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THE EXISTING MECHANISM OF MARKETING AND DISTRIBUTION OF RAW COTTON AND COTTON PRODUCTS*

by

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THE EXISTING MECHANISM OF MARKETING AND DISTRIBUTION OF RAW COTTON AND COTTON PRODUCTS

I. INTRODUCTION:

1.1 The Third World occupies about four-fifth of the surface of Planet earth and houses about three-quarters of its population. The majority of the people of the Third World are totally engrossed in the struggle for existance, and in finding enough to eat. On the average, the life expectancy is less than 50 years. There is low rate of urbanization, very low rate of literacy and high population growth. This simple word picture, however, does not tell the whole story. The developing countries have been by-passed by the scientific and industrial revolutions of the past three centuries. Farming is their main occupation and the low yield syndrome haunts them. A viscious circle of poverty begetting more poverty sets in. It must be recognized that general prosperity can never be attained so long as the increase in income is absorbed not by a rise in the standard of living, but by an increase in population.

1.2 The handicaps afflicting the Third World people mainly stem from their historical background. Most of the countries have been governed for centuries by inept local or colonial rulers. The long opression has made the people listless, uncaring and supertitious. The social milieu favours status quo. Most of the Third World countries emerged as independent nations after World War-II, but the miasma still lingers. It will require a herculian effort, spread over a long period of time, to get rid of miasma and give the people sense of direction and pride. The emerging militarism here and there should be abhored because the un-necessary expenditure on armaments does not permit economic development. It is for the Group of 77 to ponder over this issue and create a climate wherein their people can look forward to a life in which they can live as honourable and free citizens. Prosperity will follow automatically.

1.3 But the worst is yet to follow. The distance between the developed and the developing people is rapidly widening. Technology is advancing at a bewildering pace and several revolutionary techniques are waiting in the wings. The super-conductors, the numerically controlled (NC) machines, robots, automatically guided vehicle system (AGVS), programmable controllers (PCS) will be a fact of life, may be, by 2000. (Javed, 1988). Automation of cotton spinning industry is already well on the way.

1.4 There is thus no time to lose and the Third World people must realize the danger and take timely action. If they do not wake up, they will become the people whom time forget. And that would be the end of the trail. We should not let this happen.

1.5 The time for serious action is here and now. There is no room for cosmetic improvements here and there; our pre-occupation with the transfer of technology is an example. Only radical action can save the situation. Let us hope that the Third World people will have the necessary will and stamina to start a rapidly moving evolutionary process. The first step is always difficult to take. But, fortunately, it is an easy step this time. We have to begin with education first and we must resolve to attain 100 percent literacy by the turn of the century. Illiteracy has very far reaching consequences. Clark (1956) has emphasized that "the more resources a country devotes to education, the faster will be its economic progress in the long run, though it will be affected by short-term factors also". Baade (1956) has shown that the Malthusian belt is almost idential with the analphabetical belt. Thus, illiteracy not only retards industrialization, but also it stands in the way of agricultural advancement. Such is the importance of education.

1.6 When a high degree of literacy is achieved the pendulum will automatically swing towards Science and Technology. Recent figures of expenditure on R & D in selected countries is given in Table-1.

Table-1: PERCENT OF GNP (1982) SPENT ON R & D

COUNTRY	PERCENT	COUNTRY	PERCENT
Sweden	4.9	Japan	2.4
Czichoslovakia	3.8	India	0.8
Hungry	3.3	Pakistan	0.2
U.S.A.	2.5	Greece	0.2
West Germany	2.4	Philippine	0.2

Source: Nature, Vol.322, No.6075 - July, 1986.

1.7 There is also the question of work ethics. Let the Third World people emulate the habit of hard work as practised by the people of developed countries in their every day life. The indolence rampant in the Third World must give place to voluntarily undertaking hard work and also develop the habit of thrift.

