



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - Public distribution

**Date:** 5/15/2008

**GAIN Report Number:** TH8077

## Thailand

### Cotton and Products

### Annual

### 2008

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**Report Highlights:**

Continued acreage reductions are expected to decrease MY 2007 and MY 2008 cotton production. Strong demand from the spinning industry and growing domestic demand for textile products should push Thailand's cotton imports higher. Exports of cotton yarn and fabric are expected to continue trending upward.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Bangkok [TH1]  
[TH]

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**Executive Summary**

MY 2007 and MY 2008 cotton production is forecast to decline due to an acreage reduction driven by unattractive returns as compared to alternative crops. Anticipated strong recovery in domestic demand for textile products will boost Thailand's cotton imports. U.S. cotton is expected to gain market share in anticipation of limited exportable supplies of Australian cotton. However, global cotton price increases will likely be a major concern among spinners. Also stronger competition from relatively cheaper Chinese textile products is expected to be a factor in MY 2008, particularly for garments. Meanwhile, spinning capacity utilization is expected to recover from a contraction of around 20-30 percent in MY 2006.

## Section 1: Situation and Outlook of Upland and Value-added Cotton

### 1.1 Production

MY 2008 cotton production should continue to decline in anticipation of acreage reduction. Despite farm-gate prices increasing nearly 30 percent, farmers will likely continue to shift to alternative crops, particularly corn and tapioca, due to relatively higher returns. Meanwhile, MY 2007 cotton production has been revised downward significantly in response to a reduction in planted areas. The return from cotton crops (\$11/MT) is much lower than corn (\$68/MT), and tapioca (\$18/MT). In addition, the Government still bans the commercialization of all transgenic plants, impeding development of domestic cottonseed.

### 1.2 Consumption

MY 2007 and MY 2008 cotton consumption is forecast to increase by 2-3 percent following growing domestic demand for textile products. Thailand's economic growth is expected at 4.8 – 6.0 percent, up significantly from 2006's coup impacted economic slowdown. Export-oriented textile products, which account for 30-40 percent of total production, particularly in cotton yarn and fabric, are forecast to increase as the industries move toward the high-end of the market. In CY 2007, exports of cotton yarn and fabric increased by 10-20 percent, particularly to Asian countries. However, garment industries, accounting for 20 percent of total textile production, will likely remain uncompetitive, particularly domestic-oriented small- and medium-scale industries due to imports of relatively cheaper Chinese garments. Thai garment export expansion will be limited by the current strong Thai baht and fierce competition from China as the U.S.'s anti-dumping safeguard measures on Chinese textile and apparel imports will conclude by the end of CY 2008.

Spinning capacity utilization, particularly for cotton yarn, is expected to recover through MY 2008 after a 20-30 percent reduction in MY 2006, particularly in medium-scale spinners. The number of spindles is expected to remain at around 3.8 million. Production of fine-count yarn (#50 up) will likely increase as improved production efficiency from new spinner replacements allows the industry to gradually shift to higher-end products. Thai spinners will have to shift to higher-end products in order to survive under intense competition arising from the 2005 removal of textile export quotas among WTO-member countries. Medium-count yarn (#30's – 40's) production has been upgraded to more premium yarn production. Meanwhile, coarse-count yarn (#20's and lower) production will likely continue to decline due to strong competition from suppliers like China.

### 1.3 Trade

MY 2007 and MY 2008 cotton imports is forecast to increase slightly by 2 percent in anticipation of growing domestic textile product demand and continued export growth of cotton yarn and fabric. U.S. cotton is expected to gain market share to over 40 percent in Thailand, as the Thai textile industry puts greater emphasis on fine-count yarn and medium-count yarn production. In addition, Australian cotton supplies will likely remain limited due to unfavorable crop production. However, African cotton is expected to be a major competitor to U.S. cotton due to relatively cheaper prices of around U.S. 4-5 cents/lb. Meanwhile, the strengthening Thai baht in MY 2007

will help off-set the surge in global cotton prices. Some Thai spinners are aggressively stockpiling cotton since early MY 2007 in anticipation of higher global cotton prices in MY 2008.

#### **1.4 Policy/Marketing**

The Government does not subsidize cotton prices or production. Also, import duties for raw cotton have been zero for several years.

