PN-ACS-931

APRP - RDI Unit

USAID CONTRACT No. 263-C-00-97-00005-00

Report No. 18

Feasibility of Eliminating Tariff and Non-Tariff Barriers on Imports of Cotton Yarn

by

Dr. ElSayed Dahmoush

and

Dr. Waheed Mogahid

Dr. Edgar Ariza-Nino

November 1997

(Updated: April 1998)

Reform Design and Implementation Unit

Development Alternatives Inc. Group: Office for Studies & Finance, National Consulting Firm, Development Associates, Cargill Technical Services, The Services Group, Training Resources Group, Purdue University, University of Maryland

Table of Contents

Introduction

Chapter 1.- Present Duties and Restrictions on Imports of Textiles, Apparel, and Made-Ups.

Chapter 2.- Evolution of Prices of Imported and Domestic Cotton Yarns.

Chapter 3.- Fine Count Yarns Exports and Prices

Chapter 4.- Consumption of Cotton Lint and Other Fibers in Egypt.

Chapter 5.- Exports of Cotton Lint, Textiles, Apparel, and Made-Ups.

List of Tables

1.- Egypt Import Duties under WTO and Actual. (percent)

2.- Duties on Imported Yarns, in Selected Countries.

3.- Landed-Duty-Paid Cost of Imported Cotton Yarns Compared with Domestic Yarn Prices: 30 % Duty.

4.- Landed-Duty-Paid Cost of Imported Cotton Yarns Compared with Domestic Yarn Prices: 10 % Duty.

5.- Landed-Duty-Paid Cost of Imported Cotton Yarns Compared with Domestic Yarn Prices. Zero Duty.

6.- Landed-Duty-Paid Cost of Imported Cotton Yarns Compared with Domestic Yarn Prices. Same Duty as USA.

7.- Total Cost of Imported Cotton Yarns Compared with Domestic Yarn Prices. Imports under Temporary Admission.

8.- Summary Table of Landed-Duty-Paid Costs of Imported Cotton Yarns Compared with Domestic Yarn Prices (including Sales Tax). August 1997.

11.- Price Changes of Domestically Produced Yarns (Ex-Works, LE per ton); 1994 to 1998.

12.- Domestic Yarn Prices Compared with Cleared Imports under Temporary Admission.

13.- Prices of Fine Count Combed Yarns: Export Net FOB, Domestic Ex Works, Price of ELS Giza-70 Domestic Mills.

14.- Egypt. Annual Cotton Yarn Exports According to Yarn Count Range. 1988-1996. (tons per year), (percentages of annual totals), and (cumulative percentages of annual totals).

15.- Annual Domestic Consumption of Cotton Lint, Polyester Fibre and Filament, Imported Yarns and Fabrics. 1990/91 to 1996/97.

16.- Cotton Lint Crop, Deliveries, and Imports. (thousand kentars). 1990/91 to 1996/97.

17.- Prices of Egyptian and Imported Cotton Lint, US Pima, and A-Index. 1990/91 to 1997/98.

18.- Cotton Lint Crop, Deliveries to Mills and Exports for Extra Long Staple (ELS) Varieties (Giza-45, 76, 70, 77). (thousand kentars). 1990/91 to 1996/97.

19.- Cotton Lint Crop, Deliveries to Mills and Exports for Long Staple (LS) Varieties (Giza-75, 86). (thousand kentars). 1990/91 to 1996/97.

20.- Cotton Lint Crop, Deliveries to Mills and Exports for Medium Long Staple (MLS) Varieties (Dendara, Giza-81, 80, 83, Type Exportateur); thousand kentars. 1990/91 to 1996/97.

21.- Polyester Fibre (Cotton Type), Price and Consumption. 1990 to 1997.

22.- Polyester Filament Price and Consumption, Compared with the Price of 100 percent CottonYarns. 1993 to 1997.

23.- Exports of Cotton Lint in Volume and in Value. 1989/90 to 1996/97.

24.- Export of Egyptian Cotton Lint, Textiles, Apparel and Made-Ups, by Volume and by Value. 1990 to 1997.

List of Figures

1.- Impact of Customs Duties on Yarn Imports from India and Pakistan

2.-A. Landed-Duty-Paid Cost of Imported Yarns Compared with Domestic Prices of Giza-75 Yarns (including 18 percent sales tax).

2.-B. Landed-Duty-Paid Cost of Imported Yarns Compared with Domestic Prices of Giza-75 Yarns (including 18 percent sales tax).

3.- Total Cost of Cotton Yarns Imported under Temporary Admission Compared with Domestic Prices of Giza-75 Yarns (without Sales Tax).

4.- When does it Pay to Import Cotton Lint from, say, California?

5.- Price Comparisons of Egyptian LS and Imported California SS Cotton.

6.-A. Egypt. Prices of Domestically Produced Carded Yarns Produced with Giza-80 Cotton, 1990/91 to 1996/97.

6.-B. Egypt. Prices of Domestically Produced Carded Yarns Produced with Giza-75 Cotton, 1990/91 to 1996/97.

6.-C. Egypt. Prices of Domestically Produced Combed Yarns Produced with Giza-75 Cotton, 1990/91 to 1996/97.

7.- Cost of Yarn Imported under Temporary Admission Compared with Domestic Yarn Prices (no Sales Tax), 1994 to 1997.

8.- Domestic Mill Delivery Prices of Giza-70 (ELS) Cotton, 1990/91 to 1997/98.

8.-A. Net Export and Domestic Prices for Ne 60/2 Combed, 1990/91 to 1997/98.

8.-B. Net Export and Domestic Prices for Ne 70/2 Combed, 1990/91 to 1997/98

8.-C. Net Export and Domestic Prices for Ne 80/2 Combed, 1990/91 to 1997/98.

8.-D. Net Export and Domestic Prices for Ne 90/2 Combed, 1990/91 to 1997/98.

8.-E. Net Export and Domestic Prices for Ne 100/2 Combed, 1990/91 to 1997/98.

9.- Relative Prices of Fine Count Combed Yarns Made of Giza-70 (ELS) Cotton. Export Net FOB and Domestic Ex-Factory Prices.

10.- Egypt Annual Exports of Yarns, by English Yarn Count Ranges. Selected Years: 1988, 1989, 1995, 1996.

10.-B. Distribution of Egyptian Yarn Exports by Count Range. 1988-1996.

10.-C. Distribution of Egyptian Yarn Exports by Count Range, 1988-1996.

11.- Egypt. Cumulative Annual Exports of Yarns, by English Count Range; in tons per year. Selected Years: 1988, 1989, 1995, 1996.

12.- Egypt Cumulative Annual Exports of Yarns by English Count Range, in percentage. Selected Years: 1988, 1989, 1995, 1996.

13.- Egypt. Annual Domestic Consumption of Cotton Lint, Polyester, Fiber and Filament, Imported Yarns and Fabrics. 1990/91 to 1996/97.

14.- Egypt Cotton Crop, Deliveries to Mills, Exports and Imports of Cotton Lint. 1990/91 to 1996/97. (thousand kentars per year).

15.- Crop Size and Disposal of Egyptian Cotton Lint by Staple Category. (thousand kentars). 1990/91 to 1996/97. Separate graphs for ELS, LS, MLS, and Imported Lint.

16.-A. Egypt. Exports of Cotton Lint, Textiles and Apparel. (tons per year). 1990 to 1997.

16.-B. Egypt Export of Cotton Lint, Yarn and Textiles, Apparel and Made-Ups. Value in million LEs. 1990 to 1997.

17.- Egypt. Exports of Cotton Lint, Yarn and Textiles, Apparel and Made-Ups. (tons). 1990 to 1997.

18.- Egypt. Exports of Cotton Lint, Yarn and Textiles, Apparel and Made-Ups. Value in million LEs. 1990 to 1997.

19.- Average Unit Prices of Export of Total Textiles and Apparel and for Export of Cotton Lint. (thousand LEs per ton). 1990 to 1997.

20.- Movement of Average Unit Prices for Exported Cotton Lint and Exported Textiles and Apparel Items. (thousand LEs per ton). 1990 to 1997.

21.- Growth in Egyptian Exports of Knits, Woven Garments, and Made-Ups, by Value and by Volume. (Yarns and Fabrics not Included). 1990 to 1997.

INTRODUCTION

Imports of cotton yarns and fabrics into Egypt have been growing at an increasing rate in the last seven years.

Importers of both yarns and fabrics are nearly exclusively exporters within the textile and apparel industries in Egypt. Imports originate mainly from India, Pakistan, Thailand, Indonesia and the Far East. Very limited quantities of specialty yarns and fabrics originate in Europe and the USA.

Up to the present and through 31 December 1997, it is prohibited to import fabrics for domestic consumption.

Almost all imported cotton yarns and definitely all imported fabrics are under the *temporary admission* system of imports, in which case no duty, service charges or sales tax are paid by the importers. Instead of up-front payment, importers present a letter of guarantee undertaking to re-export goods equivalent to the imported yarns or fabrics. For these *temporary admission* importers, the level of duties (at present 30% on yarns, 45% on fabrics) is of no consequence.

[Update: Duty on fabrics was raised to 54 % starting Jan. 1, 1998].

Importers of yarns and fabrics under the *temporary admission* system of imports go to the trouble of importing rather than to use domestic production for the following reasons:

- Lower cost of imported goods, even after taking into consideration freight , insurance, unloading, local transport and financing. Of course, whenever the cost of imports is higher, imports are suspended.

- A sales tax of 18 percent is paid up-front when buying domestic yarns and fabrics. This tax is technically to be reimbursed whenever domestic yarns and fabrics are used for exports of textiles, apparel or made-ups. However, the process of

reimbursement is lengthy and cumbersome, resulting in tied-up capital and financial cost.

- Unreliability of domestic supply of yarns and fabrics exposes exporters of textiles and apparel to unacceptable risks to honour their commitments.

- Quality Deterioration of domestically produced yarns and fabrics at a time when costs are escalating and expectations among clients in export markets are rising.

Types of Imported Yarns

Imports of yarns rose from negligible quantities in 1990 reaching about 18,000 tons in the current year 1997. The largest portion is for knitters Ne 20/1, Ne 24/1, Ne 26/1, and Ne 30/1 hosiery (low twist) waxed carded or combed, with a small quantity of Ne 40/1 hosiery waxed combed. Smaller quantities of yarn imports go to terry towel weaving in Ne 16/1 carded and Ne 20/1, Ne 24/1 carded to be folded into Ne 20/2 and Ne 24/2 locally. Smaller quantities of yarns are also imported for weaving into fabrics for export in loom-state.

[Update: Imports of cotton/polyester blended yarns, heather and dyed yarns are growing. Expected imports of yarns for 1998 may exceed 25,000 tons].

Prices of yarns for domestic consumption

Cotton yarn prices have been steadily rising since 1990, in keeping with the steady rise in Egyptian cotton lint prices. Coarse count yarns were especially affected by higher price increases as a result of adopting a policy of setting minimum prices for medium count yarns that also apply to any coarser counts. Examples of price rises between 1990 and 1996 are as follows:

Yarn:	From:	To:	Increase:
G80 Ne-8/1 carded	6,200 LE/ton	10,800 LE/ton	+ 74.1%
G80 Ne20/1 carded	6,772 LE/ton	10,800 LE/ton	+ 59.4%
G75 Ne20/1 carded	6,772 LE/ton	13,400 LE/ton	+ 97.8%
G75 Ne30/1 carded	7,740 LE/ton	13,400 LE/ton	+ 73.1%
G75 Ne20/1 combed	8,296 LE/ton	15,000 LE/ton	+ 80.8%
G75 Ne30/1 combed	9,270 LE/ton	15,000 LE/ton	+ 61.8%

G75 yarn prices were reduced in 1997 by 8%.

Weavers and knitters were forced to seek substitutes for domestically produced cotton yarns, especially after the introduction of the sales tax on yarns starting May 1991. The tax rate of 18% of the purchase price of yarn, on top of escalating prices for domestic yarns, has to be paid in cash up-front, and there are no credit or deferred payment facilities available for this tax. The problems became worse with the deteriorating purchasing power of the population, diminishing family expenditure on textiles and apparel, together resulting in a shrinking domestic market.

The adjustment of the weavers and knitters took the following courses:

- Exporting textile and apparel manufacturers resorted to importing yarns from cheaper sources under *temporary admission* system of imports.

- Substitution of filament texturised polyester for cotton yarns in the warp direction with the filling (weft) in 100% cotton or 100% polyester spun yarns. The price of filament polyester has been on the decline and stands at present at 50% (half) the price of cotton yarns of equivalent counts.

- A lot of weavers simply went out of business in both the public and private sectors; their problems being further aggravated by the increasing imports of fabrics under the *temporary admission* system. Estimates of smuggled fabrics vary wildly, but these are mostly in synthetics and wool blends.

Given that domestic spinners cannot offer cheap enough cotton yarns using Egyptian or imported cotton lint, can the domestic weavers and knitters find salvation in the importation of cheap enough cotton yarns ?

Obviously the present duty of 30% on cotton yarns, plus the sales tax, and other expenses related to importing and clearing pre-empt this solution.

It was natural to suggest lowering the import duty on yarns from 30% down to 10% and see if this can work for the benefit of domestic weavers and knitters and, eventually, the Egyptian consumers.

If this suggestion were adopted, what impact will it have on the domestic spinning industry? Also, what will be the impact on the overall cotton sector, exports of ELS and LS Egyptian cotton lint and possible imports of SS cotton lint?

CHAPTER I

Present Duties and Restrictions on Imports of Textiles, Apparel, and Made-Ups

I- Present Duties and Restrictions on Imports of Textiles, Apparel and Made-ups and Expected Duties under the Uruguay Round

1.1.1 Egypt is a signatory to the General Agreement on Tariffs and Trade (GATT), Uruguay Round Protocol Agreement signed in Marrakech in 1994. Under Schedule LXIII of the protocol agreement, Egypt undertakes certain commitments regarding the liberalization of imports of cotton and cotton products. The relevant excerpt of the agreement is **attached**, and shows the commitments by Egypt for Textile Items as follows:

Tariffs reductions starting on a base of 30 percentage points above the final offer's rate - will be implemented over 10 years period, in 10 equal stages, beginning on the day the WTO agreement enters into force. Until the end of the 10 years period, the base rate (the offer rate plus thirty percentage points) will be bound at the specified levels of reduction.

Furthermore, within Egypt's rights and obligation under the GATT, Egypt will remove its conditional prohibition on the importation of fabrics not later than January 1st, 1998, and on apparel and made-ups not later than January 1st, 2002

1.1.2 Egypt's import tariffs on cotton products are already well within the boundaries and commitments of the WTO agreement. **Table 1** shows the duty for cotton lint, synthetic fibers, yarns, fabrics, apparel and made-ups from 1989 up to 1997. The table also shows the duties that should prevail under the WTO agreement

SCHEDULE LXIII - EGYPT

GENERAL REMARKS

This Schedule replaces all the schedules of Egypt annexed to the General Agreement

STAGING NOTES

- ALL BOUND ITEMS WILL NOT BE INCLUDED IN THIS STAGING

- For Non-Textile Industrial Items:

Tariffs reductions - starting on a base of 10 percentage points above the final offer's rate - will be implemented over five years period: in five equal stages; beginning on the day the WTO Agreement enters into force. Until the end of the 5 years period, the base rate, (the offer rate + ten percentage points) will be bound at the specified levels of reduction.

- For Textile Items:

Tariffs reductions - starting on a base of 30 percentage points above the final offer's rate - will be implemented over 10 years period; in 10 equal stages; beginning on the day the WTO Agreement enters into force. Until the end of the 10 years period, the base rate, (the offer rate + thirty percentage points) will be bound at the specified levels of reduction.

Within Egypt's rights and obligation under the GATT, Egypt will remove its conditional prohibition on the importation of fabrics not later than 1.1.1998, and on apparel and made ups not later than 1.1 2002.

- For Agriculture Items:

10 years implementation period begins when the WTO Agreement enters into force.

1	2	3	4 (BOUND RATE)	5	6
5108	Yarn of fine animal hair (carded or combed), not put up for retail				
5108	sale:	U	15%		
5109	Yarn of wool or of fine animal hair, put up for retail sale:	U	15%		
5110	Yarn of coarse animal hair or of horsehair (including gimped horsehair				
5110	yarn), whether or not put up for retail sale	U	15%		
5111	Woven fabrics of carded wool or of carded fine animal hair	U	30%		
5112	Woven fabrics of combed wool or of combed fine animal hair	U	30%		
5113	Woven fabrics of coarse animal hair or of horsehair	U	30%		
52	COTTON				
5201	Cotton, not carded or combed:	U	5%		
5202	Cotton waste (including yarn waste and garnetted stock):	U	5%	INR SUISSE	
5203	Cotton, carded or combed	U	5%		
5204	Cotton sewing thread, whether or not put up for retail sale:	U	15%		
5205	Cotton yarn (other than sewing thread), containing 85 % or more by we				
5205	ight of cotton, not put up for retail sale:	U	15%		
5206	Cotton yarn (other than sewing thread), containing less than 85 % by				
5206	weight of cotton, not put up for retail sale:	U	15%		
5207	Cotton yarn (other than sewing thread) put up for retail sale:	U	15%		
5208	Woven fabrics of cotton, containing 85 % or more by weight of cotton,				
5208	weighing not more than 200 g/m2:	U	30%		
5209	Woven fabrics of cotton, containing 85 % or more by weight of cotton,				
5209	weighing more than 200 g/m2:	U	30%		
5210	Woven fabrics of cotton, containing less than 85 % by weight of cotton,				
5210	mixed mainly or solely with man-made fibres, weighing not more than				
5210	200 g/m2:	U	30%		
5211	Woven fabrics of cotton, containing less than 85 % by weight of cotton,				
5211	mixed mainly or solely with man-made fibres, weighing more than 200				
5211	g/m2:	U	30%		
5212	Other woven fabrics of cotton:	U	30%		
53	OTHER VEGETABLE TEXTILE FIBRES; PAPER YARN AND WOVEN FABRICS OF PAPER				
53	YARN				
5301	Flax, raw or processed but not spun; flax tow and waste (including yarn				
5301	waste and garnetted stock):	U	5%		

TABLE No 1
Egypt Import Duties under WTO and Actual
(percent)

EAR	Cotton Lint		Synthetic Fibers		Yarns		Fabrics		Apparel & Made-ups		
	WTO	Actual	WTO	Actual	WTO	Actual	WTO	Actual	WTO	Actual	
989	-	5	-	15	-	30	-	85	-	110	
990	-	5	-	15	-	30	-	85	-	110	
991	-	5	-	15	-	30	-	85	-	110	
992	-	5	-	15	-	30	-	85	-	110	
993	-	5	-	15	-	30	-	85	-	110	
994	-	5	-	15	-	30	-	60	-	70	
995	25	5	35	15	45	30	60	60	70	70	Base Rate
996	23	5	32	15	42	30	57	45	67	55	
997	21	5	29	15	39	30	54	45	64	55	
998	19	5	26	15	36	30	51	54	61	55	
999	17		23		33		48		58		
000	15		20		30		45		55		
001	13		17		27		42		52		
002	11		14		24		39		49		
003	9		11		21		36		46		
004	7		8		18		33		43		
005	5	5	5	5	15	15	30	30	40	40	Bound Rate

1 - Cotton lint comes under an increase of 20% above final offer rate, to be reduced over 10 years.
2 - Fabrics imports are prohibited up to 1-1-1998.
3 - Apparel and made-ups imports are prohibited up to 1-Jan-2002.

[Update: Import duty on fabrics was announced at 54 percent upon the lifting of the ban on imported fabrics on Jan. 1st, 1998. This duty is higher than the 51% duty allowed under WTO for 1998 by 3 percent].

from its coming into force in January 1st, 1995 up to January 1st, 2005.

Current import duties in 1997 are lower than those required under WTO: for cotton lint it is 5 percent instead of 21 percent permitted under WTO. For cotton yarn, the current rate is 30 percent, well below the 39 percent required under the WTO agreement. For fabrics, apparel, and made-ups WTO rates for 1997 are 54, 64 and 64 percent respectively; actual rates are well under these levels, at 45, 55, and 55 percent respectively. Clearly, Egypt is performing well in complying with its WTO commitments on cotton and textile products. Some reductions on current tariff levels will be necessary starting the year 2001.

Update: Import duty on fabrics was announced at 54% upon the lifting of the ban on importing fabrics on Jan. 1st, 1`998. This duty is higher than the 51% duty allowed under WTO by 3%..

This situation resulted because at the time of the WTO agreement negotiations, Egypt was granted "Base Rates" that were considerably higher than the actual rates prevailing in 1995. For example, for cotton yarn the actual duty in 1995 was 30 percent, but the granted "base rate" under WTO was 45 percent, computed as equal to the target or "bound" rate of 15 percent plus 30 percentage points. In this manner, the WTO agreement does not commit Egypt to change any import duty rates in the initial years of WTO; only in the last few years prior to 2005 must Egypt reduce current rates to reach the lower "bound rates."

Target levels of import duties for fabrics by the year 2005 is 30 percent, half the 1995 actual level of 60 percent. Similarly, for apparel and made-ups the duty has dropped from 70 percent in 1995 to 55 percent in 1997 and will be reduced to 40 percent in 2005.

1.1.3 Egypt has import duties on cotton yarns that are high by international standards. **Table 2** shows the base rates and the bound

TABLE No. 2
DUTIES ON IMPORTED YARNS

COUNTRY	BASE RATE % 1995	BOUND RATE % 2005
EGYPT	45	15
EU	6	4
CANADA	12.5	8
JAPAN	8.4	5.6
BRAZIL	85	35
INDIA	105	25 for > 85% cotton 40 for < 85% cotton
USA	3.7 to12 (see table)	3.7 to 12 (see table)

U.S.A

METRIC COUNT	Cotton yarn containing 85% or more cotton			Cotton yarn containing less than 85% cotton	
	BASE RATE and BOUND RATE			BASE RATE	BOUND RATE
	CARDED		COMBED	CARDED COMBED	CARDED COMBED
	Single	Folded	Single Folded	Single Folded	Single Folded
$< N_m$ 14	3.7	5.8	5.8	10.8	9.2
$14<N_m<43$	5.2	7.3	7.3	10.8	9.2
$43<N_m<52$	6.5	8.6	8.6	10.8	9.2
$52<N_m<80$	7.8	9.9	9.9	10.8	9.2
$80<N_m$	9.9	12.0	12.0	10.8	9.2

N_m 14 = N_e 8.26
N_m 43 = N_e 25.44
N_m 52 = N_e 30.76
N_m 80 = N_e 47.33

rates of duty on cotton yarns in several countries. The principal importers of yarn have relatively low import duties: The European Union, 6 percent, Japan 8.4 percent, and the United States between 3.7 and 12 percent, depending on the precise nature of the yarn. By contrast, two highly protectionist countries, Brazil and India, have extremely high rates: 85 percent and 105 percent, respectively. Egypt's base rate level of 45 percent falls in between, but is still very high in comparison to the markets to which it exports.

WTO only requires modest reductions in import tariffs on yarn by the year 2005. The bound rates for the United States for yarn with cotton content above 85 percent remains the same, namely 3.7 to 12 percent. For yarns containing less than 85% cotton the rate is scheduled to drop from 10.8 to 9.2 percent by 2005. The European Union's bound rate is only 4 percent, a small reduction from 6 percent. Japan's base rate of 8.4 percent will drop to 5.6 percent by 2005.

By contrast, Egypt's scheduled tariff reduction is from 45 percent to 15 percent. Brazil is committed to come down from 85 percent to a mere 35 percent, and India from 105 to 25 percent for yarn with 85% or more cotton, and 40 percent for yarn with less than 85% cotton.

The United States tariff structure is highly specific according to the yarn type: the rate is lowest (3.7 percent) for coarse yarns and highest (12 percent) for counts above Ne 47. It also favors carded single yarns over folded and combed yarns.

1.2 Non-Tariff Barriers to Imports of Yarn. There is no need to obtain an import licence to import yarns into Egypt. There are no quantity restrictions either.

This applies whether the imported yarns are for the production of domestically consumed products or for re-export in the form of textiles, apparel or made-ups. Duty and sales tax are paid in advance if used for domestic consumption. Yarns used in

products for export are best imported under the *temporary admission* regime.

1.3 Import Ban on Fabrics. The importation of fabrics, apparel and made-ups for domestic consumption is prohibited at present. The prohibition is to be lifted on or before:

January 1st, 1998 for fabrics, and
January 1st, 2002 for apparel and made ups.

Duty rates mentioned above are therefore only nominal because the ban on imports of fabrics and apparel effectively prevent these duties from being applied in the past few years. The Government has already announced the lifting of the ban on fabric imports in 1998, but industry spokesmen are clamoring for retaining the ban for several more years, when the industry presumably will be in better conditions to compete internationally.

