

# MALCOTTON COMMENTARY

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## SYNTHETIC FIBRE BOOM AND THE FUTURE OF THE COTTON INDUSTRY: IGNORE CHINA AT YOUR PERIL

**R**aw materials used in the clothing and textile industry come from natural fibers and manmade fibers. Natural fibers are strands that originate from nature and are in the form of animal and plant fibers while man-made fibers are threads that are chemically manufactured and are in the form of synthetic and regenerated fibers (polyester and nylon). For years, natural fibers have dominated the textile industry, with cotton being the undisputed material used

for making garments and home furnishing. With the upsurge of industrialization, the demand of textile fiber has shifted from natural fiber (cotton) to synthetic fibers mainly polyester. Despite the shift, cotton remains a vital component in economies of many developing countries and the livelihoods of millions of small-scale farmers and low-wage earners hence its importance cannot be overlooked.

Considering the rate at which synthetic fibers are being produced, cotton fibers will continue to face a stiff competition on the world market. Synthetic fibers are relatively cheaper to produce than cotton and exhibit a high level of design and freedom in research, making them attractive to makers of clothing.

The synthetic fiber boom in the textile industry has detrimental impacts on the cotton subsector and countries that rely on cotton export trading for their overall GDP.

This commentary outlines the emergence trends in the global textile industry with a focus on the synthetic

boom and its implication on the cotton industry in the world and Malawi.

## PERFORMANCE OF COTTON AGAINST SYNTHETIC FIBERS

The worldwide demand for textile fiber has been growing over the years. Since the 1980s, only eight kilograms of textile were annually used on a per capita basis worldwide. By 2012, this volume had risen to 12.2 kilograms, a 53 % increase in per capita use.

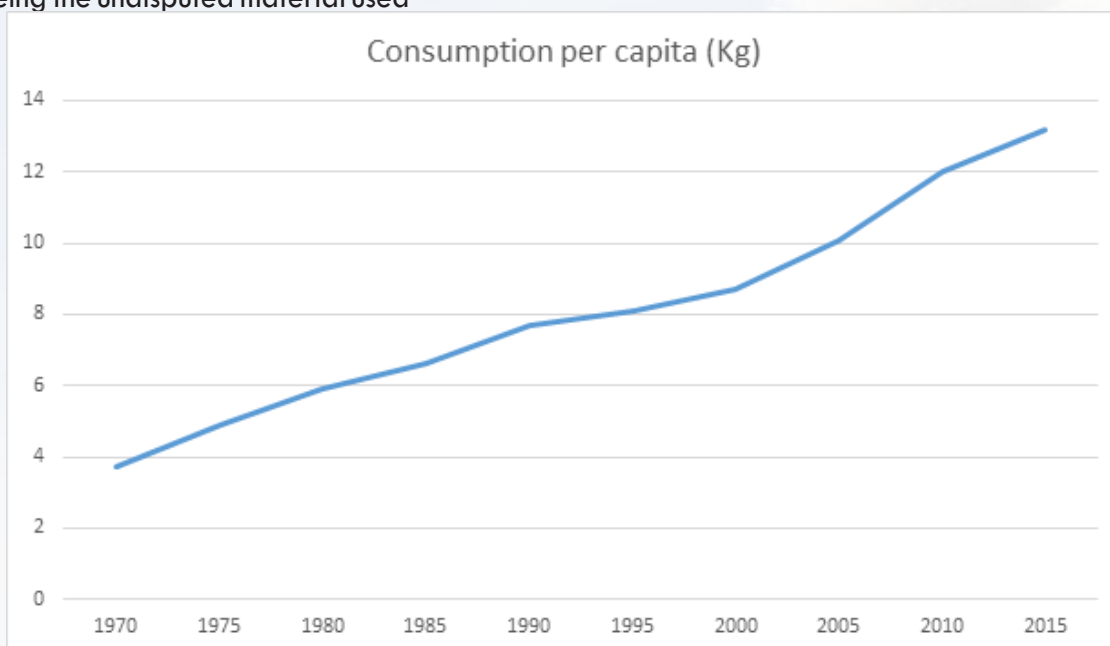


Figure 1: Increase in textile consumption trend per capita

Among the two types of fiber, cotton fibers were the most dominant fibers used in the textile industry. However, the emergence of other forms of fiber has seen cotton consumption dwindling after the 1960s. Cotton consumption has been floating between 10 – 30 million tons against synthetic fibers which have exponentially risen from 15 million tons in 1960s to about 90 million tons in 2016.

