

ITMFE

100 YEARS

1904 – 2004

Blank Page

## Foreword

The International Textile Manufacturers Federation is the oldest international industrial trade association in the world. As well as a cause for celebration, the long and active life of the Federation introduces much complexity into an account of its history. Scores of issues and the mechanisms created to deal with them have come and gone. Therefore, this brochure is focused on the *continuities* in the Federation's life story, which are also the threads which run through the present into its future realm of operations.

In this brochure, the last 100 years of the International Federation are reviewed on the basis of the main themes which have made up the substance of its activity. Instead of a blow-by-blow chronology of meetings, dates and individuals, the review charts the progress the Federation has made in five main areas of commercial significance:

- Raw Materials Issues
- Coping with International Competition
- Improving the Commercial Environment
- Technical Enhancement
- "Measuring the Industry" - Statistics and Studies

These themes are examined by recalling the pressures, problems and challenges that brought about their intersection with the evolving mechanisms of the International Federation. In some cases, an important and previously un-addressed industry need called a new area of Federation activity into being. In others, the Federation applied its resources to investigating and building up whole areas or expertise which have attained international recognition. Naturally, these engagements have been conducted with limited resources and a reliance on the goodwill of many parties.

Simultaneously, the membership base has broadened across continents and sectors, and this has been a prime driver of the Federation's varied working programmes. Reflecting the current state of the global industry, the Federation seeks to provide services tailored to the interests and requirements of its members. In this way it has remained throughout its long history, a customer-driven organization at heart. No doubt its reward has been its longevity.

## 100 Years of Engagement with Textiles

The global organization known today as the International Textile Manufacturers Federation came into existence in 1904, in direct response to an acute crisis in the European spinning industry which had emerged as chronic cotton shortages created an environment of price spikes, supply disruptions and market manipulation. This unprecedented instance of textile industrialists cooperating across national borders to extract the industry from a raw material squeeze was the launch-pad for a century of multilateral initiatives to promote the well-being of the world's textile industries. From an early point in its history, the Federation began appointing Honorary Officers from all over the world to underscore its aspiration to become a genuinely international forum.

In the wake of the large scale speculative attempt in February 1904 on the New York Cotton Exchange, the English Federation of Master Cotton Spinners called together the First International Cotton Congress, in Zürich, at the end of May that year to establish a common defence programme for the industry by means of securing agreement among the principal cotton spinning and manufacturing associations of Western Europe. The Congress aimed to encourage the expansion of raw cotton production; defeat large scale speculations on cotton; and establish a permanent international organization for the industry to facilitate future cooperative action.

On that occasion, the value of working collaboratively was firmly implanted, and - as often happens - once industry representatives were brought together to discuss matters of mutual interest, a great backlog of potential projects began being brought to the table. To these, the International Federation has dedicated itself over one hundred years of engagement with the challenges and opportunities of textile manufacturing.

The new organisation was formally named the "International Federation of Master Cotton Spinners' and Manufacturers' Association", and was often subsequently referred to as the "International Cotton Federation". For many years, and through both World Wars, the Federation represented and

promoted the interests of the cotton spinning and manufacturing industries of the world.

The advent of man-made fibres broadened the raw material basis of the cotton industry. At the same time, vertical integration in textile enterprises changed the structure of the industry and broadened its scope: it has today become a multi-fibre, multi-process industry.

In 1954, the Federation took steps to adjust to this structural evolution by changing its name to "International Federation of Cotton and Allied Textile Industries" (often referred to as IFCATI). The membership and range of activities were expanded accordingly. In 1963, the Federation moved its headquarters from Manchester, England to Zürich, Switzerland, to facilitate international contacts and improve administrative services and communications.

In response to developments in the global adjustment process taking place in the industry, the Federation in 1978 changed its name to "International Textile Manufacturers Federation" and concluded its first century of operation well-qualified to represent the broadest possible segment of the world's textile industries. In 2001, the Federation introduced a new membership category, Corporate Membership, to enable companies to enter the Federation and thus, to embrace textile interests in countries that would otherwise have no access to its activities.

## Contents

Raw Materials Issues	9
Coping with International Competition	23
Improving the Commercial Environment	33
Technical Enhancement	37
"Measuring the Industry"	43

### Appendices:

Founder Members	47
Membership 1904 -- 1954	49
Membership 1954 -- 2003	51
Member Associations 2004	55
Associate Members 2004	57
Corporate Members 2004	59
Congresses/Conferences	61
Presidents of the International Federation	65
Officials of the International Federation	67

Blank Page



## Raw Materials Issues

### Cotton supply concerns at the origin of the Federation

The world economy at the time of the International Federation's birth in 1904 presented a picture closer to today's economic conditions than was the case in many of the intervening decades. It was an environment of largely unconstrained international trade, certainly within the British Empire which was then at its geographical peak. Raw materials and minerals flowed into Britain from around the world, fuelling the unrivalled manufacturing complex built up there in the later 19<sup>th</sup> century. The textiles industries' dominant raw material, cotton, was somewhat unusual in that most of the world supply originated outside the Empire -- in the United States of America. Continental Western Europe, where raw cotton consumption was even greater than in Great Britain and the United States, was similarly sourcing a significant part of its cotton from a country outside its political influence. Thus, the exposure of the British and continental textile industries to supply and price risks was substantial. In the absence of buffer stocks, the market forces of supply, demand, and speculation were beginning to engender risks in an industry running at near-full capacity.

At the beginning of the 20<sup>th</sup> century, Britain accounted for 70% of the world's textile trade, while the United States produced 75% of the annual tradable cotton crop. Against the backdrop of rapid industrial and population growth in the Western world, it was widely recognized that America could not produce sufficient cotton to meet world demand, and that the United States was using a greater share of its own cotton every year. The only other substantial sources of cotton, India and Egypt, were not producing cotton in the quantities and grades needed to adequately supplement American supply. While these source countries were within the political orbit of Great Britain, the other European textile producing states also possessed territories in which the climate favoured cotton cultivation.

These trends -- the need to diversify European sources of good quality cotton, and the high volatility and even market manipulation in periods of

short supply -- combined to create a sense of crisis in the European spinning industry, which was extensively discussed at the First International Cotton Congress in Zürich in May, 1904, and led to the establishment of the International Federation.

The congress framed a formal resolution "that this international congress of Master Cotton Spinners and Manufacturers being convinced of the absolute necessity of an increase in the supply of raw cotton, strongly urges various nationalities represented in the Congress to take all necessary steps for obtaining such increase." It was accepted among delegates that even if America were able to increase production, greater diversification by country remained a vital task for the industry's future security of supply. It was also agreed that the International Committee would begin collecting information with regard to the growth of cotton, and endeavour to enlist the sympathies of governments and of other dependent industries to the cause. The prosperity of the cotton textile industries were critical to maintaining living standards for many millions in the countries affected, and the Federation's founding industrialists believed that this fact would ensure widespread support for increasing global cotton cultivation.

In the decade prior to 1914, the cotton problem continued to be one of supply. Even on occasions of large American cotton crops, abnormally-high supply was immediately taken up by abnormally-strong demand, leaving the industry convinced that it remained at risk from shortages and price-spikes.

## **Expanding cotton cultivation**

### **India**

The possibility of increasing global cotton supply by developing cotton cultivation in India had been approached with caution, due to quality issues. The Indian cotton industry joined the International Federation in 1910, being the second extra-European country to do so (the first was Japan in 1907). Following India's joining, the Secretary of the International Federation, Mr. AS. Pearse, visited India three times to study cotton production conditions and trading issues. A significant commercial problem for purchasers of Indian cotton had been the widespread practice of ginners and dealers in India artificially watering cotton to increase its weight. Representations were made to the Indian government that this practice should be ended, and eventually the government legislated to make watering of cotton and seed cotton a criminal offence.

In 1913, a joint delegation of members of the International Federation and of the UK Parliament representing Lancashire, visited India and again urged that cultivation should be expanded and various trading malpractices eliminated. Spinners noted that in subsequent years, Indian cotton improved, both in the quantity available and in the quality.

### **Egypt and Sudan**

The first official contact between the International Federation and the main producers of high-quality extra-long staple cottons took place in 1912, when the Secretary made an extensive tour of Egypt and Sudan and issued reports on cotton growing in both countries. In the following year, the Federation lobbied the British government that cotton growing in the Anglo-Egyptian Sudan should be increased and improved. In consequence, the government underwrote a 3 million pound loan to capitalise the formation of the Sudan Plantations Syndicate.

By 1930, it was noted that an increasing part of European cotton consumption originated from countries other than the traditional producers. The International Federation expressed some satisfaction that their efforts to spread the growing of cotton to suitable regions of the world had not been in vain.

## **Dealing with the supply shortage**

### **No support for coordinated international action**

A key development in global cotton supply emerged in the later part of the 1930s. The agricultural support policy in the US, which substantially restricted production of cotton, was more than counter-balanced by increases in the cotton output of other countries. Notwithstanding that in the US one quarter of land under cotton cultivation had been taken out of production, by 1939 America was in possession of large stocks of domestically grown cotton. However, while the possibility of restricting production by joint international agreement had been discussed immediately prior to the outbreak of hostilities, no further initiative was taken. Production restrictions and price maintenance schemes, at least on an international level, did not find support among the International Federation's members when activities resumed after the War.