However, the import ban was only applicable for domestic consumption and did not apply to import of fabrics under *temporary admission* for re-export in the form of apparel and made ups.

Update: *The ban on importing fabrics was lifted on January 1st, 1998. However, it is practically impossible to import fabrics in the light of requirements made by Government, such as having the name of the importer woven into the fabric itself. This requirement has so far effectively prevented any fabric imports.*

1.4 Cotton Yarn Import Duties. The present duty on cotton yarn is 30% as compared with 39% as prescribed under the WTO agreement. **Table 1** shows how this duty should be reduced starting the year 2001 by 3% annually to reach the *"bound rate"* for yarn of 15% from January 1st, 2005 onwards.

To be sure, if the Government of Egypt so wishes, it could reduce the duty on cotton yarns by larger percentage points and before the deadline of January 1st, 2005.

1.5 Cotton Lint Import Duties. The duty on cotton lint at present is 5% which is lower than the rate under the WTO agreement of 21%. Similarly, the duty on synthetic fibres at present is 15% which is lower than the rate under the WTO agreement of 29%.

1.6 Import Duties on Cotton fabrics. The duty on fabrics at present is 45% as compared with 54%, the presumed rate under the WTO agreement. At present, fabrics can be imported only under *temporary admission* for re-export. The prohibition on imports for domestic consumption is scheduled to be lifted before January 1st, 1998. **Table 1** shows how this duty (45%) should be reduced starting 2001 by 3% annually to reach the *bound rate* for fabrics of 30% by January 1st, 2005.

Update: *Duty on fabrics was raised to 54 % on Jan. 1, 1998.*

1.7 Import Duties on Ready-Made Garments. Import duty on apparel (ready-made garments) and Made-Ups (e.g. bed sheets) at present is 55% as compared with 64% as presumed under the WTO agreement. At present, apparel and made-ups can be theoretically imported under temporary admission, the prohibition to be lifted before January 1st, 2002. **Table 1** shows how this duty (55%) should be reduced starting 2002 by 3% annually to reach the *bound rate* for apparel and made-ups of 40% by January 1st, 2005.

1.8 Non-Tariff Charges. In addition to customs duties, there exists other duties, fees, charges and ancillary expenses on all imported cotton lint, synthetic fibers, yarns and fabrics with no distinction among these categories. These charges are detailed below, while describing the procedures followed in clearing a standard consignment of yarn.

1.9 The Customs Importation Procedure is roughly as follows:

a) The customs officer reviews the invoice, compares its contents with standardized lists compiled by Customs, then he or she can accept or amend it at their discretion. A sample of invoice is attached. In many cases the customs officer can overlook the price in the invoice and sets an ex-works price instead. The officer then goes on computing other statutory charges based on the set price in order to calculate the CIF cost, namely:

5.0%	added to ex-works price to get FOB price,
12.5%	to FOB price for freight,
2.5%	to FOB price for insurance

Customs officers usually ignore or delete any discounts shown on invoices obtained by importer.

If CIF price calculated above is over 20% higher than the CIF price declared in the invoice, a penalty fine is collected from the importer.

b) Customs officers then add to the CIF price either the actual unloading expenses if the proper documentation is provided (which is often impossible), or add a statutory 2% of CIF price for unloading expenses.

c) Customs then computes import duties, i.e., 5% for lint, 15% for synthetic fibers, 30% for yarns, 45% for fabrics. Duties are levied on the CIF price plus unloading expenses. This means that duties are computed on CIF plus 2 percent, the statutory charge for unloading. In effect, therefore, duties are charged on 1.02*CIF.

d) A Sales tax of 10% is then computed based on the result above (CIF, plus unloading, plus duties) and added to the previous

COMMERCIAL INVOICE

A COTTON SPINNING MILLS LTD.
USTRIAL AREA "A"
DHIANA-141 003
UNJAB, INDIA

Invoice No. & Date: EXP/96-97/6710 DTD 17/02/97

Buyer's Order No. & Date:

Other Reference(s): Contract No.EXP/5818 DTD 28/01/97

[redacted]
OUM STREET
M MASR AND SUDAN ST.
RO
YPT

Buyer (if other then consignee)

Country of origin of Goods: INDIA

Country of Final Destination: EGYPT

Terms of Delivery and Payments:
Lc no 0412/1997 Dt.03-02-97 of
COMMERCIAL INTERNATIONAL BANK
(EGYPT) S.A.E
(GIZA BRANCH)
EGYPT
AT 90 DAYS FROM B/L DATE

Carriage by:

Place of Receipt by Pre-Carrier: PAONTA SAHIB

el/Flight No.: Y SEA

Port of Loading: MUMBAI

of Discharge: LEXANDRIA PORT

Final Destination: ALEXANDRIA PORT

s & Nos. / ainer No.	No. & Kind of Pkgs	Description of Goods	Quantity KG	Rate USD/KG CIF ALEXANDRIA PORT	Amount USD
111-115172,115174-115179, 181-115186,115188-115190,115192, 193,115195-115225,115227-115230, 232-115237,115239-115290	272 CARTONS (Lot No.:3367)	COTTON 100% CARDED YARN NE 30/1 GREY FOR KNITTING ACCORDING TO PROFORMA INVOICE NO.EXP96/97-5818 DD.JAN.28.97	13600.000	Ex.W 3.15 / 3.250	42840 / 44200.00
				TOTAL =>	44200.00

DOLLARS FORTY FOUR THOUSAND TWO HUNDRED ONLY

TIFIED THAT GOODS ARE ACCORDING TO PROFORMA INVOICE NO EXP 96/97-5818
JAN.97

272
13600.000
15111.500

COTTON SPINNING MILLS LTD.

total. It should be noted that in case of domestically produced yarns the sales tax is 18%. The same tax -- 18% -- will be applied here when making comparisons of the Landed-Duty-Paid (L.D.P.) cost for imported yarns and domestically produced yarns.

Update: *Customs officers started calculating sales tax at 18 % for imported yarns starting January 16, 1998.*

e) A profit tax of 1% is calculated on the CIF price plus unloading, i.e., on 1.02*CIF. This is not an actual expense, but it is kept on the books of the importer for eventual settlement with the tax office when tax returns are submitted. This item is dropped in this study when comparing the Landed-Duty-Paid (L.D.P) cost of imported yarns with domestically produced yarns.

f) Service Charges. A 3% service charge on imported yarns is levied on the 1.02*CIF cost, and added to the above subtotal. These "service charges" were reduced to 2% starting July 1997. This study will therefore use the reduced service charges of 2% in its calculations.

g) Equipment Charges. Customs collects between 20 and 30 LE for each consignment for office equipment charges. This small charge is ignored in this study.

h) Administrative Charges. Finally, Customs ensures the collection of "Administrative Charges" according to the total CIF value. These charges range between :

5 LE	for CIF values up to 5,000 LE and
750 LE	for CIF values up to 500,000 LE;
750 LE	for each extra portion of 500,000 LE.

This charge is often prepaid through the banks upon opening letters of credit for import.

1.10 The combined total of all the above charges can be substantial. For one 40-feet container with 15 tons net of yarns the actual unloading and financial expenses, from the time the letter of credit is opened to the arrival of the consignment into the stores of the Egyptian importer, averages 7000 LE, or about $2,000 (USD). The cost of opening the letter of credit is included in this estimate. The unit cost is therefore 13c/kg ($2,000 ÷ 15,000 kg = 13 cents/kg). In this study these expenses are assumed to be 10 cents/kg for imported yarn. In the case of imported cotton lint, a much lower figure of 3 cents/lb is used.

1.11. 1. To calculate the Landed Duty Paid (L.D.P.) cost of imported cotton yarns, the following assumptions are made:

- CIF price is denoted PIP (for Price-India-Pakistan).
- Invoice values are accepted by customs.
- Unloading expenses are estimated at 2% CIF or 0.02*PIP
- Duty rate denoted by D. Then, Customs Duty = 1.02*PIP*D
- Sales tax 18%. Then
  Sales Tax = 0.18*(PIP+0.02PIP+1.02*PIP*D).
- Service charges (2%) = 0.02 * 1.02 PIP
- Actual unloading, financial and administrative expenses are 10 cents/kg. (Statutory unloading expenses of 2% CIF are only used for computing taxes, duties, and service charges).
- Exchange rate: 3.40 LE per $1 USD.

Then the Landed-Duty-Paid Cost per kilogram of imported yarn is given by:

L.D.P. = PIP + 1.02 PIP*D + 0.18*(PIP + 0.02*PIP + 1.02*PIP*D) + 0.02*1.02*PIP + 10 cents/kg

L.D.P. = PIP*(1.2040 + 1.2036*D) + 10 cents/kg

1.11.2 It is feasible to import cotton yarns into Egypt whenever the Landed-Duty-Paid cost as expressed above is lower than the domestic price plus the 18% sales tax. The attached tables show

the comparison of L.D.P costs with the cost of domestic yarns, including sales tax, for alternative levels of customs duties:

Table No. 3 Duty: 30% (current duty)
Table No. 4 Duty: 10% (suggested in study)
Table No. 5 Duty: zero (for argument sake)
Table No. 6 Duty same as bound rate for U.S.A
Table No. 7 Under temporary admission
Table No. 8 Shows a summary of price differentials.

It is commercially feasible to import yarn *under temporary admission* whenever CIF import price is less than domestic price (without sales tax) by more than 10 cents/kg. **Table 7** shows the comparison. Neither import duties, nor sales tax, nor service charges are paid under temporary admission, but actual unloading, financial, and administrative expenses of 10 cents/kg are applied, as actually borne by the importer.

Figure 1 shows graphically the price conditions when it is commercially feasible to import yarns and the conditions when it is not feasible to do so, for different rates of import duties. The areas below the lines represent the combination of international and domestic prices under which it pays to use imported cotton yarns. A similar graph can be made for yarn imports under temporary admission.

I.11.3 **Figure 2A and 2B** shows graphically the differences in prices between landed duty paid imported yarns [including 18 % sales tax] and those for domestically produced yarns including sales tax for the most important counts Ne 20, 24, 26, 30 Carded and Ne 20, 24, 26, 30, 40 Combed, under different rates of customs duties.

At 30 percent customs duty, all imported yarns cost substantially more than domestically produced yarns in this count range, from 5 up to 30 percent.

TABLE No. 3
LANDED-DUTY-PAID COST OF IMPORTED COTTON YARNS COMPARED WITH DOMESTIC YARN PRICES:

30% DUTY

AUGUST 97
USD = 3.40 LE

Ne	Domestic Price LE/KG		INDIA/PAKISTAN			THAILAND/INDONESIA		
	EXWK	+ 18% VAT	USD/KG CIFALEX	LE/KG LDP + VAT	± %	USD/KG CIFALEX	LE/KG LDP + VAT	± %
0 8K	11.00	12.980	2.50	13.642	+ 5.10			
10K	11.00	12.980	2.55	13.900	+ 7.15			
12K	11.00	12.980	2.60	14.170	+ 9.20			
16K	11.00	12.980	2.70	14.700	+ 13.30			
20K	11.00	12.980	2.80	15.238	+ 17.40			
5 20K	12.20	14.396	2.80	15.238	+ 5.84			
24K	12.20	14.396	3.00	16.303	+ 13.24			
26K	12.20	14.396	3.10	16.835	+ 16.94			
30K	12.20	14.396	3.15	17.100	+ 18.79			
36K	13.30	15.694						
40K	14.10	16.638						
20C	13.75	16.225	3.25	17.633	+ 8.67	3.35	18.165	+ 11.95
24C	13.75	16.225	3.45	18.697	+ 15.23	3.55	19.229	+ 18.51
26C	13.75	16.225	3.55	19.229	+ 18.51	3.75	20.293	+ 25.07
30C	13.75	16.225	3.70	20.027	+ 23.43	3.80	20.559	+ 26.71
36C	14.80	17.404						
40C	15.60	18.408	4.10	22.15	+ 20.36			
OE 10	9.30	10.856	2.00	10.982	+ 1.16			

OE = Open End
K = Carded
C = Combed
VAT = Sales Tax

TABLE No. 4
LANDED-DUTY-PAID COST OF IMPORTED COTTON YARNS COMPARED WITH DOMESTIC YARN PRICES:

10% DUTY

AUGUST 97
USD = 3.40 LE

Ne	Domestic Price LE/KG		INDIA/PAKISTAN			THAILAND/INDONESIA		
	EXWK	+ 18% VAT	USD/KG CIFALEX	LE/KG LDP + VAT	± %	USD/KG CIFALEX	LE/KG LDP + VAT	± %
30 8K	11.00	12.980	2.50	11.597	- 10.66			
10K	11.00	12.980	2.55	11.815	- 8.98			
12K	11.00	12.980	2.60	12.040	- 7.25			
16K	11.00	12.980	2.70	12.490	- 3.78			
20K	11.00	12.980	2.80	12.940	- 0.31			
75 20K	12.20	14.396	2.80	12.940	- 10.12			
24K	12.20	14.396	3.00	13.840	- 3.87			
26K	12.20	14.396	3.10	14.290	- 0.74			
30K	12.20	14.396	3.15	14.515	+ 0.82			
36K	13.30	15.694						
40K	14.10	16.638						
20C	13.75	16.225	3.25	14.965	- 7.77	3.35	15.415	- 5.00
24C	13.75	16.225	3.45	15.865	- 2.22	3.55	16.315	+ 0.55
26C	13.75	16.225	3.55	16.315	+ 0.55	3.75	17.215	+ 6.10
30C	13.75	16.225	3.70	16.990	+ 4.71	3.80	17.440	+ 7.48
36C	14.80	17.404						
40C	15.60	18.408	4.10	18.790	+ 2.07			
OE 10	9.30	10.856	2.00	9.340	- 13.07			

OE = Open End
K = Carded
C = Combed
VAT = Sales Tax

TABLE No. 5
LANDED-DUTY-PAID COST OF IMPORTED COTTON YARNS COMPARED WITH DOMESTIC YARN PRICES:

ZERO DUTY

AUGUST 97
USD = 3.40 LE

Ne	Domestic Price LE/KG		INDIA/PAKISTAN			THAILAND/INDONESIA		
	EXWK	+ 18% VAT	USD/KG CIFALEX	LE/KG LDP + VAT	± %	USD/KG CIFALEX	LE/KG LDP + VAT	± %
30 8K	11.00	12.980	2.50	10.574	- 18.58			
10K	11.00	12.980	2.55	10.769	- 17.04			
12K	11.00	12.980	2.60	10.974	- 15.46			
16K	11.00	12.980	2.70	11.383	- 12.31			
20K	11.00	12.980	2.80	11.792	- 9.16			
75 20K	12.20	14.396	2.80	11.792	- 18.09			
24K	12.20	14.396	3.00	12.610	- 12.41			
26K	12.20	14.396	3.10	13.019	- 9.57			
30K	12.20	14.396	3.15	13.223	- 8.15			
36K	13.30	15.694						
40K	14.10	16.638						
20C	13.75	16.225	3.30	13.837	- 14.72	3.35	14.040	- 13.46
24C	13.75	16.225	3.45	14.450	- 10.94	3.55	14.859	- 8.42
26C	13.75	16.225	3.55	14.859	- 8.42	3.75	15.677	- 3.38
30C	13.75	16.225	3.70	15.473	- 4.64	3.80	15.882	- 2.12
36C	14.80	17.464						
40C	15.60	18.408	4.10	17.109	- 7.06			
OE 10	9.30	10.856	2.00	8.520	- 21.52			

OE = Open End
K = Carded
C = Combed
VAT = Sales Tax

TABLE No. 6

LANDED-DUTY-PAID COST OF IMPORTED COTTON YARNS COMPARED WITH DOMESTIC YARN PRICES: SAME DUTY AS U.S.A

AUGUST 97
USD = 3.40 LE

Ne	DOMESTIC LE/KG		% DUTY U.S.A	INDIA / PAKISTAN		
	EXWK	+ 18% VAT		USD/KG CIFALEX	LE/KG LDP +VAT	± %
OE 10	9.30	10.856	3.7	2.00	8.828	- 18.69
G80 8K	11.00	12.980	3.7	2.50	10.950	- 15.64
10 K	11.00	12.980	5.2	2.55	11.320	- 12.79
12 K	11.00	12.980	5.2	2.60	11.520	- 11.25
16 K	11.00	12.980	5.2	2.70	11.950	- 7.94
20 K	11.00	12.980	5.2	2.80	12.380	- 4.67
G75 20K	12.20	14.396	5.2	2.80	12.380	- 14.01
24 K	12.20	14.396	5.2	3.00	13.240	- 8.04
26K	12.20	14.396	6.5	3.10	13.852	- 3.78
30 K	12.20	14.396	6.5	3.15	14.070	- 2.24
36 K	13.30	15.694	7.8			
40 K	14.10	16.638	7.8			
20 C	13.75	16.225	10.8	3.30	15.307	- 5.64
24 C	13.75	16.225	10.8	3.45	15.987	- 1.47
26 C	13.75	16.225	10.8	3.55	16.441	+ 1.33
30 C	13.75	16.225	10.8	3.70	17.121	+ 5.52
36 C	14.80	17.464	10.8			
40 C	15.60	18.408	10.8	4.10	18.935	+ 2.86

OE = Open End
K = Carded
C = Combed
VAT = Sales Tax

TABLE No. 7

TOTAL COST OF IMPORTED COTTON YARNS COMPARED WITH DOMESTIC YARN PRICES:

UNDER TEMPORARY ADMISSION

AUGUST 97
USD = 3.40 LE

Blend	Ne	DOMESTIC PRICE EX WK		IMPORT USD/KG CIFALEX	IMPORT CIF + 10C/KG	± %
		LE/KG	USD/KG			
0E	10	9.30	2.735	2.00	2.10	- 23.22
G80 CAR-DED	8K	11.00	3.235	2.50	2.60	- 19.63
	10K	11.00	3.235	2.55	2.65	- 18.09
	12K	11.00	3.235	2.60	2.70	- 16.54
	16K	11.00	3.235	2.70	2.80	- 13.45
	20K	11.00	3.235	2.80	2.90	- 10.36
G75 CAR-DED	20K	12.20	3.588	2.80	2.90	- 19.18
	24K	12.20	3.588	3.00	3.10	- 13.61
	26K	12.20	3.588	3.10	3.20	- 10.82
	30K	12.20	3.588	3.15	3.25	- 9.43
	36K	13.30	3.970			
	40K	14.10	4.147			
G75 COM-BED	20C	13.75	4.044	3.30	3.40	- 15.93
	24C	13.75	4.044	3.45	3.55	- 12.22
	26C	13.75	4.044	3.55	3.65	-9.75
	30C	13.75	4.044	3.70	3.80	- 6.04
	36C	14.80	4.352			
	40C	15.60	4.588	4.10	4.20	- 8.46

Table No. 8

SUMMARY TABLE OF LANDED-DUTY-PAID COSTS OF IMPORTED COTTON YARNS COMPARED WITH DOMESTIC YARN PRICES (INCLUDING SALES TAX).

AUGUST 1997

LEND	Ne	DUTY %			SAME DUTY AS U.S.A
		30% (PRESENT)	10% (PROPOSED)	ZERO	
0E	10	+ 1.16	- 13.07	- 21.52	- 18.69
G80	8	+ 5.10	- 10.66	- 18.58	- 15.64
CAR-	10	+ 7.15	- 8.98	- 17.04	- 12.79
DED	12	+ 9.20	- 7.25	- 15.46	- 11.25
	16	+ 13.30	- 3.78	- 12.31	- 7.94
	20	+ 17.40	- 0.31	- 9.16	- 4.63
G75	20	+ 5.84	- 10.12	- 18.09	- 14.01
CAR-	24	+ 13.24	- 3.87	- 12.41	- 8.04
DED	26	+ 16.94	- 0.74	- 9.57	- 3.78
	30	+ 18.78	+ 0.82	- 8.15	- 2.24
	36				
	40				
G75	20	+ 8.67	- 7.77	- 14.72	- 5.64
COM-	24	+ 15.23	- 2.22	- 10.94	- 1.47
BED	26	+ 18.51	+ 0.55	- 8.42	+ 1.33
	30	+ 23.43	+ 4.71	- 4.64	+ 5.52
	36				
	40	+ 20.36	+ 2.07	- 7.06	+ 2.86

Figure 1. Impact of Customs Duties on Yarn Imports from India and Pakistan

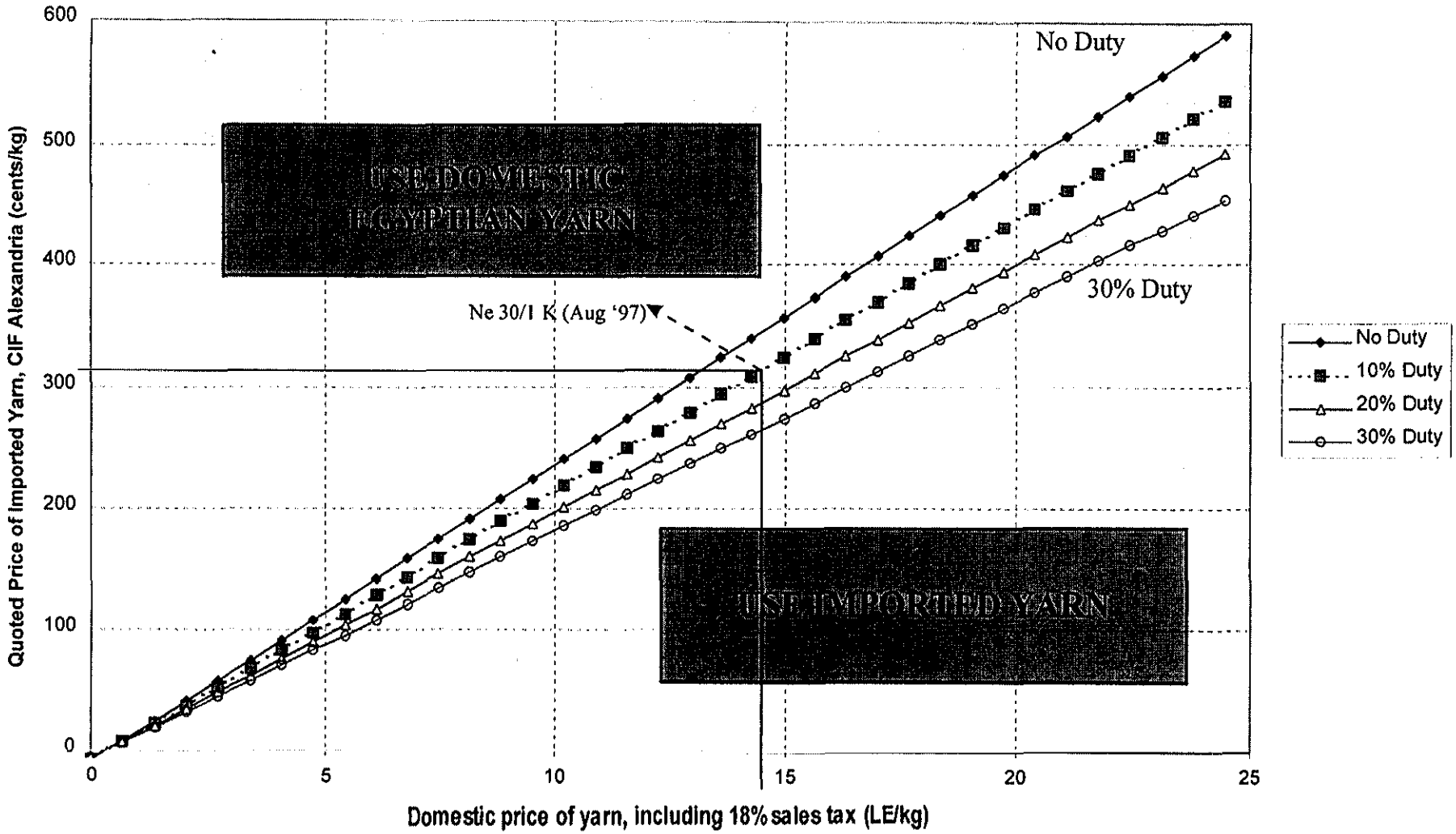


Figure 2-A. Landed-Duty-Paid Cost of Imported Yarns Compared with Domestic Prices of Giza-75 Yarns (including 18 percent sales tax)