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Synthetic fibres have emerged as the fastest growing textile fibres against cotton, silk and other forms which among the total fibre production rose from 7 tons in

made from polyester.

### CONSUMPTION AND PRODUCTION TRENDS IN THE TEXTILE FIBER MARKET

Emerging countries like China and India have had the major influence in the transition of textile industry over the past five decades. China has emerged as the largest consumer of textile fiber and are the largest producer of synthetic fiber in the world and is ranked as the biggest importer of textile fiber. The amount of fibers produced by China grew by 60% between 2008 and 2012, and now totals 36.1 million tons. This represents a world-market share of 65%. On the other hand, India is the largest producer of cotton fiber and is the second largest exporter and has a share on the global textile market increased by 17.5% in 2013 compared to 2012. Despite India being a heavy producer of cotton, it still faces deficits in demand of cotton lint

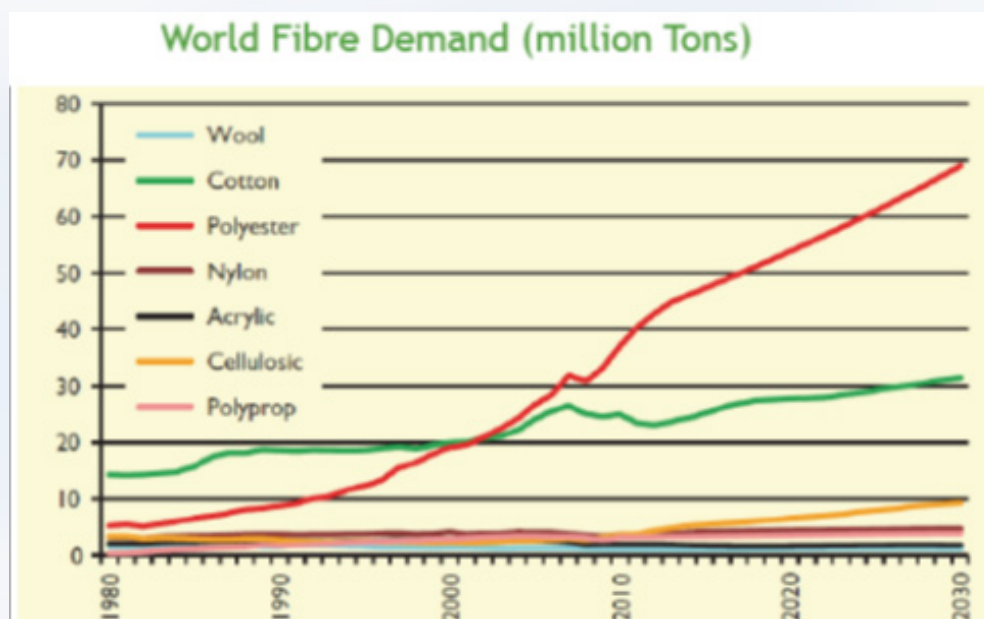


Figure 2: Trend in Fiber demand by type

1980 to 40 tons in 2012 and continues to rise. This transition comes at a time when the cost of production of natural fibres such as cotton is high and the crop has to compete with other food crops such as cereals and legumes. Secondly, production of natural fibres is largely tied to weather, contrary to synthetic fibres which use organic raw materials that are available on a virtually unlimited basis for decades to come and cost significantly less. Thirdly the force behind the growing demand for manmade fibres like polyester, are continuing population growth and rising standards of living and changes in lifestyle, particularly in emerging countries like China and India. To date, over 90% of sportswear is