In fact, the Federation adopted a strong resolution in 1950 which was sent to the governments of all cotton growing countries, condemning the various trading and production restrictions and price maintenance schemes placed on raw cotton around the world. The Federation's position here once again coincided with free market principles and perceptions, as the resolution pointed out that such practices merely stimulated cotton growing in parts of the world not included within the cartel, and that it also stimulated the consumption of alternative fibres.

Repeated discussions about co-ordinated international short-time mill operation failed to result in agreement. At the Fifth Congress (1908) a resolution was adopted stating that "whenever there was a lack of raw material or the supply of any manufactured article exceeded the demand in any country, the adoption of short time working was the only remedy and all affiliated Associations were requested to structure their organization in order to put this into operation, whenever necessary." However, the exigencies of business and the durability of mill-owner individualism meant that such orchestrated action was never undertaken.

### **..and the building of reserve stocks**

Similarly, the proposal first raised in 1906 that European spinners form a syndicate to build up a substantial reserve stock of raw cotton as a means of encouraging price stability was never implemented; mainly due to the high level of investment required.

These two early instances of cooperative (today, some would say collusive) schemes failing to come to pass serve to underline the fact that from its foundation onwards, the International Federation has never been able to impose an agenda on members and has relied implicitly on unanimity emerging among them. In this way, it has all along represented the "broad church" of textile-producing industrialists, rather than coming to be associated with sectional or regional interest groups. In the long run, such a parliamentary inclusiveness has undoubtedly served to sustain the International Federation as an independent authority on the global textile scene.

## **An early concern for quality**

Rather than conducting campaigns to influence the cotton market, the Federation began early in its life to use its industry representative status to bring about improvements in the quality of raw cotton as supplied to mills. The process of identifying quality concerns, developing a set of practical recommendations in response, and maintaining pressure on suppliers to make the desired improvements has continued to the present day.

## **American raw cotton contracts**

The first instance of the International Federation attempting to bring about a quality improvement occurred in 1906, when the Committee adopted a resolution on American raw cotton contracts. It was decided that contract conditions should specify:

- that canvass and bands should not together exceed more than 4.5% of gross invoice weight
- that cotton should be bought by weight, and not by the number of bales
- that country-damaged bales should not be accepted by purchaser spinners
- that moisture content should not exceed 8.5%

## **Cotton baling**

The next year, further resolutions covered the baling of cotton and the desired materials for bale-wrapping; suggestions that cotton seed selection and ginning be improved; that gins introduce high-density square bales; and that bale labelling be introduced to assist in minimizing country damage to the raw material. Many of these resolutions were made at the 1907 Congress in Atlanta, Georgia, and were directly related to cotton of US origin.

## **Cotton classing**

Perhaps the most enduring quality-related consequence of the Atlanta meeting was the resolution that the US Government or representative

association of American raw cotton exporters and exchanges establish a standardized cotton classing system. The classification of raw cotton was to be carried out on the basis of grade and colour, and staple was not to be determinative. This suggestion was eventually to lead to the creation of the Universal Cotton Standards system of classing in 1924, a system which has endured to the present day.

### **Cotton testing and crop estimation**

The 1920s also saw a number of initiatives undertaken by the International Federation in respect to raw materials risks. In 1922, it was recommended that each country should create cotton testing houses based on the Le Havre Testing House in France. From that year onwards, the Secretary made annual tours of the Cotton Belt in the USA to arrive at a private crop estimate, which was circulated among Federation members. Until these were replaced by government estimates, the private forecasts were advantageous to spinners in an environment of extreme sensitivity to fluctuations in the total crop size.

### **Egyptian cotton quality**

In 1927, a group of important resolutions taken at the Congress held in Egypt covered the improvement of Egyptian government crop forecasts and how to address spinners' complaints regarding humidity, foreign matter, and mixing of cotton varieties in Egyptian cotton. In response to the Federation's representations, the Egyptian government prohibited the mixing of varieties in the bale, established a testing house in Alexandria with an International Federation representative involved at Board level, and, in 1930, the International Federation and the Alexandria Cotton Exporters Association resolved that excess humidity above 8.5% would be paid for by shippers. The corollary agreement was that consignments with humidity levels below this would require spinners to pay the difference. This arrangement became most satisfactory from spinners' point of view, and even countries not in membership of the Federation came to adopt it for shipments from Egypt.

## **Joint Egyptian Cotton Committee**

The 1927 Congress also saw the Foundation of the Joint Egyptian Cotton Committee, which brought together the Egyptian government and the cotton shippers of Alexandria on one side, and on the other, the spinners of extra-long staple cottons represented by members of the Federation. This was the first important sub-committee of the International Federation, allowing for full and frank discussion of quality and trading issues arising between the cotton trade and the spinning industry. The concept of such a sub-committee later influenced the thinking behind the establishment of the Joint Cotton Committee of ITMF, although this body does not directly include government representatives.

## **ICAC - a new discussion forum for cotton**

In September 1939, the International Cotton Advisory Committee was established in Washington DC, but it commenced activity only after the War. The ICAC was intended to primarily address problems in connection with raw cotton, through the offices of the cooperating governments of cotton producing, and later cotton consuming, countries. Due to the resources at the disposal of a governmental organization, it was inevitable that certain statistics and highly technical areas of investigation formerly at the heart of International Federation activity came to be ceded to the new organisation. Developments in the field of cotton production and trade led cotton producing countries to feel that a dedicated intergovernmental agency should be charged with coordinating information on cotton world wide.

In 1948 at the first ICAC Plenary Meeting in Egypt, the Committee was organized along its present lines. The International Federation immediately established a close cooperative working pattern with the new committee, as was natural considering its previous intensive involvement in raw cotton issues. Ever since, the Federation has attended ICAC Plenary Meetings, and the ICAC is regularly invited to the Federation's annual conference with observer status.

As early as the International Federation's meeting in Zürich in 1949, the Federation agreed to work as closely as possible with the ICAC, and although the new Committee was governmental in composition, it was felt that government activities with regard to specific growing problems had become generally effective. Thus, the environment in which the International Federation

gradually began resuming activities following the severe disruption to commercial relations between 1939 and 1945 was characterized by the emergence of new fibre and textile organizations offering opportunities to collaborate on matters of mutual interest. The Federation re-established its headquarters in Manchester and most countries renewed their membership.

Following the transfer of responsibility for monitoring and advising on the global raw cotton supply to the ICAC, the International Federation retained a “watching brief” over the raw cotton market as the representative body of the most important group of consumers. The increasing “governmentalisation” of world trade – the rising consensus that the problems of major trading industries could be dealt with through government intervention – was to become the backdrop to Federation activity for the next four decades. In the textiles arena, the dawn of the era of “managed trade” introduced political considerations that significantly affected the activities of the International Federation’s member associations, introducing quota allocation and lobbying to the agenda. These developments, and the consequent re-focusing of the Federation on providing knowledge-based services to support the prosperity of the industry as a whole, are reviewed in the next section.

### **Dealing with cotton in a multi-fibre era**

From the latter part of the 1950s, through to the oil-shocks of the early 1970s, natural fibres enjoyed a period of relative price stability. The Federation was able, in 1965, to ascribe the credit for reduced cotton price volatility largely to the policies of the USA. At the same time, it was noted that “natural fibres, particularly cotton, are facing growing competition from man-made fibres. Any measures, which would tend to freeze prices or to keep them at artificially high levels, would encourage the substitution of natural by man-made fibres.”

However, it was not held to be good long-term strategy for the International Federation to enter into a partisan battle on behalf of pure cotton. Rather, the same meeting produced a concluding statement that called on the producers of natural fibres (cotton) to concentrate their efforts on production research and promotion, and welcomed advances made in the development of man-made fibres as an important complementary raw material for the industry. This



approach served the Federation well twelve years later, when it became possible to open associate membership to MMF-producer organizations. In this way, the International Federation moved definitively towards a multi-fibre outlook, without relegating the importance of its cotton-related activity programme which up to the Seventies had been entrusted to and was conducted under the auspices basically of the Raw Cotton Merchants Committee and the Joint Cotton Committee.

Despite the rising share of man-made fibres in world fibre consumption, the proportions of fibre input at the short-staple spinning stage remain heavily oriented to cotton to this day. Unlike the situation prevailing between man-made fibre users and the fibre producers, where solutions may be worked out in direct consultation, in the cotton world -- with its large number of source countries and the multitude of decision-makers influencing the raw material -- clearly a common voice is required at the international level. The articulation of vital current messages in this single voice has always been the province of the International Federation.

### **Raw Cotton Merchants Committee**

At the congress in Egypt in 1951, the Cotton Exchanges of Europe were admitted to associate membership of the International Federation, to facilitate discussions in a neutral arena between the representatives of the buyers and sellers of cotton.