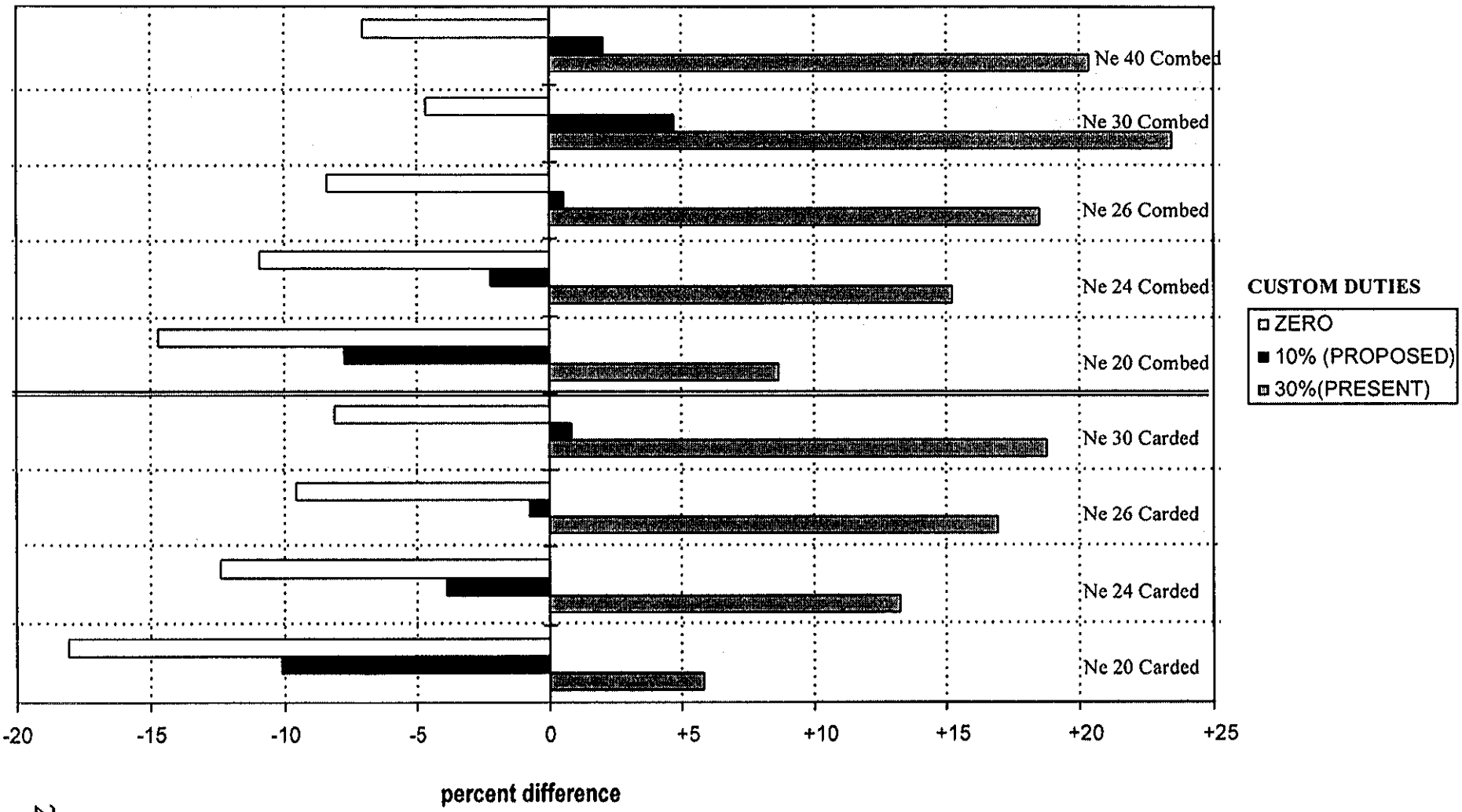
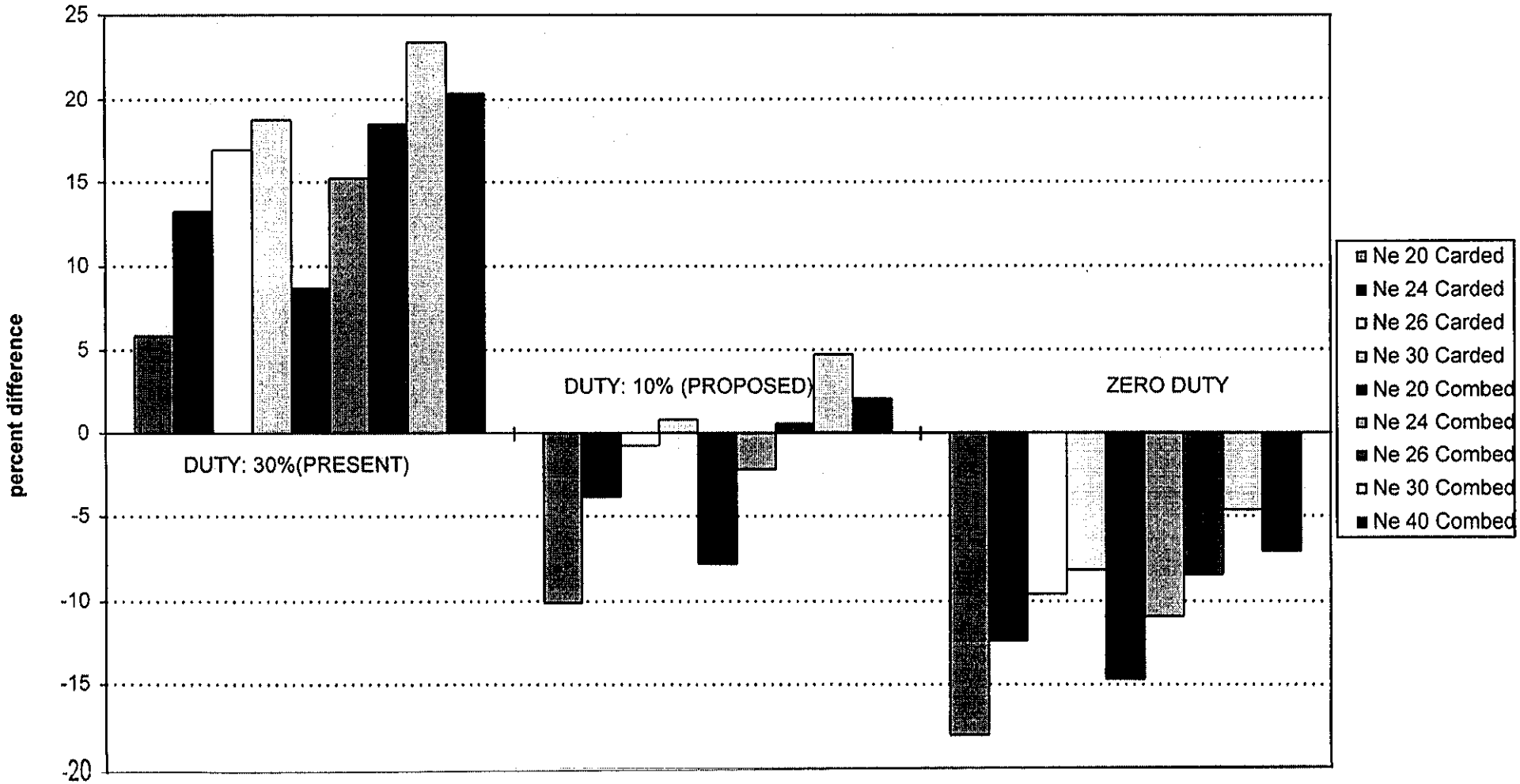


Figure 2-B. Landed-Duty-Paid Cost of Imported Yarns Compared with Domestic Prices of Giza-75 Yarns (including 18 percent sales tax)



At 10 percent customs duty, the situation changes dramatically. Almost all imported carded yarns and imported coarse count combed yarns cost less than domestically produced yarns.

At zero customs duty, all imported yarns in this count range, carded and combed, will be less costly than domestically produced yarns.

I.11.4 **Figure 3** shows graphically the differences in prices between imported yarns under temporary admission and those for domestically produced yarns [without sales tax] for the most important counts, carded and combed, used in the weaving and knitting industries in Egypt. In all cases imported yarns cost substantially less than domestically produced yarns.

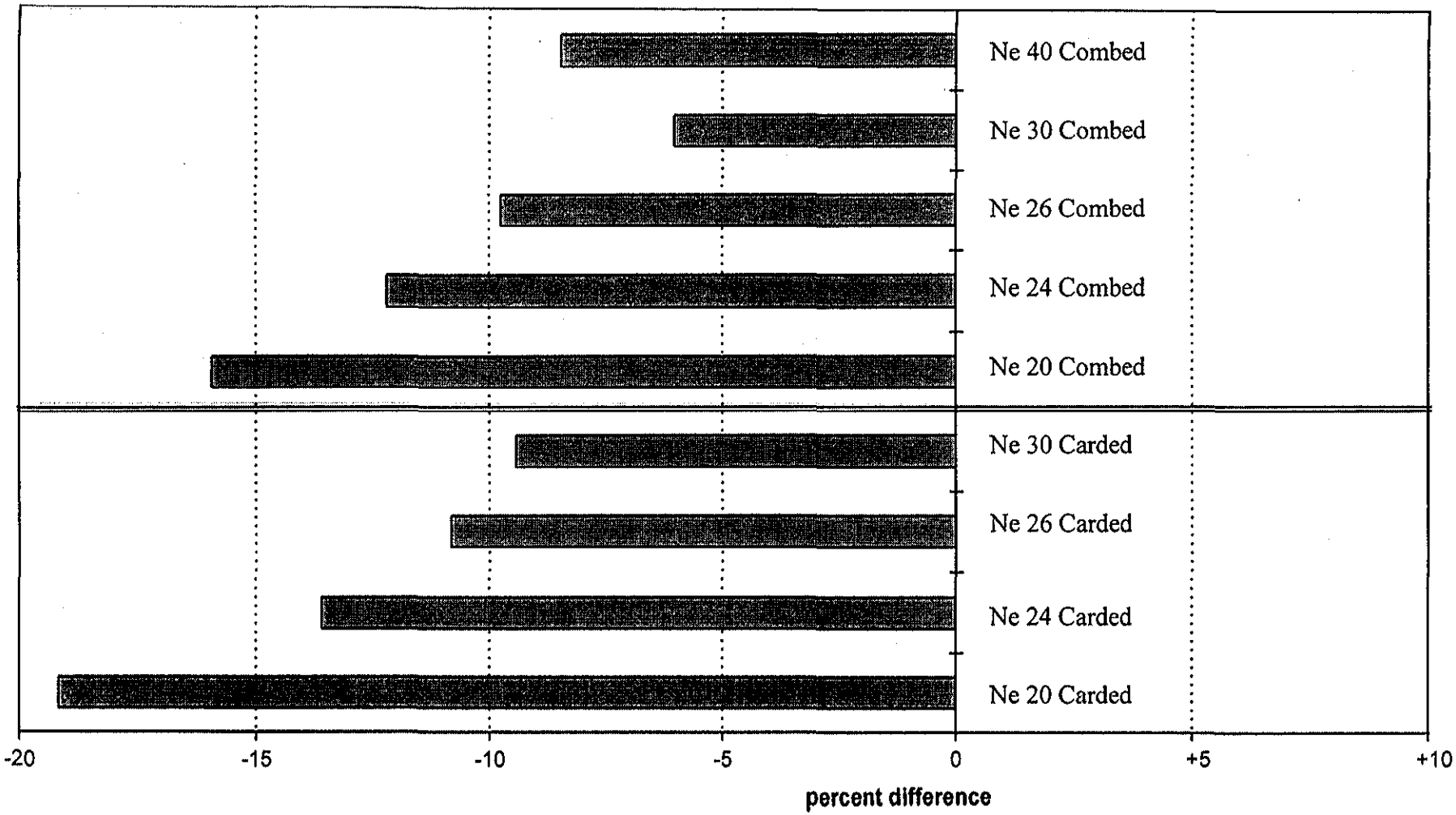
1.12.1. The same procedure developed for importing yarns can be used to determine the commercial advantages of importing cotton lint into Egypt. To calculate the Landed-Duty-Paid (L.D.P.) cost of imported cotton lint:

- Suppose FOB price for short staple cotton is PCAL (California), in cents per libra;
- suppose freight and insurance cost 11 cents per libra;
- suppose double fumigation costs 2.6 cents per libra;
- CIF cost is then given by
  CIF = PCAL + 11 + 2.6
  CIF = PCAL + 13.6 cents/libra
- Duty on cotton lint, denoted by D, is 5 percent;
- Sales tax on cotton lint is zero percent;
- Service charges of 2 percent;
- Unloading, financial, administrative expenses of 3 cents/libra;
- Then the Landed-Duty-Paid cost of lint cotton is computed thus:

L.D.P. = CIF + 1.02*CIF*D + 0.02 * 1.02 * CIF + 3 cents/libra
= 1.0714 * CIF + 3 cents/libra;
= 1.0714 * (PCAL + 13.6 cents/libra) + 3 cents/libra

L.D.P. = 1.0714 * PCAL + 17.57 cents/libra.

Figure 3. Total Cost of Cotton Yarns Imported under Temporary Admission Compared with Domestic Prices of Giza-75 Yarn (without Sales Tax)



1.12.2. It is feasible to import short staple cotton lint into Egypt whenever the Landed-Duty-Paid cost (L.D.P), as calculated above, is lower than the domestic price for medium long staple lint.

- Suppose that FOB Alexandria export price of a certain variety and grade of Egyptian cotton is X,
- Suppose FOB-ing charges (farfara, repressing, ... etc.) are 14 cents per libra.

Then, it would be feasible to import cotton lint if

$$X - 14 \text{ cents/libra} > 1.0714 * PCAL + 17.57 \text{ cents/libra},$$

that is, when

$$\boxed{\mathbf{X > 1.0714 * PCAL + 31.57 \text{ cents/libra}.}}$$

1.12.3. This formula could be applied to Giza-75 at the beginning of the 1996/97 season when the export price was set at 110 cents/libra, FOB Alexandria. The maximum FOB California price at which short staple lint could be imported to substitute for Giza-75 can be worked out as follows:

$$110 = 1.0714 * PCAL + 31.57$$

or, solving for the value of PCAL that satisfies this equation,

$$PCAL = 73.2 \text{ cents/libra}.$$

Thus, when the price for Giza-75 is 110 c/lb, it pays financially for spinners to replace Giza-75 with short staple California lint cotton only if the price in California is below 73.2 c/lb. However, even in such a case a short staple fiber is replacing a better fiber, and would offer no benefit to Egyptian growers or industry.

1.12.4. **In Figure 4** the area below the line depicts price conditions under which cotton lint imports are commercially feasible. For example, when the export price of Giza-75, FOB Alexandria is 100 cents per libra, it only pays to import California short staple cotton if its price in California is less than 63 cents per libra. The difference, 37 cents per libra, must cover the total costs of bringing imported cotton.

Figure 4. When does It Pay to Import Cotton Lint from, say, California?

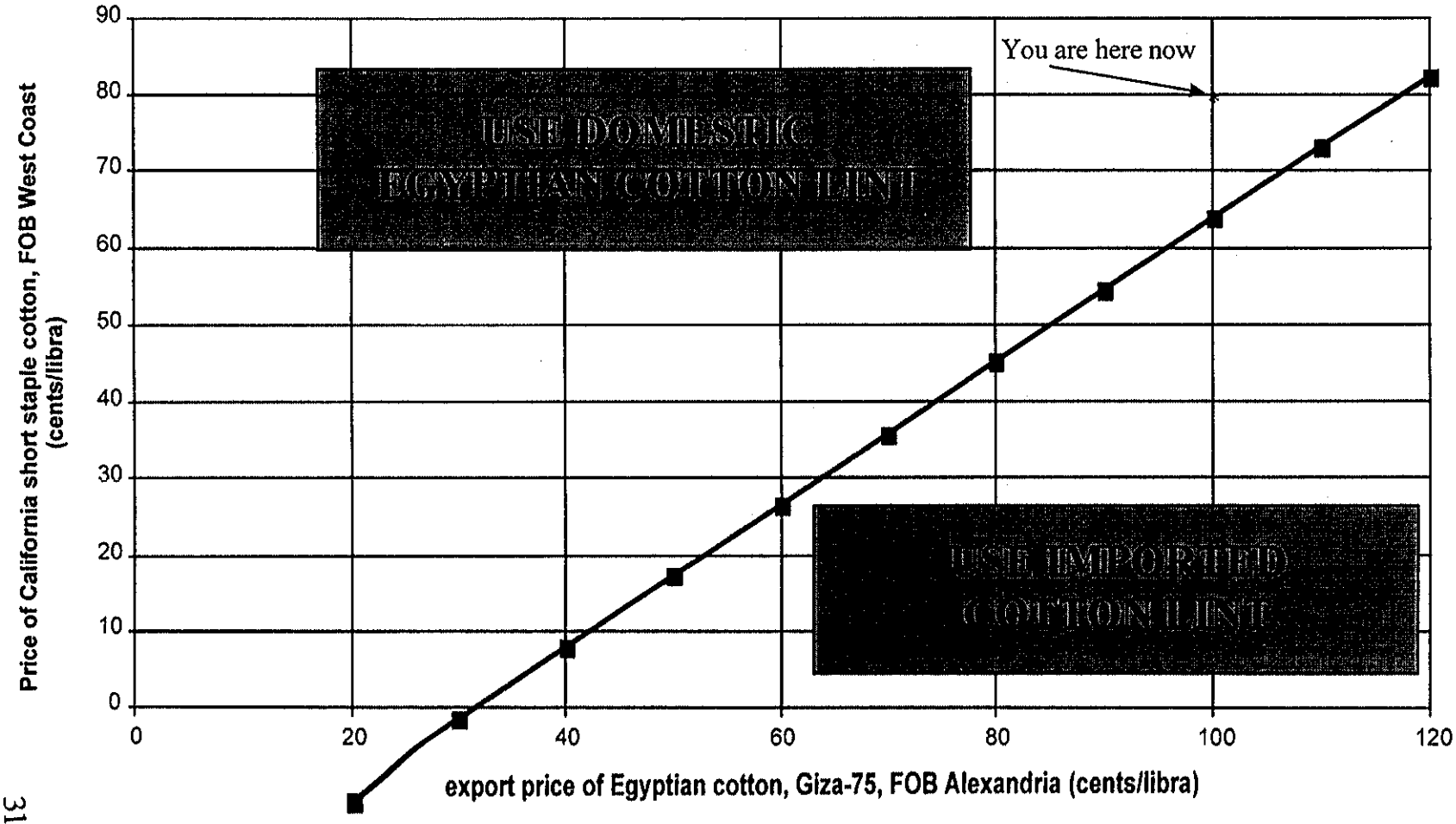
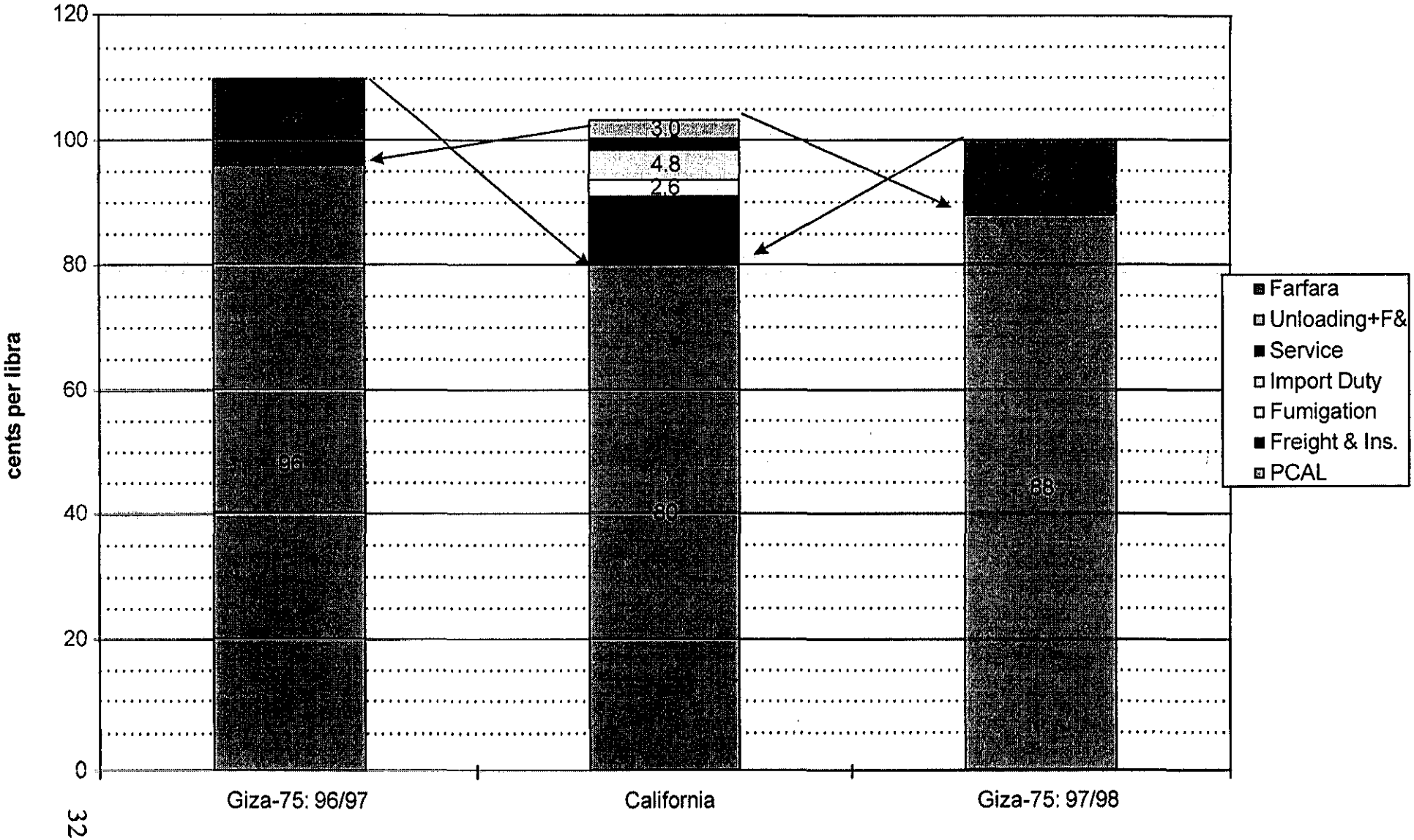


Figure 5. Price Comparisons of Egyptian LS and Imported California SS Cotton



These entry costs are shown graphically in **Figure 5**, namely, 11 cents for freight and insurance, 2.6 cents for fumigation, 4.8 cents for duty, 1.9 cents in service charges, and 3 cents for unloading, finance, and administration costs. In addition, cost of farfara, 14 (now 12) cents per libra, acts as a barrier to imports because it is charged only on exported cotton but not on lint used by the domestic spinners.

The end result is that despite the apparent savings from substituting imported short staple cotton lint for Giza-75, once importing costs and farfara are taken into account, those savings disappear, and imported short staple cotton lint becomes in fact more expensive: The export price for Giza-75 in 1996/97 was 110 c/lb compared with 80 c/lb for short staple in California, an apparent savings of 30 cents per libra. However, the landed duty paid cost of this imported short staple cotton is 103 c/lb compared with only 96 c/lb (110-14=96) that the domestic industry paid for Giza-75 in 1996/97 crop season.

High entry costs on imported cotton lint therefore remove the possible gains that the Egyptian spinning industry might derive from replacing high-quality and expensive long staple Egyptian cotton lint by imported short staple cotton lint. Trade authorities in Egypt need to look into what accounts for such high importing costs on imported cotton, and seek ways to reduce or eliminate some of those costs.

Update: Export price for Giza-75 G/FG was reduced from 110 c/lb to 100 c/lb for 1997/98 crop season, and foreseen to be reduced further for the 1998/99 crop season. These reductions are much higher than corresponding reductions on imported short-staple lint.

1.12.5. It is also allowed to import cotton lint under the *temporary admission* system of importation for the purpose of spinning locally and later on re-export in the form of yarns, fabrics, and apparel. The procedure is the same as for importing yarns under *temporary admission* outlined in details above.

It will be feasible to import short staple cotton under temporary admission if

$$X - 14 \text{ cents/libra} > PCAL + 16.6 \text{ cents/libra}$$

$$X > PCAL + 30.6 \text{ cents/libra}$$

If applied to Giza-75 at the beginning of the 1996/97 season:

$$PCAL = 110 - 30.6 = 79.4 \text{ cents/libra}$$

The difference between PCAL arrived at in paragraph 1.12.3 above (73.2 cents/libra) for local consumption and PCAL arrived at here under temporary admission (79.4 cents/libra) is the import duty plus service charges which are not paid under the *temporary admission*.

