkong	9,120	0.6	16.9	59.2	4.4	18.9	—
Taiwan	4,415	—	18.4	14.2	62.2	5.2	—
Japan	102,779	0.2	45.0	15.5	14.1	25.2	—
TOTAL	151,039	0.3	46.2	16.2	15.2	22.1	—

Source: For Hongkong, Commerce & Industry Department, *Hongkong Trade Statistics*, (Hongkong, Dec., 1960); for Malaya, Department of Statistics, Malaya, *External Trade of Malaya*, (Singapore, Dec., 1960); for Thailand, Department of Customs, Thailand, *op. cit.*; and for South Viet Nam, Syndicat Général de l'Industrie Cotonnière Française, *op. cit.*

Note: (a) Unit of volume: 1,000 quintals.

pattern fairly similar to Japan's.

This is also borne out by the composition of cotton cloth imports by the U.S. from these countries. For example, the United States' cotton cloth imports from India and Pakistan in 1960 consisted mostly (90 and 97 per cent, respectively) of "carded yarn sheetings" and "other carded yarn fabrics" whereas the

ratios of Hongkong and Taiwan were 83 and 73 per cent, respectively. The latter two are exporting gradually increasing amounts of gingham, twill and satin, and other items which are hardly seen in the export composition of India and Pakistan.

Communist China's cotton cloth exports to industrially advanced countries consist mostly of unbleached cloth, but in her exports to underdeveloped areas, dyed and printed cloths and, in some cases, bleached cloth take large shares.