Once cotton exchanges were brought into the membership, it became possible to establish a Raw Cotton Merchants Committee dealing with matters affecting the raw cotton trade. The futures trade was kept continuously under review in this Committee, in the context of a broad monitoring of the commercial aspects of the trade. Questions of quality maintenance and improvement, and problems connected with seed breeding, ginning, packing and shipping of raw cotton were the main areas of Committee activity. It is interesting to recall with regard to the cotton futures market that Dr. W.T. Kroese, then President of the International Federation, noted in his 1960 report that "it stands to reason, as long as governments continue to interfere with the mechanism of the market -- especially hampering the futures market -- the workload resting upon this Committee is not likely to become lighter".

Before the Raw Cotton Merchants Committee was dissolved in 1977 following the formation of the Committee for International Cooperation between Cotton Associations (CICCA), which largely absorbed its objectives, the working programme had included almost all the imaginable aspects of physical international cotton trade; quality control, freight, insurance, clean bills of lading, flag discrimination, harmonization of cotton exchange trading rules, and cotton standards.

### **Joint Cotton Committee**

The Joint Cotton Committee, established in 1962 as a forum for merchants and spinners, became the primary mechanism through which the International Federation cooperated with governments, international organizations and relevant trade associations interested in raw cotton production, trading and marketing. Regarding the vital issue of sanctity of contract, the Committee remains active to the present day in close cooperation with the cotton associations and exchanges which are associate members of the Federation. It thus maintained a strong interest in achieving the performance of agreed contract terms, and has even gone further, in considering an optimal set of terms to be recommended for raw cotton contracting as originally presented by the Spinners Committee.

The increasingly challenging commercial environment with which industry participants were confronted by the end of the 1970s spurred their representatives to thinking about how the Federation could promote and pursue the critical interests of the modern cotton textiles industry in a more focussed way. This re-assessment led to the formation of the International Committee on Cotton Testing Methods (ICCTM) in 1980, and of the Spinners Committee five years later. Both committees have flourished and after two decades in continuous operation are recognised on the international stage as the primary consultative institutions in their respective fields of endeavour.

### **International Committee on Cotton Testing Methods**

As the quality requirements for textiles became more exacting, new methods of testing and measuring fibre properties came to the fore during a period of technological innovation dating from the 1970s. In 1980 it was agreed that the Federation should assemble a standing committee of the

most pre-eminent cotton testing specialists in the world to provide members and other interested parties with rigorous commentary and advice as the technologies developed. The International Committee on Cotton Testing Methods (ICCTM) was therefore convened under the aegis of the Federations Technical Committee.

Due to the highly specialised nature of the subject matter, and to the global dispersion of the participating experts, the committee has been itself divided into working groups, each with its own Chair and Vice Chair. Presently, these working groups are concerned with maturity, stickiness, dust/trash, fibre length, and high volume instrument testing (HVI). In 1997 the Committee published the first edition of "HVI User Guide" with the purpose of putting the HVI testing of cotton on a sound international foundation.

Testing Committee members closely monitor technical progress and the results of round trials etc. throughout the world, as well as cooperating with much larger dedicated national agricultural agencies such as the US Department of Agriculture, and with international bodies - primarily, the ICAC. The biennial cycle of Bremen Conferences and the subsequent issuing of a detailed report has facilitated a high level of dialogue, and progress is periodically presented to the members of the Federation.

### **Spinners Committee**

By the early 1980s, it was felt that within the overarching multi-fibre character of the Federation, a specialist committee should be created to allow for a strong, identifiable spinners' voice to comment on all aspects of the industry. The Spinners Committee was thus set up in 1985, drawing its membership from senior figures active in yarn spinning in Federation member countries.

The Committee currently has three main objectives: to support the development of quality cotton fibre based on modern spinning requirements; to provide advice relating to the harvesting, handling and ginning of cotton; and to promote the mechanical testing of raw cotton. To achieve these objectives, it convenes meetings with other interested parties and in particular with machinery and testing instrument manufacturers; pays visits to cotton producing countries with the purpose of fostering an interchange of ideas between breeders, farmers, ginners, traders and spinners; and

propagates the progressive replacement of the traditional cotton classification with mechanical classing like HVI.

Beginning with its visit to Pakistan in 1989, the Committee has issued regular sets of country-specific recommendations to the cotton-growing countries it visits. Because of the high level of expertise and global experience represented on the Committee, it has been able to credibly encourage positive developments in cotton growing and ginning, and provide constructive criticism based on the spinners' commercial priorities.

As well as its function in keeping abreast of growing and processing practices around the world, the Spinners Committee has synthesized its accumulated knowledge into the brochure, "Guidelines for the Purchase of Raw Cotton" (1999) and into its continuing work on designing an electronic cotton contract. The Chairman of the Spinners Committee reports on the year's activities to the Federation's Committee of Management.

### **Participation in International Bodies**

In addition to the working programmes of its own specialist sub-committees, the Federation also has played a major role in other international bodies which, over several decades, have been dedicated to providing the tools by which technically-oriented cotton assessment may proceed on an agreed and scientifically-robust footing.

The International Calibration Cotton Standards Committee is a collaborative undertaking between the main agencies active in the US cotton pipeline -- USDA, National Cotton Council and American Cotton Shippers Association -- and the International Federation, which supports the programme through its international mandate. Its purpose has been to provide calibration cottons, so that cotton laboratories can standardize levels of both instruments and operators. Calibration cottons are distributed by the US Department of Agriculture. The ICCS Programme began in 1957 and by 1980 had expanded to cover around 500 active fibre laboratories in 57 countries.

## The Cotton Contamination Surveys

The contamination of raw cotton by foreign matter has been a long-term bugbear of the spinning industry, imposing additional costs and raising concerns about end-product quality which become more pressing with every year that passes. For most of the last century, the degree of contamination among different cotton growths has been largely a matter of anecdote and reputation. To shed more light on spinners' perception of the occurrence of cotton contamination, foreign matter, stickiness and seed-coat fragments, the Federation since the late Seventies has conducted every other year a survey among spinning mills affiliated with its world-wide membership. It was however only in 1989 that a solid methodological basis was devised which is allowing the report to put developments into the longer-term perspective. This initiative is known to be valued by all segments throughout the cotton pipeline from spinners to growers to traders. It is distributed free-of-charge as a ready reference on contamination and other problems affecting quality of raw cotton in the bale.

The survey can help buyers to check their individual impressions of the perceived contamination level in a given cotton origin, and may capture evidence of medium-term improvement in countries where anti-contaminant practices and technologies have been introduced. Thus, it serves as a bridge between the standards being continually encouraged by the International Federation, and the grass-roots level of cotton production, ginning and trading. The report may be seen as an essential supplement to the work of the Spinners Committee and the Committee on Cotton Testing Methods.

Blank Page

## Coping with International Competition

The foundation period of the International Federation took place as the global economy was in recovery from the worldwide recession of the 1890s. The beginning of the 20th century was characterized by major population growth and an expansion in trade both between Europe and the United States, and trade within the British Empire. The rapid pace of industrialization had triggered ever increasing demand for consumer goods, and as agricultural productivity had not kept pace with demand for textiles, a situation of structural scarcity developed. As the world became richer in the years before World War I, the Lancashire cotton industry reached its peak export level. Neither the overall strength of consumer demand, nor sales difficulties due to international competition, had yet become significant problems for the European textile industry.

While international trade was disrupted during World War I, and the immediate post war years saw both the global influenza epidemic and a significant recession, once the "Roaring 20s" got underway demand continued to outstrip supply. However, a new factor in the international textile business was gathering steam -- one that would become increasingly significant as the 20th century progressed: Asian competition.

The industrialisation of Japan, undertaken with extraordinary speed and focus in the first 30 years of the century, led shortly after World War I to the first substantial appearance of Japanese-manufactured cotton textiles on world markets. Initially, Japan exported to its mandates and neighbours in the Far East, but before long also entered the African, South American, Western European, and American markets, with finished product prices that were sufficiently low to cause problems for the established industry in the latter two regions.

## International competition on price

The emergence of Japanese competition, while undoubtedly positive from a long-term economic viewpoint, was seen in Western Europe as aggravating the effects of the Great Depression on its cotton textile industries. The tensions arising from competition for market share indirectly led to the reinforcement of the International Federation's role as a clearing house of information and a neutral meeting ground for textile trade associations. At the Prague meeting of 1934, representatives of the Japanese textile industry were invited to discuss the difficult market situation, on the understanding that the Federation could not act as an arbitrator between competing trading interests, and that it would be left to the national industries and their governments to take any measures that seemed necessary. From 1904 through to the outbreak of World War II, there was an overall deterioration in the degree of freedom of trade, as political imperatives increasingly led to restrictions and economic nationalism.

As one would expect, an environment of competition gave birth to increased attempts at promotion. 1929 saw the foundation of a Cotton Propaganda Committee, which organized national cotton weeks in England and West Germany the following year. Another modern-sounding phenomenon from that year was the decision to discourage changes in fashion collections from being made in rapid succession. Contacts were developed between all sections of the vertical textile pipeline to prevent patterns, colours, and cuts from becoming obsolete shortly after being launched. The onset of the Great Depression clearly had more impact in suppressing the rapid turning of the fashion wheel than the industry-based initiative.

## The onset of the globalizing world economy

The strong growth in Japanese exports of cotton piece goods between the Wars necessitated recognition of the importance of the Japanese textile industry to the post-war textile economy. The tri-partite meetings organized by the Cotton Board thus concluded in Osaka in May, 1950.

