

**Required Report:** Required - Public Distribution

**Date:** April 04, 2022

**Report Number:** TU2022-0016

**Report Name:** Cotton and Products Annual

**Country:** Turkey

**Post:** Ankara

**Report Category:** Cotton and Products

**Prepared By:** Caglar Erdogan, Senior Specialist

**Approved By:** Michael Francom

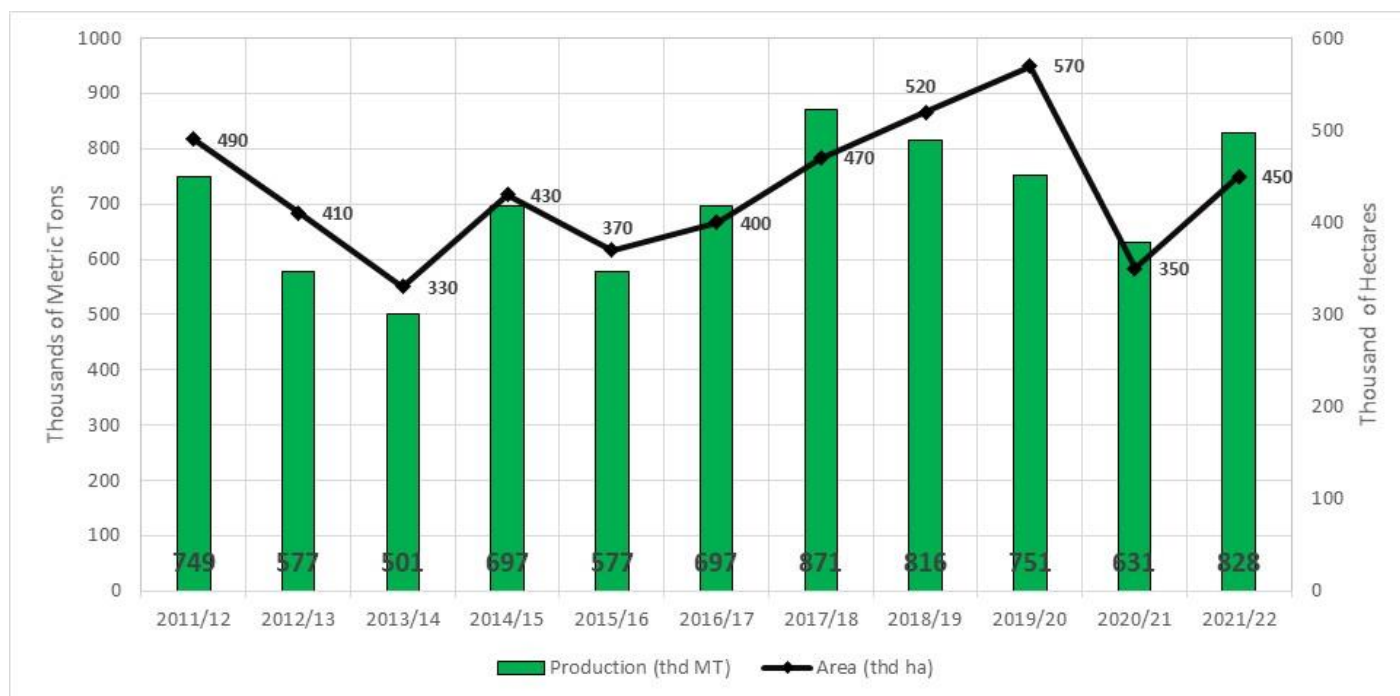
**Report Highlights:**

Turkey's cotton production in marketing year (MY) 2022/23 is forecast to increase to 925,000 metric tons (MT) (4.2 million bales) based on the assumption that farmers will plant more cotton in response to strong cotton prices. Growing demand for textiles and apparel is expected to push MY 2022/23 cotton consumption higher to 1.9 million MT (8.7 million bales). There is growing interest in traceable, sustainable cotton. Cotton imports for this same period are forecast at 1.15 million MT (5.3 million bales), with the United States projected as one of the two leading suppliers for the year. U.S. cotton faces continued competition from Brazilian cotton.

## I. Production

Post projects approximately 925,000 metric tons (MT) (4.2 million bales) of cotton fiber production on about 515,000 hectares (ha) in marketing year (MY) 2022/23. This forecasted production amount would be the biggest in a decade, and assumes a continued expansion in the harvested area as farmers switch from less profitable row crops and plant more cotton in response to strong prices. This forecast also assumes that improved weather conditions will prevail throughout the growing season. The drought conditions experienced in the last MY have somewhat eased with rains during the recent winter; and precipitation amounts this spring are expected to be better than the previous year.

**Chart 1: Cotton production amounts (left axis) and cotton production area (right axis) in Turkey**



Source: USDA, Foreign Agriculture Service official PSD data.

The anticipated expansion in area planted in MY 2022/23 will be the second consecutive expansion, as farmers respond to strong prices, better weather, and a growing sense of confidence from good harvests the past two years. Farmers are encouraged by strong cotton prices as global markets recover from the effects of COVID-19. As in the past two years, farmers are hoping to see solid yields continue, with improved weather conditions and no threats of an extraordinary pest infestation. Farmers are encouraged by improved moisture conditions heading into the MY 2022/23 planting season.

### *Strong Cotton Prices Outweigh Rising Input Costs, Leading to Higher Cotton Production*

Domestic cotton prices are up from the same time last year. The average price in February 2022 was nearly \$1.30 per pound, which is up 29 percent from March of last year. The increase in the domestic price of cotton parallels the rise in international prices and continued supply chain disruptions. Over the past two MYs, Turkish cotton farmers were able to make a profit with increasing cotton prices and good yields. At the same time, there has been high demand for cotton from the domestic textile

industry. High prices and good yields are very encouraging for cotton farmers since profit margins were either very slim or even nonexistent in previous years.

While strong cotton prices are expected to drive increased production in MY 2022/23, farmers are dealing with rising input costs and deteriorating macro-economic conditions. These higher costs will temper forecasted production gains. According the [Turkish Statistical Institute's](#) (TurkStat) Agricultural Inputs Price Index (AIPI), inflation was nearly 46 percent for 2021.<sup>1</sup> Similarly, the consumer price index (CPI) and the producer price index (PPI) rose.<sup>2</sup>

The cost of inputs such as fuel, fertilizer, pesticides, seeds, and labor have all seen major increases this past year and are particularly vulnerable to foreign exchange risk since they are fully or partially imported. In the case of fuel, diesel prices went from 11.43 Turkish Lira (TL) per liter (0.88 USD/liter) on December 31, 2021, to 22.81 TL/liter (1.54 USD/liter) on March 10, 2022, representing about a 100 percent price increase in terms of TL approximately in two months.

