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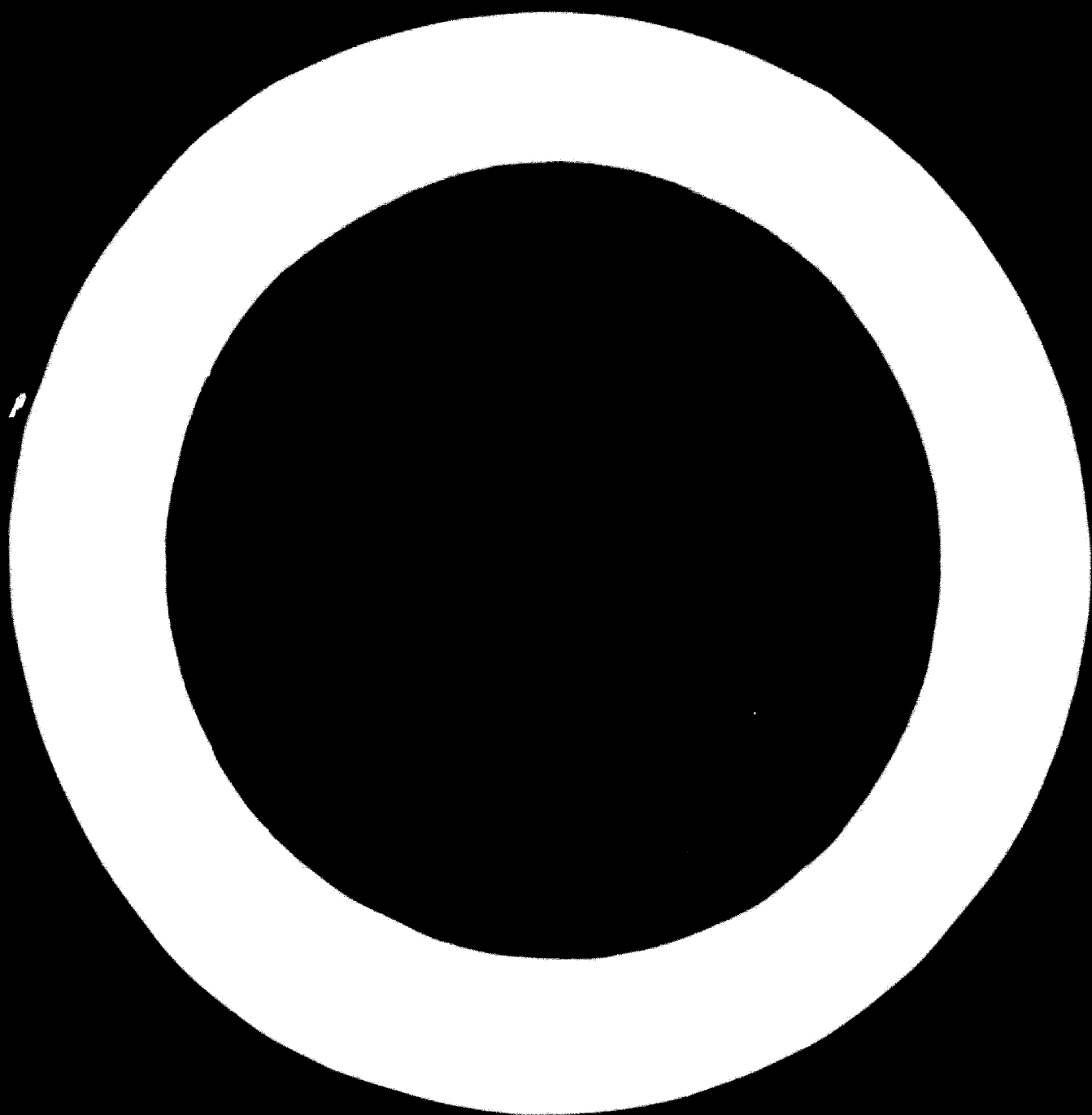
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PROSPECTS OF DEVELOPMENT IN THE UAR COTTON TEXTILE INDUSTRIES

(Presented by the Government of  
The United Arab Republic)



PROSPECTS OF DEVELOPMENT  
IN THE UAR COTTON TEXTILE INDUSTRIES

HISTORICAL BACKGROUND

Egypt is renowned for its fine fabric manufacture since the ancient Egyptian times. Flax was spun and woven into very fine fabrics which are exhibited at the present time in the Egyptian museums. These fabrics were of course made by hand spinning and weaving. This traditional method of production had lasted and continued over about 60 centuries.