Thai textile manufacturers are moving toward medium- and high-end markets, particularly large-scale manufacturers. U.S. cotton is expected to gain more market share of premium cotton where spinners are more sensitive to input quality. U.S. cotton benefits from its high production standards and wide range of available staple lengths. Also, the Cotton USA Mark licensing campaign strongly supports the high-end markets of textile manufacturers. Ongoing supply chain marketing strategies continue to be successful in stimulating U.S. cotton sales in Thailand as Thai textile manufacturers are aggressively developing the supply chain to minimize production costs and to produce a wider range of products.

End of report.

## Section 2: Statistic Tables

Table 1: Thailand's Production, Supply and Demand for Raw Cotton

## PSD Table

Country Commodity	Thailand Cotton			(HECTARES)1000 480 lb. Bales					
	2006	Revised	Post	2007	Estimate	Post	2008	Forecast	Post
Market Year Begin	USDA Official	Post Estimate 08/2006	Estimate New 08/2006	USDA Official	Post Estimate 08/2007	Estimate New 08/2007	USDA Official	Post Estimate 08/2008	Estimate New 08/2008
Area Planted	0	9000	5000	0	8300	4650	0	0	4500
Area Harvested	9	8500	4950	8	7800	4600	0	0	4451
Beginning Stocks	408	400	408	398	317	346	386	277	290
Production	16	47	30	15	44	28	0	0	28
Imports	1951	1850	1905	1800	2000	1950	0	0	2000
MY Imports from U.S.	0	500	531	0	540	750	0	0	760
Total Supply	2375	2297	2343	2213	2361	2324	386	277	2318
Exports	2	5	2	2	8	4	0	0	5
Use	1950	1950	1970	1800	2050	2000	0	0	2050
Loss	25	25	25	25	26	30	0	0	30
Total Dom. Cons.	1975	1975	1995	1825	2076	2030	0	0	2080
Ending Stocks	398	317	346	386	277	290	0	0	233
Total Distribution	2375	2297	2343	2213	2361	2324	0	0	2318
Stock to Use %	20.38934	16.21483	17.54564	21.42064	13.45967	14.47106	0	0	11.3382
Yield	387	1	1	408	1	1	0	0	1

Table 2: Farm Gate Prices of Seed Cotton

## Prices Table

Country Thailand

Commodity Cotton

Prices in Baht per uom Kilogram

Year	2007	2008	% Change
Jan	14.42	18.44	28%
Feb		19.92	
Mar		19.83	
Apr			
May			
Jun			
Jul			
Aug			
Sep			
Oct			
Nov	17.5		-100%
Dec	18.1		-100%

Exchange Rate 31.7 Local Currency/US \$

Date of Quote 5/9/2008 MM/DD/YYYY

**Table 3: Thailand's Raw Cotton Imports****3.1 Marketing Year**

Unit: Metric Ton

	Marketing Year (Aug./Jul.)									
	1999	2000	2001	2002	2003	2004	2005	2006	Aug. - Mar.	
									2006	2007
United States	59,544	49,030	191,693	130,835	112,436	187,662	113,589	115,562	59,097	111,731
Argentina	3,892	6,475	4,534	232	200	2,149	854	641	0	429
Australia	90,041	118,568	90,530	85,448	58,174	65,557	91,319	73,490	58,614	28,968
Benin	9,900	9,443	10,886	16,004	13,735	7,559	14,456	5,090	3,382	3,215
Brazil	443	1,405	8,609	5,141	8,202	27,733	17,167	8,889	8,308	20,169
Chad	1,783	259	658	300	1,599	2,484	2,054	4,077	3,237	3,608
China	39,893	4,405	2,499	40,632	19,898	1,023	236	285	282	811
Cameroon	N/A	10,605	11,041	12,942	10,058	6,691	6,893	3,960	2,861	927
Egypt	4,183	4,377	3,280	4,816	4,601	4,185	3,438	1,147	708	249
Ivory Coast	10,330	11,943	8,692	8,410	14,434	6,304	12,559	10,876	8,267	1,258
India	278	24	81	70	13,684	8,897	31,303	53,263	44,631	23,656
Mali	33,377	31,169	16,143	33,486	18,934	23,705	17,742	26,435	16,881	10,717
Mexico	4,982	1,541	2,971	1,095	5,734	607	2,732	6,163	4,502	1,931
Pakistan	13,087	16,347	10,002	6,288	7,858	29,847	4,243	4,345	3,888	1,494
Sudan	7,466	5,118	5,637	15,111	9,035	5,266	2,654	358	233	159
Syria	8,556	10,517	25,822	15,019	2,711	6,455	1,296	389	389	102
Tanzania	2,192	3,410	4,085	4,260	1,522	17,486	12,975	3,311	2,991	8,411
Togo	2,442	3,374	171	7,714	4,536	6,825	4,710	7,846	5,773	1,343
Turkey	582	512	4,812	1,271	1,853	1,172	293	907	907	1,483
Uzbekistan	11,259	5,074	32,602	1,223	717	2,894	3,754	4,925	2,179	3,101
Zimbabwe	25,031	32,497	0	10,155	20,884	28,127	23,314	27,670	23,971	15,654
Others	41,439	18,825	12,824	26,660	35,860	55,426	44,688	55,190	37,668	28,825
<b>TOTAL</b>	<b>370,700</b>	<b>344,918</b>	<b>451,789</b>	<b>427,112</b>	<b>366,665</b>	<b>498,054</b>	<b>412,270</b>	<b>414,818</b>	<b>288,767</b>	<b>268,243</b>