Farmers partially rely on subsidies to offset rising input costs. At this time, market sources don't expect this year's subsidies, which won't likely be announced until after this year's harvest, will be increased enough to offset a weaker currency and higher inflation. Consequently, these higher costs could cut into farmers' profitability and affect their future planting decisions. As reported in our [November 2021 update](#), subsidy rates in MY 2021/22 were unchanged from the previous year despite the extreme depreciation of Turkish Lira (TL) and rising inflation.

### *Turkey's Cotton Production Concentrated in Three Areas*

There are three major cotton production regions in Turkey. The first one is the Aegean region, located by the Aegean Sea in the western part of the country, and mostly in the Aydin and Izmir provinces.

The second is the Cukurova region, which is the area in and around the Adana province and several neighboring provinces in the Eastern Mediterranean area. Cukurova has traditionally been a cotton production area for Turkey, but in the last decade many cotton fields have been replaced by citrus orchards due to ease of exports and more stable income. In addition, farmers in this region have been planting alternative crops such as wheat, maize, and soybeans.

**Table 1: Indicative Cotton Prices in Turkey**

| Aegean Cotton Price * | Color Grade 41  |
|-----------------------|-----------------|
| MY 2020/21 & 2021/22  | US cent per lb. |
| 2021, March           | 95.09           |
| 2021, April           | 96.42           |
| 2021, May             | 98.01           |
| 2021, June            | 100.41          |
| 2021, July            | 105.49          |
| 2021, August          | 120.10          |
| 2021, September       | 111.59          |
| 2021, October         | 129.54          |
| 2021, November        | 119.65          |
| 2021, December        | 108.40          |
| 2022, January         | 116.49          |
| 2022, February        | 129.60          |

\* Average of prices that occurred at [Izmir Commodity Exchange](#) during real time transactions in each month.

<sup>1</sup> First time in the history, in Feb. 2022, International Statistical Institute (ISI) and International Association for Official Statistics (IAOS) reacted to the way of appointments of officials to TurkStat & indicated that they are *deeply concerned*. See the letter: [https://www.isi-web.org/files/docs/statements-and-letters/2022-02-11\\_isi-reaction-head-of-the-turkish-stats-office.pdf](https://www.isi-web.org/files/docs/statements-and-letters/2022-02-11_isi-reaction-head-of-the-turkish-stats-office.pdf) The Federation of European National Statistical Societies (FENStatS) endorsed the letter: [https://www.fenstats.eu/news/2022-02-13\\_Reaction\\_dismiss\\_TUIK\\_head](https://www.fenstats.eu/news/2022-02-13_Reaction_dismiss_TUIK_head)

<sup>2</sup> CPI inflation for 2021 was 36.08 percent and PPI inflation for 2021 was 79.89 percent.

The third and largest area of production for cotton is in the southeast of Turkey, where the Southeast Anatolia Project (GAP) has been underway since the late 1980s. GAP is a major hydroelectric and irrigation project constructed by the Government of Turkey (GoT) and supporting the plains of the southeastern area of the country. The GAP area includes the northern Mesopotamia region north of the Turkish – Syrian border. According to market sources, the investment pace has slowed in the last decade or so, especially in terms of the irrigation phases of the project.

In addition to these three major planting zones, there is a small amount of cotton production around Antalya. Most of Turkey's cotton is planted between mid-March and mid-May and harvested from mid-August through November.

#### *Sufficient Seed Supplies Available for Planting MY 2022/23 Cotton Crop*

Market sources indicate that cotton seeds for planting are readily available in the market from different sources/brands for planting in MY 2022/23. During last year's planting season, there were concerns about seed shortages because of reports that some conventional seeds were contaminated with genetically engineered (GE) seeds. Turkey does not allow GE seeds in accordance with the [Biosafety Law](#). For more information about the law, please see our [Agriculture Biotechnology Annual Report](#) for more information.

Increased utilization of certified seeds, estimated to be about 95 percent of total seeds, compared to a few decades ago has also helped increase yields. Additional information can be found in the [Planting Seeds Sector Report](#).

Farmers and farmer associations are interested in seeing government research centers develop new and better local seed types that are adaptable to current farming conditions, such as more drought resistant varieties. Additionally, allowing imports and development of GE seeds can help improve yields in Turkey. However, due to Turkey's aforementioned Biosafety Law, farmers do not have access to GE insect resistant or drought resistant seeds.

#### *Sustainable & Organic Production Expected to Grow*

Turkey is hoping to increase the production of both [Better Cotton Initiative](#) (BCI) cotton and organic cotton in the coming years as the demand for organic apparel/garments is expected to grow. BCI refers to cotton produced with sustainable farming practices, such as using less chemicals and water during production. This space is considered a growing niche market in which Turkey can be more successful compared to some other larger garment producing countries.

In MY 2021/22, BCI cotton production was about 104,140 MT (478,314 bales), or almost 13 percent of total cotton production, as reported by Turkey's [Association of Better Cotton Initiative](#) (IPUD). The Association forecasts that BCI cotton production will increase further to approximately 132,000 MT (609,000 bales) in MY 2022/23 due to increased demand from local textile companies. The first harvest of BCI cotton in Turkey was in 2013.

IPUD announced that they conducted trainings for ginneries this past winter in collaboration with [European Bank of Reconstruction and Development](#) (EBRD). Market sources indicate that the orders

for apparel/garments made from this type of cotton/yarn/fabric is increasing, especially from European clothing/fashion brands, the most important market for Turkey's ready-to-wear-apparel/garments.

The Turkish Ministry of Agriculture & Forestry (MinAF) reported production of organic cotton during 2020/21 fell considerably from the previous year to 6,075 MT (27,902 bales), representing a reduction of about 75 percent. Similarly, the production of "in transition to organic cotton" dropped during the same period, totaling 11,870 MT (54,518 bales), representing nearly a 60 percent reduction. Despite the decreased production, organic cotton is expected to grow over the long term.