The first modern cotton textile mill was erected in Alexandria in 1911. During the period of the first World War, the imports of textiles were cut short, and the Alexandria mill was able to expand and replace its equipment with modern machinery. The foundation of the modern textile industry in this country was only laid down by the establishment of Misr Spinning and Weaving Co. at Mehalla El-Kobra in 1927. Subsequently several other firms have been established such as Misr Silk Weaving Co., at Damietta and Misr Fine Spinning and Weaving Co., at Kafir El-Dawar. This growing industry was suffering from the severe competition of foreign textile goods, which drastically affected its rate of growth, until the Government intervened in 1938 by issuing an Act to consolidate Bank Misr and its group of industrial firms.

The outbreak of the Second World War and the subsequent cuts in textile imports, helped substantially the expansion of the local textile industry. By 1953, the capacity of the existing cotton mills was 517,364 spindles and 15,760 power looms.

THE POST-WAR YEARS

By the end of the war, devastated areas in many parts of the world had been seriously deprived of cloth supplies. Furthermore, the war had stimulated the use of cotton for industrial purposes and hence there was a huge post-war demand. In the large textile producing countries, this posed severe problems of rehabilitation, of recruiting labour lost during the war and of restarting and replacing machinery, much of which had either been destroyed, moved out of the mills to provide storage space or had been scrapped. Great

efforts were therefore made by the principal cotton textile producing centres in the UK, Europe, and Japan to cope with the increased demands in both home and export markets. Even by means of the increased labour supply and greater utilization of machinery, production of cotton yarns and fabrics in these centres was progressively increased as compared with the 1946 production levels, but it never approached the 1937 levels. The cotton yarn production in the UK and Japan in 1951 were 72 per cent and 47 per cent of the 1937 production levels, while those of cotton fabrics were only 60 per cent and 45 per cent respectively.

This situation has created favourable conditions for the growing textile industries in many developing countries. In UAR, the cotton textile industry was able to meet nearly all the domestic demands by 1951 and by 1952 a surplus was available for the export market. Under the flourishing conditions of a closed market, the industry did not fully appreciate the importance of such vital problems as raising labour productivity, proper maintenance of machinery, training of technicians and foremen, adaptation of scientific procedure and techniques and maintaining quality levels. Consequently, the surplus production of 1952 and 1953 faced the difficulties of international competition, pressed hard on the economy of producing mills and an urgent solution to this had to be found. The Revolutionary Government in 1953 thus instituted the Permanent Committee for Consolidating the Cotton Textile Industry with the following functions:

- (i) marketing promotion of cotton textiles in the domestic and foreign markets;
- (ii) imposing standard specifications on the textile industry products;
- (iii) planning a policy for applied research in the field of cotton textiles and instituting laboratories, research and training centres in co-operation with concerned authorities;
- (iv) carrying out research in various economic aspects of the industry with the aim of reducing production costs and effecting more efficient utilization of raw Egyptian cotton.

Through organized efforts of the industry and the Permanent Committee and with the aid of the State, the difficulties involved were gradually overcome. Besides, as soon as the Ministry of Industry was instituted in 1956, it started an efficient orientation to the activities of the textile industry and put the foundation of a concrete policy for its consolidation and development based on:

- (i) Encouraging the modernization of existing machinery and equipment, together with barring the imports of second-hand machinery.
- (ii) Improving the economics of existing production units by increasing its operating capacity to at least the minimum economical size.
- (iii) Erecting training centres and training programmes for workers, technicians and administrative personnel.
- (iv) Imposing standard specifications for the textile products.
- (v) Planning the excess production to suit the requirements of export markets.
- (vi) Taking protective measures against undue foreign competition.
- (vii) Directing the establishment of new mills to new areas, where raising the standard of living is most needed, and where the labour force can be easily recruited without undue emigration.