1.8 Let us exhort the political leaders of the Third World to move forward to attain a meaningful life for their people. "In the course of history the successful commander has often been the sort of man who deliberately burns his bridges behind him to prevent the thought of any thing but Victory".

2. PRODUCTION OF COTTON:

2.1 Cotton is a great natural resource which caters to a very basic need of mankind-clothing. To fulfill this function properly it has to cater to the needs of the peasant as well as those of the prince. It has also very important industrial uses as well as it provides the bulk of household furnishing. A simple vegetative fibre of cotton does all this and more. Such versatility of uses stems from a simple quality of the fibre, viz. it is convoluted and can, for this reason, be spun. Convolutions of the fibre are due to a botanical accident-irregular deposition of cellulose inside the fibre.

2.2 There are only four linted species of cotton. Two of these belong to the Old World and possess short and harsh staple. The other two belong to the New World and have comparatively long and fine staple. Because of their superiority the New-World cottons have, during the course of the present century, driven the Old-World cottons practically out of the market. The American Uplant cotton now provides about 90 percent of total production. The Egyptian and Sea-Island Cottons provide about seven percent of world total. The Old-World cottons provide the remaining three percent.

2.3 The use of cotton in making fabrics is of great antiquity and cotton fabrics are mentioned in the Old Testament. All these fabrics were imported from the territories of Pakistan. Infact, the art of spinning and weaving originated here. But world production of cotton remained very limited through the centuries because cotton fibres could not be detatched from the seed except through a laborious and time consuming method. This was the main bottleneck in the extended use of cotton. The barier was crossed through the genious of Eli Whitney who invented a crude saw-gin in 1794.

2.4 The production of cotton soared. Reliable records of cotton production in the world go back to 1876 when 7.2 million bales were produced (Afzal and Ali, 1983). Production increased very rapidly after 1794 and a record figure of 88 million bales was recorded in 1984-85. Production of cotton is given in Table-2. (page-5).

No ceiling can be fixed to the upper limit of production and it is hoped that production will go on increasing as the world population expands. A show-piece of the ability to increase production was provided in recent years by the Peoples Republic of China. Witness its annual production:

Year.	Production in Million Bales
1976-77	9.76
1977-78	9.41
1978-79	9.96
1979-80	10.16
1980-81	12.43
1981-82	13.63
1982-83	16.53
1983-84	21.30
1984-85 (Prel)	27.70

Source: I.C.A.C.

Table-2: PRODUCTION OF COTTON (All Types)

(000 Bales)

	1984-85	1985-86	1986-87	1987-88	1988-89
World	82,218	80,031	71,053	80,349	84,972
U.S.A	12,982	13,432	9,731	14,741	14,200
Americas	8,931	7,906	6,199	8,065	8,018
Africa	5,602	5,647	5,960	6,313	6,644
(W) Europe	910	1,078	1,331	1,151	1,232
(E) Europe and USSR.	11,977	12,823	12,216	11,557	12,657
Asia/Oceanic	47,535	39,038	35,325	38,406	20,269
Pakistan	4,631	5,587	6,061	6,708	7,161

Source: ICAC,Cotton World Statistics, Vol.41, No.4, 1988.

2.5 There is thus, always hope that the production of cotton will go on meeting all future demands.

2.6 GINNING:

2.6.1 After the invention of saw-gin by Eli Whitney, the technology advanced very quickly. The present machine is a model of efficiency. Now practically all Upland American Cotton all over the world, is ginned by saw-gins. But the assembly of the machinery in many countries, Pakistan is one of them-leaves much to be desired. Especially the pre-cleaning equipment is either inadequate or missing altogether. This is a very serious defect and all the Third World countries must see to if that appropriate pre-cleaning and lint cleaning equipment is installed. It has already been mentioned that automation of spinning machinery is making rapid advances and cleanliness of cotton is an absolute must.