Source: Thai Custom Department

Table 3: Thailand's Raw Cotton Imports (Cont.)

## 3.2 Calendar Year

**Import Trade Matrix**

Country	Thailand	
Commodity	Cotton	
Time Period	Jan-Dec	Units: M.T.
Imports for:	2006	2007
U.S.	114479	145916
Others	Others	
Australia	94176	Australia 52140
Brazil	11960	Brazil 13194
Mali	23605	Mali 21193
India	33971	India 44797
Pakistan	5535	Pakistan 2695
Benin	9636	Benin 5314
syria	487	syria 102
Cameroon	6925	Cameroon 1987
Cote d'Ivoire	15499	Cote d'Ivoire 6217
Total for Others	201794	147639
Others not Listed	105802	99592
Grand Total	422075	393147

**Table 4: Thailand's Raw Cotton Exports**

## Export Trade Matrix

<b>Country</b>	Thailand	
<b>Commodity</b>	Cotton	
Time Period	Jan-Dec	Units: M.T.
Exports for:	2006	<b>2007</b>
U.S.	0	U.S. 0
Others		Others
Malaysia	0	Malaysia 13
Indonesia	0	Indonesia' 0
Japan	628	Japan 136
Hong Kong	0	Hong Kong 0
Taiwan	0	Taiwan 521
Vietnam	0	Vietnam 168
Total for Others	628	838
Others not Listed	364	8
Grand Total	992	846

**Table 5: Status of Textile Industry in Thailand**

	Calendar Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Number of Employment										
- Synthetic fiber	17,070	17,000	15,900	15,400	15,340	15,600	15,500	14,550	14,430	14,300
- Spinning	65,890	63,450	61,800	60,310	60,470	60,580	61,750	61,360	61,100	59,980
- Weaving	64,250	60,730	59,540	58,870	58,730	58,980	57,880	56,760	55,250	54,470
- Knitting	60,670	58,870	58,480	58,740	59,790	59,930	60,280	59,710	60,790	62,860
- Dyeing and Printing	47,840	47,280	47,050	47,180	46,750	46,930	47,200	46,560	46,770	46,850
- Clothing	857,830	849,570	843,030	843,200	840,460	840,850	841,520	837,680	825,650	824,500
TOTAL	1,113,550	1,096,900	1,085,800	1,083,700	1,081,540	1,082,870	1,084,130	1,076,620	1,063,990	1,062,960
Number of Textile Machinery										
- Spinning (No. of spindles)	4,170,254	3,763,438	3,611,918	3,581,866	3,586,834	3,597,114	3,670,334	3,644,642	3,863,600	3,858,790
- Weaving (No. of looms)	133,861	131,479	130,991	130,502	130,231	130,513	130,225	129,470	130,520	130,132
- Knitting (No. of machines)	111,977	111,291	111,120	111,372	112,019	112,315	113,082	112,354	115,430	121,355
- Clothing (No. of machines)	772,128	764,618	759,012	759,438	757,307	757,751	758,460	754,668	752,300	751,760