(21)

These policies have led to substantial improvement in both the technical and economic aspects of the textile industry.

The first programme for the expansion of the textile industry as initiated by the Ministry of Industry called for the erection of an additional capacity of 328, 850 spindles and 2,964 looms. This had successfully been completed by 1960.

By the end of 1960, the total spindle capacity was 1,184,642 spindles as compared with 517,364 in 1952 with an increase of 129 per cent and the total weaving capacity was 21,708 looms as against 15,760 in 1952 with an increase of 38.8 per cent.

The first five-year plan for economic development was inaugurated in 1960/1961, and by now is almost completely finished. Through the execution of this plan a further expansion in the textile industry took place. The statistics of 1964 show that the capacity has increased by 212,358 spindles and 1,361 automatic looms over the figures of 1960.

In 1961, the State proclaimed socialistic decrees which brought virtually the majority of the textile industry - among other activities - under the Government ownership or control. The responsibilities of operating and managing the gigantic Public Sector thus created, were entirely shifted to the concerned Ministries. It was realized at an earlier stage that public concerns with economic activities cannot be run satisfactorily if the Governmental tradition of routine is exercised. It was the intention of the State to

maintain a much more flexible type of administration that would suit the business nature of the nationalized concerns and guarantee successful performance of the Public Sector. Thus, State Organizations, were emerged to represent the State in functioning the necessary auspice and control over the firms operating in their respective fields. Towards the end of 1961, the General Egyptian Textile Organization was instituted and since then, it is virtually in full charge of the textile industry in the country.

This Organization has the following functions over its affiliated firms:

- (i) Planning expansion and modernization of machinery and equipment, within the general framework of the economic development plans.
- (ii) Planning production and marketing policies for both the domestic and export markets.
- (iii) Organizing extensive training programmes for workers, technicians and administrative personnel.
- (iv) Organizing collective marketing of raw materials, spare parts and accessories requisited by the various sections of the industry.
- (v) Follow-up the objectives and production quality levels of the various firms under its auspice.
- (vi) Auditing the books and representing the shareholders general assembly of the affiliated firms.
- (vii) Planning re-organization schemes for existing firms through amalgamation and/or expansion, to integrate activities and/or improve their economics.
- (viii) Application of applied research procedures in solving the problems of the industry.

Along the abovementioned lines, the General Egyptian Textile Organization has endeavoured remarkable efforts that lead to substantial improvement in production and in economic, technical and administrative aspects of the Textile Industry. Also, the marketing policies planned and adopted by this Organisation have proved to be effective and indeed very successful, in the field of export markets.



## SURVEY OF THE PRESENT POSITION

The outstanding progress and development that took place in the field of the UAR Cotton Textile Industry since the Revolution started in 1952 until 1964, can be surveyed in the following:

### Development in Machine Capacity and Production

Table I gives particulars of the development in cotton spindlage and looms installed capacities; production of cotton yarns and fabrics and their respective values, and raw cotton consumption over the period of 1953/1964.

Reference to this table shows that:

- (i) The number of installed spindles in 1964 was 1,397,00 spindles, as compared with 517,364 spindles in 1953 with an increase of about 170 per cent.
- (ii) The number of power looms had been increased by about 46.5 per cent over the same period.
- (iii) The production of cotton yarn had been raised from 59,350 tons in 1953 to 131,230 tons in 1964, with an increase of about 122 per cent. The increase is not in proportion with the increase of spindlage capacity, and the deviation is due to the gradual increase of the average yarn count from 17.7's in 1953 to 23.3's in 1964.
- (iv) The value of the total cotton yarn production was estimated at current market prices, by 74.8 million pounds in 1964 in comparison with 30.3 million pounds in 1953, with an increase of about 147 per cent.
- (v) The production of cotton fabrics had been raised from 319 million running metres in 1953 to 582 million metres in 1964, with an increase of about 82.5 per cent.
- (vi) The value of the total cotton fabric production was estimated at current market prices by 93.17 million pounds in comparison with 34.4 million pounds in 1953, with an increase of about 171 per cent.
- (vii) The raw cotton consumption was 68,843 tons in 1953, whereas it reached 143,548 tons in 1964, with an increase of about 109 per cent. This increase is not in proportion with the increase realized in production over the same period; the deviation shows a substantial improvement in the raw cotton utilization. This can be clearly seen from comparing the cotton factor (i.e. amount of cotton consumed/1 kilogramme of cotton yarn produced) which was 1.16 in 1953 against 1.095 in 1964.