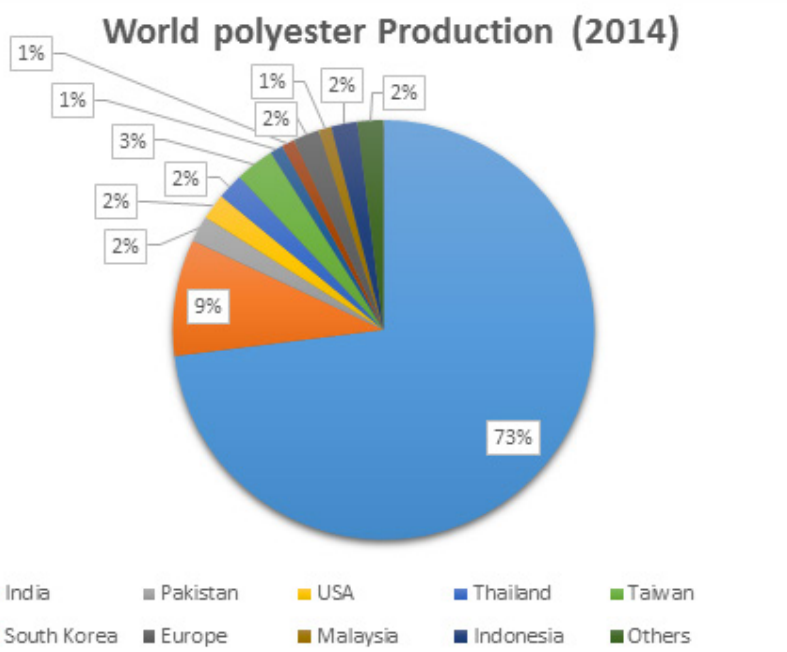


Figure 3: World polyester demand and consumption per country



, this has made India a major importer of cotton lint from Francophone African countries and sub-Saharan countries, Malawi inclusive.

China is the biggest importer of raw cotton from India and any changes in fibre consumption has an immediate implication to the cotton fabric industry in India. The increased preference of synthetic fibre by China is among others attributed to the low cost of production in comparison to cotton which is input intensive

Changes in production and consumption of any type of fibre directly affects these two nations and indirectly affects nations that trade with them. Cotton having its share on the textile industry is facing competition with the ever growing demand of synthetic fibre on the world market and this has detrimental effects on the India's export earnings and African countries that export their cotton to India. This shift has strained the export of Francophone and Sub-Saharan African countries which rely on India as their major export market.

### IMPLICATION OF THE SYNTHETIC BOOM ON THE COTTON SUBSECTOR IN MALAWI

Malawi and its cotton producing neighbouring countries go through similar trends in terms of production fluctuation. The Southern African Development Cooperation (SADC) region produces low volumes of cotton for the global consumption but nevertheless Zambia has fairly performed over Malawi and Mozambique. For the past ten years, on average Zambia has produced 137,857 Metric Tons while Malawi has produced 59,092 Metric Tons and Mozambique an average of 81,428 Metric Tons.

Despite producing twice

as much as the two countries at regional level, the contribution it has on the global context is negligible and effects of the markets changes can't be felt at the interim. Nevertheless changes on the world market still affect sub-Saharan countries on the long-run because Asia is still their biggest export market. Malawi like any Sub Sahara needs to develop innovative measures that will improve its competitive edge not only over its domestic rivals but also global heavyweights in the long run.

The cotton market in Malawi just like many other Sub-Saharan countries continues to be influenced by a lot of externalities including the global shift of textile fibre consumption from natural to manmade fibres. Growth in world cotton demand remains a key concern as global stocks and competition from lower priced manmade fibres such as polyester weigh on the market. Cotton production levels has been dwindling, hitting less than 15,000MT in the 2015/16 growing season and this persistent decline in cotton production makes the share of Malawian cotton on the global market almost negligible.

Despite South Africa being the major export market for Malawian lint, Asian countries especially China and India are increasingly becoming important and might overtake South Africa in the near future. China and India markets can have a minimal effect on the Malawian ginning companies and local farmers who produce cotton as Malawi only contributes negligible amounts to the world cotton share. Despite the shift