2.6.2 Roller gins are used in countries growing extra long staple cotton. Here Seed Cotton has to be cleaned with great care because machine cleaning damages the fibre. In countries like Egypt grading of seed cotton is practised to turn out a uniformily clean lint. But such grading of ordinary upland seed-cotton is a sterile pursuit. Here attention must be centered on the proper assembly of the saw-gins. A word of caution is required. Proper cleanliness of the lint will only be attained if premia for different grades of cleanliness are fixed and paid.

2.6.3 Cotton is very important to the economy of the Third World countries and UNIDO may perhaps establish missions in important cotton growing countries to appraise the ginning industry and to advise on its up grading.

2.7 GRADING:

2.7.1 Cotton grading is of great importance. In the beginning of the century the Liverpool Cotton Exchange fixed a few arbitrary grades. It had a modest beginning in the middle of the eighteenth century when the mechanization of cotton textile industry started in England. The first official standards ever made were those formed by the Liverpool Cotton Broker's Association in 1841. The New York Cotton Brokers formed an association of their own and adopted a set of standards in 1853. From 1869 to 1909, preparation and adoption of standards became a routine with several Broker's and Cotton Exchanges both in the USA and Europe.

2.7.2 The Government of USA started taking active interest in the matter of cotton standards and in 1914 the American Congress passed the Cotton Futures Act. This Act prescribed that all Cotton delivered on Cotton Futures Contracts must be classed by government classers and according to government standards.

2.7.3 Later machines were developed and the fixation of grades improved very greatly. The latest on the market is the HVI system which is very quick and accurate. It is recommended that this system may be adopted by all the Third World countries so that information on the quality of cotton produced can be rapidly exchanged.

2.8 The end uses of cotton are of great diversity. Some cotton is used as such in stuffing cushions etc; in medicinal swabes and gauze etc. The greatest bulk is, however, spun into yarn. Length, strength and fineness and their regularity are of prime importance. The contribution of different factors towards yarn strength is given below:-

Fibre Length	39%
Fibre Strength	20 %
Fibre Fineness	18%
Others.	23%

2.8.1 The production of different staple lengths in the world (less Peoples Republic of China) during the last four years is given in Table-3.

Table-3 WORLD PRODUCTION OF COTTON BY STAPLE LENGTH (LESS PRC)

(Million Bales)

Staple Length	1982-83	1983-84	1984-85	1985-86	Average.
Short Staple (Less than 13/16")	0.83	0.71	1.05	0.95	0.89
Medium Staple (13/16" to 1.0")	9.02	7.31	11.87	8.32	9.13
Medium Long Staple (1-1/32" to 1-3/32")	28.01	27.11	31.82	32.32	29.81
Long Staple (1-1/8" to 1-5/16")	10.52	8.22	12.16	13.42	11.08
Extra Long Staple (1-3" and above).	2.85	2.91	2.30	2.80	2.74
T o t a l:	51.23	46.26	59.20	57.90	53.65

Source: ICAC, World Cotton Statistics, 1985.

2.8.2 The short staple, old world, cottons have practically run their course and their annual production is less than a million bales. The greatest bulk of the crop possesses medium long staple which contributes about 60 percent of the crop. The spread of different staple lengths dictates the count of yarn spun in the World. This is given in Table-4.

Table-4 COUNT OF YARN SPUN IN THE WORLD ALONGWITH STAPLE LENGTH AND MICRONAIRE REQUIRED.

Count (Ne)	Percent of Total World Yarn.	Estimated staple length and micronaire required.	
		Staple Length.	Micronaire.
Under 20s	20	1" and below	4.8 to 5.2
20s to 30s	40	1-1"/32 to 1-3"/32	4.5 to 5.8
30s to 40s	18	1-3"/32	4.3 to 4.5
40s to 50s	12	1-1"/8 to 1-5"/16	3.9 to 4.0
above 50s	10	1-3"/8 and above.	3.0 to 3.5

Source: Schoeller, L. International Cotton Conference, Bremen, West Germany, 1986.