### DEVELOPMENT IN MARKETING COTTON TEXTILES

Table 2 gives particulars of imports of cotton yarn and fabrics during the period 1953/1958, and reference to this Table shows that the imports of cotton yarn, mainly sewing and needle handwork threads, were negligible, whereas the imports of cotton fabrics were 1,782 tons in 1953 and gradually decreased to 53 tons only in 1958, and in the following year the figure was 331 tons due to the promotion of cotton fabrics import from Syria. In 1960 the import of cotton yarn and fabrics were stopped. This clearly shows that the Cotton Textile Industry had provided the domestic market with the majority of its requirements during the above mentioned period; and since 1960 it has been providing it with its entire requirements.

Reference to Table 3, which gives particulars of exports of cotton yarn and fabrics during the period 1953/1964, shows clearly that the quantities exported from the cotton textile products have been steadily increased with the increase of production surplus. The value of our cotton textile exports was about 3.0 million pounds in 1953, as compared with about 33.1 million pounds in 1964, with a substantial increase of more than tenfold. Through the high quality levels attained by our cotton textiles and the organized efforts in the field of foreign marketing, this industry was capable to establish traditional export markets with continuous demand. Nevertheless, this success is also attributed to the national production orientation and marketing policies. This shows also that the textile industry is participating with an important and effective role in the augmentation of our foreign trade.

### DEVELOPMENT IN LABOUR FORCE

The Socialistic Reform fostered by the State has granted the active labour force social, economic and political benefits. Also, it has given immediate care and attention to the problem of unemployment, as a part of a general scheme for raising the standard of living. The Textile Industry has participated effectively in solving this problem through its intensive requirements.

Reference to Table 4 gives particulars of development in the number of labour force engaged in the textile industry (public and private sectors); the total labour force in 1964 was about 206,000 workers as compared with about 135,000 workers in 1957, with an increase of 52.5 per cent.

The particulars of labour force engaged in the public sector of the textile industry together with the development in their wages are given in Table 5. Reference to this Table shows that the number of workers was 118,000 having total annual wages of about 17.0 million pounds in the fiscal year 1960/61 as compared with 168,000 workers having total annual wages of about 35.0 million pounds in 1963/1964. The average wage per person per annum has been increased from £144 in 1960/61 to £208 in 1963/64.

In addition, a minimum daily wage has been fixed and imposed by the State and complete social and health insurance schemes have been carefully devised and applied to the entire labour force of the industry.

Further, intensive training programmes have been successfully organised to raise the skills and productivity of the labour force.

#### SCHEME OF FUTURE DEVELOPMENT IN COTTON TEXTILE INDUSTRY

The incompleting cotton spinning projects of the first five-year plan for economic development have a capacity of 93,000 spindles with an anticipated annual production of 10,000 tons.

These projects are under erection and are expected to be completed before the end of 1965.

The future expansion in the cotton sections of the textile industry, linked with the second plan for economic development, has been studied by the Textile Organization together with the concerned authorities, in accordance with the following lines:

- (i) To meet the expansion in the domestic consumption attributed to the substantial increase in the rate of population growth and to the successive increase in annual income.
- (ii) To cope with the potentialities of the available export outlets. A production scheme has accordingly been planned for the period 1965/66 to 1969/70, a summary of which is given in Table 6. The targets for 1969/70 production are fixed as follows:

Cotton yarns	172,000 tons
cotton fabrics	114,000 tons
cotton hosiery underwear	14,000 tons

Whereas the targets for exports headed at in 1969/70 are assessed as follows:

cotton yarns	44,000 tons
cotton fabrics	22,000 tons
cotton hosiery underwear	2,000 tons.