Chapter 2

Evolution of Prices of Imported and Domestic Cotton Yarns

2. Price Fluctuations of imported and domestically produced yarns in the coarse and medium count ranges

The Textile Consolidation Fund is responsible for setting cotton yarn export prices. This is done in consultation with the companies that produce cotton yarns for export. Most of these companies are state-owned enterprises. Companies wishing to export must observe the minimum export prices for yarn, and their export contracts must be registered at the Textile Consolidation Fund. (TCF).

One of the principal factors considered in setting cotton yarn export prices is the cost of raw lint cotton that spinning mills must pay. These prices are usually set by the Government: To the export price set by Alcotexa for lint cotton, 14 to 18 cents/libra are deducted, depending on variety, for the cost of "fobing expenses" that include farfara, repressing, and repackaging.

TCF is also the official agency in charge of enforcing agreements with the European Union and USA regarding quotas and visas required by EU and US customs.

Domestic cotton yarn prices are periodically adjusted in a similar manner to that for setting yarn export prices. Actually domestic yarn prices must always be less than net yarn export prices.

Table 11 shows the development of the domestic prices of ring-spun 100 % cotton yarns in Egypt, in the coarse and medium count ranges, both carded and combed. Also shown are the prices of mill delivered cotton lint of the important varieties Giza 80 and Giza 75.

TABLE No. 11
Price Changes of Domestically Produced Yarns.
(Ex-Works, LE/Ton)

YEAR	1990/91	1991/92	1992/93	1993/94	1994/95	1995/96	1996/97	Nov. 97
Giza-80: LE/kentar	187	230	231	243	278	357	302	267
Ne 8 carded	6,200	6,985	6,985	7,500	8,200	10,800	11,000	11,000
Ne10 carded	6,273	7,070	7,070	7,600	8,400	10,800	11,000	11,000
Ne12 carded	6,347	7,150	7,150	7,700	8,500	10,800	11,000	11,000
Ne16 carded	6,494	7,315	7,315	7,900	8,700	10,800	11,000	11,000
Ne20 carded	6,772	7,630	7,630	8,200	9,000	10,800	11,000	11,000
Giza-75: LE/kentar	223	265	238	251	318	431	339	304
Ne20 carded	6,772	7,630	7,630	8,500	10,400	13,400	12,200	11,650
Ne24 carded	7,256	7,985	7,985	8,800	10,400	13,400	12,200	11,650
Ne30 carded	7,740	8,520	8,526	9,500	11,200	13,400	12,200	12,300
Ne36 carded	8,223	9,650	9,050	10,000	12,100	14,500	13,300	12,950
Ne40 carded	8,546	9,465	9,405	10,400	12,700	15,300	14,100	13,700
Ne20 combed	8,296	9,175	9,170	10,200	12,200	15,000	13,750	13,200
Ne24 combed	8,780	9,525	9,525	10,500	12,200	15,000	13,750	13,200
Ne30 combed	9,270	10,055	10,055	11,100	13,000	15,000	13,750	13,750
Ne36 combed	9,760	10,590	10,590	11,700	13,900	16,200	14,800	14,420
Ne40 combed	10,080	10,940	10,940	12,100	14,600	16,900	15,600	15,200

Updates: Giza-80 mill delivered price for 1997/98 crop season is lower than in 1993/94 crop season by 4 %, yet yarn prices are higher, from 22.2 % to 34.1 %.

Giza-75 mill delivered price for 1997/98 crop season is lower than in 1994/95 crop season by 4.4 %, but yarn prices are higher, from 4.1 percent to 12 percent.

Figure 6-A: Egypt. Prices of Domestically Produced Carded Yarns with Giza-80 Cotton

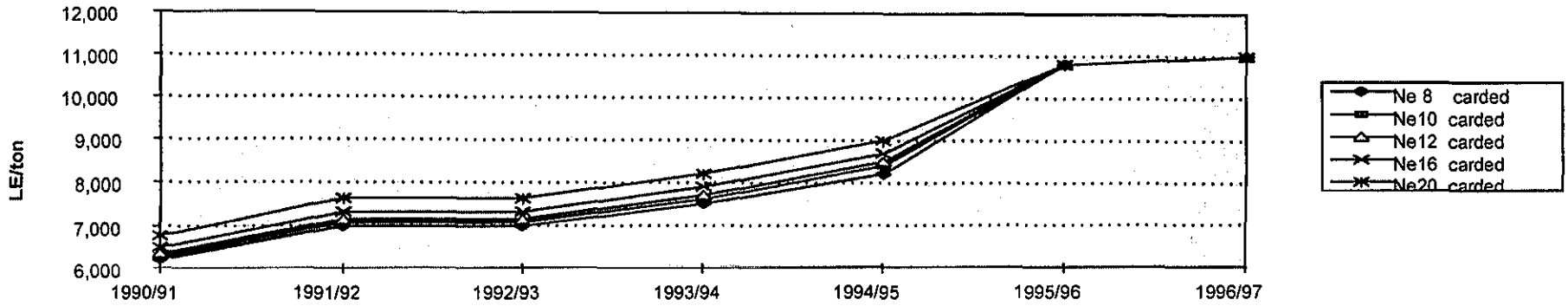


Figure 6-B: Egypt. Prices of Domestically Produced Carded Yarns with Giza-75 Cotton

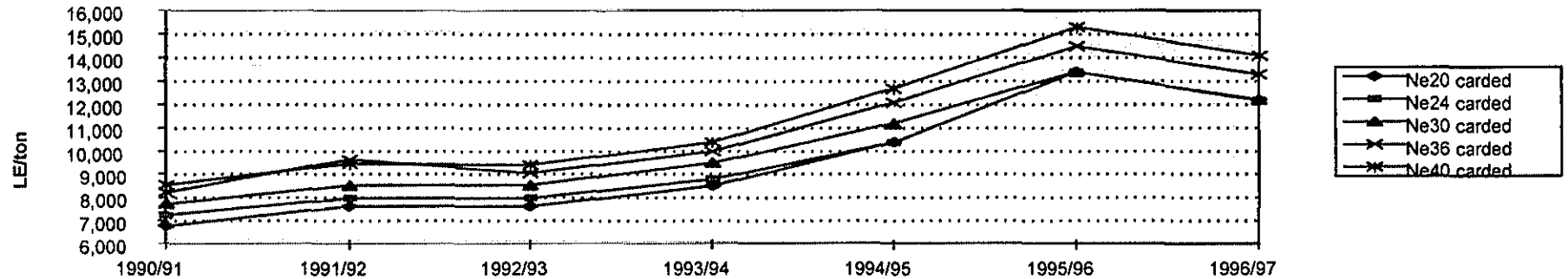
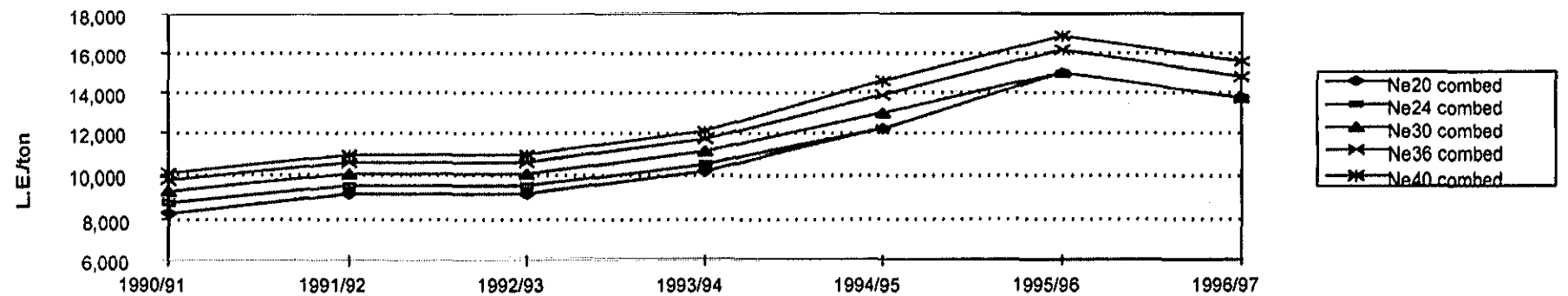


Figure 6-C: Egypt. Prices of Domestically Produced Combed Yarns with Giza-75 Cotton



37

Figures 6-A, 6-B, and **6-C** illustrate the same data of **Table 11** showing the continuous rise of domestic prices of yarns with the specially big rise in 1995/96.

Prices for ring spun yarns from Giza-80, without sales tax, rose from 1990 to 1996 as follows:

Ne 8/1 carded	from 6,200 LE/Ton to 10,800 LE/Ton + 74.1 %
Ne 20/1 carded	from 6,772 LE/Ton to 10,800 LE/Ton + 59.4 %

In case of G75 the prices rose from 1990 to 1996 as follows.

Ne 20/1 carded	from 6,772 LE/Ton to 13,400 LE/Ton + 97.8 %
Ne 30/1 carded	from 7,740 LE/Ton to 13,400 LE/Ton + 73.1 %
Ne 20/1 combed	from 8,296 LE/Ton to 15,000 LE/Ton + 80.8 %
Ne 30/1 combed	from 9,270 LE/Ton to 15,000 LE/Ton + 61.8 %

Giza-75 yarn prices were reduced in 1997 by 8 %

Table 12 shows the price fluctuations of imported yarns originating from India and Pakistan from 1994 up to 1997, for the most important yarn counts, brought under the *temporary admission* system, namely, Ne 20, 24, 30 carded and Ne 20, 24, 30, 40 combed. It also shows the actual cost to the importing companies as compared with the domestic prices of the corresponding yarns in the same year.

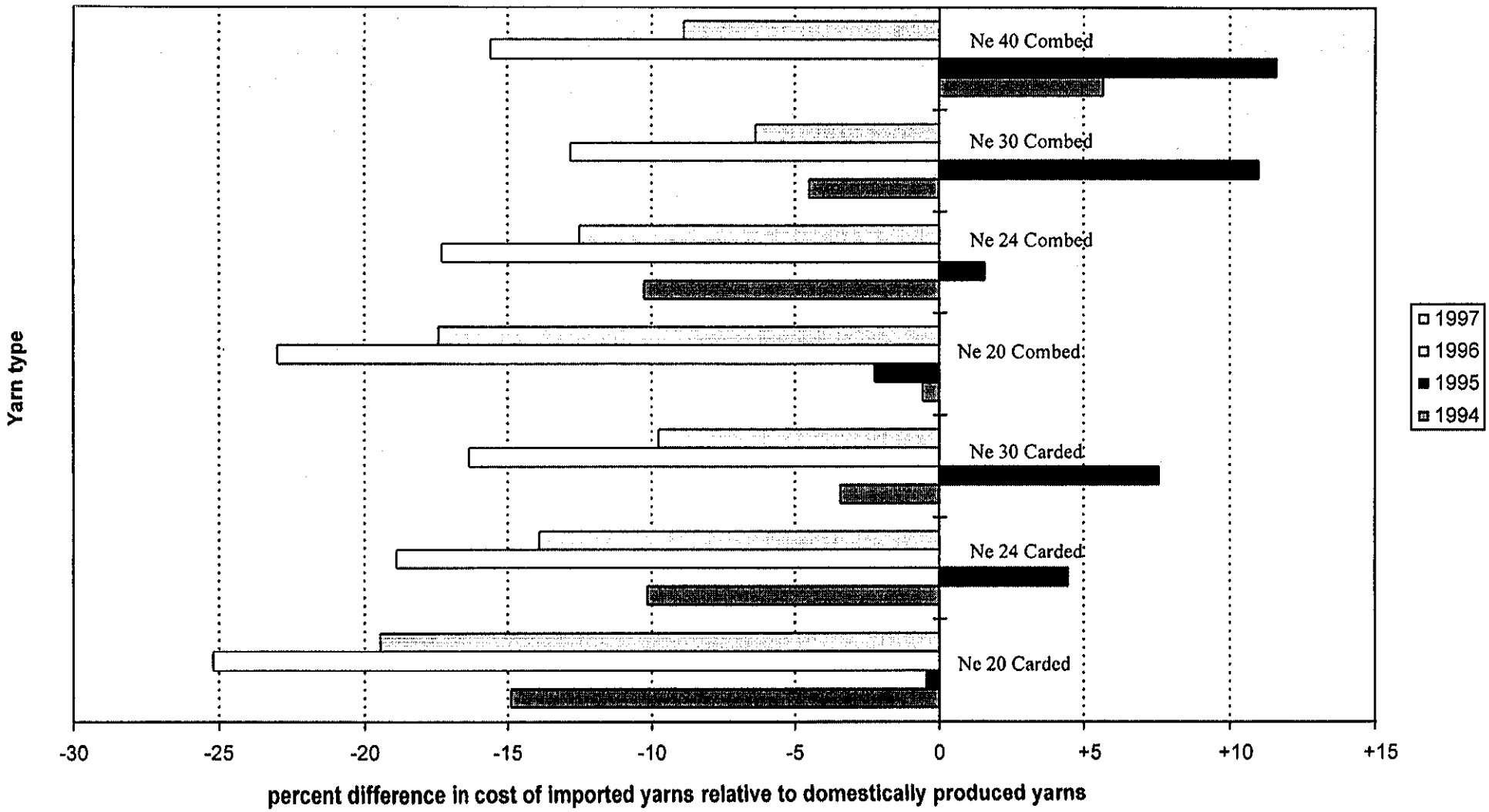
Table 12 and **Figure 7** show that it was not attractive to import Ne 24, 30 carded or Ne 24, 30, 40 combed in the year 1995, on account of the sudden rise of import prices due to the world cotton situation in that year. This trend was reversed sharply in 1996 when domestic yarn prices rose sharply whilst import prices declined. The general situation that clearly emerges in **Figure 7** is that over the past four years, knitters and weavers were better off importing yarns from India and Pakistan under *temporary admission*. (N.B. Yarn export prices from India and Pakistan in the above count range were reduced by 10 to 15 % in the first week of November 1997.)

Table No. 12
Domestic Yarn Prices Compared with
Cleared imports under temporary admission

YEAR			1994	1995	1996	1997	Apr '98
EXCHANGE RATE		*LE/USD*	*3.365*	*3.395*	*3.397*	*3.388*	*3.400*
Ne. 20 Carded	CIF ALEX	USD/KG	2.05	2.95	2.85	2.80	2.45
	Imported Cleared	LE/Ton	7,234	10,354	10,021	9,825	8,670
	Domestic	LE/Ton	8,500	10,400	13,400	12,200	11,650
	+ -	%	**- 14.90**	**- 0.45**	**- 25.22**	**- 19.47**	**-25.58**
Ne. 24 Carded	CIF ALEX	USD/KG	2.25	3.10	3.10	3.00	2.70
	Imported Cleared	LE/Ton	7,907	10,864	10,870	10,502	9,520
	Domestic	LE/Ton	8,800	10,400	13,400	12,200	11,650
	+ -	%	**- 10.15**	**+ 4.46**	**- 18.89**	**- 13.92**	**-18.29**
Ne. 30 Carded	CIF ALEX	USD/KG	2.60	3.45	3.20	3.15	2.85
	Imported Cleared	LE/Ton	9,085	12,052	11,210	11,011	10,030
	Domestic	LE/Ton	9,500	11,200	13,400	12,200	12,300
	+ -	%	**- 3.44**	**+ 7.60**	**- 16.35**	**- 9.75**	**-18.46**
Ne. 20 Combed	CIF ALEX	USD/KG	2.50	3.41	3.30	3.25	2.70
	Imported Cleared	LE/Ton	8,749	11,916	11,549	11,349	9,520
	Domestic	LE/Ton	8,800	12,200	15,000	13,750	13,200
	+ -	%	**- 0.58**	**- 2.24**	**- 23.01**	**- 17.46**	**-28.04**
Ne. 24 Combed	CIF ALEX	USD/KG	2.70	3.55	3.55	3.45	2.95
	Imported Cleared	LE/Ton	9,422	12,391	12,399	12,027	10,370
	Domestic	LE/Ton	10,500	12,200	15,000	13,750	13,200
	+ -	%	**- 10.27**	**+ 1.57**	**- 17.34**	**- 12.53**	**-21.44**
Ne. 30 Combed	CIF ALEX	USD/KG	3.05	4.15	3.75	3.70	3.20
	Imported Cleared	LE/Ton	10,599	14,428	13,078	12,874	11,270
	Domestic	LE/Ton	11,100	13,000	15,000	13,750	13,750
	+ -	%	**- 4.51**	**+ 10.99**	**- 12.82**	**- 6.37**	**-18.4**
Ne. 40 Combed	CIF ALEX	USD/KG	3.70	4.70	4.10	4.10	
	Imported Cleared	LE/Ton	12,787	16,296	14,267	14,229	
	Domestic	LE/Ton	12,100	14,600	16,900	15,600	
	+ -	%	**+ 5.67**	**+ 11.61**	**- 15.58**	**- 8.88**	

Update: Imported yarn prices declined sharply starting November 1997 from 9.6% up to 17%. Domestic yarn prices showed no decline with the gap between imported and domestic yarn prices widening.

Figure 7. Cost of Yarn Imported under Temporary Admission Compared with Domestic Yarn Prices (no sales tax)



Chapter 3

Fine Count Yarns Exports and Prices

3. Fine Yarn Prices for Export and Domestic Market.

3.1 **Table 13** shows the price of the most important fine yarn counts spun from extra long staple Egyptian cotton Ne 60/2, 70/2, 80/2, 90/2 and 100/2, for the years 1990/91 up to 1997/98.

The table shows:

- The exchange rate at the end of each year.
- The minimum fob export price as registered at the cotton textile consolidation fund which includes 3% commission in USD/KG.
- The net export price (without commission) in LE/Ton.
- The domestic price (without sales tax).
- The mill delivery price for G70 in LE/Kentar.

3.2.1 **Figures 8, 8A, 8B, 8C, and 8D**, show the evolution in the net export prices and the domestic prices for Ne 60/2, 70/2, 80/2, 90/2 and 100/2 for the years 1990/91, up to 1997/98, together with the evolution of the price of mill delivered ELS Giza-70 cotton lint to the domestic spinners.

3.2.2 Domestic fine count yarn prices were unchanged in the period 1990 - 1993 in spite of the increase of cotton lint prices over the same period, presumably in an attempt to increase the sales of fine count yarns domestically. However domestic yarn prices rose continuously upwards since 1994, exceeding the net export prices in many cases, exposing the Egyptian spinners to the accusation of dumping by the importing countries.

Figure 9 shows the percentage differences in prices of fine yarns between domestic market (without sales tax) and net export prices for the period 1990/91 up to 1996/97. Fine yarn net export prices were higher than domestic prices (as should be) up to 1993. Since 1993/94 net export prices were mostly less than domestic prices.

TABLE No. 13
PRICES OF FINE COUNT COMBED YARNS:
EXPORT NET FOB, DOMESTIC EX FACTORY.
PRICE OF E.L.S G70 DOMESTIC MILLS.

YEAR			90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98
Exchange Rate		*LE/USD*	*2.7935*	*3.3275*	*3.3300*	*3.3650*	*3.3950*	*3.3970*	*3.3880*	*3.388*
ELS G70 (domestic)	MILLS	LE per kentar	235	285	366	341	355	522	456	421
Ne 60/2	EXP	USD/KG	8.06	7.38	7.01	5.88	6.36	7.72	7.17	7.17
		NET LE/KG	21,840	23,820	22,643	19,192	20,944	25,438	23,563	23,563
	DOM	LE/KG	16,161	16,320	16320	18,900	22,200	23,600	25,400	23,800
Ne 70/2	EXP	USD/KG	9.07	8.00	7.66	6.42	7.24	8.43	7.82	7.82
		NET LE/KG	24,576	26,015	24,742	20,955	23,842	27,777	25,699	25,699
	DOM	LE/KG	17,993	18,155	18,155	20,590	24,700	26,400	28,200	26,200
Ne 80/2	EXP	USD/KG	10.09	8.74	8.30	6.96	7.85	9.13	8.47	8.47
		NET LE/KG	27,340	28,209	26,809	22,717	25,851	30,084	27,835	27,835
	DOM	LE/KG	19,899	20,090	20,090	23,000	27,300	29,100	30,900	28,500
Ne 90/2	EXP	USD/KG	11.11	9.42	8.95	7.50	8.45	9.83	9.12	9.12
		NET LE/KG	30,104	30,404	28,909	24,480	27,827	32,390	29,971	29,971
	DOM	LE/KG	21,930	22,130	22,130	22,250	30,000	32,100	33,900	30,800
Ne 100/2	EXP	USD/KG	12.11	10.10	9.59	8.04	9.06	10.55	9.78	9.78
		NET LE/KG	32,814	32,599	30,976	26,242	29,835	34,763	32,140	32,140
	DOM	LE/KG	24,060	24,275	24,275	27,160	32,800	35,400	37,000	33,200

EXP NET = Export price FOB, excluding 3% commission

DOM = Domestic price ex-Factory, without sales tax

Figure 8. Domestic Prices of Giza-70 (ELS) Cotton.

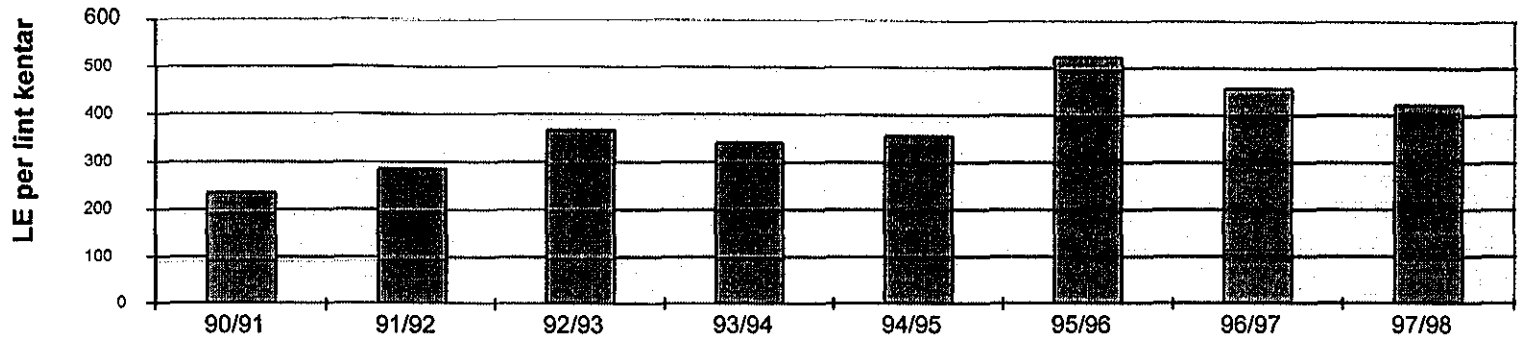


Figure 8-A. Export and Domestic Prices for Ne 60/2 Combed.

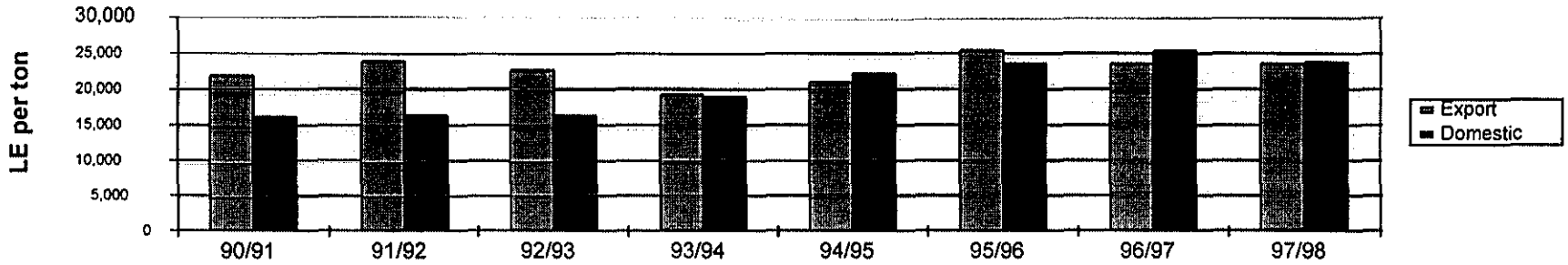


Figure 8-B. Domestic and Export Prices for Ne 70/2 Combed.