2.8.4 It would appear from Table-3, that the requirement of staple length is in benevolent equilibrium with demand.

2.9 FINENESS:

2.9.2 Fineness is the next to length in importance. It is designated by micronaire value, but care has to be taken in evaluating the reading. A large percentage of immature fibres in a sample will produce a fake low reading. This has to be guarded against. Normally a high micronaire denotes a rough cotton and a low value indicates fineness. Micronaire value affects the counts. A rough classification is already given in Table-3.

2.10 STRENGTH:

2.10.1 All cottons, except those with a very high percentage of immature fibres are strong enough not to cause too many ends down.

3. MARKETING:

3.1 Usually marketing of cotton is fairly smooth and the market place give and take works satisfactorily for the both seller and buyer.The figures for export and import of cotton are given in Table-5 and 6. It is intresting to observe that USA emerges, year after year, the largest exporting and least importing country. Incidently Asia Oceania is the largest importer of cotton.

Table-5 EXPORTS OF COTTON

000 Bales

	1984-85	1985-86	1986-87	1987-88	1988-89
U.S.A.	6,215	1,960	6,684	6,500	6,400
Americas	2,885	2,437	1,587	2,526	2,041
Africa	3,203	3,375	3,993	3,756	3,823
West Europe	504	422	852	699	532
East Europe and U.S.S.R.	3,204	3,534	3,659	2,995	3,140
Asia/Oceania	4,886	9,011	9,892	7,547	7,064
WORLD:	21,411	21,756	25,813	24,023	23,000

Table-6 IMPORTS
(000 Bales)

	1984-85	1985-86	1986-87	1987-88	1988-89
U.S.A.	14	33	5	10	10
Americas	773	985	1,033	1,057	982
Africa	792	858	726	793	722
West Europe	5,510	5,447	6,697	6,111	6,204
East Europe and U.S.S.R.	4,504	4,115	3,929	4,125	4,029
Asia/Oceania	9,808	10,319	13,422	11,928	11,053
WORLD:	21,411	21,756	25,813	24,023	23,000

3.2 The yearly carry over stocks have been usually within the carrying capacities of the producing countries. The consumer has also to maintain stock as a cushion against short supply resulting in mill closures. The end-year stock held both by the purely consumers and the producer/ consumer countries are given in Table-7.

Table-7 END YEAR STOCK IN THOUSAND BALES
(000 Bales)

	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
Purely Consumer Countries.	5,622	5,075	4,481	4,027	3,502	4,556	5,025	5,383
Producer/ Consumer Country.	17,150	15,712	19,826	22,041	34,206	37,240	40,210	27,495
World Total:	22,772	20,787	24,307	26,068	23,798	41,796	45,235	32,878

Source: I.C.A.C, 1988.

Note: The unduly high carry over during the last three years has been mainly contributed by PRC.

3.3 There appears to be little difficulty experienced by the producers to sell their produce. The market place give or take rules the roost and the facility of hedge market practically in all countries (Pakistan is an exception for the last 16 years and there may be others which are not known to the author) ensures a steady flow of exports.

3.4 The ratio of end stock to use i.e end stock/consumption + exports has been worked out by I.C.A.C. This is a good index of health of the cotton economy of the country. The cotton producing and consuming countries are always happy if their end stock are low. A ratio of about 20 shouldbe aimed at.

4. PRICE OF COTTON:

4.1 Prices differ with season and quality. The usual quotations are for middling grade and 1-1"/32. Monthly/daily prices of N.Y. Cotton Exchange, Liver Pool Cotton Exchange, New Orleans, Memphis California, Mexico, Central America, Aergentina, Turkey, Greece, USSR, Pakistan, Australia, Egyptian, fine and extra fine, Sudanes, Tanguis of Peru and Pima of USA., are published by various news papers and organisations. Normally the Third World countries have nothing to complain about the prices received by them as there are hardly any cartels involved, and the price is fair.