## **II. Production Policy**

### *Better Irrigation Technology Important to Future Cotton Production in Turkey*

Last year's drought conditions triggered discussions among farmers and the Turkish government about the need for new and better irrigation techniques and technologies, which are lacking all over the country. However, little progress has been made in installing new technologies over the past year, and furrow irrigation remains the main way farmers water their crops. More investment in irrigation systems in the main crop-growing regions of the country will be needed as water resources are expected to become increasingly scarce because of climate change.

The GoT has spent more than \$25 billion over the past three decades on a large irrigation and agricultural extension project in Southeast Anatolia, known as the GAP project. When finished, the goal of the project is to irrigate 1.4 million hectares of land using water from 22 dams. To date, about 80 percent of the hydroelectric projects are completed, but only 25 percent of the irrigation projects. During the last five years, the GoT allocated funds for the project to revitalize some of the irrigation projects, probably due to increasing dry weather conditions. In a few years, it is expected that a total of 1.1 million hectares of land in this region will be irrigated, both through the project and through the private sector's independent efforts. This increased irrigation could eventually increase cotton planting and production in the region.

### *Government & Industry Incentives Support Conventional and Organic Cotton Production*

The GoT uses subsidies to incentivize cotton production. The subsidy remains unchanged from the past two years and has been eroded by inflation. As mentioned in [earlier reports](#), the GoT ties the subsidy payment to having the farmers rotate their crops in order to improve soil quality. Farmers are unable to receive subsidy payments if they plant the same crop for three-years in a row. As many farmers chose to rotate to a different crop in MY 2020/21, they are eligible to receive the subsidy in MY 2022/23. These subsidies are intended to support farmers, who are facing tighter profit margins from rising input costs.

Demand for organic cotton is expected to increase going forward due to growing demand from U.S. and European clothing brands. To spur greater domestic production of organic cotton, the [Turkish Garment Manufacturers' Association](#) (TGSD), in cooperation with the MinAF, announced this past December a new organic cotton production project for MY 2022/23. The project will work with 200 farmers in the Soke area (Aydin province) of the Aegean Region to grow 5,000 metric tons of organic cotton on 20,000 ha of land. TGSD is offering a purchasing guarantee for the product that will be harvested during the three-year transition period.

In parallel to the project in the Soke area, TGSD plans to launch projects in the Urfa and Izmir provinces. TGSD predicts that 20 percent of the Turkish ready-to-wear-apparel/garment exports will be based on yarn and fabric produced from organic cotton by 2025.<sup>3</sup> TGSD is undertaking these projects to produce more organic cotton domestically, since sourcing it from abroad is difficult and expensive.

As mentioned in [earlier reports](#), sourcing organic cotton/yarn/fabric is challenging as the demand for organic made garments is growing faster than the increase in organic cotton cultivation in the world. Consumers of ready-to-wear-apparel demand more organic and “better cotton” (e.g., [U.S. Cotton Trust Protocol](#) cotton or BCI cotton) made garments, in addition to demanding better traceability of their apparel/garments, especially in developed countries. As the traceability requests increase from ordering brands, TGSD has said that they will increase the traceability of each garment.

### *Turkey’s Cotton Production is Highly Mechanized*

The total number of mechanical harvesters in Turkey has increased rapidly to about 1,300 by the beginning of 2020, according to the latest data from TurkStat. Most harvesters are modern and new, and about 20 percent are used and modified harvesters. According to the same data, about 50 percent of these harvesters are in the Southeast Anatolian region, 30 percent are in the Aegean region, and 20 percent of the harvesters are in the Adana region, including Cukurova, Osmaniye, Mersin, Antalya, and Hatay. Most of the cotton in Turkey is being harvested by machine, and human labor is confined to smaller fields where using a harvester is inefficient. The demand for mechanical harvesters has increased in recent years because the high cost and scarcity of labor have resulted in cotton picking delays and losses.

There are an estimated 575 cotton gins in Turkey, all of which are owned privately by companies or cooperatives. The majority of the gins in Turkey are roller gins. However, the recent increase in machine harvesting has triggered the construction of new saw gins. The agricultural cooperatives [Taris](#) and [Cukobirlik](#) have invested in new saw gins to meet the needs of their members. Private groups continue to invest in saw gin projects in the GAP region as well.

The ginning rate average is about 38-40 percent, depending on the season’s cotton quality and the region where farming/ginning is done. Ginners generally purchase seed cotton directly from growers. In recent years, an increasing amount of local cotton is graded by HVI machines at the measurement centers run by the regional commodity exchanges. The [Izmir Commodity Exchange](#) is the pioneer in this area with [its two laboratories](#) in the region. They also have established a branch in the GAP region in Sanliurfa. Also, [Soke Commodity Exchange](#) (SCE) has a cotton grading lab working with HVI machines to grade local cotton by international standards.

## **III. Consumption**

Post forecasts that consumption of cotton in Turkey will increase to 1.9 million metric tons (MMT) (8.73 million bales) in MY 2022/23, representing a 4.4 percent increase compared to last season. Cotton

---

<sup>3</sup> Sample news excerpt on this project <https://www.dunya.com/sektorler/tarim/tgsd-200-ciftciyle-organik-pamuk-uretimini-artiracak-haberi-643633>



consumption for MY 2021/22 is now estimated at 1.82 MMT (8.36 million bales), 1.6 percent lower than the [previous estimate](#) in November 2021.

### *Consumption Increases as Effects from the Pandemic Recede*

With normalizing COVID-19 pandemic conditions in summer and fall 2021, the consumption of textiles and ready-to-wear garments in Europe, the United States, and Turkey started to increase as consumers returned to pre-covid shopping patterns. In December 2021, near the end of the first half of MY 2021/22, the *omicron* variant of COVID-19 spread around the world, creating a temporary slowdown in consumption. Additionally, domestic demand in Turkey for ready-to-wear-apparel also slowed down because of the deteriorating macro-economic conditions in the country and extreme depreciation of the TL. Post's [Exporter Guide](#) has additional information about the worsening macro-economic situation for interested readers.

The Turkish garment/apparel industry was reportedly experiencing problems of pricing for export markets, owing to the instability of the value of TL. Buyers in export markets demanded price cutbacks in USD – Euro terms, claiming Turkey's USD – Euro costs of production, such as labor, had decreased for Turkish producers. However, electricity costs in Turkey skyrocketed in parallel with both the depreciation of the TL and the increase of energy prices in global markets. Given the current economic situation in Turkey, it seems impractical for Turkish producers to cut back on USD – Euro prices. Market sources indicate that this pricing difference resulted in some canceled orders, with some of the lost business going to other prominent producer countries. In other words, this meant that some (*not all*) of the new orders that had come to Turkey due to COVID-19 challenges have returned back to India, Pakistan, China etc.