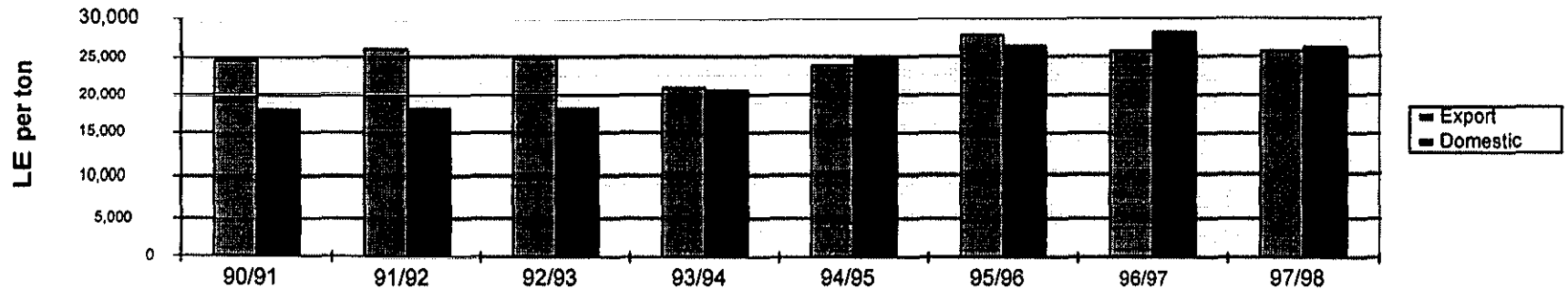


Figure 8-C. Export and Domestic Prices for Ne 80/2 Combed.

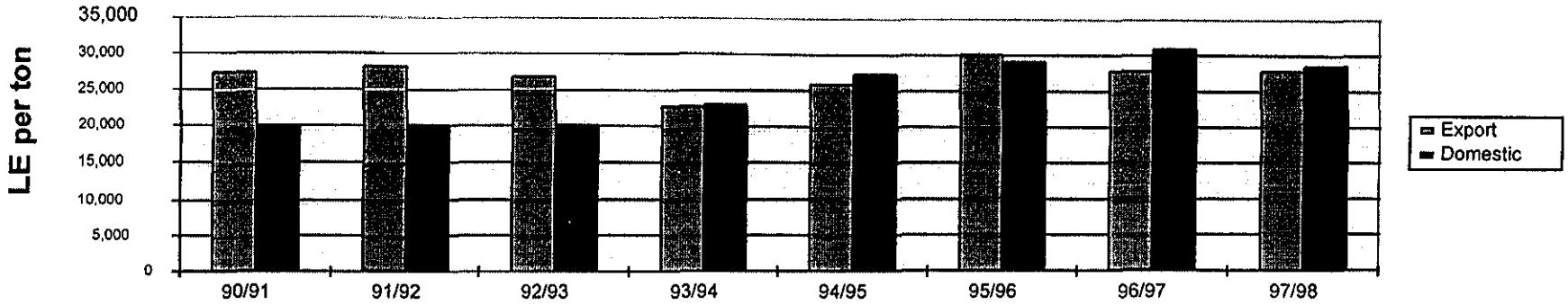


Figure 8-D. Export and Domestic Prices for Ne 90/2 Combed.

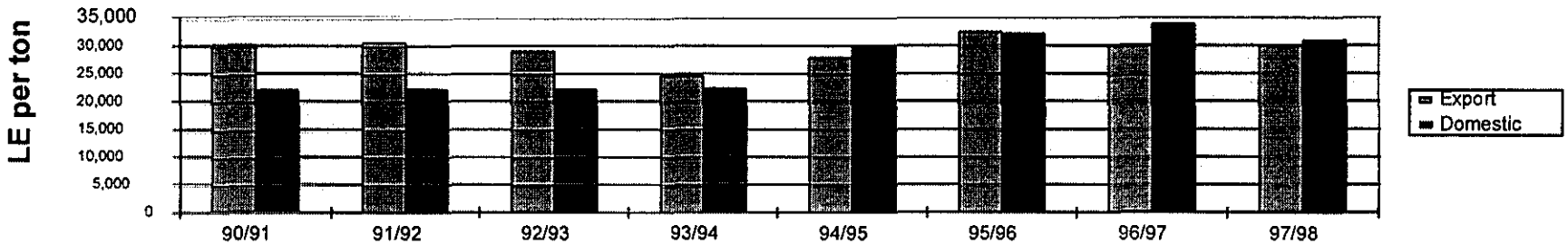


Figure 8-E. Export and Domestic Prices for Ne 100/2 Combed.

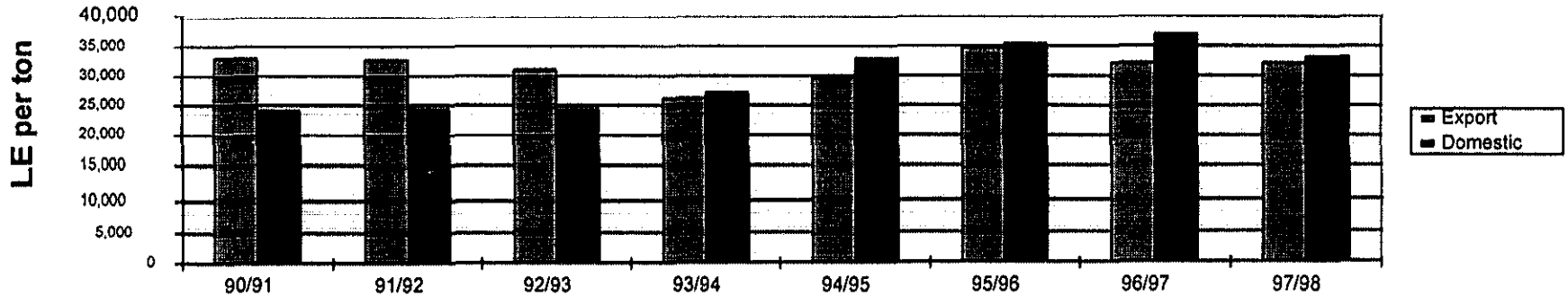
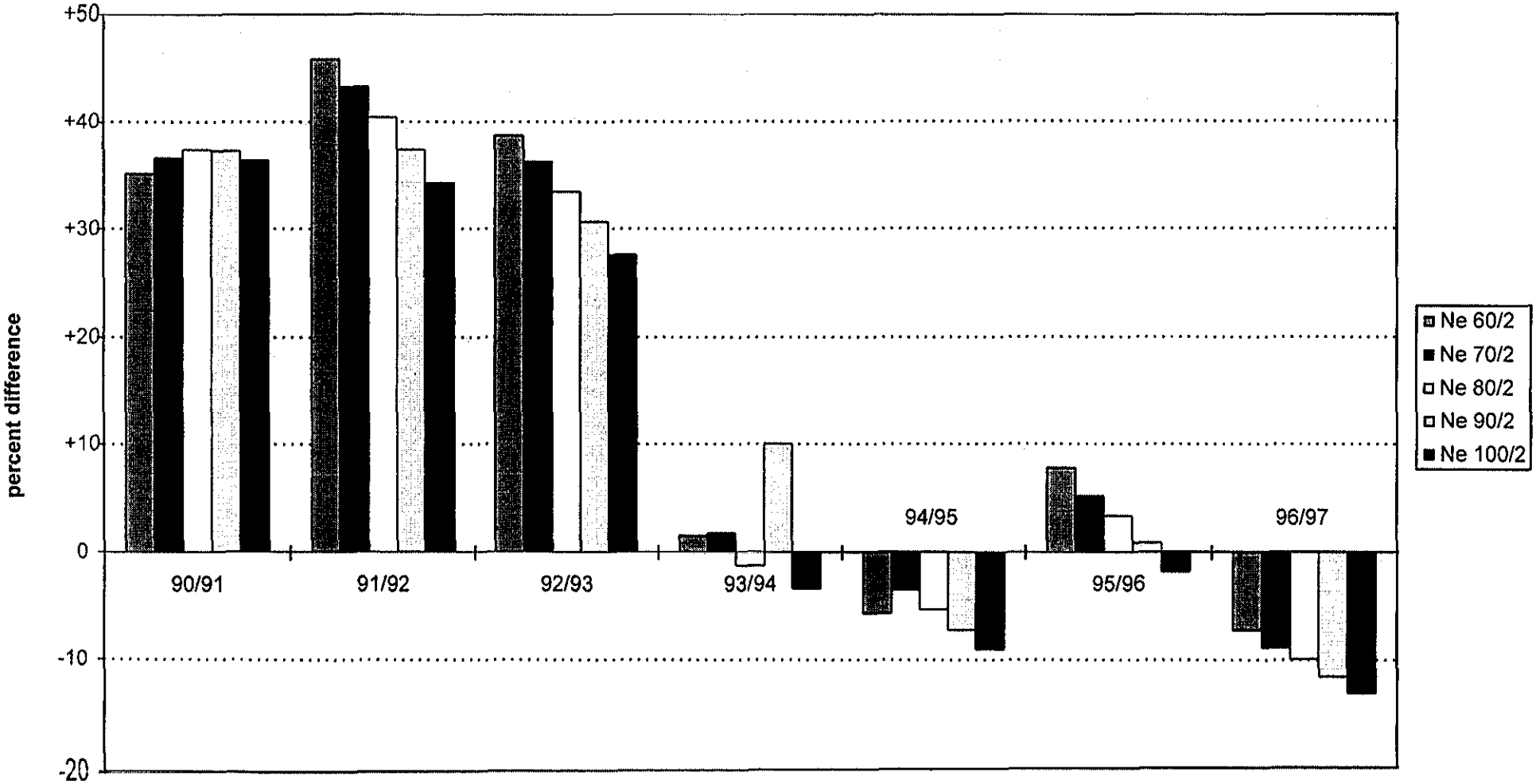


Figure 9. Relative Prices of Fine Count Combed Yarns Made of Giza-70 (ELS) Cotton: Export Net FOB and Domestic Ex-Factory Prices



3.2.3 Net export prices for fine yarns declined in the period 1990-1994 in spite of the increase of the price of ELS cotton lint over the same period, presumably in an attempt to increase the export of fine count yarns. Prices rose from 1995 in accordance with the continuous rise in the price of ELS cotton lint.

3.3.1 Fine count yarn exports were directed to the Soviet Union and the Eastern Bloc countries in the sixties and seventies reaching 30,000 Tons annually as follows :

USSR	20,000 tons Nm 65 K, Nm 85, 100 Combed
GDR	5,000 tons Nm 85, 100 Combed
Czechoslovakia	3,000 tons Ne 40, 50, 60 Combed
Poland	2,000 tons Nm 85 Combed
Total	**30,000 tons per year**

3.3.2 These exports collapsed in parallel with the collapse of the Soviet and the Eastern bloc markets. A similar development took place in the export of E.L.S and L.S cotton lint to the same markets and for the same reasons.

3.3.3 **Table 14 and Figures 10a, 10b, 10c** show the distribution of yarn exports from Egypt to all destinations according to count range for the years 1988 up to 1996 (1990 missing). 100% cotton yarn exports varied during this period between a maximum of 92979 tons in 1994 to 41149 tons in 1996. On top of that, exports of synthetic and blended yarns varied between 18765 tons in 1994 and 7847 tons in 1996. Total fine count yarns exports, i.e., from Ne 61 upwards, varied between a maximum of 4,252 tons in 1994 and 1,330 tons in 1991. In percentage of 100% cotton yarn exports, fine count yarn exports varied between 1.84% in 1991 to 6.37% in 1995 with an average 3.88% over the period 1988-1996.

Table 14. Egypt. Annual Cotton Yarn Exports According to Yarn Count Range. 1988-1996. Tons per year.

Yarn Count >>>	<=20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	">91	Total Cotton	Total Other	Grand Total
1988	8,087	15,736	19,696	9,616	6,318	526	1,290	265	177	61,711	NA	NA
1989	11,920	31,417	27,372	10,289	8,259	648	1,562	391	465	92,323	NA	NA
1991	10,281	37,100	18,306	2,375	2,579	532	516	235	49	71,973	9,412	81,385
1992	11,681	28,747	15,084	987	1,484	580	822	408	107	59,900	9,324	69,224
1993	13,092	25,647	13,798	1,232	2,123	536	962	335	259	57,984	9,722	67,706
1994	19,595	43,867	20,080	2,129	3,056	1,118	2,339	350	445	92,979	18,765	111,744
1995	14,347	26,629	12,599	1,898	3,538	1,097	2,029	391	502	63,030	9,159	72,189
1996	8,336	19,841	6,829	1,662	2,405	874	962	60	180	41,149	7,847	48,996

(percentages of annual totals)

Yarn Count >>>	<=20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	">91	Total Cotton
1988	13.1	25.5	31.9	15.6	10.2	0.9	2.1	0.4	0.3	100.0
1989	12.9	34.0	29.6	11.1	8.9	0.7	1.7	0.4	0.5	100.0
1991	14.3	51.5	25.4	3.3	3.6	0.7	0.7	0.3	0.1	100.0
1992	19.5	48.0	25.2	1.6	2.5	1.0	1.4	0.7	0.2	100.0
1993	22.6	44.2	23.8	2.1	3.7	0.9	1.7	0.6	0.4	100.0
1994	21.1	47.2	21.6	2.3	3.3	1.2	2.5	0.4	0.5	100.0
1995	22.8	42.2	20.0	3.0	5.6	1.7	3.2	0.6	0.8	100.0
1996	20.3	48.2	16.6	4.0	5.8	2.1	2.3	0.1	0.4	100.0

(cumulative percentages of annual totals)

Yarn Count >>>	<=20	21-30	31-40	41-50	51-60	61-70	71-80	81-90	">91	Total Cotton
1988	13.1	38.6	70.5	86.1	96.3	97.2	99.3	99.7	100.0	100.0
1989	12.9	46.9	76.6	87.7	96.7	97.4	99.1	99.5	100.0	100.0
1991	14.3	65.8	91.3	94.6	98.1	98.9	99.6	99.9	100.0	100.0
1992	19.5	67.5	92.7	94.3	96.8	97.8	99.1	99.8	100.0	100.0
1993	22.6	66.8	90.6	92.7	96.4	97.3	99.0	99.6	100.0	100.0
1994	21.3	68.5	90.1	92.4	95.7	96.9	99.4	99.8	100.2	100.0
1995	22.8	65.0	85.0	88.0	93.6	95.4	98.6	99.2	100.0	100.0
1996	20.3	68.5	85.1	89.1	95.0	97.1	99.4	99.6	100.0	100.0

Figure 10-A. Egypt Annual Exports of Yarns, by English Yarn Count Ranges

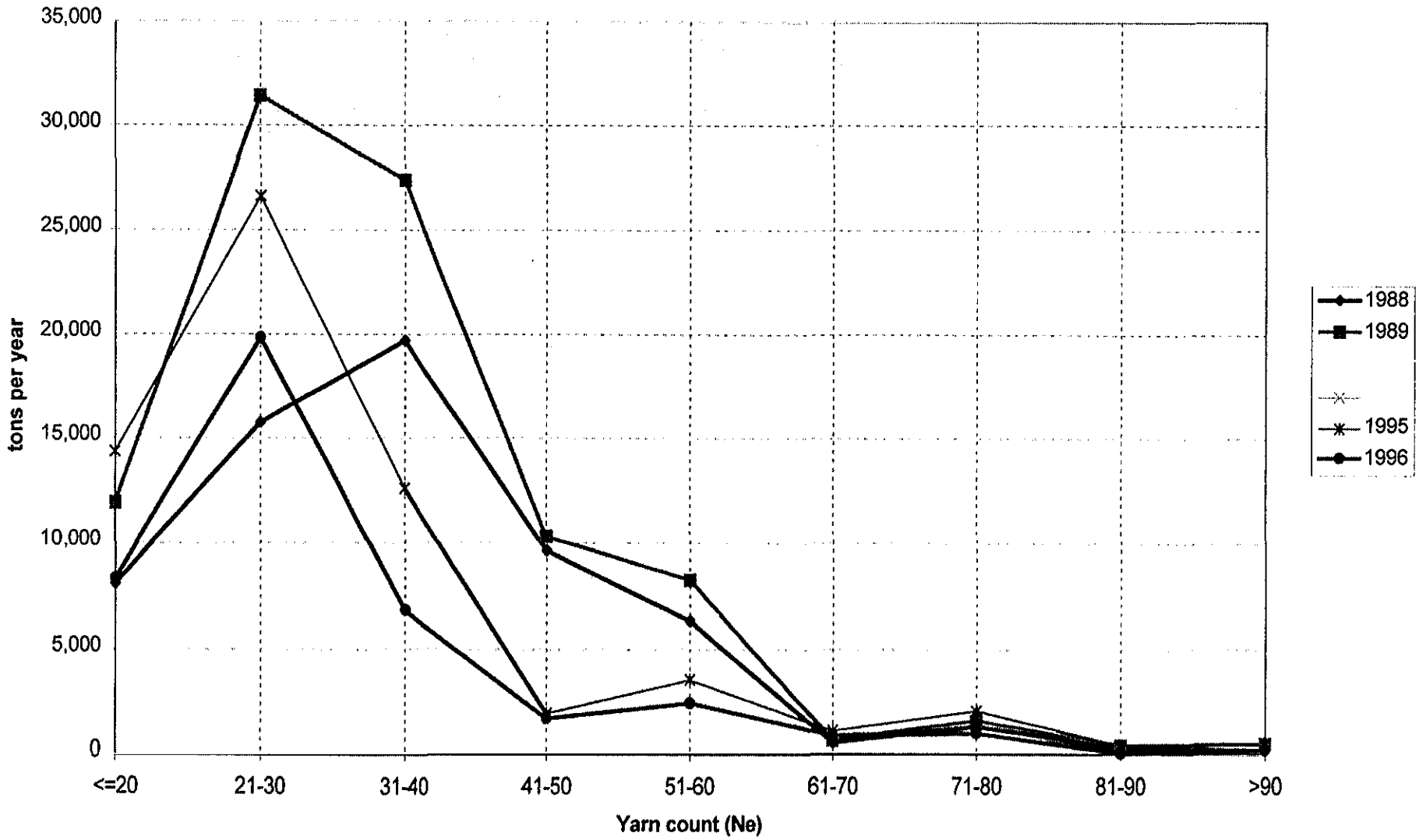
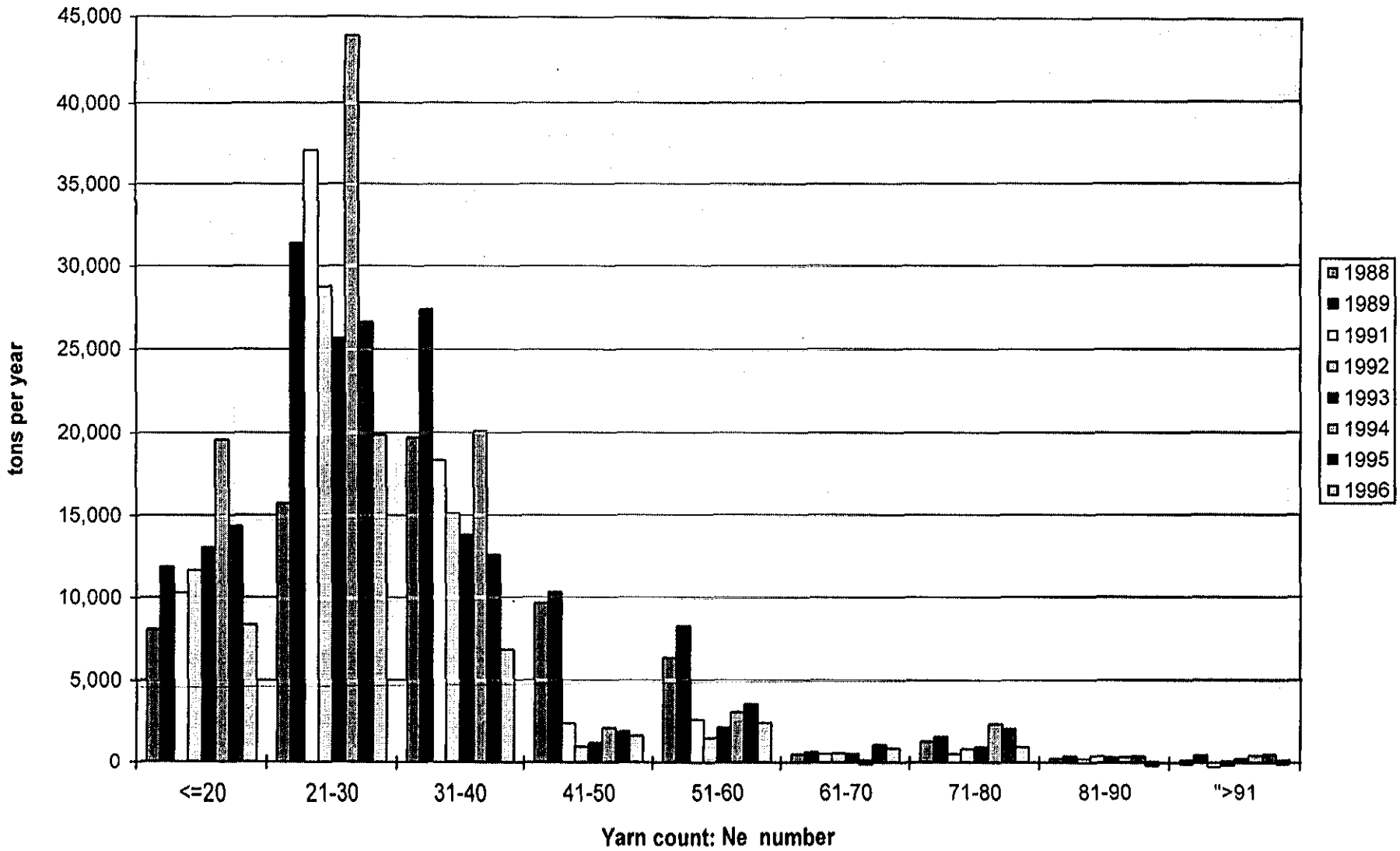


Figure 10-B. Distribution of Egyptian Yarn Exports by Count Range. 1988 to 1996



3.3.4 **Figures 11 and 12** show the cumulative exports according to yarn count range for the years under study in tonnage and percentages respectively. A definite trend towards exporting coarser counts is shown. This reflects the market demand for yarns according to the end products manufactured in the importing countries. It also coincides with the consumption trend in the domestic weaving and knitting industries.

The curves converge at 8% for yarn count Ne 55 upwards which seems to represent the current world demand for fine yarns.

3.4 It is of interest to mention that a South Korean company (DONG IL) leased from the Egyptian Company ESCO a 53,000 spindle ring spinning mill built in 1989 for 5 years starting August 1997. It is expected to produce fine count yarns, Ne 60 to Ne 80, presumably for export to the far east. An equivalent reduction of exports of ELS Egyptian cotton lint to South Korea is to be expected.

Update: The leased unit started production and selling medium count yarns (Ne-30/1) for the domestic market in the first quarter 1998.

