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Report Highlights:

In MY 2020/21, cotton production is estimated at 1.4 million 480 lb. bales, down 16.4 percent from the previous season due to a decrease in area planted, unfavorable weather conditions during harvest, and average yields. Greece is a major cotton exporter. Turkey was the main destination in MY 2019/20, accounting for approximately 52 percent of all exports.

Cotton Lint

Table 1: Production, Supply, and Demand (1000 480 lb. Bales)

Cotton	2019/2020		2020/2021		2021/2022	
	Market Year Begin: Aug 2019		Market Year Begin: Aug 2020		Market Year Begin: Aug 2021	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	285	285	270	276		260
Beginning Stocks	65	65	198	197		146
Production	1,675	1,675	1,400	1,400		1,333
Imports	30	31	30	29		33
Total Supply	1,770	1,771	1,628	1,626		1,512
Exports	1,467	1,469	1,350	1,350		1,280
Use	80	80	90	90		90
Loss	25	25	25	40		25
Total Dom. Cons.	105	105	115	130		115
Ending Stocks	198	197	163	146		117
Total Distribution	1,770	1,771	1,628	1,626		1,512

(1000 HA), 1000 480 lb. Bales

Source: FAS estimates based on Greek industry contacts

Production

Greece's MY 2020/21 cotton production is estimated at 1.4 million 480 lb. bales, down 16.4 percent from the previous season due to a decrease in area planted, unfavorable weather conditions during harvest, and average yields. MY 2020/21 cotton acreage decreased 3.1 percent, registering 276,000 ha. Area planted to cotton in MY2021/22 is expected to further decrease at approximately 5.5 percent in favor of sunflower, durum wheat and corn cultivation.

In addition to weather conditions, Medicane Ianos was a rare Mediterranean tropical-like cyclone that impacted Greece September 17-20, 2020. Due to extensive rainfall caused by Ianos, many areas of the Thessaly region were flooded. Extensive damage was reported in the farming areas of Farsala, Mouzaki and Karditsa. Cotton lint loss increased also as a result of the unusual weather event.

The Ministry of Rural Development and Food granted cotton farmers eight special exemptions for acaricides, three for fungicides and four for herbicides for use within March and December 2020.

Greek ginning companies have high production capacity, as most of the ginning units were built in the 1990s, but cotton production has significantly decreased since then. Nearly 80 percent of the companies

are privately owned while the remainder are cooperatives. Greece's financial crisis has negatively affected the cotton market, creating greater risk and uncertainty. Without help from banks, many ginners and cooperatives cannot afford to store their stocks. There is also debate concerning the survival of cooperatives accustomed to receiving large agricultural loans that are no longer available. Ginners generally do not contract with growers but compete with each other to purchase the crop.

Consumption

The consumption of domestic spinners is approximately 10 percent of lint production and the remainder is exported. The supply of ginned cotton is fragmented. Most spinners are export oriented due to demand from foreign markets. About 55 percent of cottonseed production is crushed for oil and oilseed cake or retained for seed. Cottonseed meal is used for feed for sheep and goat livestock; cottonseed oil is traditionally used in foods and snack-food manufacturing industries or converted into biodiesel.

The COVID-19 pandemic has disrupted the European textile and apparel industry like never before. Textile and clothing production has been reduced to the minimum and in some cases has been discontinued. Nevertheless, companies are contributing to the fight by manufacturing face masks, gowns, and other protective garments. According to the Hellenic Association of Textile Industries (SEVK), the Greek textile industry has been suffering from increased third-country imports (mainly from China, Pakistan, and Turkey). This has affected the sector in Greece, forcing many small Greek companies to shut down. According to the Hellenic Fashion Industry Association (SEPEE), the pandemic has also affected the textile manufacturing industry with total turnover in 2020 down approximately 30 percent, and retail sales down 23 percent. Cotton yarn exports in 2020 decreased by 31.8 percent, mostly due to decreased exports to Italy and Germany, while imports decreased slightly at 5.7 percent with the main suppliers being Turkey, Bulgaria, India, and Egypt.