Source: Department of Industrial Promotion, Ministry of Industry

**Table 6: Thailand's Production and Consumption of Yarn**

	Calendar Year										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 P	2007 F
Production(TMT)											
Cotton yarn	297.4	267.2	268.5	299.2	337.7	381.8	387.4	373.7	396.3	419.3	430.0
Synthetic yarn	472.2	509.9	494.3	539.6	550.5	594.6	590.5	641.1	616.6	603.6	600.0
Total production	769.6	771.1	762.8	838.8	888.2	976.4	977.9	1014.8	1012.9	1022.9	1030.0
Consumption(TMT)											
Cotton yarn	261.9	242.5	245.6	291.3	323.7	356.9	352.7	340.9	354.2	385.2	395.0
Synthetic yarn	362.1	342.2	352.7	420.8	402.3	416.5	401.2	408.4	408.4	427.0	425.0
Total consumption	624.0	584.7	598.3	712.1	726.0	773.4	753.9	749.3	762.6	812.2	820.0

Source: Department of Industrial Promotion, Ministry of Industry

Note: From 1997-2006, data are from Department of Industrial Promotion, Ministry of Industry  
The data for 2007 are estimated by FAS/Bangkok

**Table 7: Thailand's Exports of Cotton Yarn**

Unit: Metric Ton

	Calendar Year							
	2000	2001	2002	2003	2004	2005	2006	2007
U.S.A.	866	1,502	1,790	1,885	1,977	4,729	3,893	4,354
Australia	473	497	230	489	49	435	261	41
Belgium	351	262	95	177	50	38	82	25
China	6,906	6,073	8,243	10,440	10,375	8,593	9,018	9,332
Germany	619	622	991	685	336	343	192	118
Hong Kong	2,405	2,844	3,273	1,085	4,614	7,462	8,269	7,456
Spain	265	592	724	1,243	1,740	1,569	1,404	339
Japan	2,499	2,644	3,038	5,622	4,010	4,429	2,551	2,815
S. Korea	1,610	995	3,522	2,951	521	1,384	2,766	4,830
Malaysia	2,162	2,471	2,606	3,278	2,632	3,942	4,436	6,285
Indonesia	998	527	61	89	2	165	725	3,675
Italy	523	296	845	2,408	1,315	1,524	1,494	966
Singapore	134	638	1,592	1,635	1,508	515	218	282
North Korea	0	2,429	4,835	818	2,158	5,951	2,081	116
Others	1,058	1,477	2,666	7,522	6,277	7,643	6,688	12,494
<b>TOTAL</b>	<b>20,869</b>	<b>23,869</b>	<b>34,511</b>	<b>40,327</b>	<b>37,564</b>	<b>48,722</b>	<b>44,078</b>	<b>53,128</b>

Source: Thai Custom Department

**Table 8: Thailand's Imports of Cotton Yarn**

Unit: Metric ton

	Calendar Year							
	2000	2001	2002	2003	2004	2005	2006	2007
U.S.A.	11	0	70	15	16	2	1	2
China	4,068	4,044	4,787	4,691	4,124	5,267	5,519	4,663
France	13	5	10	7	10	8	3	5
Hong Kong	1,157	767	744	960	896	577	310	437
Indonesia	399	141	62	189	278	86	1,265	813
India	4,583	1,947	912	991	1,514	1,470	1,567	1,146
Japan	293	453	185	120	754	91	95	48
S. Korea	642	936	1,152	879	783	252	142	103
Pakistan	5,072	5,621	3,995	2,255	2,110	2,666	161	2,120
Taiwan	375	395	372	156	155	91	85	68
Italy	118	319	88	138	102	26	38	39
Others	403	233	840	325	108	302	3,996	345
<b>TOTAL</b>	<b>17,134</b>	<b>14,861</b>	<b>13,218</b>	<b>10,726</b>	<b>10,850</b>	<b>10,838</b>	<b>13,182</b>	<b>9,789</b>