Figure 11. Egypt Cumulative Annual Exports of Yarns, by English Yarn Count Range (weight in tons)

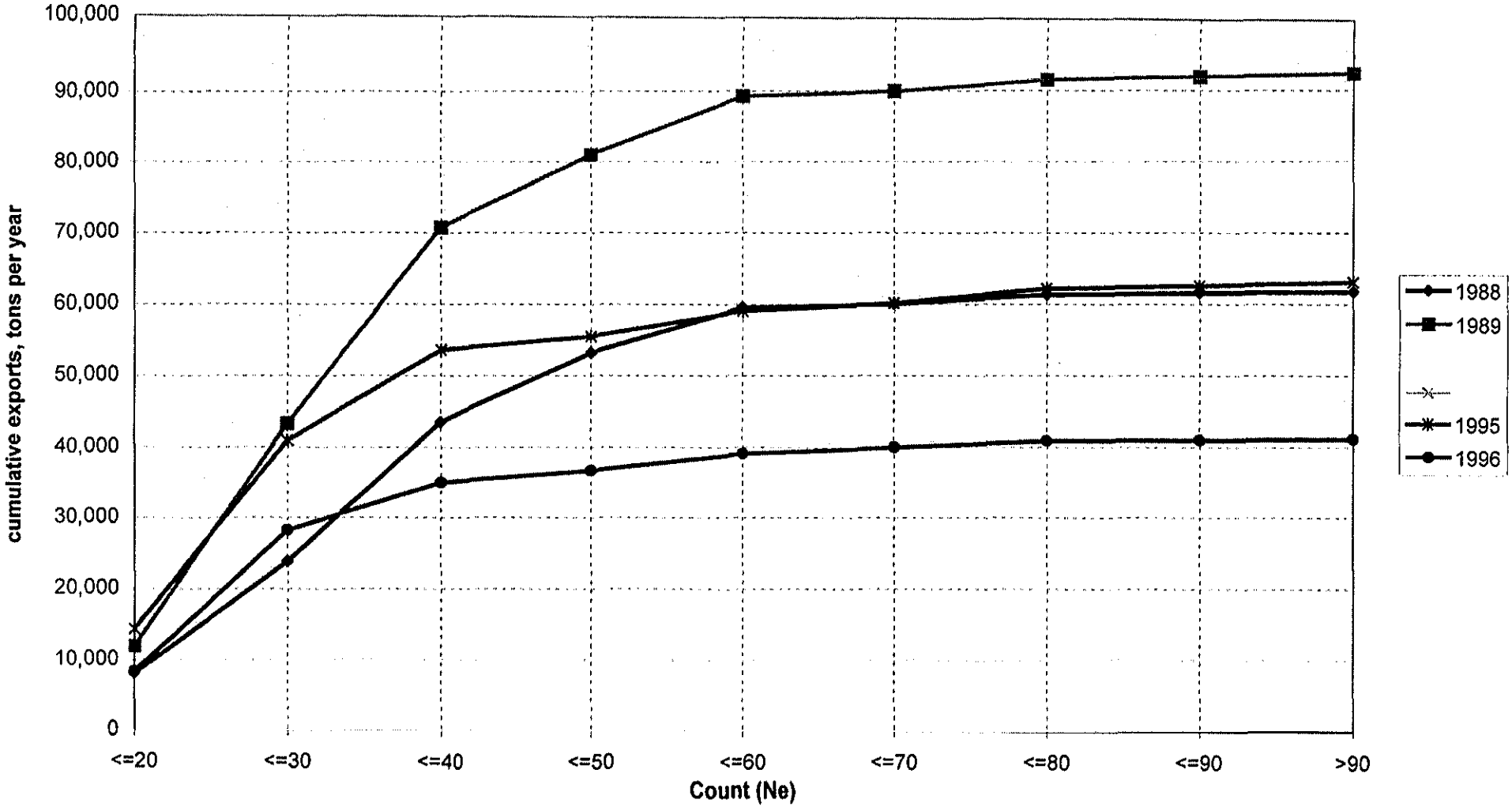
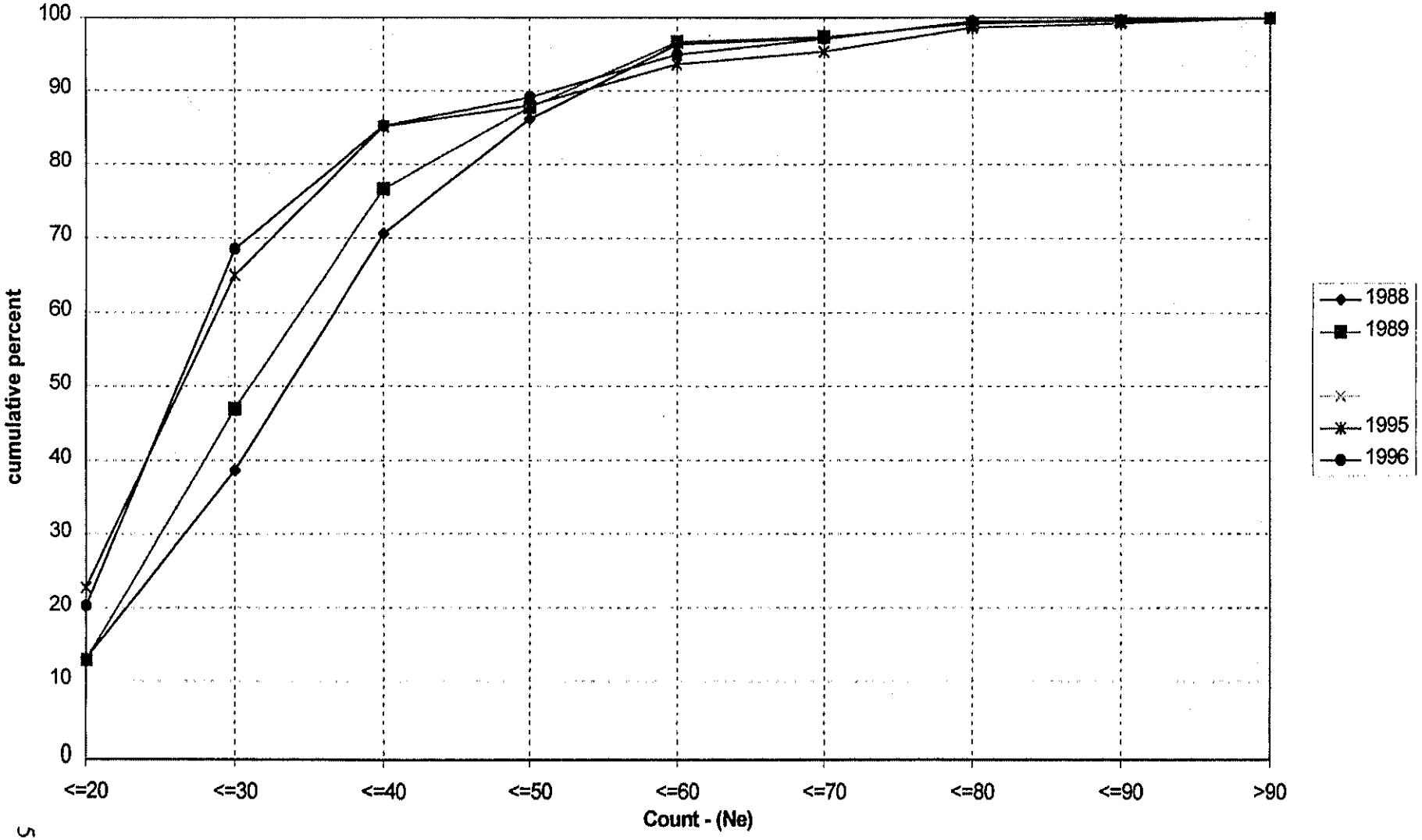


Figure 12. Egypt Cumulative Annual Exports of Yarns, by English Count Range, in percentage.



Chapter 4

Consumption of Cotton Lint and Other Fibers in Egypt

4. Cotton Lint, Synthetic fibres, Synthetic filament, imported yarns and imported fabrics consumption in Egypt 1990 - 1997

4.1 **Table 15** shows the domestic consumption of Egyptian and imported cotton lint, synthetic fibers (mainly polyester), synthetic filament (mainly texturised polyester), and imported yarns and fabrics. An adjustment is made by adding an extra amount of 10% waste for non-cotton lint items such as polyester fibre and filament and imported yarns and fabrics, in order to get an estimate of total equivalent lint consumption.

4.2.1 **Figure 13** depicts the same data of **Table 15** showing the steep decline of cotton lint (Egyptian and imported) consumption with the sharpest drop in 1995/96 crop season. The escalating prices of mill-delivered Egyptian cotton lint was not accompanied by increased substitution of imported **cheap** short staple cotton lint as recommended often during the past 30 years.

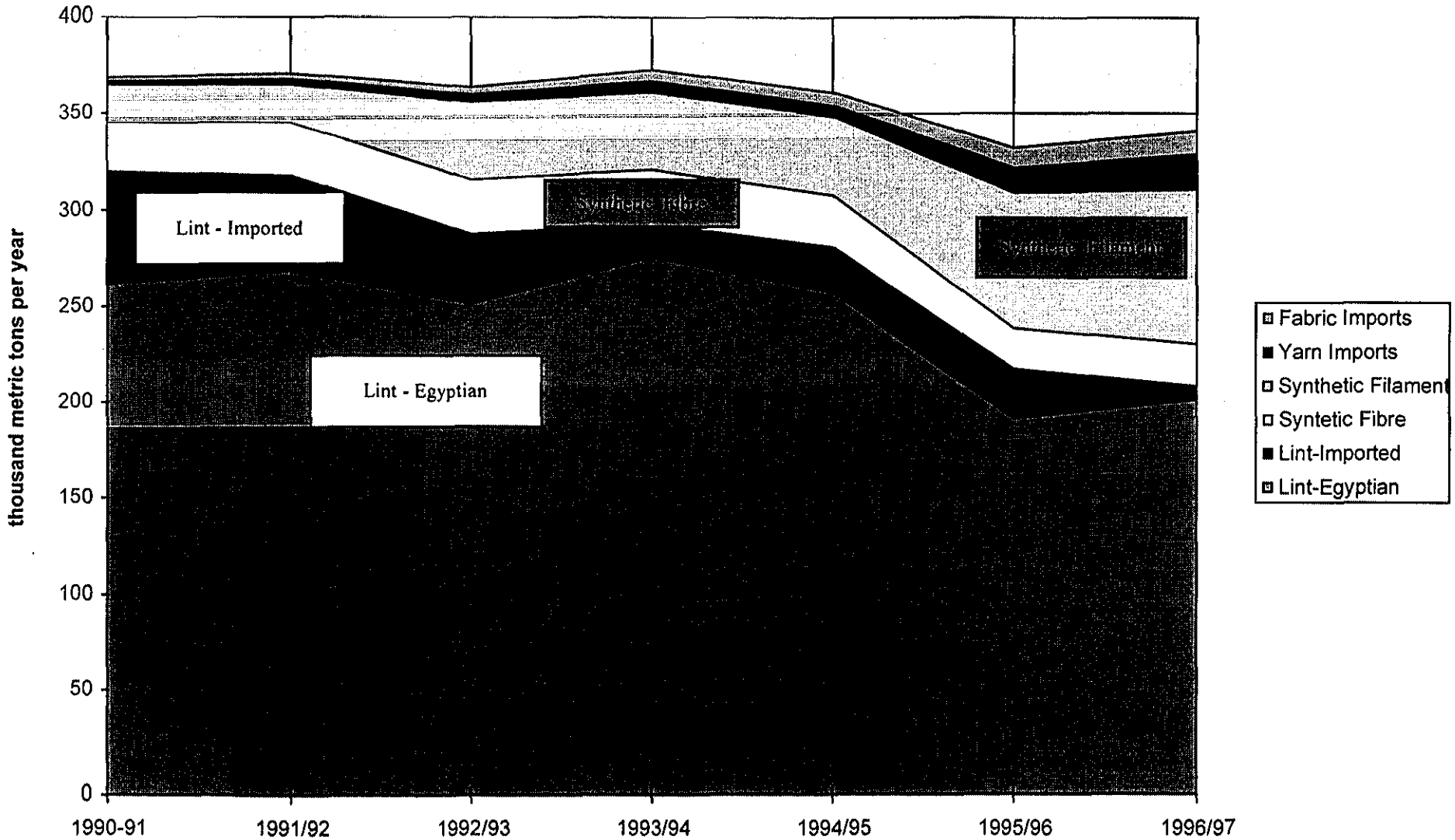
4.2.2 On the contrary, there was a decline in the consumption of imported short staple cotton lint with a stagnant stock of about 200,000 Kentars of imported cotton lint lying in silos in Egypt.

Table 15
Annual Domestic Consumption Cotton Lint , Polyester Fibre & Filament Imported Yarns and Fabrics

CROP YEAR	Cotton Lint 000 Kentar			Cotton Lint 000 Tons			Polyester Fibre 000 Tons	Polyester Filament 000 Tons	Imported		Total Non Cotton Lint	Adjust Waste non Cotton Lint	Total Lint Equivalent 000 Tons
	Egyptian	Imported	Total	Egyptian	Imported	Total			Yarns	Fabrics			
90/1991	5251	1154	6405	262	58	320	25	20	2	2	49	5	374
91/1992	5386	988	6374	269	49	318	27	20	3	3	53	5	376
92/1993	5043	745	5788	252	36	288	28	10	4	4	76	8	372
93/1994	5530	340	5870	276	17	283	28	40	6	6	80	8	371
94/1995	5169	453	5622	258	23	281	27	40	6	7	80	8	369
95/1996	3838	523	4361	192	26	218	21	70	13	10	114	12	344
96/1997	4060	144	4204	203	7	210	22	84	18	12	136	12	358
97/1998									25				

Notes: Mills consumption of cotton lint is not equal to mill deliveries of Egyptian cotton lint or imported quantities of short staple cotton lint.
Consumption of polyester fibres and filament covers both domestically produced and imported quantities.

Figure 13. Egypt. Annual Domestic Consumption of Cotton Lint, Polyester, and Imported Yarns and Fabrics



Update: Same 200,000 kentars of imported short staple cotton still lie in silos in April 1998, present cost reaching to 700 LE/kentar as compared with 267 EL/kentar mill-delivered Giza-80.

4.2.3 Please refer to the appropriate sections in Chapter 1 (such as 1.12.1, 1.12.2, and 1.12.3) and **Figures 4** and **5** of this study for an assessment of the feasibility of substituting imported *cheap* short staple cotton lint for *expensive* long staple Egyptian cotton lint.

4.2.4 The timing of the decision to import cotton lint is of paramount importance, targeting the period when the **gap** between prices of Egyptian and imported cotton lint are highest, covering related expenses and giving a good margin of savings to the domestic spinner.

Of course, any effort succeeding in reducing the related expenses of importing cotton lint will improve the chances for the substitution. Importing cotton lint under temporary admission is expected to get increasing interest in the near future.

4.3.1 **Table 16** and **Figure 14** show the development of the Egyptian cotton crop, domestic mill deliveries, exports of Egyptian cotton lint and imports of short staple cotton lint in the years 1990/91 up to 1996/97.

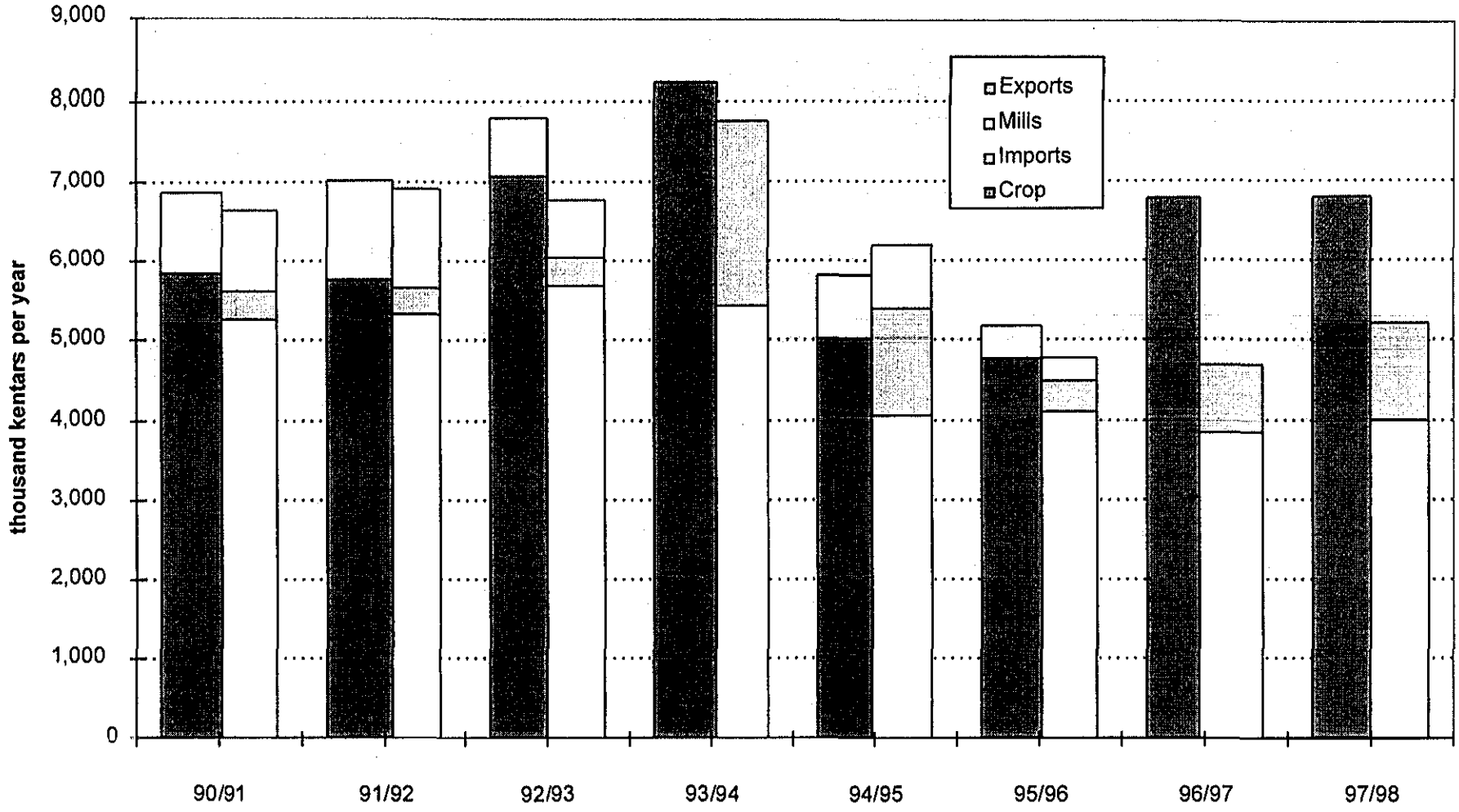
Mill deliveries and imports must not be confused with mill consumption, the latter being shown in **Table 15.**

Table 16
Cotton Lint Crop, Deliveries and Imports
Thousand Kentars

CROP YEAR	CROP	DELIVERIES			±	IMPORTS
		MILLS	EXPORT	TOTAL		
90/1991	5,840	5,255	359	5,614	+226	1,029
91/1992	5,755	5,322	332	5,654	+101	1,260
92/1993	7,074	5,680	360	6,040	+1034	730
93/1994	8,225	5,423	2,339	7,762	+463	0
94/1995	5,010	4,060	1,328	5,388	-378	800
95/1996	4,763	4,107	380	4,487	+276	406
96/1997	6,787	3,837	846	4,683	+2,104	0
97/1998	6,800	4,000	1,200	5,200	+1,600	0

- Crop excluding Scarto
- Mills deliveries are not equal to mills consumption
- Crop figures must be revised downwards

Figure 14. Egypt Cotton Crop, Deliveries to Mills, Exports and Imports of Cotton Lint. 1990/91 to 1997/98



Note: Mill deliveries of imports are added to second columns to the right to assess carry-over.

Crop estimates need to be reviewed in order to reconcile the actual carry-over stocks at the end of each crop season and the cumulative stocks on hand.

4.3.2 Cotton lint imports ceased since 1995. A stagnant stock of 200,000 kentars is presently in the silos of cotton trading companies. There are also stocks of the same imported lint that were delivered but not-yet-consumed at the spinning mills.

4.3.3 With a carry-over in 1996/97 crop season exceeding two million kentars of Egyptian cotton lint with the trading companies plus substantial un-consumed stocks of Egyptian cotton lint at the spinning mills, it is not foreseen that imports of short staple cotton lint will be resumed in substantial quantities soon.

Update: Carry-Over on August 31, 1998 is conservatively estimated at 3,980,000 kentars.

4.4.1 **Table 17** shows the comparison for the crop seasons 1990/91 to 1996/97 of:

a- Domestic mill prices of G70 (ELS), G75 (LS), G80 (MLS) and imported (SS) in LE/kentar.
b- American Pima prices in c/lb, CIF N. Europe.
c- Cotton Outlook's A Index, c/lb CIF N. Europe.

The sharp rise in Pima price in 1995/96 was the result of policies pursued by Egypt in the same crop season, namely banning

Table 17
Prices Egyptian and Imported Cotton Lint, Pima & A Index

CROP YEAR	PIMA C/lb CIF FREE MILL	A INDEX C/lb CIF N EUROPE	DOMESTIC MILLS LE/KENTAR			
			G7O E L S	G75 LS	G80 MLS	IMPORTED SS
90/1991	136.25	82.65	235	223	187	162
91/1992	115.86	69.00	285	265	230	202
92/1993	99.80	56.30	366	238	231	238
93/1994	103.00	55.40	341	251	243	(238)
94/1995	130.40	75.20	355	318	278	222
95/1996	169.92	84.85	522	431	357	380
96/1997	116.50	75.40	456	339	302	300
97/1998	112	79	421	304	267	(300)

exports of long-staple varieties, and cannot be considered to be the cause for those policies.

The continuous rise in the prices of Egyptian cotton lint from all varieties delivered to domestic mills, including imported short staple cotton bears little relation to the world market prices as expressed by Pima prices and the A-Index.

4.4.2 **Tables 18, 19, 20**, and **Figure 15** show the crop, mill delivery and export of the three groups of Egyptian cotton lint, namely ELS, LS and MLS respectively, for the crop seasons 1990/91 to 1996/97. The same tables show the prices for each group: export FOB price in c/lb, farm gate in LE/kentar, and mill delivered in LE/kentar.

4.4.3 Actual domestic spinning mills requirements of ELS cotton lint do not exceed 150,000 kentars per year for the production of Ne 60 upwards for the domestic consumption and export in the form of fine count yarns, fabrics and apparel of acceptable high quality.

The very large deliveries of ELS cotton lint to the domestic spinning mills, see **Table 18**, are forced onto those mills because of the failure to export ELS cotton lint in large enough quantities and the persistent rise of carry over of lint from these varieties, coinciding with the shortage of supply of MLS and LS varieties.

The domestic spinning mills, perennially accused of under-pinning Egyptian cotton lint, do not welcome the substitution of

Table 18
Extra Long Staple (ELS) Varieties:
Giza 45 - 76 - 70 - 77

CROP YEAR	CROP	DELIVERIES 000 KEN			±	PRICES Giza-70		
		MILLS	EXPORT	TOTAL		EXPORT C/lb FOB	FARM GATE LE/KEN	MILLS LE/KEN
90/1991	1653	1263	261	1524	+ 129	234	251	235
91/1992	1795	1520	178	1698	+ 97	160	301	285
92/1993	1820	724	186	910	+ 910	129	421	366
93/1994	2429	1083	816	1899	+ 530	101	351	341
94/1995	619	1403	562	1965	- 1246	107	342	355
95/1996	749	377	375	752	+ 3	188	522	522
96/1997	1100	292	340	632	+ 468	140	518	456
97/1998						130	481	421

+ CROP FIGURES MUST BE REVISED
+ MILLS DELIVERY IS NOT MILLS CONSUMPTION
+ EXPORT PRICES G/FG

Table 19
Long Staple (LS) Varieties:
Giza 75 - 86

CROP YEAR	CROP	DELIVERIES			±	PRICES Giza-75		
		MILLS	EXPORT	TOTAL		EXPORT C/lb FOB	FARM GATE LE/KEN	MILLS LE/KEN
90/1991	2840	2739	98	2837	+ 3	170	232	223
91/1992	2626	2461	154	2615	+ 11	120	272	265
92/1993	3735	3503	158	3661	+ 64	95	293	238
93/1994	3698	2934	877	3811	-113	81	271	251
94/1995	2877	1366	674	2040	+ 837	95	293	318
95/1996	2636	2363	5	2368	+ 268	-	431	431
96/1997	3987	2152	500	2652	+ 1335	110	433	339
97/1998						100	403	304

+ CROP FIGURES MUST BE REVISED
+ MILLS DELIVERY IS NOT MILLS CONSUMPTION

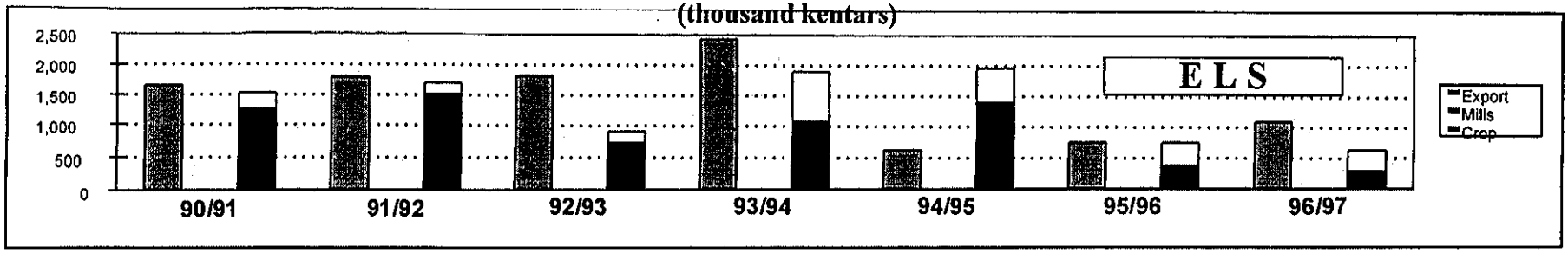
Table 20
Medium Long Staple (MLS) Varieties:
Dendara - Giza-80, 81, 83, Type Exportateur