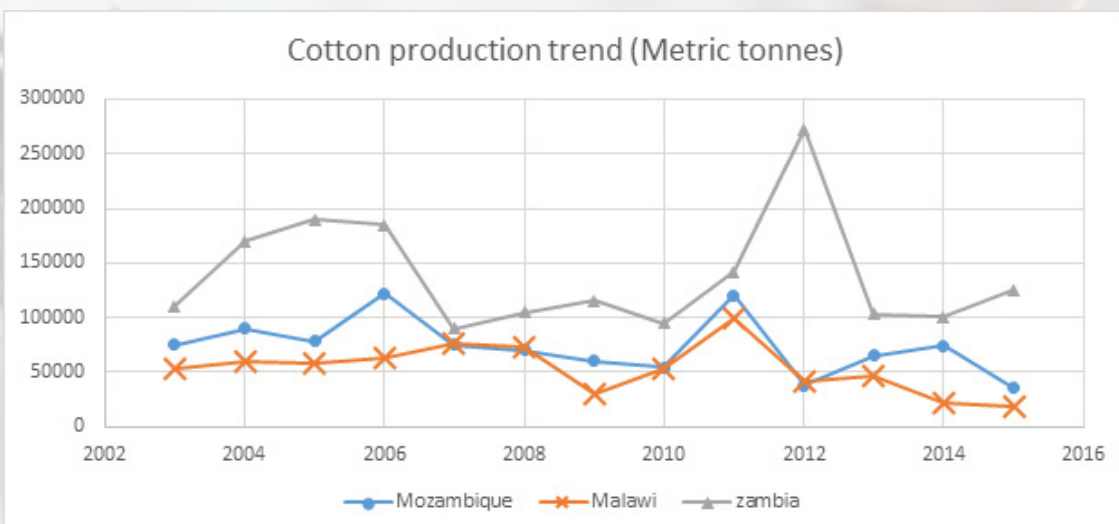


Figure 3: production trends of three countries for the past decade

from natural fibre to manmade fibres by China and India, Malawian cotton still counts in countries like India owing to its high quality fibre texture and staple length. While the synthetic fibre boom has affected the world cotton textile market, the effect has not greatly impacted on Malawi yet due to its low export volumes. There are no indications that China will release its accelerating pedal in synthetic fibre production which reached 36.1 million tons in 2015/16 representing a world textile market share of over 70 %. The textile market will continue to grow in the foreseeable future this should give a wakeup call to all cotton producing countries such as Malawi to strategies options that shall revamp their cotton industries because this resurgence of synthetic fibre by China if ignored will be at our own peril.

Efforts are already underway by few cotton producing countries and international cotton bodies aimed at regaining the lost glory. For cotton to compete with synthetic fibres on the global market, cotton producing countries such as Malawi need to;

1. Research on high yielding with better fiber quality cotton varieties: The exploration of better cotton yielding varieties is a vital step to take if the cotton fiber should regain its status and be able to compete with synthetic fibers. Currently Malawian cotton producer have not been able to increase their production as they are still using low yield varieties that are prone to pests and disease and are input intensive.

2. Introduce Cotton value addition and diversifying use of cotton products: Cotton producers' trade cotton in form of seed cotton and in turn ginners trade their cotton in form of cotton lint as an export product and cotton seed as a byproduct. However if cotton products were retailed after an addition

of value, then cotton would fetch higher prices and it may also compete with other fiber products on the market. Additionally if products were diversified then the market base would increase thus Malawi will not only rely on china and India for their markets.

3. Reduce production costs by introducing cost effective technologies: The cotton crop in comparison with other crops is input and land intensive. This has reduced its hectareage and production in general. It is superficial that there is need of adoption of cost effective technologies that will improve the efficiency of growing cotton against other competing crops.

4. Incorporate cotton production with harsh weather mitigation strategies: Unpredictable weather patterns especially inadequate rainfall and drought has tremendously affected cotton production leading to an increase in competition against other fibers. Long term intervention of dealing with this problem should therefore be adopted. Cotton production can be incorporated with conservation agriculture and climate smart technologies.

5. Improve quality of the cotton fiber: Quality can be ensured by making sure fiber contamination is reduced. Through grading of cotton fiber, contamination can be reduced and henceforth quality can be ensured, increasing the fibers competition on the world fiber market.

6. Promotional campaigns that propagate the use of cotton fibers over manmade fibers: campaigns that emphasize on the use of natural cotton fibers against other forms can be used to make cotton more preferable against unnatural fibers. Billboards, posters and adverts that encourage use of cotton can be used to channel the message to the textile community.

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