Source: Thai Custom Department

**Table 9: Thailand's Production and Consumption of Fabrics**

	Calendar Year										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 P	2007 F
Production (TMT)											
Cotton fabric	172.6	159.2	161.2	190.7	211.4	237.3	229.6	222.0	228.3	244.5	250.0
Synthetic fabric	238.7	224.7	231.4	275.5	262.7	276.9	261.1	265.9	263.2	271.0	270.0
Total production	411.3	383.9	392.6	466.2	474.1	514.2	490.7	487.9	491.5	515.5	520.0
Consumption (TMT)											
Cotton fabric	142.0	127.1	134.2	168.5	188.0	211.5	207	200.2	213.5	233.8	240.0
Synthetic fabric	202.8	183.0	192.2	237.9	238.2	248.4	231.2	232.3	233.3	249.2	245.0
Total consumption	344.8	310.1	326.4	406.4	426.2	464.1	438.2	432.5	446.8	483.0	485.0

Note: From 1997-2006, data are from Department of Industrial Promotion, Ministry of Industry  
The data for 2007 are estimated by FAS/Bangkok

**Table 10: Thailand's Exports of Cotton Fabrics**

Unit: Metric Ton

	Calendar Year							
	2000	2001	2002	2003	2004	2005	2006	2007
U.S.A.	8,638	8,017	9,407	6,927	5,800	4,066	3,297	3,124
Bangladesh	791	635	749	618	729	1,533	2,333	3,804
Belgium	2,346	1,619	2,175	1,846	988	1,625	1,700	1,148
Benin	3,752	1,106	410	266	204	78	173	1,182
China	678	630	707	2,722	4,954	1,927	844	550
Germany	3,500	3,588	3,740	4,333	4,559	4,244	4,417	2,822
Singapore	843	1,574	272	584	1,020	474	2,168	4,143
Hong Kong	2,294	2,220	2,573	2,610	2,761	2,005	1,383	1,206
Italy	2,403	1,756	2,136	2,658	2,556	2,326	1,879	2,504
Laos	1,378	2,045	1,964	2,529	2,482	2,277	2,279	2,072
Myanmar	2,392	1,747	1,385	2,328	1,742	2,658	2,841	3,588
Congo	41	1,232	914	2,452	2,145	1,677	1,229	1,196
Netherlands	1,139	956	1,109	1,990	1,308	1,996	2,269	2,927
Others	10,514	9,248	10,850	24,544	12,278	14,065	17,596	19,962
TOTAL	40,709	36,373	38,389	56,407	43,526	40,951	44,408	50,228

Source: Thai Custom Department

**Table 11: Thailand's Imports of Cotton Fabrics**

Unit: Metric Ton

	Calendar Year							
	2000	2001	2002	2003	2004	2005	2006	2007
U.S.A.	271	218	183	136	126	195	153	108
China	15,824	13,792	15,422	18,742	20,764	26,038	34,221	36,434
Hong Kong	1,980	2,753	3,463	3,402	2,860	2,441	1,573	1,092
Indonesia	1,087	767	1,590	1,935	1,133	1,140	445	5,696
India	3,570	1,582	571	805	539	573	441	342
Japan	1,337	1,242	2,035	2,284	1,888	2,951	2,462	2,170
South Korea	373	338	651	846	507	663	557	397
Malaysia	103	199	152	93	91	176	49	37
Pakistan	1,525	590	435	288	255	370	222	194
Taiwan	1,076	891	795	903	771	621	507	584
Others	996	823	1,257	1,247	1,653	1,658	1,375	3,682
<b>TOTAL</b>	<b>28,142</b>	<b>23,195</b>	<b>26,556</b>	<b>30,681</b>	<b>30,587</b>	<b>36,826</b>	<b>42,005</b>	<b>43,372</b>

Source: Thai Custom Department

**Table 12: Tariff for Cotton and Textile Products**

	Current calculated tariff for non-AFTA countries (% Ad Valorem)	Current tariff applied for AFTA countries under CFPT scheme1/ (% Ad Valorem)	Tariff Schedule Commitment with WTO (% Ad Valorem)
Raw cotton	0	3.75	4.5
Cotton yarn	5	0	15.0
Cotton fabric	5	0	30.0
Chemical used in textile	5	0	30.0
Textile machinery	1	0	20.0

1/ CFPT = Common Effective Preferential Tariff, an agreed effective tariff, preferential to ASEAN countries, to be applied to goods originating from ASEAN Member States and which have been identified for inclusion in the CFPT Scheme.

Source: Thai Customs Department

End of Report.