### *Temporary Electricity Shortages Have Minimal Impact on Cotton Demand*

Turkey was forced to shut down all organized industrial zones (OIZs) for three days a week for two weeks of January 2022 because of the natural gas (NG) supply disruptions from Iran, a major NG supplier to Turkey. A great deal of the imported NG is converted to electricity in the country. The GoT did not want to cut the electricity for home use and, therefore, decided to halt industry use. At the same time, manufacturers outside OIZs were given 60 percent of the regularly provided electricity during those six days.

In contrast to apparel/garment producers, yarn, and fabric producers, as well as textile treatment facilities, were more affected from these power interruptions since their operations are mostly located in OIZs. The shortages in electricity resulted in manufacturing interruptions, which led to a slowdown in cotton use for those few weeks. Luckily, the supplies of imported natural gas returned quickly, and market sources indicate that the effects from this interruption can easily be made up in the following months, if needed. Post does not anticipate an interruption in electricity production for the coming months since Turkey's production of hydro and solar energy will pick up in the spring and summer months. At the same time, Post does not foresee any supply issues with imports of Russian NG.

### *Declining Apparel Orders from Russia and Ukraine May Impact Turkey's Cotton Consumption*

The war in Ukraine has affected orders for Turkish ready-to-wear apparel/garments from both Ukraine and Russia, both major markets. Ukrainian buyers canceled orders citing *force majeure* reasons, and many shipments to Russia were paused since there was concern over payment methods due to banking sanctions. At the same time, some European fashion brands, many of which source from Turkey, stopped operations in Russia. These combined developments will have a negative impact on Turkish exports to Russia.

Depending on the length of this crisis, Turkey's cotton consumption for the current and next marketing years could be lower than presently estimated. A drawn-out crisis could lead to a slowdown in demand from European countries, as consumers' appetite to spend may possibly wane. Additionally, a likely decline in Ukrainian and Russian tourists in summer 2022 will push garment sales down in major tourist destinations in Turkey.

Post expects some of these lost sales to Russia will be made up by luggage trade, a practice where travelers come to Turkey to buy in cash and return with the goods in hand to sell in their home countries. This used to be a common practice for sales to Russia, and renewed luggage trade could compensate for lost purchases that tourists would have made during the summer travel season.

Additionally, according to the latest news reports in March 2022, Turkish brands that have stores in Russia reported having doubled sales after many large western brands closed their stores. Reportedly, 34 Turkish ready-to-wear-apparel/garment brands have 657 stores around Russia. Turkey has taken a more neutral path in terms of limiting exports and pausing trade with Russia.<sup>4</sup>

### *Earlier Shortages of Yarn Subside*

As of March 2022, Turkey's cotton yarn shortage, mentioned in our [earlier reports](#) in 2021, has diminished for the time being. Producers of yarn are replenishing their cotton stocks now at a more cautious pace, yet not stopping purchases, and cotton yarn manufacturers are still working at high capacity.

### *Turkey's Textile Industry Remains a Major Driver of the Turkish Economy*

The textile industry continues to be one of the most important sectors for the Turkish economy. According to the [Turkish Exporter's Assembly](#) data, in calendar year (CY) 2021, exports of ready-to-wear items reached \$20.25 billion, up 18 percent year-over-year. Exports of textile and raw materials climbed to \$10.15 billion, an increase of 39 percent compared to a year ago. This was a record high export figure for Turkey in the textile/garment/apparel industry. Overall, the share of textiles and products of Turkey's total exports was about 15 percent in 2020, making it one of the top export industries of the country. Turkish textile exporters have the advantage of faster order response times and higher quality compared to many of their competitors.

---

<sup>4</sup> News excerpt in Turkish <https://www.dunya.com/sektorler/yabanci-rusyadan-cikti-turk-markalar-ciroyu-2ye-katladi-haberi-652077>



Turkey's yarn production capacity is estimated at 8-8.5 million spindles and 800,000-900,000 rotors. Turkey ranks among the top five countries in the world in terms of yarn production capacity and number six in ready-to-wear-items production. Over the years, Turkish mills have invested in new machinery and technology to increase quality and lower costs to stay ahead in the very competitive international textile trade. These investments signal a long-term, positive trend for cotton consumption in Turkey.

#### *Domestic Cotton Traded on Domestic Exchanges*

Domestic cotton is mainly sold directly to mills, and the remainder is traded on a spot basis at the exchange in Izmir. The Izmir exchange also trades some cotton from other regions and countries. There are smaller spot markets in Adana and in the Southeast.

The [Izmir Commodity Exchange](#) formed a company and built a [large licensed storage facility](#) with 15,000 MT capacity where farmers can leave their cotton for future sales. The [Sanliurfa Commodity Exchange](#) in the GAP region has also built a 20,000 MT capacity [licensed storage facility](#) that started operations in January 2019. Furthermore, [Soke Commodity Exchange](#) declared in December 2021 that they would build a licensed cotton warehouse in the Soke region, with support of [Izmir Development Agency](#) and [Southern Aegean Region Development Agency](#). The facility is scheduled to open in October 2022, during the cotton harvest season in the area. These storage facilities will bring new opportunities to Turkish farmers in cotton marketing, ease early season price pressures, and enable them to sell later in the season with higher prices.

## **IV. Trade**

Post forecasts approximately 1.15 MMT (5.28 million bales) of cotton imports for the MY 2022/23, which is unchanged from the previous year's estimate. Turkey's cotton imports reached a record 555,678 MT (2.55 million bales) during the first half of the MY 2021/22.

With demand for cotton expected to continue outpace local production, Turkey is expected to continue importing cotton for years to come.