According to the above production programme, the required additional machinery and equipment were estimated and provided for in the second plan for economic development, details of which may be outlined in the following:

Section	Additional capacity	Capital to be invested in million pounds
Cotton spinning	415,000 spindles	42.69
Cotton weaving	6,590 automatic looms	21.74
Dyeing, printing and finishing	70 million metres/annum	2.7
Hosiery	4,000 tons/annum	4.0

In addition to the above, a scheme of modernizing 212,500 spindles and replacing 36,000 looms with new equipment, is also provided for in the second plan for economic development.

In conclusion, it is evident that the textile industry has played an effective role in the development of the UAR economy. It is participating positively in augmenting our foreign trade, in raising the standard of living and in solving the problem of unemployment.

TABLE I

Installed spindlage and loom capacities - production and raw cotton consumption

Year	No of installed spindles	Cotton yarn production		Average count	Raw co cotton consumption in tons	Number of installed power looms	Cotton fabrics production	
		Qty in tons	Value in £ 1000				Qty in million running metres	Value in million pounds
1953	517,364	59,350	30,268	17.7	68,843	15,760	319	34.4
1954	539,518	64,346	32,816	18.3	73,947	15,800	348	-
1955	566,866	73,085	37,273	18.4	83,162	16,300	378	-
1956	738,794	75,008	38,254	18.8	86,639	17,990	396	-
1957	855,792	80,536	47,033	20.5	92,844	18,744	402	-
1958	915,634	87,103	50,694	21.2	100,636	19,518	450	-
1959	1,045,884	91,111	51,022	20.5	104,393	19,518	454	-
1960	1,184,642	102,163	57,211	21.2	114,914	21,708	482	68.16
1961	1,279,458	110,743	59,570	21.0	125,176	21,970	550	78.10
1962	1,340,370	121,074	62,450	21.1	137,843	22,166	604	86.57
1963	1,331,500	123,729	69,288	22.4	136,498	22,714	574	91.80
64	1,397,000	131,230	74,800	23.3	143,548	23,069	582	93.17

TABLE 2

Cotton textile imports

Year	Imports of cotton fabrics, in tons	Imports of cotton yarn in tons
1952	1,782	99
1953	1,729	88
1954	623	101
1955	450	161
1956	259	113
1957	72	26
1958	53	18
1959	33	7

TABLE 3  
Cotton textile exports

Year	Cotton yarn		Average count of yarn	Cotton fabric	
	Quantity tons	Value in £ 1000		Quantity tons	Value in £ 1000
1953	5,395	1,971	-	1,057	1,031
1954	10,414	4,100	-	2,099	1,785
1955	10,236	4,393	-	2,994	2,285
1956	10,750	4,223	27.3	4,681	3,211
1957	10,848	5,826	27.8	4,672	3,149
1958	14,470	7,354	25.8	5,345	3,922
1959	13,579	6,208	24.4	7,434	4,966
1960	19,935	9,174	24.9	12,922	7,062
1961	16,975	7,666	24.2	10,752	6,415
1962	19,494	10,571	27.5	13,507	7,236
1963	29,047	18,037	30.7	15,671	9,719
1964	32,740	21,569	31.0	16,689	11,536

TABLE 4  
Labour Force  
(engaged in both public and private sectors)

Year	No of workers <sup>a/</sup> on looms
1957	134,550
1958	141,490
1959	146,970
1960	168,380
1961	178,230
1962	206,026
1963	205,763

<sup>a/</sup> Including workers engaged in sections other than cotton.

TABLE 5

Labour and wages  
Public sector of the textile industry

Fiscal year	No. of labourers	Total wages in million pounds	Average wage per worker per annum
1960/61	118,000	17.0	144
1961/62	126,000	22.0	175
1962/63	139,000	28.0	201
1963/64	168,000	35.0	208