While Japan had by far the smallest capacity in the yarn sector among the five national and regional delegations attending the Buxton meeting in



1952, its export of cotton piece goods was second only to that of Western Europe as a whole. Japan's focus on building up capacity in the fabric formation part of the textile chain set a template which was followed by other Asian developing countries in subsequent decades. In terms of the overall performance of a country's textile industry, the concentration on finished fabrics (and ultimately on made-up apparel) has proven to be the optimal strategy for driving increasing foreign exchange earnings from textile products. Japan itself rejoined the International Federation at the Munich conference in 1956.

As the post war economy entered a sustained upswing in the 1950s, international competition and elements of specialization gained momentum. This was also the period of the mainstream debut of synthetic fibres and thus, the dawn of the era of inter-fibre competition. In response, the International Federation established a Committee for Market Research and Sales Promotion. This committee was not itself an agency to undertake promotional activities, but rather coordinated commercial ideas as they came up among national organizations charged with cotton textile promotion. After being reinforced with the technical and financial resources of Cotton Council International, the Committee's activities intensified. The most effective means of cotton textile promotion were regularly discussed, as was the advisability of a pan-textile promotion programme. In addition, attempts were repeatedly made to mobilize the resources of cotton producing and exporting countries for promotional activities.

### **Sales difficulties move onto the supply side**

In the post World War II period, the demand-side sales difficulties which were the industry's prominent issue in the interwar period did not disappear, but rather, fragmented. As the pattern of international textile trading became established, individual countries adopted trade policy solutions relying increasingly on quota systems. The viewpoint at the end of the 50s was that the commercial activities of the textile industries, particularly in the United Kingdom and United States, were becoming increasingly subject to the effect of political decisions. It was also noted that sales difficulties and market share tussles were not confined to the American and Western European industries. Japan was already facing substantial competition from China,

which had formerly been one of the country's largest customers. New important exporters of cotton piece goods emerged in the South Asian region (India and Pakistan) and provided new sources of competition in the Asian and African textile markets.

### **The International Federation's role**

The revival of the Federation at the Buxton Conference in 1954 came at a time when new textile producers were emerging on the world map. The resulting change in the trade pattern of textiles internationally led to attempts on the part of the established industries to seek what was called "orderly conditions" for the development of such trade. This in turn raised the question of what role the Federation could play in an era that was going to be marked increasingly by politically-managed trade. In August 1960, Kroese asked himself whether the members of the International Federation were only confronted with difficulties? He observed that in spite of the many problems faced by the members of the International Federation resulting from a shrinking world market for piece goods; a necessary elimination of part of the structural overcapacity (Lancashire) and a re-arrangement of outlets and keener competition from countries with politically managed prices, it was gratifying to note that there were "still many areas full of promise."

"These include the possibility of increasing demand through mass application of better finishing processes, technical/chemical inventions and more intensive cotton promotion; making use of the opportunities offered by larger market units, which will make more rational production possible; increased sales as a result of increasing populations and higher incomes."

"Considering that in addition to undertaking positive action or adopting defensive measures, we can JOINTLY perform such a great amount of constructive work; realizing how many good opportunities there are as regards the expansion of markets when we include in the calculation on sales prospects the increase in population and income per head of the population; considering the possibilities in the field of promoting cotton consumption as such, then we become fully aware that there is still a future for us all, even a bright one!"

Bearing all this in mind, Kroese believed that the International Federation was "once again at the beginning of a highly interesting period of its existence."

### **Focusing on structural adjustment**

Looking back to the first 15 years following the end of World War II, Mario Ludwig (Director, 1954 - 69) notes, "IFCATI has been consistently preoccupied with the problems which came about through the need for structural adjustment of textile enterprises in major manufacturing centres of the world." In analysing these problems and in trying to find solutions, the Federation has given guidance and often acted as "pace maker" and "trend setter".

As 1960 approached it became evident that in the years to come, the Federation would have to devote much attention to international trade policy and -- particularly -- to changes and adjustments in the structure of the cotton and allied textile industries world-wide. The scale of the global adjustments and industrial relocations which ultimately came to pass was only at a beginning. The International Federation built on its long-standing authority in matters of information gathering to provide the member countries affected with a sound basis for their adjustment processes. This task has been conducted through the media of both statistics and commentary; the statistics by providing the most accurate and comprehensive surveys of the status quo, and the specialist commentaries by providing forecasts, analyses and advice - often in the annual conference setting.

In 1960, a practise commenced for the President of the Federation, in a major address given at the opening session of its annual conferences, to paint a broad picture of the textile industries' current situation and problems. Many of the new ideas thus expressed subsequently found confirmation in the official statements adopted after the discussions and in conclusion of the meetings. The thinking which evolved at these conferences, was summarized in official statements which the Federation adopted at the close of each conference. This practise endured through the 1960s, until it became evident that the ever-increasing complexity of the global textile industry, and the variety of positions which would have to be reconciled for a single official statement to emerge, made such an undertaking an impossible challenge.

Nevertheless, taken as a whole, the statements from the Sixties showed a clear focus on advising the industry to modernise and streamline its productive capacities; to intensify technical research into processing and new end-uses; to promote textiles to consumers and look for new market opportunities; and even to plan productive processes from the customer backwards, taking into account how to deliver the optimal level of quality assurance along the chain. These propositions, though devised in the 1960s, appear just as valid at the beginning of the twenty-first century. The fact that the International Federation was able to clear-sightedly advise the industry on future strategies seems to arise out of its timely and frank recognition of economic fundamentals, which has always been an institutional strength. To the extent that such laws of business tend in the course of time to prevail over artificial interventions, the Federation's advice has largely stood the test of time.

### **Managed trade: from the Kennedy declaration to the MFA**

However, the intervening decades of "managed trade" still had to be negotiated, and the trade policies of individual national governments recognised. Immediately prior to the International Federation's meeting in Osaka, President John F. Kennedy of the United States of America, on the 2nd May 1961, issued an unprecedented declaration, in which he announced a programme of assistance to the United States textile industry, designed to meet a wide range of the problems that it faced as a result of rapid technological change, shifts in consumer preference, and increasing international competition. Although the world of textiles was taken by surprise by President Kennedy's announcement, the Federation was quick to grasp its great significance and, still in Osaka, issued the following comments:

"Note has been taken, with the greatest interest, of the declaration made by President John F. Kennedy, of the United States of America, on the 2nd May 1961, regarding the textile industry. It is noted with satisfaction that the existence of a special problem of the international textile trade is thereby officially recognised at the highest level, and that it is also officially admitted that special solutions must be found to this problem. (The International Federation) takes great interest in President Kennedy's statement, particularly his proposal to call an international conference of all the principal textile

exporting and importing countries, for the purpose of seeking an international understanding which will provide a basis for trade that will avoid undue disruption of established industries. The Federation recommends that this proposal should be given the most serious consideration by all the governments concerned, in consultation with representative national textile industry associations, so that both traditional and new industries can look forward to a stable future."

Multilateral negotiations began immediately thereafter, and led first to the "Short-Term Arrangement" (1961-62) and eventually to the "GATT Long-Term Agreement on International Trade in Cotton Textiles" (1962-73). The ultimate fruit of these accords was the Multi-Fibre Agreement (1974-) which, in later revisions, timetabled the orderly, progressive elimination of quotas between 1995 and 2005, when rules on international textile trade will be fully integrated into those of the World Trade Organization set up under the Uruguay Round accord.

The theme of the need for orderly market conditions prevailing while the global structural adjustment took place was highlighted at the 1963 International Federation meeting in Athens. A statement was adopted in which the claims of the textile industries in both the developing and the highly industrialized countries were officially and collectively acknowledged. The Federation explicitly pointed out that "to satisfy both claims, it will be necessary to complete the current structural adjustment in productive capacities of the world's textile industries. This can only be achieved if, during the transition period, orderly conditions prevail in the world's textile markets; moreover, dumping practices be avoided and prices be brought into a normal relationship to true costs. Efforts should be made by both developing and highly industrialized countries to ensure the successful implementation of the GATT Agreement on International Trade in Cotton Textiles. It should also be considered whether the present five-year term of the GATT Arrangement needs to be extended to permit the necessary structural adjustments to be carried out."

Forty years later, the adjustments are continuing and the restoration of "normal" price / cost relationships remains contentious at the highest levels of international cooperation, across multiple industries. Certainly, the transition period has proved to be both longer and more radical than many of its planners could have imagined. By 1966, the International Federation had arrived at the conclusion which has governed its attitude to the intersection

of its own activities with the conduct of international trade negotiations, declaring that "the controversial nature of the subject makes it difficult for the Federation to make specific recommendations in this field." It was rather agreed that its role should be to provide "a useful forum for the managements of textile enterprises to air their views on international trade policy at industrial level."

This has indeed been the case, and occasion has been provided by the renewals of the MFA which took place in 1977, 1981, 1986, and 1991. However, as the international textile trading community became increasingly focused on the dawning of a post-quota world, it was recognised that the best service that the International Federation could provide was to help equip its members by means of pursuing practical projects of tangible value to the industry, and to continue widening the opportunities that participation offers for the establishment of international business relationships. The latter are, after all, at the heart of any company's transition to a successful, globalized industrial operation.