4.2 During the 1940, an enquiry was held in Pakistan to find out if the growers were getting a fair price of their produce. It was shown that the growers were getting a proper price perhaps UNIDO may care to conduct such an enquiry anew as social conditions are now very different from the pre-World-II period.

4.3 There is, however, yet room for mutual consultations among the Third World Cotton Producing countries, especially in view of the ever tightening strangulating grip of MFA. The Turkish Delegation to the Annual Meeting of the ICAC held at Izmir floated the idea of forming a Cotton Producers Association. Several countries agreed to join and came to be called the Izmir Group. The Turkish delegation has been active during the succeeding meetings of the ICAC, but not much seems to have happened.

4.4 A meeting of the Izmir Group was held at Kaduna, Nigeria in April, 1982. A Handout was issued by the Nigerian Cotton Board on September 23, 1982, which gave a brief account of this meeting; "....the members of the Group agreed among other things, to establish an International Cotton Producers Association and to intensify joint action in the area of cotton production and merketing and the establishment of a trust fund through voluntary donations for the purpose of carrying out the necessary preparatory work in the period preceeding the formal establishment of ICPA. The UNCTAD was requested to be the administering and executing agency for the Trust Fund. Other cotton producing countries were invited to become member of ICPA.

4.5 Pursuant to the agreements reached, discussions are being initiated among member states on technical cooperation in the area of cotton production research, exchange of technical information and data, training of personal, in cotton technology including classification and marketing".

5. MARKETING OF COTTON MANUFACTURES:

5.1 The world population is expanding rapidly, but the expansion is, unfortunately, all in the Third World. The actual world population and its projection to 2000 A.D are given in Table-8.

Table-8 World Population in billions

	1985	2000
World	4.9	6.3
Developed	1.2	1.3
Developing	3.7	5.0

5.2 The swarming population of the Third World is a handicap we all recognize, but there is pretty little that we can do about it. Some Third World countries have a good record of population management, but, on the whole, the picture is disimal.

5.3 The increase in world population will find its echo in increased demand for texiles. The world trend of total fibres consumption from early 70s to mid 80s was +2.3% per year. As against this the share of the Third World countries in world fibre consumption rose from 30% in 1970 to 45% in 1985 which meant a trend rate of 5.5% per year. But to offset the higher trend in the developing countries, the per capita fibre consumption in the developed countries is very nigh as seen from the figures in Table-9.

Table-9 Per Capita Fibre Consumption (Kg)