Trade

Greece is a major cotton exporter. In the absence of a strong domestic demand, exports remain the preeminent channel for Greece's cotton lint production. In MY 2021/22, exports are forecasted to decrease by approximately 5.2 percent due to lower production. Cotton lint exports during MY 2019/20 increased by 8.3 percent driven by higher production but are expected to reduce by 8.1 percent in MY 2020/21. Export data show a decrease of 14.3 percent in the first half of MY 2020/21 due to lower production and demand drop as a result of the COVID-19 pandemic. Turkey was the main destination, representing 51.6 percent of total exports, followed by Egypt (17.8 percent), Indonesia (7.5 percent), and Bangladesh (6.3 percent). Generally, only small amounts of cotton are imported for blending by the domestic spinning industry.

Graph 1. Greece's Cotton Lint Exports in MY2019/20 (percent %)

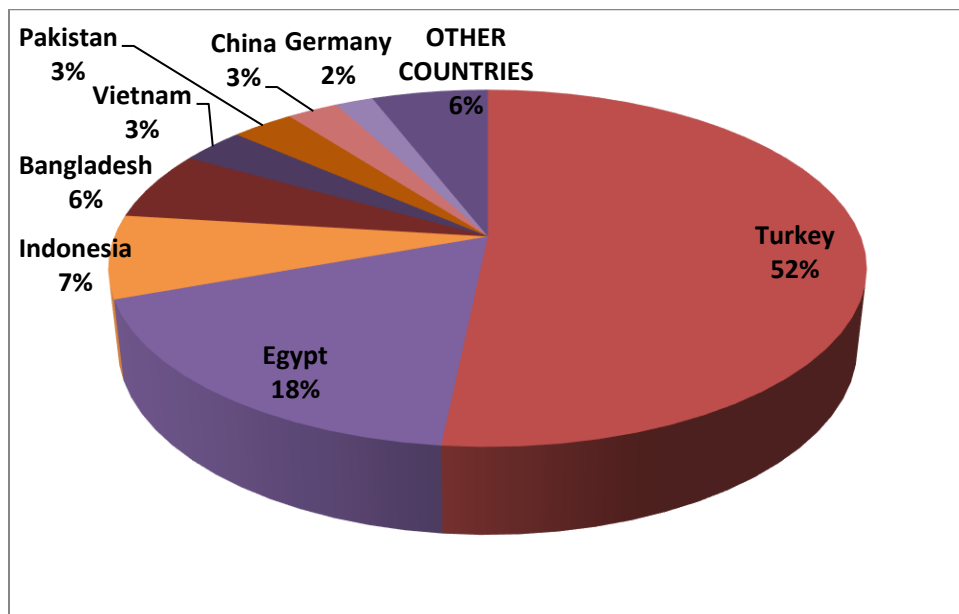


Table 2: Cotton Lint Exports (480 lb. bales)

	Aug-Jul 17/18	Aug-Jul 18/19	Aug-Jul 19/20
EU-27	50,273	50,180	56,543
Germany	25,091	21,433	28,059
Netherlands	0	13,674	9,323
France	12,036	1,811	7,848
Italy	7,560	7,923	6,652
Extra EU-27	1,025,918	1,305,671	1,412,324
Turkey	479,999	451,959	758,513
Egypt	220,488	238,175	261,346
Indonesia	85,071	144,992	110,630
Bangladesh	45,683	82,720	91,812
Vietnam	21,823	60,315	47,501
Pakistan	38,709	56,692	46,395
China	33,063	151,023	38,211
World	1,076,191	1,355,851	1,468,867

Source: TDM (Trade Data Monitor)

Table 3: Cotton Lint Imports (480 lb. bales)