In many ways, the conclusions of the Federation's 1967 New Delhi conference stood as an endorsement of the cooperative model of international trade, despite the fact that the Federation chose to concentrate on the industry's "knitting" -its core challenges- rather than its politics. It was observed that "international textile competition is likely to increase. Foreign trade in textiles should be carried out under orderly and equitable conditions. Importing countries should avoid unjustified demands for undue protection for their domestic markets; exporting countries should refrain from making excessive claims for increased shares in the world's export trade." The meaning of the words *undue* and *excessive* clearly had to be left to the trade body responsible, whether at the national or supra-national level.

By the early 1970s a consensus had emerged among members, that the Federation should direct its efforts principally towards the exploration of new ways and means of ensuring the future prosperity of the global textile industry. Outside the annual conference framework, this priority was best pursued through the working programmes of the specialist committees which carry out their projects with the full delegated authority of the Federation and report to the Committee of Management each year on their progress.

The International Federation's scope to advise the world's textile industries as they wrestled, and continue to wrestle, with restructuring and relocation issues has therefore in recent times been concentrated on monitoring and reporting the productive capacities installed around the world, and the direction and quality of new investments. In addition to the statistical reports that are regularly compiled, these trends are described and interpreted in the Annual Conference setting.

Blank Page



## Improving the Commercial Environment

International trade in both raw materials and finished products has been characteristic of the textiles industry for considerably longer than in other modern industrial sectors. While textiles, as much as any other internationally-traded product, has known periodic pressure for the political protection of domestic markets as well as for the opening of foreign ones, questions of trade policy have never been an area of operation for the International Federation. The following section on trading and commercial issues therefore confines itself to the practical areas of international trade where there is an identifiable common good to be served by the Federation's recognition, and encouragement of best-practice.

In concrete terms, this has meant Federation activity in the cause of the condition of baling of raw cotton and country damage, upholding the sanctity of the cotton contract terms, improvement in shipping conditions, and, in recent years, the movement towards a more transparent cotton trade in respect of instrument testing of the raw cotton characteristics and their universal acceptance in the buying and selling of cotton. Yarn contract uniformity has also been an activity of the Federation.

Two initiatives bearing on cotton contracting enhancement, took place at the beginning of the Federation's existence and have been referred to in the previous section on raw materials risks: firstly the alteration to American raw cotton contracts that was introduced in 1906, and secondly in 1907 a resolution was presented recommending the adoption of bale labels which stated grower, warehouse, and weight.

The first decade of the International Federation also saw collective action being taken against various sharp practices prevailing in parts of raw cotton supply chain. In 1910, the question of false bills of lading was discussed at the Brussels Congress, and given the substantial financial losses to members, a resolution was forwarded to the Liverpool Permanent Bill of Lading Conference, requesting multilateral remedial action involving American and European bankers, cotton exchanges, and employers' associations to render

the production and sale of such false bills impossible. Although progress was gradual, and the market entry of new cotton producing countries naturally compounded the opportunity for dishonest trading practises, the Federation's lobbying campaigns for greater supervision and the enactment and enforcement of penalties, was, on balance, worthwhile.

## **Representations made to governments**

As the 20th century progressed, the protocols and rules of the private international cotton trade became the main restraining influence. Nevertheless, the commercial context for a self-regulating trade with power of sanction owed something to the regulatory framework adopted by governments in cotton producing countries. For instance, in 1933, the Federation discussed the question of false packing of American cotton at its Prague conference. As a result of a strongly-worded resolution sent to the US Department of Agriculture and a delegation of Officers of the International Federation to the US Agriculture Secretary, the Department sent a representative to Europe to examine samples of false packed bales as they came to light at mills. The Department of Agriculture recommended that legislation be instituted in America to stop this practice, and the government adopted a punitive regime applying to any ginner proven to be engaged in false-packing.

Almost 20 years later, at the 1951 Congress in Egypt, the International Federation undertook substantial lobbying and even negotiations with the Egyptian government to help bring about an arrangement for the cultivation and export of Ashmouni cotton that was acceptable to all parties. The variety was retained in view of the spinners' protests at a plan to discontinue its production; a deal was agreed on limiting retrospective taxation of established cotton contracts; and the Egyptian government undertook to supply registry services for cotton contracts to provide security against any future changes in export taxation levels.

## **Jurisdiction and arbitration in commercial disputes**

The 1950s also saw the emergence of a trading theme which survives to the present day -- the debate over the site and jurisdiction for arbitration in

disputes between cotton merchants and spinning mills. On this occasion, the debate centred on the mechanisms for compulsory arbitration in Alexandria regarding disputes over Egyptian cotton shipments. The Federation resolved that the spinner should be able to nominate the place of arbitration. Subsequent decades have seen aspects of the debate over the mechanisms of arbitration, and the remedies achievable through arbitration, often revisited, sometimes in the setting of the Federation's annual conferences. The key value of the Federation to its members on both sides of the trade is its ability to provide a neutral and non-determinative meeting ground in which such sensitive discussions may take place.

This style of forum has proved important because spinners and traders come to the table from quite distinct realms of operation, despite sharing a common raw material. For instance, the introduction of cotton futures trading was, in the early years of the Federation, seen by spinners as providing a tool for speculators to create unwelcome volatility in the cotton price. Arguably, there still remains among some spinners a degree of ambivalence about the Futures Markets and the involvement of speculators. The trade, however, is reliant on speculators in the futures market to provide liquidity, in order to hedge their operations, and manage risk. Over the years a meeting of minds on various subjects has been encouraged, as each side is in a position to explain the constraints under which they operate, and thus to earn a greater understanding from their counterparties.

### **Sanctity of contracts**

A critical area of the International Federation's attempts to encourage best-practice trading has been its insistence on the sanctity of contracts. As has been noted, the Federation was required on several occasions in its history to strenuously oppose governmental interference in the raw cotton trade, notably in instances of retroactive taxation. With most of the world's major cotton exchanges in Federation membership, it became increasingly possible to cooperate in encouraging contract sanctity. The Federation became heavily involved in the early 70s in securing the enforcement of cotton export contracts in the wake of the commodity price boom of 1972-73. As prices rose, non-performance of cotton export contracts by producer countries developed into a widespread problem.

The Federation lobbied governments in producer countries which had threatened or prevented the proper execution of cotton export commitments, in line with its longstanding policy to oppose government action with retroactive effect. The representations made to producer governments proved broadly effective, and the Chairman of the Joint Cotton Committee reported that "it has been mainly because of the concerted action of the Federation and affiliated organizations that vast sums of money have been saved for trade and industry around the world." Thus, the Federation lived up to its first statutory objective as defined in 1904 and reaffirmed in 1954 and 1977: to watch over, protect and promote the common interests of its members.

Promoting the sanctity of contract has been regularly revisited in subsequent years, and aiding widespread understanding of the issues at stake is promulgated at every opportunity.

## Technical Enhancement

In addition to the refinement of technical specifications with a direct bearing on cotton and yarn trading, the International Federation has become at several points in its history involved in the co-ordination of efforts to improve cotton processing in the service of aiding the prosperity of the spinning industry as a whole. The usual pattern has been for the Federation to act as a conductor of spinners' concerns and suggestions, using its representative status to bring pressure for improvement to bear. On occasion, and especially in more recent decades, the Federation's involvement has been extended to supporting the highly technical analysis of both raw cotton and spun yarn properties. In other instances, a body of technical knowledge has been built up under the Federation's auspices and has been transfused into newly-established international specialist bodies as they came into existence. Such, for example, was the case with expertise in the scientific aspects of cotton breeding and production and crop-forecasting which fell in the post-war years more properly within the realm of the International Cotton Advisory Committee.

During the first fifty years of Federation activity, almost all technical questions arose at either the raw fibre stage or at the ginning and packing stage, as the downstream textile mills in member countries were themselves very close to the technological challenges of increasing productivity and quality, and there was a natural degree of competition that mitigated against the collective resolution of technical problems.

This fact was well-phrased by Kroese, who noted in 1960 that "one may wonder whether manufacturing techniques are also dealt with (by the Federation's Technical Committee). With the exception of an isolated case -- the measuring of labour productivity in spinning mills -- this is not normally the case. The mind of every cotton industrialist is so much concerned with the problems of spinning, weaving and finishing in his own mill that a regular exchange of ideas on such problems at the annual meetings of the International Federation would seem superfluous. On the other hand, it is useful to devote at regular intervals a special congress to technical developments in the textile industry, as was done at Buxton in 1954."

## The move to specialised sub-committees

The mid-point of the International Federation's first century of operation was the Buxton Jubilee Conference in May 1954, at which the Federation's name was changed to IFCATI (International Federation of Cotton and Allied Textile Industries) to reflect both the increased use of cotton spinning capacity to process man-made fibres in blended products, and the wider membership base that was envisaged in the post-war period. The conference itself was largely devoted to technical and chemical developments in the cotton industry, and later the same year the Federation resolved to address the growing complexity of subject matters requiring its attention by the delegation of all technical work to specialist sub-committees.