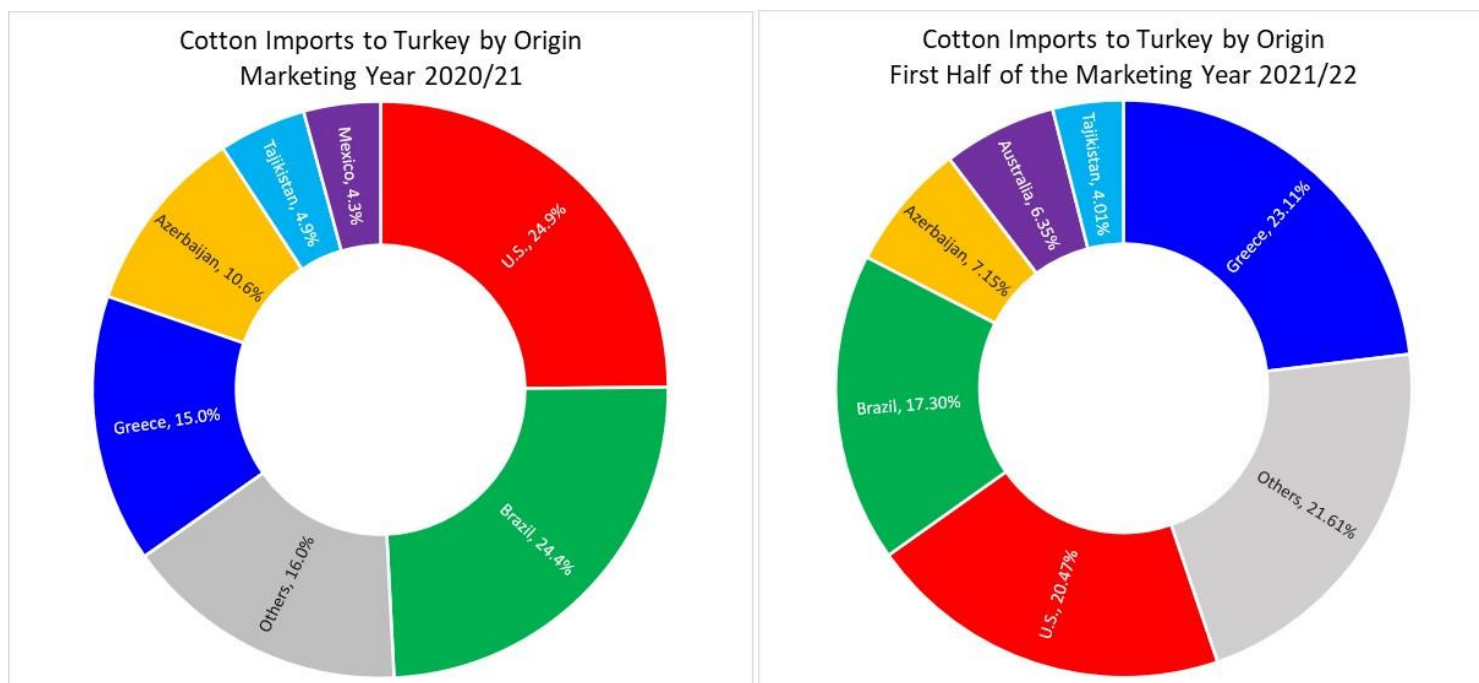
#### *Imports of Greek Cotton Off to Fast Start Due to Supply Chain Bottlenecks in US and Brazil*

In the first six months of MY 2021/22, Greece has been the leading supplier of cotton to Turkey with imports of 128,409 MT (589,778 bales) and a market share of about 20 percent. Imports from the United States totaled 113,730 MT (552,358 bales), with a market share of about 20 percent. The other leading supplier of cotton was Brazil with 96,153 MT (441,627 bales), representing a market share of about 17 percent. Some other important cotton suppliers for the first half of the MY 2021/22 were Azerbaijan, Australia, Tajikistan, and Turkmenistan.

The reason Greece became the leading supplier for the first six months of the marketing year reportedly stems from ongoing transatlantic container shipping challenges affecting shipments from both the United States and, to a lesser extent, Brazil. Greece has available exportable supplies and can ship cotton by truck to Turkey. By comparison, cotton shipments from the United States used to normally arrive in Turkey 30-days after purchase but are now taking on average 60 days.

Post expects that import volumes from Greece will level out and begin to slow over the second half of the marketing year as exportable supplies shrink and as U.S. and Brazilian cotton shipments take over. Post predicts that U.S. cotton purchases will pick up in the second half of the year as U.S. suppliers work through container issues. Under normal conditions, imports of U.S. cotton are typically the strongest during the second half of the marketing year.

**Chart 2: Cotton imports to Turkey from various sources (previous & current MY)**



Source: Trade Data Monitor.

### *Competition from Brazilian Cotton Increasing*

Brazil has made gradual inroads into the Turkish market, meaning stronger competition for U.S. cotton sales in Turkey. In March 2022, the [Brazilian Association of Cotton Producers](#) (ABRAPA) held two, one-day [Cotton Brazil Outlook](#) seminars in two cities to promote Brazilian cotton. Market sources indicate that a QR code put on Brazilian cotton bales will [ensure better traceability](#), providing information such as the farmer, location of the farm, and production date. Traceable cotton is increasingly attractive to Turkish buyers since global customers of the Turkish ready-to-wear-apparel industry are demanding greater product traceability and sustainability.

### *Turkey Exports Small Amounts of Cotton*

Cotton exports for MY 2022/23 are estimated at 140,000 MT (543,015 bales), slightly higher than the previous year. As Turkey is a major yarn/fabric/textile/apparel/fast-fashion producer country, most of the cotton produced or imported is used domestically. Only a small amount is exported, some of which is organic cotton.

During the first six months of MY 2020/21, Turkey's cotton exports were 64,980 MT (298,451 bales). Of this amount, 40,564 MT (186,307 bales) was raw cotton for textile use and 24,416 MT (112,144 bales) was hydrophilic cotton for medical and cosmetic use. Pakistan (19,008 MT), Bangladesh (6,602 MT), and China (4,959 MT) were the leading foreign destinations for Turkish cotton for textiles during this period. EU countries were the primary destinations for the Turkish hydrophilic cotton.

#### *Imports and Exports of Cotton Yarn Both Increase*

Turkey imports and exports sizeable volumes of cotton yarn. In 2021, imports of cotton yarn increased by nearly 16 percent year-over-year, reaching 234,370 MT. Cotton yarn exports also increased from the previous year by almost 52 percent up to 198,193 MT. Increasing demand for cotton apparel in international markets and higher international prices of cotton yarn contributed to the increase of the cotton yarn exports from Turkey.

While Central (Uzbekistan, Turkmenistan, Azerbaijan) and South (India, Pakistan) Asian countries were the main sources for yarn imports, European Union (EU) member countries were the main destination for Turkish yarn exports. In addition to EU countries, Egypt, Pakistan, and Bangladesh continued to be important cotton yarn customers of Turkey in CY 2021.

