

FIBRES AND YARNS

Consumption of fibres is dominated by synthetic and artificial fibres and filaments which account for 64 percent of the market. Cotton accounts for 35 percent and wool accounts for one percent.

COTTON

Mexico was traditionally a very important producer and exporter of cotton. It has excellent growing conditions suitable for cultivating cotton comparable to that produced in Egypt and Peru. However, the lack of technology and capital has discouraged the development of a world-class industry. Mexico's cotton is of good quality, but the country does not grow all of the types needed by the textile industry. In spite of much lower wage rates, the average cost of cotton in Mexico is only slightly lower than in the U.S.

Cotton production fell sharply after 1988. In 1990 to 1991, Mexico was still a net exporter of cotton, but in 1993 to 1994, it imported 154,000 tonnes, about 87 percent of domestic production.

Production reportedly recovered in 1994. In mid-September, the *Secretaría de Agricultura y Recursos Hidráulicos (SARH)*, Secretariat of Agriculture and Water Resources, forecast cotton production for the 1994 season at about 465,000 bales, compared with only 110,000 bales in the previous year. The Mexican textile industry consumed about 850,000 bales in 1993. *SARH* claims the growth in production was the result of an increase in planted area which approached 147,000 hectares.

Some analysts attribute the improved production to changes in Mexico's system of agriculture subsidies instituted in 1993. The system had previously encouraged farmers to grow corn — even if it was on land more suited for cotton. Low cotton prices on world markets were also a contributing factor. Now that there is no longer an artificial incentive to grow corn, land is gradually being returned to cotton.

The North American Free Trade Agreement (NAFTA) rules of origin are also likely to contribute to a revival of the Mexican cotton industry. Cotton spinners are striving to supply the high end of the market, which demands fine quality yarns, produced from long-staple cotton. Blended cottons are also regarded as an area where the Mexican industry can be competitive. At present, poly-cottons are produced in Mexico using imported U.S. cotton and locally produced polyester. To meet the need for improved quality, the industry is actively seeking partners with the necessary capital and technological expertise.

Mexico has the potential to export cotton to Canada, since Canada is not a producer and will need the NAFTA-sourced fibres and yarns. In 1993, Canada did not import any cotton fibre from Mexico and imported only one-half tonne of cotton yarn.