This strategy was the genesis of the Technical Committee, the Committee for Market Research and Sales Promotion, and the Committee for European Affairs which joined the Raw Cotton Merchants' and Joint Egyptian Cotton Committees in dealing with the material business of the International Federation. A Committee for Man-Made Fibres supplemented the structure later in the decade, and took as its remit the technical and commercial aspects of such fibres (production, distribution and processing), as well as liaison with dedicated national and international organizations operating in the mmf field. At that time, the relevant supranational agencies were the International Rayon and Synthetic Fibres Committee (CIRFS) and the International Bureau for the Standardisation of Artificial and Synthetic Fibres (BISFA). The former, CIRFS, eventually became an associate member of the International Federation.

The Technical Committee was a catch-all for technical matters which did not fall within the competence of other specialist sub-committees. Its main area of activity was fibre testing and the standardization of cotton testing methods. From its inception, the committee and the Federation sponsored and participated in the International Cotton Calibration Standards Programme, and cooperated with the International Organization for Standardization (ISO) in the development of a standard testing method for Micronaire.

Testing remained a matter of substantial importance to the Spinner members of the Federation, and since the establishment of the Spinners Committee in 1985, has become one of the most intensive areas of specialist

investigation sponsored by the Federation. As early as the late 1950s, the Federation completed a mill and laboratory testing scheme in seven different countries, in order to evaluate the scope for mechanical testing of trash content in raw cotton. On that occasion, the technology employed was an early iteration of the Shirley Analyser. The continuity of this strand of work can be seen in the bi-annual meetings currently held between the Spinners Committee and the major manufacturers of cotton testing machinery, to review technological developments and ensure that product development takes full account of a representative sample of the spinning sector's insights.

By 1969, it was possible for the International Federation to report that "the development of modern fibre testing instruments, for the purpose of evaluating the intrinsic qualities of cotton, is progressing rapidly. New instruments for measuring various fibre properties, together with completely automated instrument systems have been developed. They are designed to measure colour, fineness, trash content, length and fibre elongation. A gradually increasing adoption of these modern marketing techniques, originating in the USA, seems likely. As this will entail certain adjustments in traditional practices, it is recommended that the cotton trade and industry should follow these developments closely. Traditional handling and sampling methods are causing unnecessary costs: an improvement of these methods would strengthen cotton's position in the fibres market."

### **Assessing production technology**

The world's textile industries were natural beneficiaries of the surge in technological innovation and enhancement of production machinery which took place in all industrial sectors through the twentieth century, gaining pace exponentially in the last forty years. Simultaneously, the accelerating globalization of the industry's production locations and markets drove first a race to install modern industrial facilities in the developing world; followed by a long re-assessment of the market segments that could be profitably served from the high-labour cost countries in the West. The widely-recognised role played by industrialized textile sectors as a stimulus to national industrialization and development led to widespread adoption of new machinery and plant construction in many countries, some of which enjoyed no natural comparative advantage in the sector. The engineering of ever-

more productive, flexible and automated production machinery meant that the International Federation became increasingly interested in monitoring trends in technology and design, as well as in investment. This obligation grew out of the Federation's longstanding responsibility for surveying the installed productive capacities of the global textile complex.

A complicating factor in the equation was that, at the same time as textiles production was being deployed as an engine of growth and foreign-exchange earning, the industry itself was moving away from the 19th century pattern of labour-intensiveness toward quite an extreme degree of capital-intensiveness. The extent of the transition was already apparent by 1965, when the Federation declared in the conclusions of the San Francisco Conference that "the cotton and allied textile industries have become a capital-intensive industry. With the steady development of man-made fibres and new processing techniques, it has become a multi-fibre, multi-process industry whose strategy is more and more dominated by marketing rather than by production considerations." It was estimated that by the mid-1960s, the capital investment in a three-shift cotton textile mill amounted to USD 14,000 per employee -- ranking cotton textiles alongside the chemicals and petroleum industries in its capital requirements per operative. In the early years of the 21st century, the capital intensity of the most modern rotor spinning plant has risen to USD 1.6 million per workplace.

### **Productivity measurement and investment planning**

Furthermore, as was recognized at the London Conference in 1966, the Federation continued to encourage productivity measurement and inter-firm comparison as a means for textile enterprises to evaluate their respective competitive position and eventually to increase their productivity. In the first half of the century, productivity studies had been confined to the cotton-growing, ginning and spinning sectors, via continuing dialogue with advanced operations in the United States. Now, it became necessary to consider the productivity of the full textile value chain. The Federation noted in London that "technological developments and structural adjustment worldwide had led to impressive gains in productivity with which, generally, profitability had not kept pace." The Technical Committee was charged with investigating ways in which productivity measurement could be standardised across a diverse group of



producer countries, to allow for the construction of meaningful international statistical comparisons.

The consequences of the shift were spelled out four years later in Oporto, as the Federation issued cautionary advice to members regarding the assessment of new investment possibilities:

*“(The) latest changes in textile machinery construction consist either of improvements in conventional production methods, or radically new construction and production concepts. The first category includes, among others, the change from small to large packages, higher speeds of operation, higher drafts, automation and electronic controls, the direct and the open-end spinning system, the shuttle-less weaving machine, the air- and water- jet loom, and improved finishing processes. The second category includes, among others, the substitution of spinning by filament and texturing, or weaving by knitting, bonding and tufting. In view of the rapid pace of technological progress, investment in new machinery must be carefully planned and considered, not only from a technical point of view, but also with a view to the equipment’s suitability for catering for the future demand on the markets. This necessitates highest standards of managerial skill at all levels, in both the technical and commercial fields. Cooperation between the various manufacturing, processing and distributing stages should be intensified.” (italics added)*

### **The role of the Annual Conference in disseminating guidance**

Thus, the International Federation came to adopt a similar line on technological development as it had chosen for itself regarding global structural adjustment: acting as a guide, and on occasion, as a “pace-maker” in analysing problems and trying to find solutions. The medium for Federation influence has mainly been the annual conference, at which it became increasingly common for specialist advisers to present their analyses of optimal management structures and their forecasts of likely developments in both processing and marketing. In addition, the Federation has arranged periodic seminars on technological issues, as well as continuously expanding its flagship statistical publication, “International Textile Machinery Shipment Statistics”, to cover as many of the world’s producer countries, and as many sectors of production as has been feasible.

Supplementing the annual conference programme, the Federation has in recent years added specialized workshops on Denim, Management Information Systems, and High-Value Shirting production. These fora are conducted by sectoral experts and invite a group of industrialists to jointly examine topical technical or market-related themes, with the possibility of carrying out follow-up work via an informal committee structure.

The statistical foundation of the Federation's guidance to members through the provision of accurate, comprehensive and up-to-date information is described in detail in the next section, "Measuring the Industry". It suffices here to note that the expansion of the Federation's information and statistical services to its current range owes its momentum to the changed international circumstances of the 1960s, marked by the decline of purely "national" industrial sectors.

## "Measuring the Industry"

As many of the deliberations of the International Federation need to be grounded in a widely accepted understanding of the composition of global productive capacity, the Federation began shortly after its foundation to publish regular surveys of the spinning capacities of its member countries. The data collection was soon extended to cover the consumption of cotton and the level of stocks held by the industry. This systematic reporting arrangement between the member associations and the Secretariat became the core of the Federation's statistical reporting service.

As a result of these compilations, the Federation has known at all periods in its active history not only the overall size of the global spinning complex and the distribution of production capacities around the world, but also the proportion of world capacity which is in membership. Coverage of global capacity was progressively expanded over the decades as data sources became available. World cotton loom installations have been tracked since 1930 and in more recent times, installed capacities of the looms employed to weave woollen fabrics and filament/silk have also been reported.

### Statistics and surveys

#### Capacity measurement: International Cotton Industry Statistics

The diversification of the International Federation's suite of statistical reports beyond capacity measurement really got underway from the 1960s onwards. Rates of capacity utilization, and coverage of the consumption of artificial and synthetic fibres alongside cotton were added to the **International Cotton Industry Statistics** report. The inclusion of consumption data on man-made fibres was necessitated by the broadening of the raw material base, and was facilitated by the co-operation of both the Federation's own membership, and of the emergent international organisations dedicated to the mmf sector.

### **Capital investment destinations: International Textile Machinery Shipment Statistics**

As the proliferation of countries industrializing by means of building an indigenous textile sector took off in the 1960s and 1970s, tracking the destination markets for newly-manufactured textile machinery became a top priority, and a pre-condition for any serious quantitative analysis of the overall direction of the industry. In order to make such reporting possible, it was necessary to build the trust of the world's most important manufacturers of textile machinery, and integrate them into a process of disclosing under conditions of strictest confidentiality their deliveries of textile machines to each of their markets.

This represented a significant departure in data collection techniques. Rather than surveying countries or using international trade statistics to ascertain what they had bought on the basis of aggregate value, the Shipment Statistics began collating total unit deliveries per manufacturer per market. Initially, European machinery manufacturers were approached for their participation and discussions were held about the prospective format of the report. Over time, as good working relationships were established and confidence built among participants, Japanese manufacturers and those operating behind the Iron Curtain were integrated into the survey. Spinning and weaving machines were supplemented with deliveries of drawtexturing spindles (1994-); circular knitting machines (1995-) and flat knitting machines (2000-).