#### *Cotton Fabric Imports and Exports Increase; Uzbekistan Sells to Turkey for the First Time*

Turkey's cotton fabric imports and exports were 289 million m<sup>2</sup> and 535 million m<sup>2</sup> respectively during CY 2021. Cotton fabric imports increased about 10 percent year-on-year, while cotton fabric exports also went up about 25 percent. Demand for fabric is growing commensurate with demand for ready-to-wear-apparel as consumers return to pre-pandemic buying patterns.

EU countries continue to be the main destinations for Turkish cotton fabric exports, together with Pakistan, Egypt, Tunisia, and Morocco. Meanwhile, Pakistan, Turkmenistan, China, and Egypt are the main suppliers of cotton fabric to Turkish ready-to-wear-garment production industry. A few European countries and India were also among the sources for imports of cotton fabrics for 2021. Of note, Uzbekistan started selling cotton fabric to Turkey for the first time, with volumes going from zero in 2020 to 2.8 million m<sup>2</sup> in 2021.

## **V. Policy**

#### *No Duty on Imported Cotton, But Yarn from non-FTA Partners Faces Higher Import Tax*

Cotton imports are subject to a zero-import duty. Up until April 2021, there was a three percent anti-dumping duty on U.S. cotton imports for the previous five years. The Turkish textile, fashion, and ready-to-wear-apparel industry and the cotton yarn and fabric producers were supportive of removing the anti-dumping duty since they were the ones with increased costs as buyers of U.S. cotton. Details of the removal of the anti-dumping duty can be found in [our report](#).

Turkey issued a new import tax in January 2019 on imported cotton yarn. According to the new cotton yarn import regime, imports from countries with which Turkey has a trade agreement, such as EU and

EFTA member countries, South Korea, Bosnia, Malaysia, and Singapore, continue to face zero tariffs. However, imports of cotton yarn from other countries, such as the United States and countries under the Generalized System of Preferences, are subject to 5 percent tariffs for imports under HS 520511-520512 and HS 520611-520612, and 8 percent for imports under HS 52051-520528 and HS 520613-520625.

Furthermore, under a presidential decree in August 2019, the government decided to apply additional tariffs to some kinds of imported cotton yarn. This will affect the countries that are not in a free trade agreement (FTA) with Turkey. For these countries, such as the United States and the countries under the Generalized System of Preferences, yarns with HS Codes from 520531 to 520548 and HS Codes from 520631 to 520643 will face an additional tariff of 5 or 8 percent depending on the HS Code. The FTA countries will continue to have a zero-import tariff.

### *Mandatory Registration Requirement Discourages Organic Cotton Exports*

On May 25, 2021, the Turkish Ministry of Trade published a communiqué making the registration of cotton exports mandatory. The intention behind this registration requirement is to discourage organic cotton exports and instead use it in local production for eventual export. The Turkish ready-to-wear apparel industry is facing difficulty in sourcing organic cotton/yarn/fabric locally, at a time when orders from Europe for garments made from organic cotton is increasing.

An online system, administered by the Istanbul Textile and Confectionary Exporters Union ([ITKIB](#)), is used to register the intended exports. This system is used for some other products in Turkey too, such as the food industry. A trading company becomes a member of the online system, registers the intended exports of cotton, and then waits for approval from ITKIB acknowledging the submission of the required documents for export. Market sources indicate that the system specifically asks if the cotton to be exported is organic or conventional, and a statement to discourage (not ban) exports of organic cotton appears if the user picks organic. Turkey's textile and garment and apparel producers and exporter associations and unions continue to lobby to ban exports of organic cotton from Turkey, as they have difficulties sourcing organic cotton, [as mentioned in our previous update](#).

## VI. Production, Supply and Distribution Tables

**Table 3: Production, Supply and Distribution Table, Bales**  
(thousands of hectares, thousands of 480lb. bales)

| Cotton               | 2020/2021     |          | 2021/2022     |          | 2022/2023     |          |
|----------------------|---------------|----------|---------------|----------|---------------|----------|
| Market Begin Year    | August 2020   |          | August 2021   |          | August 2022   |          |
| Turkey               | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted         | 0             | 0        | 0             | 0        | 0             | 0        |
| Area Harvested       | 350           | 350      | 450           | 450      | 0             | 525      |
| Beginning Stocks     | 2,766         | 2,363    | 2,708         | 2,422    | 2,658         | 2,537    |
| Production           | 2,900         | 2,894    | 3,800         | 3,789    | 0             | 4,248    |
| Imports              | 5,327         | 5,328    | 5,200         | 5,282    | 0             | 5,282    |
| MY Imports from U.S. | 0             | 0        | 0             | 0        | 0             | 0        |
| Total Supply         | 10,993        | 10,584   | 11,708        | 11,493   | 2,658         | 12,068   |
| Exports              | 585           | 583      | 650           | 597      | 0             | 643      |
| Use                  | 7,700         | 7,578    | 8,400         | 8,359    | 0             | 8,727    |
| Loss                 | 0             | 0        | 0             | 0        | 0             | 0        |
| Total Dom. Cons.     | 7,700         | 7,578    | 8,400         | 8,359    | 0             | 8,727    |
| Ending Stocks        | 2,708         | 2,422    | 2,658         | 2,537    | 2,658         | 2,698    |
| Total Distribution   | 10,993        | 10,584   | 11,708        | 11,493   | 2,658         | 12,068   |

Source: USDA forecasts, FAS Istanbul forecasts.

**Table 4: Production, Supply and Demand Table, Metric Tons**  
(thousands of hectares, thousands of MT)

| Cotton               | 2020/2021     |          | 2021/2022     |          | 2022/2023     |          |
|----------------------|---------------|----------|---------------|----------|---------------|----------|
| Market Begin Year    | August 2020   |          | August 2021   |          | August 2022   |          |
| Turkey               | USDA Official | New Post | USDA Official | New Post | USDA Official | New Post |
| Area Planted         | 0             | 0        | 0             | 0        | 0             | 0        |
| Area Harvested       | 350           | 350      | 450           | 450      | 0             | 525      |
| Beginning Stocks     | 602           | 514      | 590           | 527      | 579           | 552      |
| Production           | 631           | 630      | 827           | 825      | 0             | 925      |
| Imports              | 1,160         | 1,160    | 1,132         | 1,150    | 0             | 1,150    |
| MY Imports from U.S. | 0             | 0        | 0             | 0        | 0             | 0        |
| Total Supply         | 2,393         | 2,304    | 2,549         | 2,502    | 579           | 2,627    |
| Exports              | 127           | 127      | 142           | 130      | 0             | 140      |
| Use                  | 1,676         | 1,650    | 1,829         | 1,820    | 0             | 1,900    |
| Loss                 | 0             | 0        | 0             | 0        | 0             | 0        |
| Total Dom. Cons.     | 1,676         | 1,650    | 1,829         | 1,820    | 0             | 1,900    |
| Ending Stocks        | 590           | 527      | 579           | 552      | 579           | 587      |
| Total Distribution   | 2,393         | 2,304    | 2,549         | 2,502    | 579           | 2,627    |