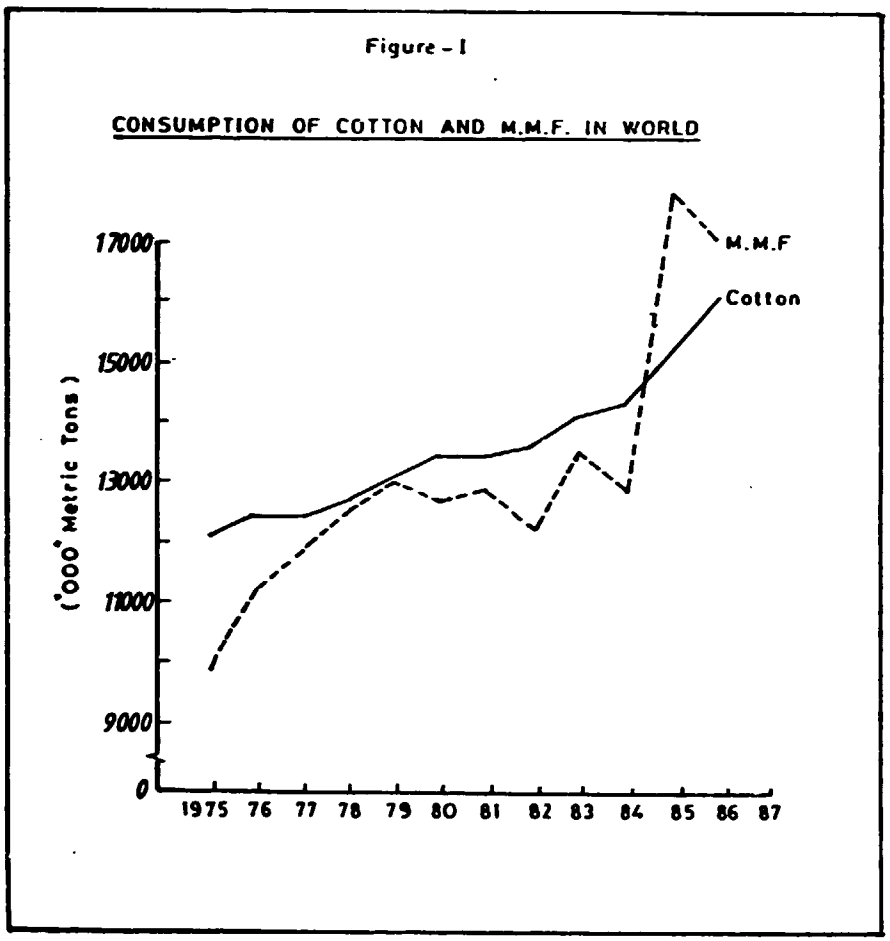
	1985	2000
World	6.9	7.6
Developed	17.5	18.5
Developing	3.5	4.8

Source: Tom Ettington - ITMF, 1987.

5.4 It may be mentioned here that cotton is facing serious competition from MMF.

5.5 Consumption of MMF, for first time surpassed cotton in 1985 as can be seen from Figure-I.

Figure - I



5.6 Cotton producing countries should became aware of this and try to keep the price advantage with cotton. Fashion is already on the side of cotton.

5.7 The developed countries have an edge because of the high technology. Witness their share in export of textile and clothing as shown in Table-10.

Table-10 SHARE OF WORLD EXPORTS OF TEXTILES AS CLOTHING

Region	Percent Share of World Exports		
	1970	1982	1990 (Projected)
		Textiles	
Western Industrial Nations:	77.7	65.6	60
Developing Countries:	15.4	24.1	28
State Trading Countries:	6.2	10.2	12
		Clothing	
Western Industrial Nations:	63.4	44.7	38
Developing Countries:	21.2	41.6	46
State Trading Countries:	15.2	13.6	16

Source: UNO Monthly Bulletin of Statistics, Vol.XXXVIII No.5, May 1984, (Karachi Workshop of 1984).

5.8 The textile industry of the developed countries may suffer slight export losses although many of their products will continue to be fully competitive. Moreover, Third World countries will continue to expand their share of exports in clothings. The industrised nations are fully conscious of this trend and are trying hard to turn many labour-intensive processes into capital intensive ones. For example, the Textile Clothing Technology Corporation, Raleigh, N.C. USA is working on systems to automate apparel manufacturing processes. Similar groups are active in Europe and Japan. The developing countries, beware.

5.9 Perusal of Tables-11 and 12 reveal the World and U.S export figures for yarn and cloth. The import figures of U.S are very low indeed then the net imports are considered. Considering the U.S and European history of liaze fair and free trade, a figure of 174,919 metric tons of cloth import for a country as big as U.S is insignificant indeed. Cotton Spinning and Weaving are yet not high-tech industries and USA as well as Europe can well afford to produce less and import more.

