



Scheduled Report - public distribution

Date: 6/1/1999

Market Report

GAIN Report #GM9030

Germany

Cotton Annual

1999

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Report Highlights:

The German textile industry prospered further in CY1998 . Its growth is mainly export driven. Unfortunately, all economic indicators showed a sharp decline in activity in January/February 1999, indicating a downswing for CY1999. U.S. exports of raw cotton to Germany continue to decline.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Bonn [GM1], GM

Table of Contents

Executive Summary	2
Section I: Production and Outlook	2
Textiles and Apparels	2
Raw Cotton	3
Section II: Statistical Tables	3
Table 1: Cotton PSD (in ha, MT)	4
Table 2: Cotton Import Prices (in US\$ per MT)	4
Table 3: Cotton PSD (in ha, 1,000 480 lb Bales)	5
Table 4: Export and Import of Cotton (in MT)	6
Table 5: Export and Import of Cotton Yarn (in MT)	7
Table 6: Export and Import of Cotton Fabrics (in MT)	8

Executive Summary

Economic activity of the textile industry continued its upswing in CY 1998. Textile exports account for most of the improvement. One third of all German textile sales are now realized in foreign markets compared to 25 percent in 1998. However, all economic indicators (textile orders, production and consumption of textiles, exports and employment) for January/February 1999 indicate a downswing for CY 1999.

Trade matrices for raw cotton comprise complete data for August/July of marketing year 1997/98 (indicated as 1998) and incomplete data for the following marketing year (indicated at 1999). For yarns and fabrics, data are for calendar years as indicated in trade matrices. Tables 5 and 6 indicate final 1997 data, preliminary data for 1998 and estimates for 1999.

Germany does not produce cotton. Unfortunately, there is no specific information available on the German market regarding Extra Long Staple (ELS) cotton.

In recent years the U.S. dollar/German mark (DM) exchange rate has been as follows:

1991: \$1 = DM 1.66;	1996: \$1 = DM 1.50;
1992: \$1 = DM 1.52;	1997: \$1 = DM 1.70;
1993: \$1 = DM 1.65;	1998: \$1 = DM 1.76;
1994: \$1 = DM 1.61;	1999: \$1 = DM 1.66.
1995: \$1 = DM 1.43;	

Further exchange rates are for: Euro (i)/German mark: i 1 = DM 1.95583,
i/U.S. dollar: i 1 = \$ 1.0730 (5/12/1999),
U.S. dollar/i: US\$1 = i 0.9320.

Section I: Production and Outlook

Textiles and Apparels

The economic situation of the textile industry improved in CY 1998 for all sectors. Textile orders increased by 0.7 percent, textile production increased by 0.7 percent relative to 1997 and producer prices by a slight 0.2 percent. Total sales were up 1.4 percent to DM 32.1 billion from DM 31.7 billion in 1997. Domestic sales of textiles increased only slightly to DM 22.1 billion whereas export sales rose by four percent to 10.0 billion. Again, growth of the textile industry depended mainly on prospering export markets.

Total sales of apparels grew by 0.2 percent from DM 22.5 billion in 1997 to DM 22.6 billion in 1998. Apparel production declined by 4.3 percent while prices increased by 0.3 percent. Total exports of textiles and apparels increased by 2.1 percent from DM 35.24 billion in 1997 to DM 35.97 billion in 1998, and imports rose by 0.7 percent from DM 56.34 billion to DM 56.72 billion.

The trade deficit in textiles and apparels thus narrowed by 1.7 percent to DM 20.7 billion in CY 1998. Foreign sales at competitive prices are the driving force behind the strength of the German textile industry.

Employment in the textile industry declined by two percent to 128,987 employees by the end of CY 1998.

Economic indicators for January/February 1999 are disappointing and indicate a downswing of activities for CY 1999. In the first two months of 1999, orders decreased by 11.5 percent compared to the same period in 1998 (same decline for domestic and foreign orders). Production declined by six percent using official data; however, compared with corrected data for 1998, there was only a decline of two percent. Prices to producers decreased by one percent. Employment declined by 2.6 percent and total sales by eight percent.

Raw Cotton

Unfortunately, there is no specific information available on the German market regarding Extra Long Staple (ELS) cotton. Germany does not produce cotton and therefore depends on cotton imports for its textile and apparels industry.

While Germany exports only small quantities of raw cotton, imports are significant. In 1998, cotton exports dropped to 13,643 after 18,969 MT in 1997, while imports declined considerably to 154,972 MT after 158,330 MT in 1997. German imports of U.S. cotton declined to 3,807 MT in 1998 versus 4,026 MT in 1997 and 5,485 MT in 1996.