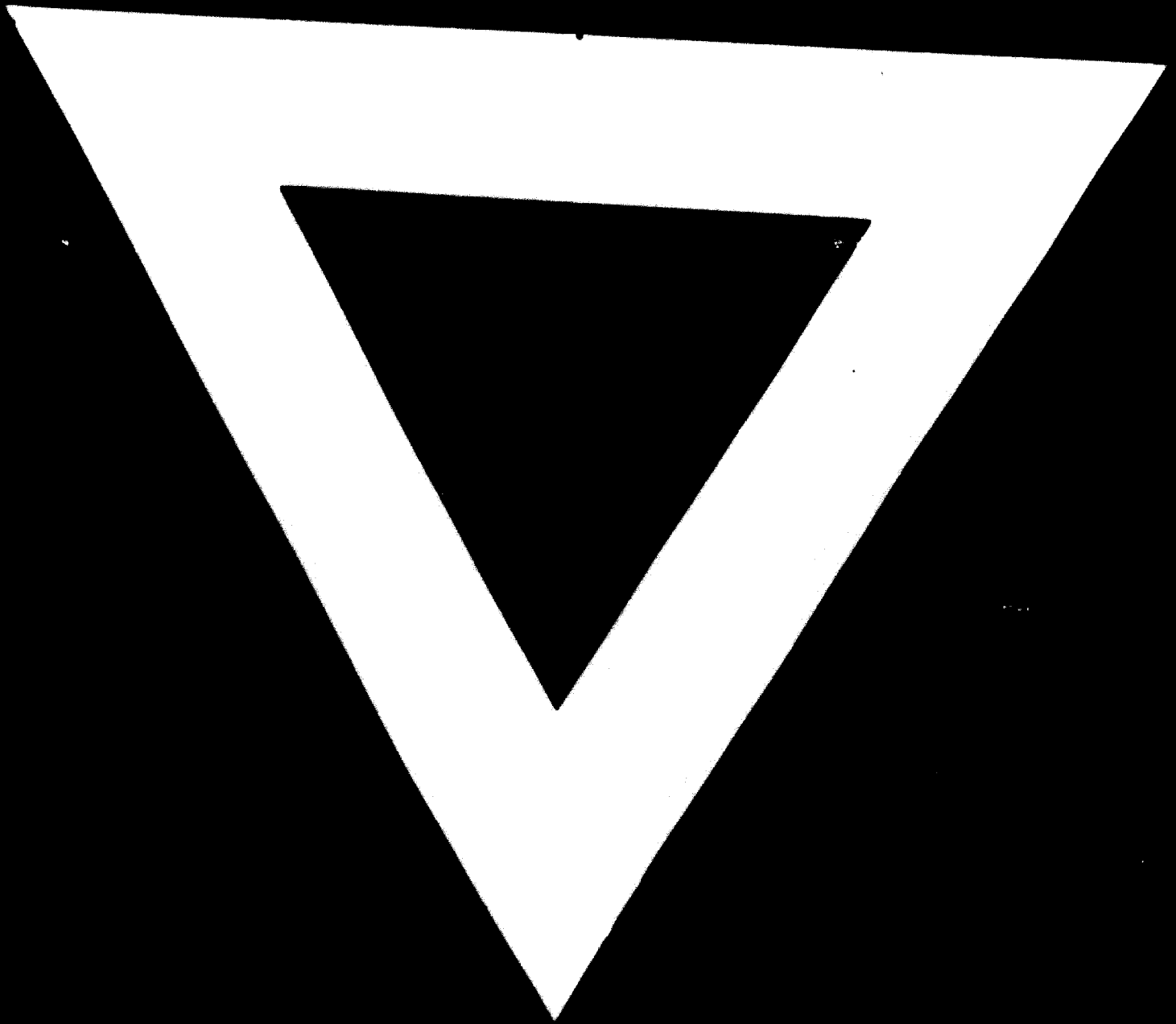
\* Including workers engaged in sections other than cotton.

TABLE 6

Planned production programme (during the period from 1965/66 to 1969/70)

Fiscal year	Cotton yarns for domestic weaving & Hosiery mills				Total production of cotton yarns in tons
	Cotton fabrics for local market in tons	Cotton fabrics for export markets in tons	Hosiery for both local & export markets in tons	Cotton yarns for export in tons	
1965/66	78,500	18,000	10,000	36,000	142,500
1966/67	81,000	19,000	11,000	38,000	149,000
1967/68	85,000	20,000	12,000	40,000	157,000
1968/69	88,500	21,000	13,000	42,000	164,500
1969/70	92,000	22,000	14,000	44,000	172,000





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