In 2000, the Chinese textile machinery industry began participating fully and the China Textile Machinery Association has subsequently provided comprehensive and critically important information on both domestic investment in locally-produced equipment by the burgeoning Chinese textile complex, and on the export of Chinese-made machinery to a number of other countries. Additionally, the Chinese have begun reporting installed capacity levels in spinning and weaving and raw materials consumption on an annual basis.

The development of the ITMSS report over the last 30 years must be counted as the great recent success story of the International Federation's publishing activities. It stands alone in the world for its comprehensiveness and its

attendant status as a reference document has made it an irreplaceable resource for its readers. Though it is constrained from entering machinery sectors where only a very small number of specialist manufacturers serve the world markets, attempts are constantly being made to expand its coverage to capture new manufacturers and previously-unreported sectors. After several years of preparatory work, for instance, the inclusion of finishing machinery is imminent.

### **Market snapshot: State of Trade Report**

To assist members gauge the prevailing activity level in the short-staple sector of the primary textile industry on the most timely possible basis, a quarterly report was launched under the title, **State of Trade** which has been continually enhanced and nowadays surveys Production, Stocks and Order levels in the Yarn and Fabric sectors. It has been issued with a Press Release which is distributed to the international textile media with the purpose of both informing commentators about the latest moves in activity, and raising the profile of the International Federation as an authority on the performance of the industry. The lag between the end of the quarter under review and the publication of results in the "State of Trade" is now little more than three months. The latest enhancement to the report has been the inclusion of a time series of recent price levels in the spun yarn market, which is compiled in co-operation with the Cotlook service in Liverpool.

### **Benchmarking textile production costs: International Production Cost Comparison**

Periodic studies of the costs of yarn and fabric production in various countries had been made on an ad hoc basis in the IFCATI era. In 1972, the exercise was conducted for the first time on a set of countries: Western Europe, Japan and Korea/Taiwan. An approximation of the relative competitive position of a group of sample countries under certain cost assumptions became feasible. From 1979 onwards, these studies were integrated into the Federation's regular publication cycle and given a biennial schedule as the "International Production Cost Comparison".

The report is designed to highlight the implications of the ever-increasing capital intensity of the primary textile industry, by tracing the impact of cost factors borne by manufacturers and presenting them on a standardised basis. This allows the reader to readily compare elements of total manufacturing costs across representative production facilities located in Brazil, China, India, Italy, Korea, Turkey and the USA. That country-set is the latest iteration of selecting for all relevant regions the most pertinent textile producing competitors, and simulating production costs for a green fields investment undertaken therein.

In its current format, the International Production Cost Comparison incorporates a wide range of influences on the cost picture, from externally-determined factors like raw material and machinery prices through to the local prices of labour, capital, and many other inputs to production. The textile industry sectors analysed are Spinning, Texturing, Weaving and Knitting, and individual results are supplied for ring-spun, o-e, and textured yarns, and for fabrics woven and knitted from each of these yarn types.

Manufacturing costs covered in the report are based on parameters specified by the textile machinery companies Rieter, Barmag, Sulzer and Terrot, and thus the representative cost structure for each country is derived from both "bottom-up" (investment analysis) and "top-down" (surveyed) standpoints.

As is the case with the International Textile Machinery Shipment Statistics, the IPCC report is quite unique among publicly-available international studies and thus contributes to the Federation's reputation as a reliable source of up-to-date and relevant proprietary statistical information.

## Founder Members

<b>Austria</b>	Verein der Baumwoll-Spinner Oesterreichs Verein der Baumwoll-Weber Oesterreichs
<b>Belgium</b>	Association Cotonnière de Belgique Association Belge du Tissage
<b>France</b>	Association Cotonnière Coloniale, Paris Syndicat Français de la Filature de Coton et du Tissage de Coton
<b>Germany</b>	Kolonial-Wirtschaftliches Komitee (Berlin) Elsässisches Industrielles Syndicat Verband Rheinisch-Westphälischer Baumwollspinner Vereinigung Sächsischer Spinnereibesitzer Verein Süddeutscher Baumwoll-Industrieller
<b>Italy</b>	Associazione tra gli Industriali Cotonieri e Borsa Cotoni
<b>Netherlands</b>	Nederlandsche Vereeniging tot Bevordering van de Katoencultuur in de Nederlandsche Koloniën
<b>Portugal</b>	Associação Industrial Portuguesa Associação Industrial Portuguesa
<b>Spain</b>	Fomento del Trabajo Nacional (Barcelona)
<b>Switzerland</b>	Schweizerischer Spinner-, Zwirner- und Weber-Verein
<b>UK</b>	Bolton Master Cotton Spinners' Association British Cotton Growing Association Chorley Master Cotton Spinners' Association The Federation of Master Cotton Spinners' Associations North and North East Lancashire Cotton Spinners' and Manufacturers' Association

Blank Page



## Membership 1904 - 1939

Austria	Founder Member
Belgium	Founder Member
China	1922 - 1939
Czechoslovakia	1920 - 1939
Denmark	Joined 1910
Egypt	Joined 1923
Estonia	1935 - 1939
Finland	Joined 1926
France	Founder Member
Germany	Founder Member
Hungary	1925 - 1939
India	Joined 1910
Italy	Founder Member
Japan	1907 - 1913
Netherlands	Founder Member
Norway	Joined 1908
Poland	1934 - 1939
Portugal	Founder Member
Russia	1909 - 1914
Spain	Founder Member

Sweden	Joined 1910
Switzerland	Founder Member
UK	Founder Member
Yugoslavia	1933 - 1939

## Membership 1954 - 2003

<b>Africa</b>	Joined 1963
Benin	
Cameroun	
Chad	
Gabon	
Ivory Coast	
Madagascar	
Senegal	
Togo	
Upper Volta	
<b>Argentina</b>	1978 - 1990 Rejoined 2000
<b>Australia</b>	Joined 1964
<b>Austria</b>	
<b>Bangladesh</b>	2001 - 2002
<b>Belgium</b>	
<b>Brazil</b>	1978 - 1984 Rejoined 1990
<b>Canada</b>	1964 - 2003
<b>Chile</b>	1983 - 1985
<b>Colombia</b>	1991 - 1998
<b>Czech Rep.</b>	Joined 1996
<b>Denmark</b>	1954 - 1990
<b>Egypt</b>	
<b>Estonia</b>	2002 - 2003

El Salvador	1970 - 1976
Finland	1954 - 1996
France	
Germany	
Greece	Joined 1960
Hungary	Joined 1995
India	Joined 1963
Indonesia	Joined 1997
Iraq	1978 - 1984
Israel	1965 - 1998
Italy	
Japan	Joined 1956
Korea Rep.	Joined 1970
Malaysia	1982 - 1998
Mexico	1971 - 1983
Morocco	1980 - 1982 Rejoined 1992
Netherlands	1954 - 1996
Nordic Countries	1997 - 2002
Norway	1954 - 2002
Pakistan	1982 - 1994 Rejoined 2000
Philippines	1990 - 1998
Portugal	

South Africa	Joined 1994
Spain	
Sri Lanka	Joined 2001
Sweden	1954 - 1993 Rejoined 2003
Switzerland	
Taiwan, ROC	Joined 1977
Tunisia	Joined 1980
Turkey	Joined 1974
UK	
USA	
Vietnam Rep.	1970 - 1975

Blank Page

## Member Associations 2004

<b>Africa</b>	Fédération de l'Industrie Textile Africaine et Malgache (FITAM)
Benin	
Burkina Faso	
Cameroun	
Centr. Afr. Rep.	
Chad	
Congo	
Gavon	
Ivory Coast	
Madagascar	
Mali	
Mauretania	
Niger	
Senegal	
Togo	
Zaire	
<b>Argentina</b>	Federación Argentina de Industrias Textiles Fadit (F.I.T.A.)
<b>Australia</b>	Council of Textile & Fashion Industries of Australia Ltd.
<b>Austria</b>	Vereinigung Textilindustrie (VTI) c/o Fachverband der Textilindustrie Österreichs
<b>Belgium</b>	FEBELTEX
<b>Brazil</b>	ABIT - Associação Brasileira da Indústria Têxtil e de Confecção
<b>Czech Rep.</b>	ATOK Association of Textile-Clothing-Leather Industries
<b>Egypt</b>	Egyptian Textile Manufacturers Federation (ETMF)
<b>France</b>	Fédération Française de l'Industrie Lainière et Cotonnière