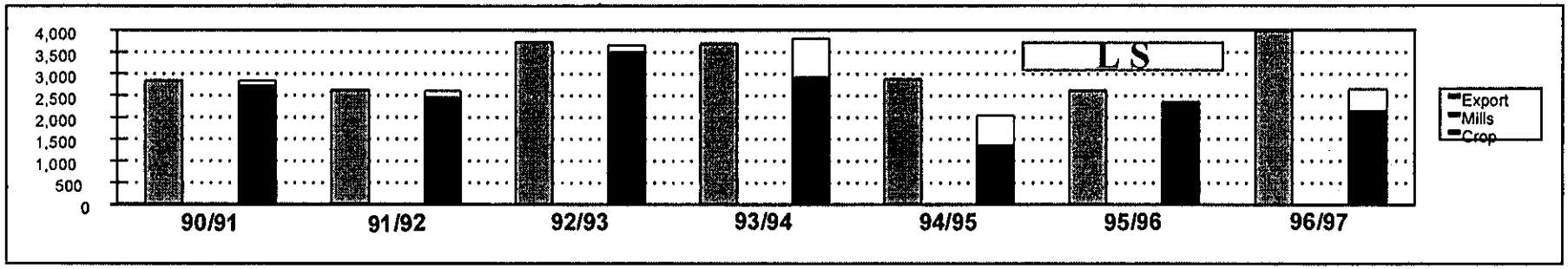
CROP YEAR	CROP	DELIVERIES			±	PRICES Giza-80		
		MILLS	EXPORT	TOTAL		EXPORT C/lb FOB	FARM GATE LE/KEN	MILLS LE/KEN
90/1991	1347	1253	-	1253	+ 94	-	247	187
91/1992	1334	1341	-	1341	- 7	-	277	230
92/1993	1519	1423	16	1469	+ 50	-	286	231
93/1994	2098	1406	646	2052	+ 46	G80 81 G81 84	264	243
94/1995	1514	1291	92	1383	+ 131	G81 93 DAN 87	274	278
95/1996	1378	1367	-	1367	+ 11	-	357	357
96/1997	1700	1393	6	1399	+ 301	-	372	302
97/1998						92	346	267

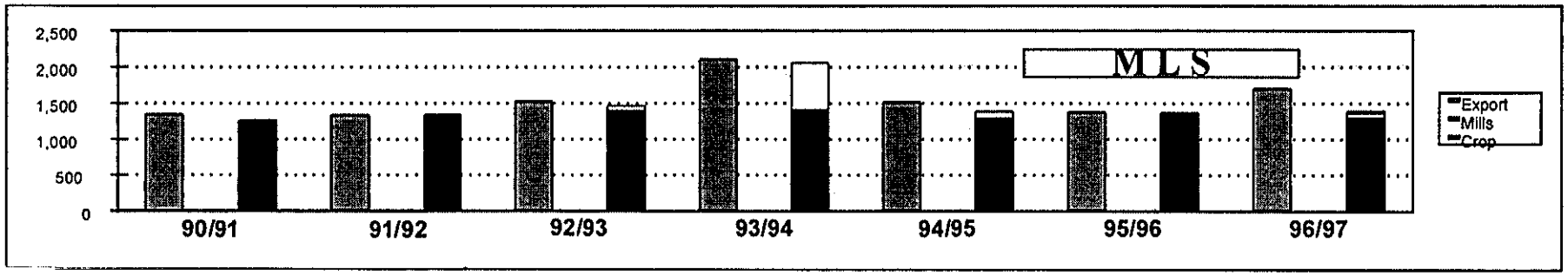
+ CROP FIGURES MUST BE REVISED
+ MILLS DELIVERY IS NOT MILLS CONSUMPTION

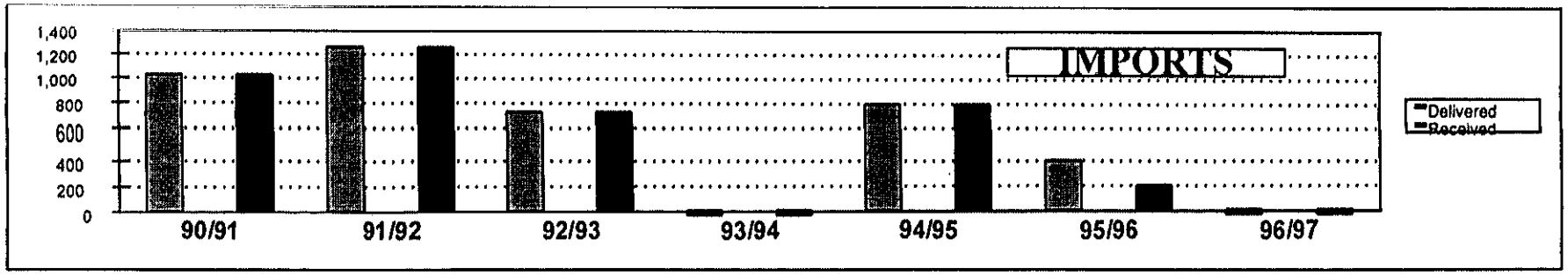
Figure 15. Crop Size and Disposal of Egyptian Cotton Lint by Staple Category.

(thousand kentars)









ELS cotton lint for MLS or even for LS cotton lint. Apart from the higher prices of ELS cotton lint, low micronaire and inferior fiber-length distribution of ELS lint results in the production of bad quality medium count carded yarns where the bulk of domestic and export demand lie. Also, the export of ELS cotton lint is limited to the highest grades of the successful varieties in each crop season, la crème de la crème, the remaining lower-grades go to domestic spinners.

4.4.4 Exports of ELS Egyptian cotton lint peaked in 1993/94 crop season when the export price FOB was sharply dropped to 101 c/lb. That price was even lower than Pima at 103 c/lb CIF Northern Europe in the same season.

If the Egyptian cotton growers were to insist on cultivating large areas with ELS varieties, the *floor price* should be set accordingly to correspond with an export price FOB of 101 cents/lb.

The alternative course of seeking to force domestic spinners to receive ELS cotton lint and produce fine yarn counts to non-existent domestic or export markets is not realistic and proved disastrous to all sectors concerned in the past and will prove equally so in the future.

4.4.5 The ban imposed on the export of LS cotton lint varieties in 1995/96, **(Table 19)** for fear of announcing an export price clashing with the high *floor price* hurt the domestic spinning industry through paying an excessively high price (431 LE/kentar), that was 35.5% higher than the previous season.

The ban on exports also hurt the image of L.S Egyptian cotton in the export market, a situation that Egypt is currently trying to remedy, without much success.

The large carry-over of LS cotton lint together with the expected large 1997/98 crop will put downward pressure for the export price of LS cotton. If this takes place, domestic mills price is expected to be reduced by a corresponding value, thus arresting further decline in Egyptian cotton lint consumption.

4.4.6 Medium-Long-Staple cotton varieties –MLS-- are directed almost exclusively to domestic mills. Larger quantities, with lower prices will always be welcome. This is in spite of higher trash content and greater contamination with foreign matter. Extraneous materials include coloured and/or synthetic fibres, mainly polypropylene.

Export prices for MLS Egyptian cotton varieties are lower than those for LS cotton varieties. Small quantities are exported with the exception of 1993/94 when a world shortage of cotton lint coincided with a huge carry-over in Egypt. A large quantity, 646,000 kentars, of MLS was exported in that year.

4.4.7 Polyester fibre (cotton type, 1.5 denier, 38mm) prices were subjected to great fluctuations in the period of this study 1990-1997.

Table 21 shows the prices of polyester fibre for both domestic production and imported L.D.P (landed duty paid) without sales tax. Prices peaked in 1995, but soon fell sharply in 1996 and 1997.

Update: Further price decline is reported for first quarter 1998.

Consumption of polyester fibre increased from 1990 up to 1994 as the L.D.P import price compared favorably with the mill delivered price of MLS G80.

The apparent reduction in consumption of polyester fibre in 1995, 1996 is due to the difficulties experienced by the large textile

Table 21
Polyester Fibre (cotton type) Price & Consumption

YEAR	Domestic	Imported		Equivalent Price LE/kentar			Consumption 000 Tons/Year
	LE/Ton	USD/kg CIF Alex	LE/Ton L.D.P	Domestic Polyester	Imported Polyester	G 80	
1990	5667	1.050	4284	283	214	187	25
1991	5175	1.075	4386	258	219	230	27
1992	5090	1.120	4569	254	228	231	28
1993	5031	1.200	4896	251	244	243	28
1994	4803	1.225	4998	240	249	278	27
1995	7305	1.850	7548	365	377	357	21
1996	6600	1.100	4488	330	224	302	22
1997	4790	1.070	4365	239	218	267	

Duty on polyester fibre is 15%.

combines in Egypt, Misr Rayon (sole producer of polyester fibre), Misr Kafr El-Dawar and Misr Amrya (two of the largest consumers of polyester fibre).

It is foreseen that the consumption of synthetic fibres will continue to rise as the gap between mill delivered prices for MLS and LS Egyptian cotton varieties and imported L.D.P price for imported polyester fibre increases.

An interesting recent development is the rise in the consumption of imported short staple (cotton type) polyacrylic dyed fibres. More and more of black polyester fibre (cotton type) is also imported for the production of heather-grey blended cotton yarns in line with fashion demand. Substantial quantities of viscose fibre (cotton-type) is also consumed in 100% viscose or blends with cotton or polyester.

In all cases the dynamics of the price fluctuations and ensuing gaps between the prices of L.D.P imported synthetic fibres and mill delivery prices of Egyptian cotton lint will play an ever-increasing role in establishing consumption trends

More freedom of action and flexibility in reacting to market developments are expected with the privatization of more of the public sector spinning companies.

4.4.8 The cumulative effect of the escalating prices of Egyptian and imported cotton lint was to reduce the activity of the spinning mills and consumption of cotton lint plus polyester fibre from a high of 345,000 tons (equivalent to 6,900,000 kentars) in 1990/91 to a low of 232,000 tons (equivalent to 4,640,000 kentars) in 1996/97, a reduction of 32.76%.

Assuming that the average count of spun yarns was unchanged over the same period, this means that one third of the installed capacity of spinning mills are idle. It is feared that this trend is irreversible.

4.4.9 Synthetic filament (mainly texturized polyester) consumption mushroomed from a mere 20,000 tons/year in 1990 to an impressive 84,000 tons/year expected in 1997. Filament polyester is consumed for the production of 100% polyester woven and knitted fabrics for outerwear, solid colour and printed. Increasingly texturized polyester filament replaces expensive two-fold 100% cotton unsized warps, at a fraction of the price. The weft remains 100% cotton spun yarn, resulting in a fabric roughly 50% cotton, 50% polyester. In many cases the weft is 100% polyester spun yarns, resulting in 100 % polyester fabric. Bed sheets, printed fabrics, womens' head covers are examples.

4.4.10 Texturized polyester filament is produced at present from imported polyester chips (20,000 tons/year) and from imported polyester POY (50,000 tons/year). Flat (zero twist) polyester filament is mostly imported (12,000 tons/year). Another quantity of specialized filaments for special purposes of 2,000 tons/year is imported.

4.4.11 **Table 22** shows how polyester filament consumption jumped from a steady 40,000 tons/year in 1993, 1994, 1995 to 70,000 tons/year in 1996 and currently (1997) at 84,000 tons/year. As the price of 100% cotton yarns escalated with a sharp rise in 1996, the price of polyester filament declined dramatically. The price of 150 denier polyester filament is less than half the price of the equivalent count of 100% cotton single yarn (Ne 36/1) carded or combed. The comparison with two-fold Ne 70/2 combed is much more impressive with the polyester filament at a quarter of the price of 100% cotton yarn.

The reduction in the cost of producing polyester/cotton or 100% polyester fabrics was welcomed by weavers and dealers alike with the diminished purchasing power of the population and the decline in family expenditure on textiles and apparel.

Table 22
Polyester Filament Price & Consumption
Compared with the Price of 100% Cotton Yarns

YEAR	Ne 36/1 LE/Ton		Ne70/2 Combed LE/Ton	150 den Polyester LE/Ton	Polyester Filament Consumption Tons/Year
	Carded	Combed			
1993	9 050	10 590	18 155	7 600	40 000
1994	10 000	11 700	20 590	7 750	40 000
1995	12 100	13 900	24 700	10 450	40 000
1996	14 500	16 200	26 400	8 290	70 000
1997	13 300	14 800	28 200	6 750	84 000

Note: Prices are without sales tax.

4.4.12 The jump in the consumption of polyester filaments saved a large portion of weaving capacity in the private sector, but hardly affected the public sector. A growing idle capacity of weaving industry is taking place in both private and public sector with closures and accumulating losses with little or no room for investment and innovation.

4.4.13 The high duty on yarn (30%) limited the importation of yarns for domestic consumption to very highly specialized blends and very cheap open-end coarse counts. However, exporters in the textile (weavers, knitters) and apparel and made up industries imported 100% cotton and blended cotton/polyester yarns under the temporary admission system. Yarn imports increased from negligible quantities in 1990 to reach 18,000 tons in 1997.

Table 7 shows the difference in prices between imported L.D.P yarns and domestically produced yarns (August 1997) of the most important counts imported for the weaving and knitting industries under temporary admission. The difference in favour of importsvaries between 6.04% for Ne30/1 combed to 23.22% for Ne 10/1 O.E. (open end).

4.4.14 It is expected for this trend to continue pending the growth in exports of textiles and apparel and also the maintenance of the GAP between imported and domestically produced yarns.

It is interesting to mention that traders and intermediaries who deal in the export of Egyptian yarns are turning more of their efforts now in aggressively promoting the introduction of foreign yarns into Egypt.

4.4.15 The importation of fabrics for domestic consumption is prohibited, with the prohibition due to be lifted before January 1st.,1998 according to the undertaking by GOE with WTO.

- The increasing cost of domestically produced fabrics, on account of the increasing prices of yarns, forced exporters in the apparel and made-up industries to import increasing quantities of fabrics under the temporary admission system. The deteriorating quality, delays in supply and in many cases, unreliable suppliers in weaving, dyeing, printing and finishing sectors encouraged the imports of dyed and printed fabrics. Of special interest, the increasing imports of yarn dyed shirting fabrics at much lesser cost (and trouble) compared with domestic production.

4.4.16 The lifting of the prohibition on the importation of fabrics and apparel are due on January 1st, 1998 , January 1st, 2002 respectively. Furthermore the duty on both items are expected to fall by January 1st, 2005 as follows.

From 45% at present to 30% for fabrics.
From 55% at present to 40% for apparel and made-ups.

Update: Duty on fabrics was increased to 54 % starting Jan. 1st, 1998.

These developments are expected to have great impact on the domestic textile and apparel markets and manufacturing industries. This will cascade up-stream to spinning and cotton lint sectors. Cotton cultivation in Egypt will also be in question.

And all these developments are not in the distant future. They are taking place right now, will gather momentum on the deadlines of January 1st,1998 , January 1st, 2002 reaching full force by January 1st, 2005.

Cool, rational, dead serious consideration of these issues are urgently needed. Away from stereotypes -- no need to repeat them here -- new ideas have to be floated and studied.

Chapter 5

Exports of Cotton Lint, Textiles, Apparel and Made-Ups

5- Volume and Value of Exports of cotton lint, textiles, apparel and made- ups. 1990 - 1997.

5.1.1 Exports of Egyptian cotton lint were subject to great fluctuations in the past two decades, declining steadily from almost four million kentars in 1981/82 to 2.34 million kentars in 1993/94 down to 332,000 kentars in 1991/92.

5.1.2 During the same period the cotton lint crop fluctuated heavily between more than TEN million kentars in 1980/81, 8,225,000 kentars in 1993/94 down to 4,763,000 kentars in 1995/96.

5.1.3 Export prices were also subject to correspondingly great fluctuations:

ELS FOB price peaked at 250 c/lb in 1989/90 and bottomed at 101 c/lb in 1993/94, rising again to 188 c/lb in 1995/96.

LS FOB price peaked at 185 c/lb in 1989/90 and bottomed at 81 c/lb in 1993/94.

5.1.4 **Table 23** shows the total volume and total value of cotton lint exports in the period 1989/90 - 1996/97.

Table 23
Exports of Cotton Lint in Volume and in Value

ITEM	UNIT	89/90	90/91	91/92	92/93	93/94	94/95	95/96	96/97	97/98
Exchange Rate	LE/USD	2.7935	2.7935	3.3275	3.3300	3.3950	3.3970	3.3880	3.3880	3.39
G 70	C/lb FOB	250	234	160	129	101	107	188	140	134
Export Price	LE/kent.	768	719	585	472	377	399	700	521	
G 75	C/lb FOB	185	170	120	95	81	95	(130)	110	104
Export Price	LE/ken.	568	522	439	347	302	354	484	409	
Exports G70	000 kentar	646	261	178	186	816	562	375	340	333
Exports G75	000 kentar	212	98	154	158	877	674	5	500	889
Export-Others	000 kentar	-	-	-	16	646	92	-	6	35
Total Exports	000 kentar	858	359	332	360	2 339	1,328	380	846	1,256
Total Value	000 LE	616 544	235 815	171 736	148 170	767 558	495 402	264 920	404 094	
Average Price	LE/Ton	14 351	13 304	10 345	8 231	6 563	7 460	13 943	9 553	

The total value of cotton lint exports varied between 767 million Egyptian pounds (1993/94) and 148 million Egyptian pounds (1992/93).

The average export price during the same period varied between 14 351 LE/Ton (1989/90) and 6563 LE/Ton (1993/94).

5.1.5 Cyclical variations in worldwide cotton lint production and prices are quite familiar and well recorded over very long periods. The recent fluctuations in the case of Egyptian cotton lint are quite exceptional. No doubt major decisions were made, in good faith, in reaction to suddenly emerging problems, were short term by their nature, making no policy really. In the absence of a long term policy, the problems of cotton cultivation, trade and manufacture became thoroughly complicated and present themselves now as a mass of contradictions. The controversy lingered on whilst all sectors, with the exception of the cotton growers, suffered great losses of business and money.

5.2.1 **Table 24** shows the total volume and value of exports of textiles, and apparel and made ups in the last seven years (1990-1997).

It should be noted that these figures do not include the exports of synthetic fibres, filaments or hydrophile cotton-wool.

5.2.2 Total textiles, apparel and made-ups exports peaked in 1994 at 175,885 tons valued at 2.74 Billion Egyptian pounds and exceeded *three billion* Egyptian pounds in 1997.

The average unit export price varied between 13669 LE/Ton in 1990 to 21840 LE/Ton in 1996.

Table No. 24

Exports of Egyptian Cotton Lint, Textiles, Apparel and Made-ups by Volume and by Value

GROUP		1990	1991	1992	1993	1994	1995	1996	1997
YARNS	T	76 237	80 585	69 224	66 706	111 764	71 189	48 996	70,925
	LE	958 740	989 528	914 250	763 698	1 313 952	1 109 321	738 253	1,015,829
	LE/T	12 576	12 279	13 207	11 448	11 742	15 582	15 059	14,322
FABRICS	T	21 207	24 971	17 527	22 814	31 302	23 917	21 020	24,649
	LE	228 762	315 290	237 006	287 531	423 051	384 063	318 584	432,148
	LE/T	10 787	12 626	13 522	12 603	13 515	16 058	15 151	17,532
TERRY	T	700	1 074	1 070	1 577	2 185	2 737	2 782	3,628
	LE	10 231	18 029	20 382	28 552	38 762	53 399	55 421	76,751
	LE/T	14 615	16 786	19 048	18 105	17 740	19 510	19 921	21,155
KNITS	T	5 851	6 720	6 776	10 007	12 325	14 423	17 100	18,861
	LE	175 425	244 364	255 954	367 383	433 133	527 022	645 154	772,990
	LE/T	29 982	36 363	37 773	36 712	35 142	36 540	37 728	40,983
MADE-UPS	T	3 762	4 064	3 597	4 950	7 932	11 333	12 492	11,665
	LE	45 387	60 663	56 409	81 302	138 730	221 084	244 959	292,266
	LE/T	12 064	14 926	15 682	16 424	17 489	19 507	19 609	25,049
WOVEN GARMENTS	T	3 723	5 006	6 240	9 454	10 273	12 940	13 857	12,333
	LE	105 287	174 503	235 498	342 233	396 854	493 952	537 241	516,046
	LE/T	28 280	34 858	37 740	36 199	38 615	38 172	38 770	41,842
KNITS + *MADE-UPS* + *WOVEN GARMENTS*	T	13 336	15 790	16 613	24 411	30 534	38 696	43 449	42,859
	LE	326 095	479 530	547 866	790 918	966 717	1 242 058	1 427 354	1,581,242
TOTAL *TEXTILES & APPAREL EXPORTS*	T	111 480	122 420	104 434	115 508	175 885	136 539	116 274	148,061
	LE	1 523 832	1 802 377	1 719 499	1 870 699	2 742 122	2 788 841	2 539 512	3,105,970
	LE/T	13 669	14 722	16 464	16 195	15 590	20 425	21 840	20,977
COTTON LINT EXPORTS	T	42 961	17 950	16 600	18 000	116 950	66 400	19 000	42 300
	LE	616 544	239 815	171 736	148 170	767 558	495 402	264 920	404 094
	LE/T	14 351	13 304	10 345	8 231	6 563	7 460	13 943	9 553

Source: Textile Consolidation Fund (TCF), preliminary figures.

5.2.3 **Figures 16-A, 16-B, 17, and 18** show the exports by volume and value for Egyptian cotton lint, textiles, apparel and made-ups in the period 1990 to 1997.

The total value of exports of textiles, of apparel and made ups show steady rise over the years as compared with the great fluctuations in the case of cotton lint.

5.2.4 **Figures 19** and **20** show the average unit price for exports from each category. While almost all categories show steady upward increases in unit price, cotton lint export price fluctuates strongly upwards and downwards.

5.2.5 **Figure 21** shows the development of exports of apparel and made-ups in volume and value. The very high rate of growth in both volume and value in each group -- knits, woven garments and made-ups, are quite impressive.

Figures 19 and **20** show how the unit price for each categories was also growing. Total value of exports in each and all of these categories were growing at a higher rate than the growth in volume of exports in each category as a result of the increase in unit price.

5.2.6 It is sad to record that the growth of the exports in apparel and made-ups rely heavily on the relatively less expensive imported yarns, fabrics and accessories under *temporary admission.*

From the national economy point of view, the relevant criterion here will be the retention value of exports. This means the net value of exports after deducting the value of imported yarns, fabrics, and, increasingly also, accessories from the total value of apparel and made-ups exports.