Table:11: PRODUCTION, EXPORT AND IMPORT OF YARN

(000 Metric Tons)

	1983			1984			1985			1986 (PREL)			1987 (EST)		
	Production	Export	Import	Production	Export	Import	Production	Export	Import	Production	Export	Import	Production	Export	Import
U.S.A.	1055.42	14.16	19.11	956.83	9.16	24.81	977.25	11.72	25.59	1223.96	7.52	48.05	1358.59	8.90	61.00
AMERICAS	860.26	95.11	1.23	774.85	102.58	1.08	878.53	67.47	0.45	979.97	50.00	1.86	1017.00	--	--
AFRICA	353.18	48.90	3.30	358.33	64.67	4.54	371.24	63.66	3.12	390.38	60.23	0.82	394.28	--	--
WEST EUROPE	987.53	421.28	798.44	1026.52	547.89	918.33	1010.80	511.23	879.51	1081.57	296.01	480.40	1131.50	261.92	412.95
EAST EUROPE & USSR	2552.69	22.00	17.03	2593.50	18.30	16.90	2658.70	10.20	10.50	2687.20	10.00	7.50	2719.16	20.09	6.70
ASIA/OCEANIA	7058.11	477.22	378.69	7105.90	479.53	363.49	7567.54	495.61	394.29	8356.54	392.01	443.69	9187.97	263.28	271.74
W O R L D:	13187.66	1127.75	1217.81	13306.15	1222.13	1329.15	14044.22	1159.89	1300.31	14996.96	815.77	982.32	16120.46	554.20	752.39

Table:12:- **PRODUCTION, EXPORT AND IMPORTS OF COTTON FABRICS**

(000 Metric Tons)

	1983			1984			1985			1986 (PREL)			1987 (EST)		
	Production	Export	Import	Production	Export	Import	Production	Export	Import	Production	Export	Import	Production	Export	Import
S. A.	661.10	26.95	153.58	631.11	28.05	204.49	618.25	36.31	197.53	688.20	56.41	239.84	753.37	47.71	291.11
ERICAS	245.46	54.26	13.78	284.36	67.96	14.56	318.03	41.03	10.33	339.85	36.74	10.08	334.28	--	7.26
FRICA	284.35	59.99	10.98	268.05	84.28	13.38	308.30	85.08	5.29	259.15	68.59	0.73	288.42	--	--
ST EUROPE	802.90	713.35	1002.15	834.95	790.84	1057.34	835.99	769.97	1117.34	827.19	434.34	608.69	877.04	320.44	441.36
ST EUROPE U.S.S.R.	1435.36	31.48	43.83	1471.56	35.51	47.37	1522.32	24.82	4.33*	1519 60	23.79	5.50*	1519.70	23.96	5.43*
IA/OCEANIA	4177.91	613.74	193.62	4000.81	680.25	265.74	4128.15	664.57	231.34	4514.53	489.72	311.98	4712.92	165.32	133.16
O R L D:	8351.34	1499.77	1462.93	8176.63	1686.90	1602.88	8525.42	1621.78	1566.16	8998.18	1109.58	1176.82	9672.28	557.43	878.33

Source:ICAC

*Figures for USSR Not Available

5.10 The situation may be summed up:-

5.10.1 During the 60s and 70s there was a rapid expansion of production capacities and exports of textiles in the developing countries.

5.10.2 During the 70s and 80s the industrialized countries fought back (through LTA and later MFA) and regained the initiative.

5.10.3 During the 80s and 90s the initiative will stay with the industrialized countries and the developing countries will have to fend for themselves.

5.11 It is axeomatic that if a nation wishes topush through into a technically modern society, it must set in motion the whole cycle of saving. Modern technological society is based upon heavy investment and sustained savings are esential. Will the people of the Third World countries tighten their belts and invest in science and technology?

5.12 The situation of the 60s and 70s could not be tolerated by the industrised countries and they resorted to, what the Third World countries call unfair means and imposed the long term Assignment in Textiles in 1962 and later the Multi-fibre Agreement was imposed at the end of 1973. One of their apologists, Tom Ellington (1987) said:-

5.13 "The developing countries are trying to gain a larger and larger share of the economic pie while the developed countries are working just as hard to keep their industries going and preserve jobs".