	F.F.I.L.C.
<b>Germany</b>	Industrieverband Garne - Gewebe - Technische Textilien e.V.
<b>Greece</b>	The Union of Greek Cotton Textile Industrialists
<b>Hungary</b>	Hungarian Society of Textile Technology and Science
<b>India</b>	The Indian Cotton Mills' Federation
<b>Italy</b>	Associazione Tessile Italiana
<b>Japan</b>	Japan Spinners' Association
<b>Korea Rep.</b>	Spinners & Weavers Association of Korea
<b>Morocco</b>	Association Marocaine des Industries du Textile et de l'Habillement (AMITH)
<b>Nigeria</b>	Nigerian Textile Manufacturers Association
<b>Portugal</b>	ATP - Associação Têxtil e Vestuário de Portugal
<b>South Africa</b>	Textile Federation of South Africa
<b>Spain</b>	Asociación Industrial Textil de Proceso Algodonero - AITPA
<b>Sri Lanka</b>	Ceylon Textile Manufacturers' Association
<b>Sweden</b>	TEKO Industrierna Swedish Textile & Clothing Industries' Association
<b>Switzerland</b>	Textilverband Schweiz
<b>Taiwan, ROC</b>	Taiwan Textile Federation
<b>Tunisia</b>	Fédération Nationale du Textile (FENATEX)
<b>Turkey</b>	Türkiye Tekstil Sanayii İşverenleri Sendikası



## Associate Members 2004

<b>Australia</b>	Australian Cotton Shippers Association
<b>France</b>	Association Française Cotonnière (AFCOT)
<b>Germany</b>	Bremer Baumwollbörse Verband Deutscher Maschinen- und Anlagenbau e.V. (VDMA)
<b>India</b>	The East India Cotton Association
<b>Spain</b>	Centro Algodonero Nacional
<b>Switzerland</b>	Swissmem - The Swiss Mechanical and Electrical Engineering Industries Vereinigung Schweizerischer Rohbaumwoll-Vertreter
<b>UK</b>	The Liverpool Cotton Association, Ltd.
<b>USA</b>	AMCOT, Inc. American Cotton Shippers Association (ACSA) American Fiber Manufacturers Association, Inc. American Textile Machinery Association American Yarn Spinners Association Cotton Council International Cotton Incorporated National Cotton Council of America New York Board of Trade
<hr/>	
<b>Europe</b>	Comité International de la Rayonne et des Fibres Synthétiques (C.I.R.F.S.)

Blank Page

## Corporate Members 2004

<b>India</b>	A.T.E. Enterprises Private Limited Indo Rama Synthetics (I) Ltd. Reliance Industries Limited
<b>Indonesia</b>	Pt Apac Inti Corpora P.T. Texmaco Jaya
<b>Korea</b>	Huvis Corporation
<b>Mexico</b>	Compañía Industrial de Parras, S.A. de C.V.
<b>Pakistan</b>	Gul Ahmed Textile Mills Ltd. Mohammad Farooq Textile Mills Ltd.
<b>USA</b>	Milliken & Company

Blank Page

## Congresses/Conferences

2004	<b>Lucerne</b> , Switzerland
2003	<b>Dresden</b> , Germany
2002	<b>New Delhi</b> , India
2001	<b>Budapest</b> , Hungary
2000	<b>Cape Town</b> , South Africa
1999	<b>Venice</b> , Italy
1998	<b>Melbourne</b> , Australia
1997	<b>Marrakech</b> , Morocco
1996	<b>Washington</b> , DC, USA
1995	<b>Prague</b> , Czech Republic
1994	<b>Sao Paulo</b> , Brazil
1993	<b>Porto</b> , Portugal
1992	<b>Seoul</b> , Korea Rep.
1991	<b>Barcelona</b> , Spain
1990	<b>Amsterdam</b> , Netherlands
1989	<b>Taipei</b> , Taiwan, ROC
1988	<b>Interlaken</b> , Switzerland
1987	<b>New Delhi</b> , India
1986	<b>Helsinki</b> , Finland
1985	<b>Istanbul</b> , Turkey
1984	<b>Cairo</b> , Egypt
1983	<b>Berlin (West)</b>

1982	<b>Tokyo</b> , Japan
1981	<b>Montréal</b> , Canada
1980	<b>Monte Carlo</b>
1979	<b>Palm Beach</b> , FL, USA
1978	<b>London</b> , United Kingdom
1977	<b>Mexico City</b> , Mexico
1976	<b>Vienna</b> , Austria
1975	<b>Zürich</b> , Switzerland
1974	<b>Venice</b> , Italy
1973	<b>Zürich</b> , Switzerland
1972	<b>Jerusalem</b> , Israel
1971	<b>Barcelona</b> , Spain
1970	<b>Osaka</b> , Japan
1969	<b>Oporto</b> , Portugal
1968	<b>Brussels</b> , Belgium
1967	<b>New Delhi</b> , India
1966	<b>London</b> , United Kingdom
1965	<b>San Francisco</b> , CA, USA
1964	<b>Zürich</b> , Switzerland
1963	<b>Athens</b> , Greece
1962	<b>Deauville</b> , France
1961	<b>Osaka</b> , Japan
1960	<b>Amsterdam</b> , Netherlands
1959	<b>Vienna</b> , Austria
1958	<b>Stockholm</b> , Sweden
1957	<b>Venice</b> , Italy

1954	<b>Buxton</b> , United Kingdom
1951	<b>Cairo/Alexandria</b> , Egypt
1938	<b>Cairo/Alexandria</b> , Egypt
1935	<b>Milan/Rome</b> , Italy
1933	<b>Prague/Carlsbad</b> , Czechoslovakia
1931	<b>Paris</b> , France
1929	<b>Barcelona</b> , Spain
1927	<b>Cairo/Alexandria</b> , Egypt
1925	<b>Vienna</b> , Austria
1922	<b>Stockholm</b> , Sweden
1922	<b>Rio de Janeiro</b> , Brazil
1920	<b>Zürich</b> , Switzerland
1913	<b>Scheveningen</b> , Netherlands
1912	<b>Cairo/Alexandria</b> , Egypt
1911	<b>Barcelona</b> , Spain
1910	<b>Brussels</b> , Belgium
1909	<b>Milan</b> , Italy
1908	<b>Paris</b> , France
1907	<b>Vienna</b> , Austria
1907	<b>Atlanta</b> , GA, USA
1906	<b>Bremen</b> , Germany
1905	<b>Manchester</b> , United Kingdom
1904	<b>Zürich</b> , Switzerland

Blank Page



## Presidents of the International Federation

2003 - 2004	<b>Sudhir Thackersey</b> (India)
2001 - 2002	<b>Herbert Schmid</b> (Brazil)
1999 - 2000	<b>Min Sok Suh</b> (Korea Rep.)
1997 - 1998	<b>Hervé Giraud</b> (Turkey)
1995 - 1996	<b>Daniel K. Frierson</b> (USA)
1993 - 1994	<b>Douglas T. Hsu</b> (Taiwan, ROC)
1991 - 1992	<b>Federico Sanfeliu</b> (Spain)
1989 - 1990	<b>Thomas R. Bell</b> (Canada)
1987 - 1988	<b>Madanmohan Mangaldas</b> (India)
1985 - 1986	<b>Bernard Crone-Rawe</b> (Germany)
1983 - 1984	<b>Donald Comer, Jr.</b> (USA)
1981 - 1982	<b>Ichiji Ohtani</b> (Japan)
1978 - 1980	<b>Roger Sauvegrain</b> (France)
1976 - 1978	<b>Tom Normanton</b> (United Kingdom)
1974 - 1976	<b>Krishnaraj M.D. Thackersey</b> (India)
1972 - 1974	<b>Matteo Legler</b> (Italy)
1970 - 1972	<b>J. Craig Smith</b> (USA)
1968 - 1970	<b>Toyosaburo Taniguchi</b> (Japan)
1966 - 1968	<b>Charles Uyttenhove</b> (Belgium)
1964 - 1966	<b>Christer Höglund</b> (Sweden)
1962 - 1964	<b>Alfredo Sédo</b> (Spain)
1960 - 1962	<b>Kurt Dietrich</b> (Germany)

1958 - 1960	<b>W.T. Kroese</b> (Netherlands)
1956 - 1958	<b>W.T. Winterbottom</b> (United Kingdom)
1954 - 1956	<b>Marcel Fremaux</b> (France)
1952 - 1954	<b>H.S. Butterworth</b> (United Kingdom)
1950 - 1952	<b>Caspar Jenny</b> (Switzerland)
1949 - 1950	<b>H.S. Butterworth</b> (United Kingdom)
1939 - 1949	<b>W.M. Wiggins</b> (United Kingdom)
1937 - 1939	<b>Hendrik van Delden</b> (Germany)
1935 - 1937	<b>W.M. Wiggins</b> (United Kingdom)
1933 - 1935	<b>Paul Schlumberger</b> (France)
1932 - 1933	<b>William Howarth</b> (United Kingdom)
1930 - 1932	<b>Count Jean de Hemptinne</b> (Belgium)
1925 - 1930	<b>Fred. Holroyd</b> (United Kingdom)
1921 - 1925	<b>John Syz</b> (Switzerland)
1919 - 1921	<b>Herbert Dixon</b> (United Kingdom)
1904 - 1915	<b>Charles W. Macara</b> (United Kingdom)

## Officials of the International Federation

<b>Herwig Strolz</b>	1991 -	Director General
	1970 - 1991	Director
<b>Mario Ludwig</b>	1954 - 1969	Director
	1953 - 1954	Liaison Officer
<b>Norman S. Pearse</b>	1931 - 1960	General Secretary
	1920 - 1931	Assistant Secretary
<b>Arno S. Pearse</b>	1905 - 1931	General Secretary