Source: USDA forecasts, FAS Istanbul forecasts

## VII. Trade Matrices

### a. Cotton Trade Matrices

**Table 5: Cotton Imports to Turkey (HS Code: 5201), 480lb. Bales**

| TURKEY                 |            |                        |            |                        |                        |
|------------------------|------------|------------------------|------------|------------------------|------------------------|
| COTTON                 |            |                        |            |                        |                        |
| Import Trade Matrix    |            |                        |            |                        |                        |
| Units:                 | Bales      |                        |            |                        |                        |
| Time Period            | Aug/July   |                        | Aug/July   |                        | Aug/Jan0<br>(6 Months) |
| Imports for:           | MY 2019/20 |                        | MY 2020/21 |                        | MY 2021/22             |
| U.S.                   | 1,769,876  | U.S.                   | 1,324,275  | U.S.                   | 522,358                |
| <b>Others</b>          |            | <b>Others</b>          |            | <b>Others</b>          |                        |
| Brazil                 | 878,666    | Brazil                 | 1,299,056  | Greece                 | 589,778                |
| Greece                 | 752,925    | Greece                 | 797,573    | Brazil                 | 441,627                |
| Azerbaijan             | 327,129    | Azerbaijan             | 563,107    | Azerbaijan             | 182,552                |
| Mexico                 | 222,364    | Tajikistan             | 260,540    | Australia              | 162,040                |
| Tajikistan             | 184,706    | Mexico                 | 229,938    | Tajikistan             | 102,249                |
| Turkmenistan           | 85,815     | Syria                  | 134,537    | Turkmenistan           | 97,752                 |
| Kyrgyzstan             | 69,133     | Uzbekistan             | 126,068    | Spain                  | 58,358                 |
| Sudan                  | 63,622     | Sudan                  | 92,002     | Cote d'Ivoire          | 44,566                 |
| Uzbekistan             | 60,296     | Kazakhstan             | 79,624     | Mexico                 | 44,377                 |
| Kazakhstan             | 52,346     | Kyrgyzstan             | 76,353     | Syria                  | 43,840                 |
| <b>Total of others</b> | 2,697,002  | <b>Total of others</b> | 3,658,796  | <b>Total of others</b> | 1,767,138              |
| Others not listed      | 204,038    | Others not listed      | 344,399    | Others not listed      | 262,713                |
| <b>GRAND TOTAL</b>     | 4,670,916  | <b>GRAND TOTAL</b>     | 5,327,471  | <b>GRAND TOTAL</b>     | 2,552,209              |

Source: Trade Data Monitor



**Table 6: Cotton Imports to Turkey (HS Code: 5201), metric tons (MT)**

| TURKEY                 |                  |                        |                  |                        |                       |
|------------------------|------------------|------------------------|------------------|------------------------|-----------------------|
| COTTON                 |                  |                        |                  |                        |                       |
| Import Trade Matrix    |                  |                        |                  |                        |                       |
| Units:                 | Metric Tons      |                        |                  |                        |                       |
| Time Period            | Aug/July         |                        | Aug/July         |                        | Aug/Jan<br>(6 Months) |
| Imports for:           | MY 2019/20       |                        | MY 2020/21       |                        | MY 2021/22            |
| U.S.                   | 385,345          | U.S.                   | 288,327          | U.S.                   | 113,730               |
| <b>Others</b>          |                  | <b>Others</b>          |                  | <b>Others</b>          |                       |
| Brazil                 | 191,307          | Brazil                 | 282,836          | Greece                 | 128,409               |
| Greece                 | 163,930          | Greece                 | 173,651          | Brazil                 | 96,153                |
| Azerbaijan             | 71,224           | Azerbaijan             | 122,602          | Azerbaijan             | 39,746                |
| Mexico                 | 48,414           | Tajikistan             | 56,726           | Australia              | 35,280                |
| Tajikistan             | 40,215           | Mexico                 | 50,063           | Tajikistan             | 22,262                |
| Turkmenistan           | 18,684           | Syria                  | 29,292           | Turkmenistan           | 21,283                |
| Kyrgyzstan             | 15,052           | Uzbekistan             | 27,448           | Spain                  | 12,706                |
| Sudan                  | 13,852           | Sudan                  | 20,031           | Cote d'Ivoire          | 9,703                 |
| Uzbekistan             | 13,128           | Kazakhstan             | 17,336           | Mexico                 | 9,662                 |
| Kazakhstan             | 11,397           | Kyrgyzstan             | 16,624           | Syria                  | 9,545                 |
| <b>Total of others</b> | <b>587,203</b>   | <b>Total of others</b> | <b>796,609</b>   | <b>Total of others</b> | <b>384,749</b>        |
| Others not listed      | 44,424           | Others not listed      | 74,984           | Others not listed      | 57,199                |
| <b>GRAND TOTAL</b>     | <b>1,016,972</b> | <b>GRAND TOTAL</b>     | <b>1,159,920</b> | <b>GRAND TOTAL</b>     | <b>555,678</b>        |