5.14 But the question arises: Why single out the textile industry for protection? This is one industry which the toddling Third World countries are trying hard to preserve and expand A reference to Table-10 will show the over-whelming share of the textile trade already being enjoyed by the industrialized countries. It is perfectly natural that the Third World countries

should as right, try to gain a bigger share of the textile and clothing market. One would like to pose a question: What is the weightage of the textile industry in the total industrial out put of the industrialized countries? Probably, the UNIDO office can enlighten the subject. The textile industry forms only a small part of First World's total industrial out put. Figures from Japan can be quoted. The Japanese textile industry, including apparel, represents about 20 percent of manufacturing capacity. The volume of out put is, however, 6 percent of the total out put or $123,000 million. Japan is also trying to restore its historical position which goes as far back as 1867 with the construction of the Kogoshima spinning mill. But Japan's commitment to free trade is complete. Legislatively and technologically, the Japanese market is on par with the markets of the Western Nations. But they are not imposing any restrictions on imports. They are actually going one step further. They are reducing tariffs. The Japanese government has exercised self denial not to manufacture and sell aramaments. If they were in the business they will earn tens of billions of dollars in sales. This will automatically reduce the importance of textiles in Japan. This will also hold good for Europe, USA and U.K.

5.15 We are living on one Planet, but in two worlds. The Atlantic community comprises about 20% of the World Population, but produces half of world's wealth. The Gross National Product and per capita GNP of different regions of the World are given in Table-13.

Table-13 WORLD TOTAL GNP BY REGIONS AND PER CAPITA G.N.P. 1985.

Region	World GNP (Billion US $)	Percentage of World G.N.P	Per capita GNP (US.$)
Africa	177.1	3.4	340
North America	1,588.9	30.4	4,282
South America	235.7	4.5	763
Asia & Oceaina	1,055.9	20.2	377
Europe EEC.	1,114.4	21.4	3,999
Europe Others.	1,046.9	20.1	2,083
T o t a l:	5,218.9	100	-

5.16 It is rather intriguing to find that there are no restricting tariffs in Europe or America against shoes from Taiwan and S.Korea, computors and computor chips from Taiwan. The British market is flooded with Italian shoes. Similarly imports of cars, cameras, watches, motorcycles and a lot of other products are not restricted. All the emphasis is on textiles as if the world would come to end if the Third World textiles were allowed entry into Western Europe and North America without quotas under the M.F.A. The members of the EEC enjoy free trade in Western Europe and there are no restrictions on imports from Greece, Spain and Ireland.

5.17 The Third World countries must undertake to:

5.17.1 Scrap old machinery and invest in modern update machines.

5.17.2 Go for higher value added products.

5.17.3 There should be minimum government interfecence.

5.18 One would like to dream for a moment and consider what an era of peaceful advancement the governments of the Third World could set themselves if they spent even half of their present arms programme on specific objectives like education, promotion of science and technology and control of population etc., Japan once again can be cited as an example.

OBSERVATIONS/RECOMMENDATIONS

1. MFA may be abolished over, perhaps, a five year period.

2. Cotton and cotton piece goods trade be governed under GATT.

3. Efforts should be made to establish ICPA.

4. Rate of literacy in Third World, bearing few, is low. Steps must be taken to increase the rate of literacy.

5. Expenditure on education and science & technology must be increased.

6. Workers must inculate the habit of discipline and hard work.

7. UNIDO to advise cotton producing countries on the upgradation of ginning

8. UNIDO to help induct HVI in Third World countries.

9. UNIDO to help set up cotton lint standards in Third World Cotton producing countries

10. End stock should be low. A ratio of about 20 may be aimed at.

11. UNIDO to conduct an enquiry if the farmers were getting a fair price for their cotton.

12. U.S.A is the largest cotton exporter.

13. U.S.A is the smallest cotton importer.

14. When considering imports - net imports may be considered.

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