Cotton imports originate mostly from Uzbekistan. Other major sources include the Sudan, Chad, Syria and Greece. German cotton exports are expected to remain low.

Section II: Statistical Tables (1-6)

Table 1: Cotton PSD (in ha, MT)

		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		08/1997		08/1998		08/1999
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	16,000	16,000	15,000	15,000	0	14,000
Production	0	0	0	0	0	0
Imports	160,000	154,972	160,000	160,000	0	160,000
TOTAL SUPPLY	176,000	170,972	175,000	175,000	0	174,000
Exports	19,000	13,643	18,000	19,000	0	18,000
USE Dom. Consumption	142,000	142,329	142,000	142,000	0	142,000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	142,000	142,329	142,000	142,000	0	142,000
Ending Stocks	15,000	15,000	15,000	14,000	0	14,000
TOTAL DISTRIBUTION	176,000	170,972	175,000	175,000	0	174,000

Source: Federal Office of Statistics, ZMP (Central Market and Price Reporting Agency), FAS/Bonn estimates.

Table 2: Cotton Import Prices (in US\$ per MT)

Year	1997	1998	% Change			1997	1998	% Change
Jan	1,569	1,606	2.4%		Jul	1,582	1,569	-0.8%
Feb	1,594	1,680	5.4%		Aug	1,595	1,487	-6.8%
Mar	1,579	1,608	1.8%		Sep	1,690	1,626	-3.8%
Apr	1,602	1,613	0.7%		Oct	1,633	1,509	-7.6%
May	1,646	1,686	2.4%		Nov	1,649	1,449	-12.1%
Jun	1,598	1,543	-3.4%		Dec	1,631	1,489	-8.7%

Note: Values are in US\$ calculated from local currency import prices based on monthly exchange rates.

Source: FAS/Bonn based on official data from the German Federal Office of Statistics in Wiesbaden.

Table 3: Cotton PSD (in ha, 1,000 480 lb Bales)

		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin						
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	73	73	69	69	0	64
Production	0	0	0	0	0	0
Imports	735	712	735	735	0	735
TOTAL SUPPLY	808	785	804	804	0	799
Exports	87	63	83	87	0	83
USE Dom. Consumption	652	654	652	652	0	652
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	652	654	652	652	0	652
Ending Stocks	69	69	69	64	0	64
TOTAL DISTRIBUTION	808	785	804	804	0	799

Source: Federal Office of Statistics, ZMP (Central Market and Price Reporting Agency), FAS/Bonn estimates.

Table 4: Export and Import of Cotton (in MT)

Imports for	1998		1999
U.S.	3,807	U.S.	674
Others		Others	
Uzbekistan	59,179	Uzbekistan	20,951
Chad	16,723	Chad	6,455
Sudan	15,744	Syria	5,223
Syria	8,454	Sudan	4,111
Greece	7,647	Zimbabwe	2,812
Zimbabwe	7,399	Bukina Faso	1,765
Burkina Faso	4,339	Israel	1,762
Kazakhstan	4,289	Argentina	1,643
Israel	3,995	Kazakhstan	1,357
Mali	3,639	Greece	1,167
Total for Others	131,408	Total for Others	47,246
Others not listed	19,757	Others not listed	5,863
Grand Total	154,972	Grand Total	53,783

Exports for	1998		1999
U.S.	0	U.S.	0
Others		Others	
Czech Republic	3,183	Austria	1,565
Austria	2,573	Czech Republic	1,301
Netherlands	2,033	Netherlands	673
Italy	1,369	Serbia/Monten.	312
Great Britain	957	Switzerland	301
Hungary	818	Thailand	284
Switzerland	645	Hungary	262
Poland	481	Poland	225
Romania	314	Croatia	195
Croatia	279	Italy	155
Total for Others	12,652	Total for Others	5,273
Others not listed	991	Others not listed	482
Grand Total	13,643	Grand Total	5,755

Note: Marketing Year August 1997-July 1998 for 1998 and Marketing Year August 1997-December 1998 for 1999.

Source: FAS/Bonn based on official data from the German Federal Office of Statistics in Wiesbaden.
FAS/Bonn estimate.