Source: Trade Data Monitor

## b. Cotton Yarn Trade Matrices

**Table 7: Cotton Yarn Imports to Turkey (HS Code: 5204, 5205, 5207), metric tons (MT)**

| <b>TURKEY</b>              | <b>COTTON YARN</b>       |                |                |
|----------------------------|--------------------------|----------------|----------------|
| <b>Import Trade Matrix</b> | <b>Units: Metric Ton</b> |                |                |
| <b>Time Period</b>         | <b>Jan-Dec</b>           | <b>Jan-Dec</b> | <b>Jan-Dec</b> |
| <b>Import from:</b>        | <b>CY 2019</b>           | <b>CY 2020</b> | <b>CY 2021</b> |
| U.S.                       | 4                        | 7              | 0              |
| <b>Others</b>              |                          |                |                |
| Uzbekistan                 | 76,167                   | 90,183         | 125,607        |
| Turkmenistan               | 51,769                   | 50,529         | 58,968         |
| India                      | 14,157                   | 25,233         | 19,890         |
| Azerbaijan                 | 7,874                    | 5,315          | 15,134         |
| Pakistan                   | 16,181                   | 12,563         | 5,816          |
| Tajikistan                 | 6,290                    | 5,987          | 3,506          |
| Egypt                      | 5,043                    | 4,655          | 2,267          |
| China                      | 1,965                    | 1,363          | 881            |
| Kazakhstan                 | 104                      | 205            | 537            |
| Morocco                    | 0                        | 328            | 275            |
| <b>Total of others</b>     | <b>179,550</b>           | <b>196,361</b> | <b>232,881</b> |
| Others not listed          | 11,243                   | 6,222          | 1,489          |
| <b>GRAND TOTAL</b>         | <b>190,797</b>           | <b>202,590</b> | <b>234,370</b> |

Source: Trade Data Monitor

**Table 8: Cotton Yarn Exports from Turkey (HS Code: 5204, 5205, 5207), metric tons (MT)**

| <b>TURKEY</b>              | <b>COTTON YARN</b>       |                |                |
|----------------------------|--------------------------|----------------|----------------|
| <b>Export Trade Matrix</b> | <b>Units: Metric Ton</b> |                |                |
| <b>Time Period</b>         | <b>Jan-Dec</b>           | <b>Jan-Dec</b> | <b>Jan-Dec</b> |
| <b>Export to:</b>          | <b>CY 2019</b>           | <b>CY 2020</b> | <b>CY 2021</b> |
| U.S.                       | 1,329                    | 1,417          | 1,662          |
| <b>Others</b>              |                          |                |                |
| Portugal                   | 26,015                   | 21,304         | 44,670         |
| Italy                      | 25,680                   | 20,867         | 32,535         |
| Egypt                      | 17,301                   | 16,600         | 21,665         |
| Pakistan                   | 7,773                    | 16,805         | 15,842         |
| Bangladesh                 | 1,575                    | 1,100          | 15,809         |
| Germany                    | 7,987                    | 8,137          | 8,035          |
| Spain                      | 8,618                    | 6,123          | 6,820          |
| Bulgaria                   | 4,723                    | 4,449          | 5,941          |
| Greece                     | 4,004                    | 4,237          | 5,238          |
| France                     | 2,068                    | 2,094          | 3,332          |
| <b>Total of others</b>     | <b>105,744</b>           | <b>101,716</b> | <b>159,887</b> |
| Others not listed          | 33,635                   | 27,385         | 36,634         |
| <b>GRAND TOTAL</b>         | <b>140,708</b>           | <b>130,518</b> | <b>198,183</b> |

Source: Trade Data Monitor

### c. Cotton Fabric Trade Matrices

**Table 9: Cotton Fabric Imports to Turkey, (HS Code: 5208, 5209), thds. of square meters (m<sup>2</sup>)**

| <b>TURKEY</b>              | <b>COTTON FABRIC</b>   |                |                |
|----------------------------|------------------------|----------------|----------------|
| <b>Import Trade Matrix</b> | <b>Units: 1,000 m2</b> |                |                |
| <b>Time Period</b>         | <b>Jan-Dec</b>         | <b>Jan-Dec</b> | <b>Jan-Dec</b> |
| <b>Import from:</b>        | <b>CY 2019</b>         | <b>CY 2020</b> | <b>CY 2021</b> |
| U.S.                       | 97                     | 40             | 49             |
| <b>Others</b>              |                        |                |                |
| Pakistan                   | 89,242                 | 81,431         | 88,014         |
| Turkmenistan               | 72,759                 | 65,039         | 73,514         |
| China                      | 58,323                 | 50,993         | 55,171         |
| Egypt                      | 27,514                 | 28,001         | 27,451         |
| Italy                      | 10,487                 | 10,254         | 10,714         |
| India                      | 12,125                 | 4,977          | 9,559          |
| North Macedonia            | 999                    | 1,993          | 4,785          |
| Spain                      | 3,756                  | 2,268          | 3,390          |
| Germany                    | 4,024                  | 3,337          | 3,283          |
| Uzbekistan                 | 10                     | 0              | 2,805          |
| <b>Total of others</b>     | <b>279,241</b>         | <b>248,293</b> | <b>278,686</b> |
| Others not listed          | 30,937                 | 15,655         | 10,583         |
| <b>GRAND TOTAL</b>         | <b>310,274</b>         | <b>263,988</b> | <b>289,318</b> |

Source: Trade Data Monitor

**Table 10: Cotton Fabric Exports from Turkey, (HS Code: 5208, 5209), thds. of square meters (m<sup>2</sup>)**

| <b>TURKEY</b>              | <b>COTTON FABRIC</b>   |                |                |
|----------------------------|------------------------|----------------|----------------|
| <b>Export Trade Matrix</b> | <b>Units: 1,000 m2</b> |                |                |
| <b>Time Period</b>         | <b>Jan-Dec</b>         | <b>Jan-Dec</b> | <b>Jan-Dec</b> |
| <b>Export to:</b>          | <b>CY 2019</b>         | <b>CY 2020</b> | <b>CY 2021</b> |
| U.S.                       | 3,665                  | 3,003          | 3,964          |
| <b>Others</b>              |                        |                |                |
| Italy                      | 72,344                 | 67,847         | 103,848        |
| Pakistan                   | 36,582                 | 31,021         | 46,467         |
| Belgium                    | 29,275                 | 28,600         | 33,341         |
| Spain                      | 25,570                 | 21,537         | 29,933         |
| Egypt                      | 19,816                 | 14,747         | 28,382         |
| Tunisia                    | 19,677                 | 21,191         | 26,944         |
| Morocco                    | 19,114                 | 16,681         | 24,850         |
| Portugal                   | 11,731                 | 11,901         | 23,898         |
| Romania                    | 20,595                 | 20,329         | 21,993         |
| France                     | 14,705                 | 18,625         | 16,717         |
| <b>Total of others</b>     | <b>269,407</b>         | <b>252,481</b> | <b>356,372</b> |
| Others not listed          | 181,256                | 173,928        | 174,601        |
| <b>GRAND TOTAL</b>         | <b>454,328</b>         | <b>429,413</b> | <b>534,936</b> |

Source: Trade Data Monitor

**Attachments:**

No Attachments