Figure 16-A. Egypt. Exports of Cotton Lint, Textiles, and Apparel. (tons per year). 1990-1997

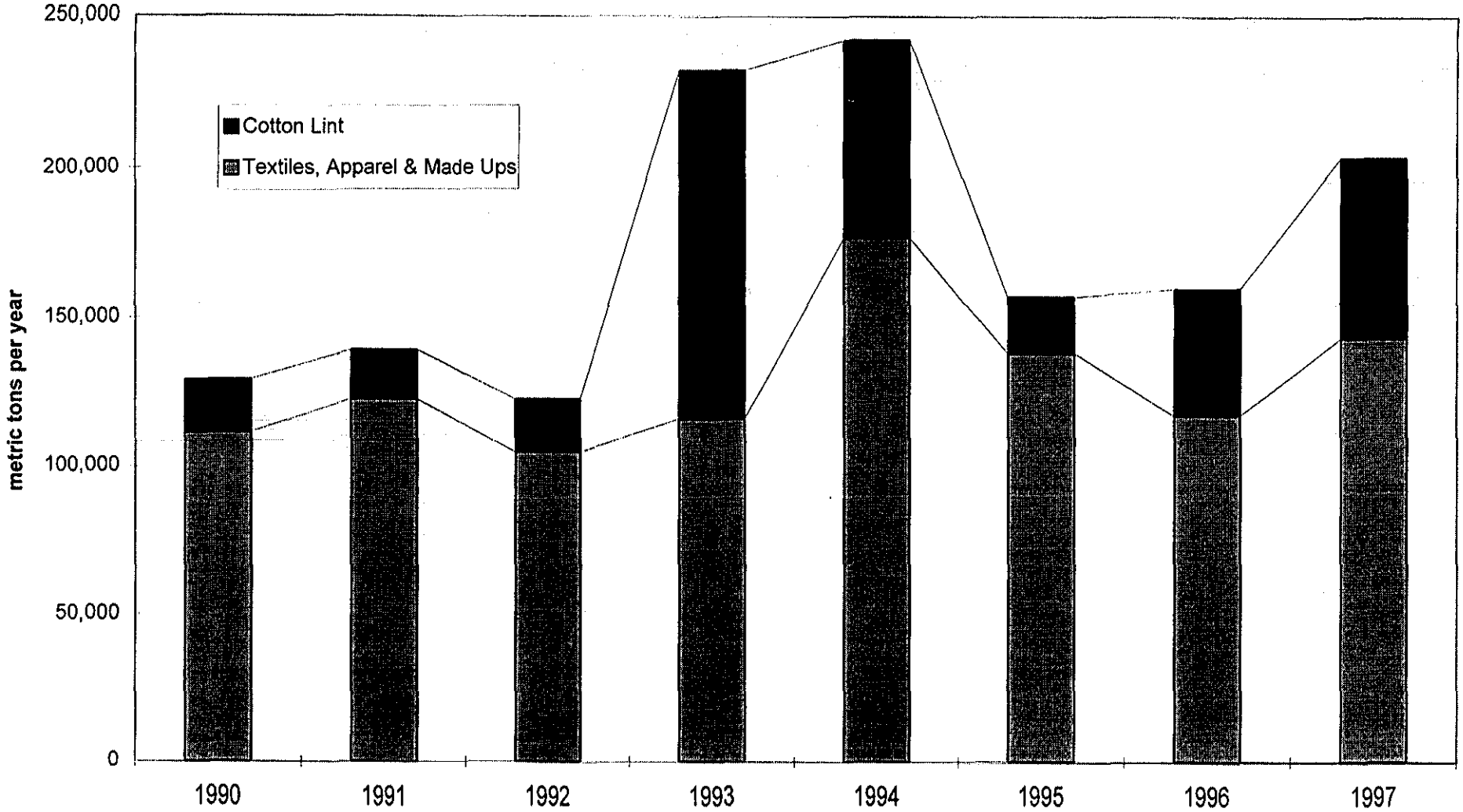


Figure 16-B . Egypt Export of Cotton Lint, Yarn and Textiles, Apparel and Made Ups. Value in million LEs. 1990-1997

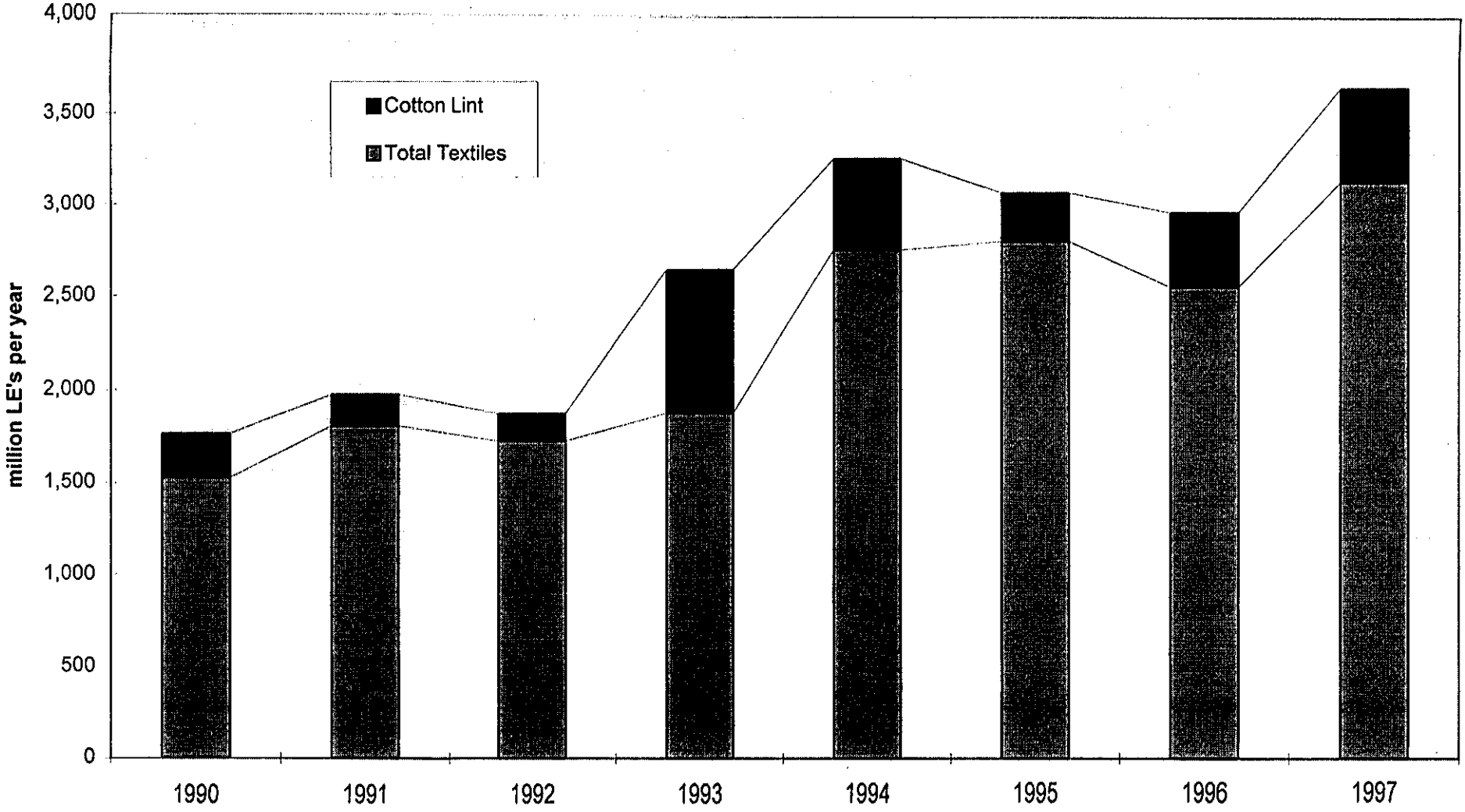


Figure 17
Egypt. Exports of Cotton Lint, Yarn, and Textiles, Apparel and Made Ups. 1990-1997 (tons)

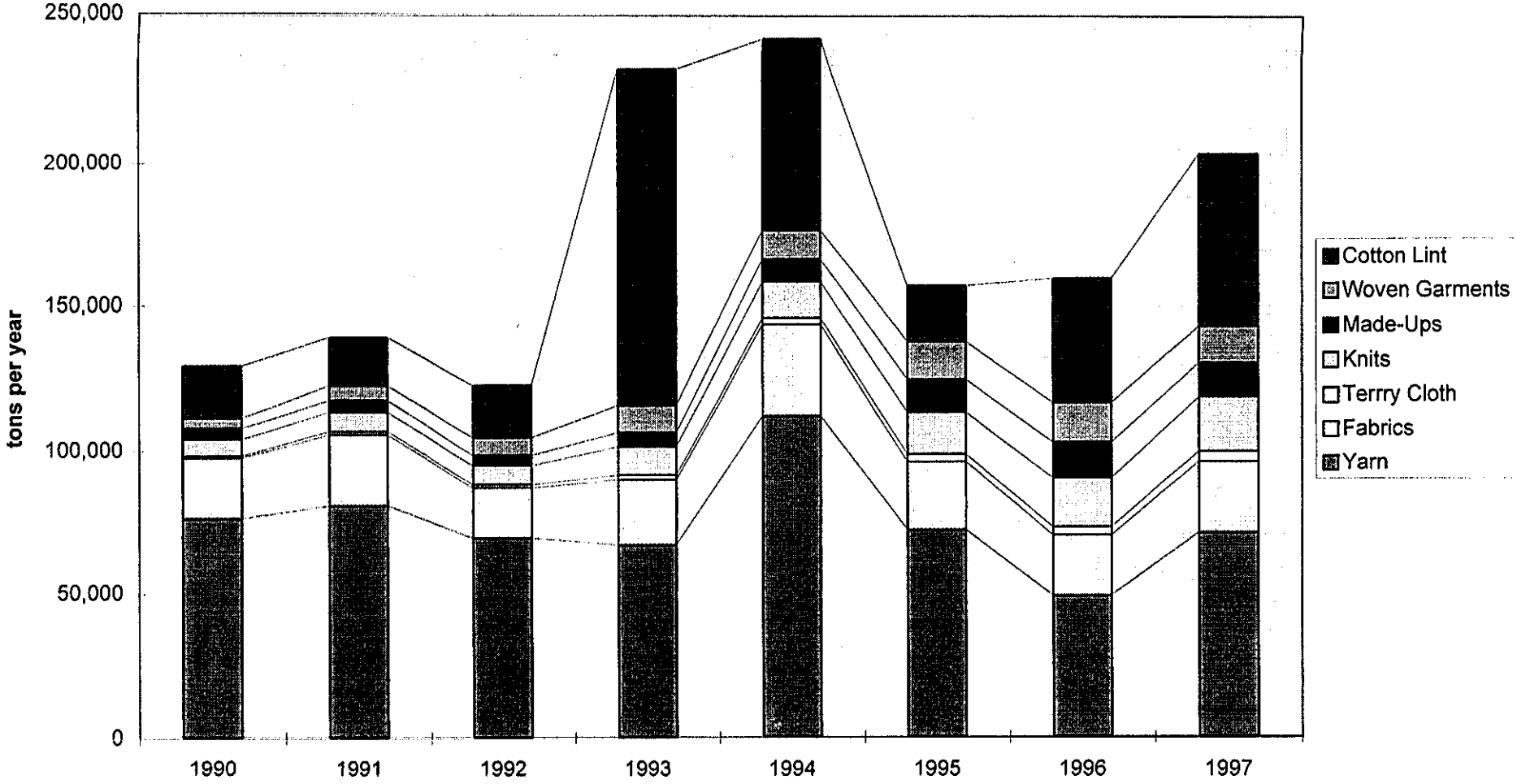


Figure 18. Egypt Exports of Cotton Lint, Yarn and Textiles, Apparel and Made Ups. Value in million LE's. 1990-1997

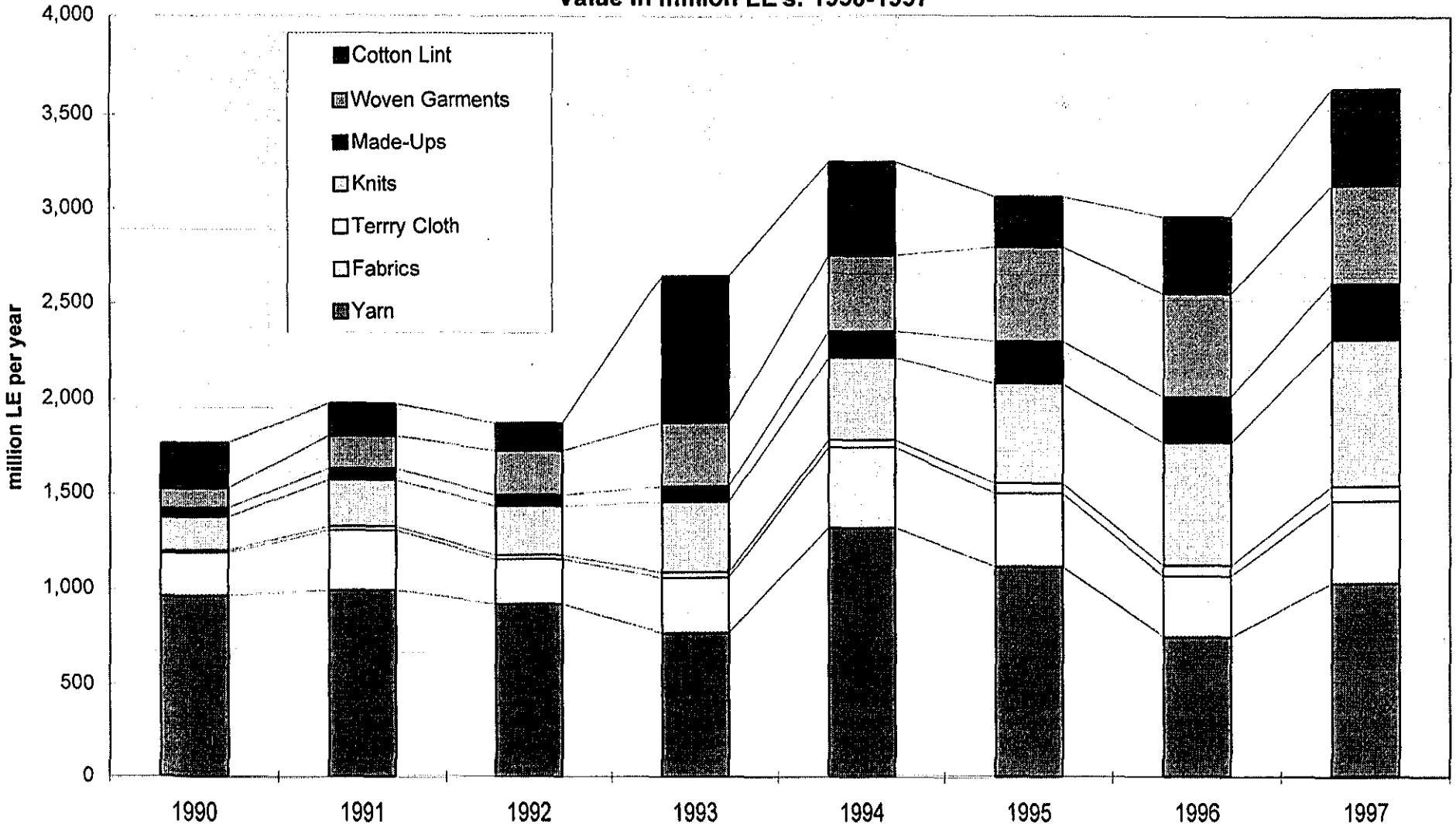


Figure 19. Average Unit Export Prices of Total Textiles and Apparel and of Cotton Lint Exports. 1990-97. (thoursand LE's/ton)

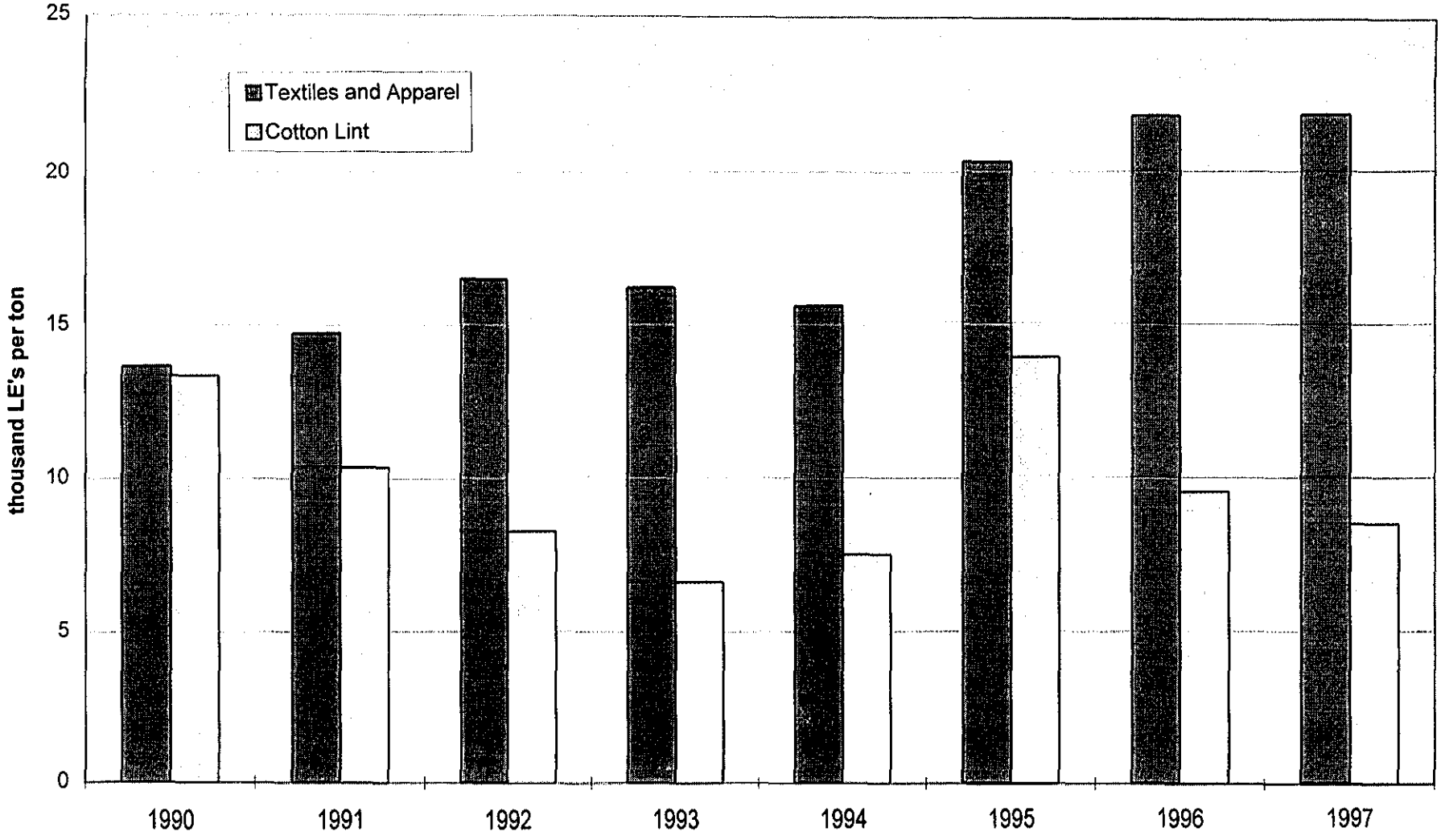


Figure 20. Movement of Average Unit Prices for Exported Cotton Lint and Exported Textiles and Apparel Items. (LE 1000's per ton). 1990-97.

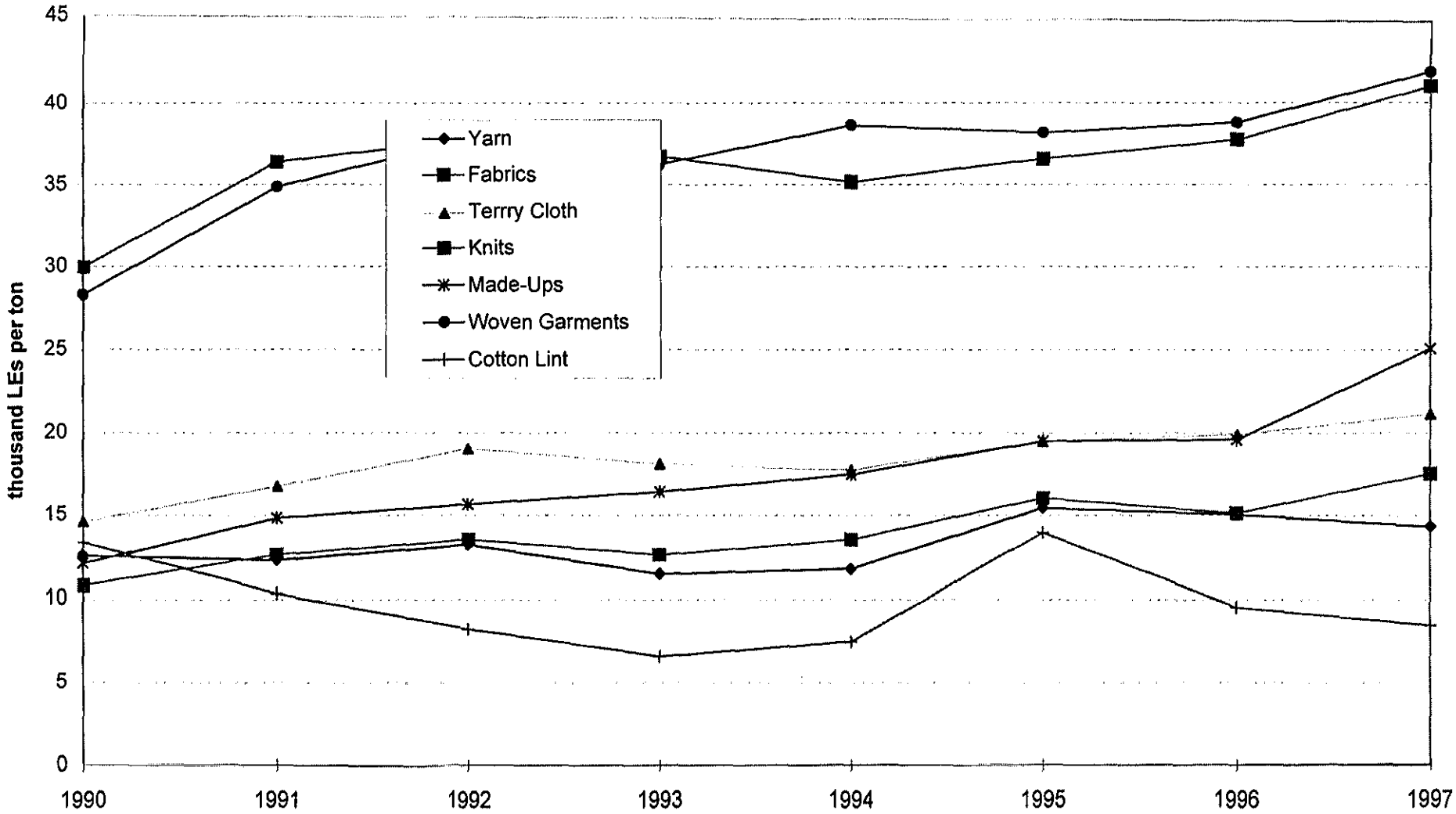
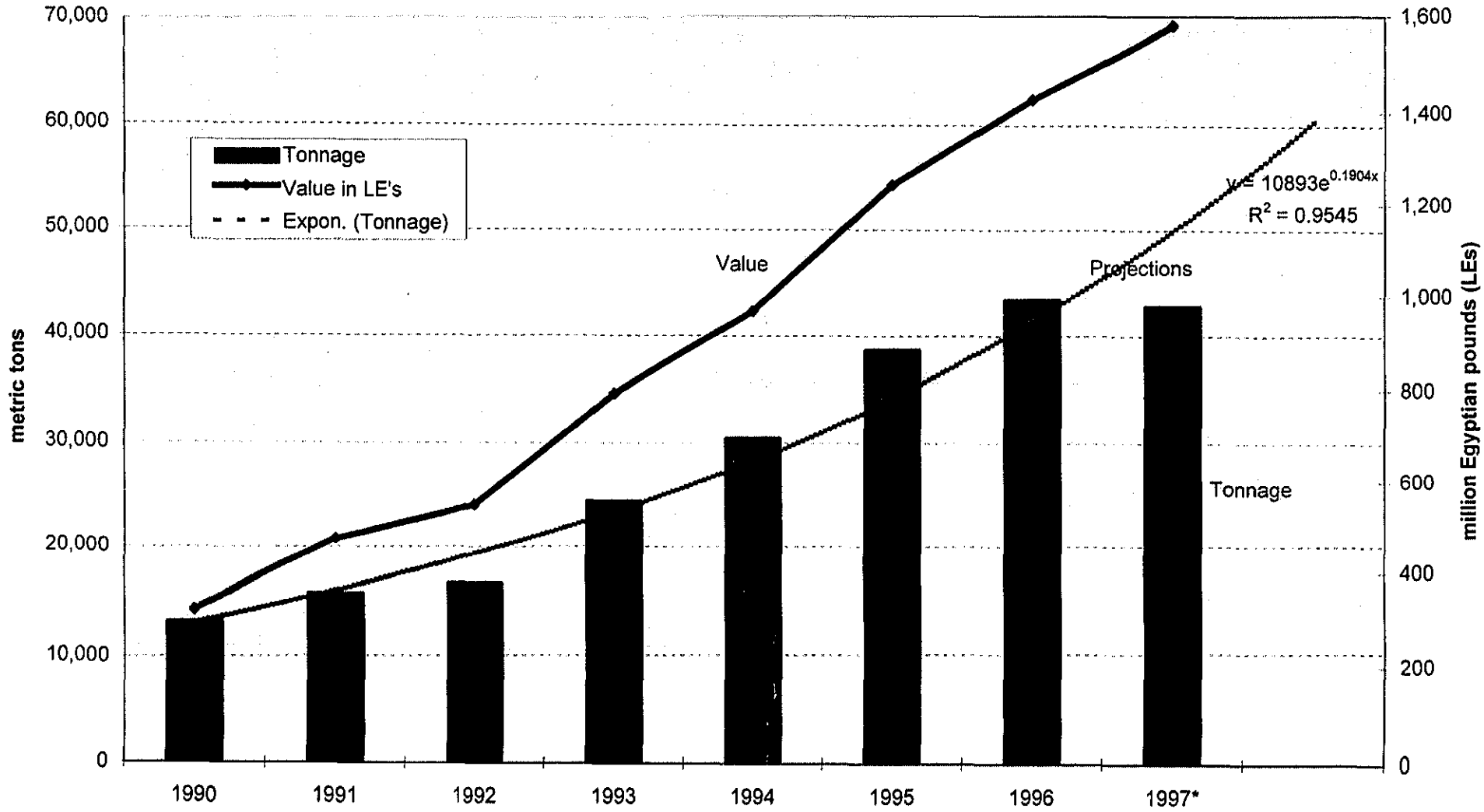



Figure 21. Growth in Egyptian Exports of Knits, Woven Garments, and Made-Ups, by Value and by Volume. (Yarns and Fabrics not included). 1990-1996