Table 5: Export and Import of Cotton Yarn (in MT)

Imports for	1997		1998		1999
U.S.	38	U.S.	27	U.S.	30
Others		Others		Others	
Italy	19,109	Italy	18,846	Italy	18,800
Greece	12,207	Greece	11,971	Greece	12,000
Spain	9,672	Spain	10,281	Spain	11,000
Egypt	6,193	Czech Republic	5,917	Czech Republic	6,000
Liechtenstein	5,881	Egypt	5,280	Egypt	5,000
Czech Republic	4,877	Switzerland	4,957	Switzerland	5,000
India	4,560	Indonesia	4,717	Indonesia	4,800
Indonesia	3,650	India	4,551	India	4,500
Finland	2,708	Malaysia	3,676	Malaysia	4,000
Belgium/Lux	2,572	Thailand	3,390	Thailand	4,000
Total for Others	71,429	Total for Others	73,586	Total for Others	75,100
Others not listed	25,769	Others not listed	27,718	Others not listed	30,000
Grand Total	97,236	Grand Total	101,331	Grand Total	105,130

Exports for	1997		1998		1999
U.S.	60	U.S.	260	U.S.	300
Others		Others		Others	
France	10,187	Austria	7,878	Austria	7,900
Great Britain	6,730	France	7,723	France	7,700
Austria	5,365	Great Britain	4,683	Great Britain	4,700
Italy	4,060	Czech Republic	4,654	Czech Republic	4,700
Czech Republic	3,854	Italy	4,343	Italy	4,300
Belgium/Lux	3,820	Netherlands	4,251	Netherlands	4,200
Portugal	2,778	Spain	3,761	Spain	3,800
Spain	2,648	Belgium/Lux	3,532	Belgium/Lux	3,500
Netherlands	2,610	Ireland	3,259	Ireland	3,300
Ireland	2,221	Slovakia	2,237	Slovakia	2,300
Total for Others	44,273	Total for Others	46,321	Total for Others	46,400
Others not listed	9,100	Others not listed	11,382	Others not listed	13,300
Grand Total	53,433	Grand Total	57,963	Grand Total	60,000

Note: Calendar Years. Final 1997 data, preliminary data for 1998 and estimates for 1999.

Source: FAS/Bonn based on official data from the German Federal Office of Statistics in Wiesbaden.

Industrieverband Garne und Gewebe.

FAS/Bonn estimate.

Table 6: Export and Import of Cotton Fabrics (in MT)

Imports for	1997		1998		1999
U.S.	608	U.S.	619	U.S.	600
Others		Others		Others	
Italy	16,701	Italy	17,396	Italy	17,400
France	10,371	France	10,070	France	10,000
Czech Republic	7,648	India	9,047	India	9,000
India	6,770	Czech Republic	8,008	Czech Republic	8,000
Russia	5,818	Austria	6,285	Austria	6,300
Belgium/Lux	5,347	Belgium/Lux	5,653	Belgium/Lux	6,000
Austria	5,277	Russia	5,554	Russia	5,600
Netherlands	3,867	Netherlands	5,124	Netherlands	5,200
Pakistan	3,800	Pakistan	3,414	Pakistan	3,400
Indonesia	2,609	China	2,703	China	2,700
Total for Others	68,208	Total for Others	73,254	Total for Others	73,600
Others not listed	32,695	Others not listed	34,547	Others not listed	34,800
Grand Total	101,511	Grand Total	108,420	Grand Total	109,000

Exports for	1997		1998		1999
U.S.	669	U.S.	645	U.S.	650
Others		Others		Others	
France	18,519	Poland	15,872	Poland	15,800
Poland	16,305	France	15,783	France	18,700
Italy	10,763	Italy	10,714	Italy	10,700
Netherlands	9,048	Netherlands	8,979	Netherlands	8,900
Austria	4,410	Tunisia	7,449	Tunisia	7,500
Romania	3,954	Romania	4,544	Romania	4,500
Portugal	3,830	Czech Republic	4,021	Czech Republic	4,100
Turkey	3,662	Austria	3,850	Austria	3,800
Czech Republic	3,660	Turkey	3,564	Turkey	3,600
Great Britain	3,641	Great Britain	3,347	Great Britain	3,300
Total for Others	77,792	Total for Others	78,123	Total for Others	80,900
Others not listed	39,464	Others not listed	34,841	Others not listed	31,450
Grand Total	117,925	Grand Total	113,609	Grand Total	113,000

Note: Calendar Years. Final 1997 data, preliminary data for 1998 and estimates for 1999.

Source: FAS/Bonn based on official data from the German Federal Office of Statistics in Wiesbaden.

Industrieverband Garne und Gewebe.

FAS/Bonn estimate.