	Aug-Jul 17/18	Aug-Jul 18/19	Aug-Jul 19/20
EU-27	6,621	8,607	8,095

Bulgaria	5,607	3,506	6,684
Spain	4	2	1,397
Italy	22	57	13
Extra EU-27	23,010	22,131	23,394
Turkey	13,434	15,015	13,956
Pakistan	1,818	1,090	3,799
United States	0	139	2,155
World	29,631	30,738	31,489

Source: TDM

Policy

The future of the cotton sector in Greece is directly related to the subsidy scheme and the implementation of the Common Agricultural Policy (CAP). In June 2018, the European Commission presented legislative proposals on the CAP for the period 2021-27. Due to ongoing negotiations between the European Parliament and the Council of the EU, the provisional start date of the proposed CAP reform has been delayed to January 2023. In order to allow for continued payments to farmers and other CAP beneficiaries, a transitional regulation has been introduced for 2021 and 2022. In October 2018, the Ministry of Rural Development and Food announced that the digital transformation of Greek agriculture project, the first national digital agriculture infrastructure in Europe, has received EU approval. The project is designed to cover half of the arable land in Greece, approximately 15 million acres and 20 of the country's most exported crops, including cotton. The data will be classified into a data warehouse in cloud infrastructures where it will be processed to provide tailored services to meet the needs of each producer.

According to the CAP, the allocation of direct payments dedicated to coupled support depends upon the choices made by Member States. The crop-specific payment for cotton is a coupled payment granted per hectare of eligible area of cotton. The area is only eligible if it is located on Greek agricultural land authorized for cotton production, planted with certified varieties and harvested under normal growing conditions. Additionally, the Ministry of Rural Development and Food publishes an annual list in the Government Gazette that sets the minimum amounts of cotton delivered to ginners in order to receive the subsidy. Three categories of producers are identified according to the size of the land cultivated: cotton producers with less than 10 hectares; cotton producers with 10-15 hectares; and cotton producers with more than 15 hectares. Producers with less than 10 hectares receive the basic area payment (70 percent) and a green aid (30 percent). Producers that cultivate an area from 10-15 hectares need to follow different rules to obtain the green aid. These farmers must cultivate at least two crops with the main crop not exceeding 75 percent of the total cultivated area. Producers with more than 15 hectares must also maintain an "ecological focus area", equivalent to at least 5 percent of the total arable area of the farm. The ecological focus area can be cultivated with alfalfa, legumes, vetch (*Vicia sativa* plant), or left uncultivated. The second pillar is focused on increasing competitiveness and innovation and managing climate change and the environment. Its purpose is to set the EU's rural development policy.

Textile products

Table 4: Cotton Yarn Imports (480 lb. bales)

	2018	2019	2020
EU-27	6,986	7,482	4,598
Bulgaria	4,083	5,038	3,527
Germany	528	592	253
Italy	207	386	248
Portugal	161	225	220
Extra EU-27	22,124	21,789	23,006
Turkey	18,638	18,900	19,290
India	2,448	2,269	3,233
Egypt	836	372	331
Pakistan	161	129	115
World	29,110	29,271	27,604

Source: TDM

Table 5: Cotton Yarn Exports (480 lb. bales)

	2018	2019	2020
EU-27	39,793	29,978	20,838
Germany	11,960	10,238	8,676
Austria	3,178	3,293	4,060
Italy	8,387	5,695	2,976
Bulgaria	3,716	3,045	2,710
Extra EU-27	3,656	2,765	1,479
Switzerland	2182	1924	1240
Turkey	675	514	96
Tunisia	294	87	69
World	43,449	32,743	22,317

Source: TDM

Table 6: Cotton Fabric Imports (480 lb. bales)

	2018	2019	2020
EU-27	3,913	2,751	3,334
Italy	1,768	1,346	1,043
Bulgaria	400	390	427
Lithuania	9	5	418
Cyprus	78	5	363
Extra EU-27	13,885	16,043	10,959
Pakistan	5,470	5,195	3,766
China	6,035	8,414	3,734
Turkey	1,929	2,108	2,228
Indonesia	0	0	804

World	17,798	18,794	14,293
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Source: TDM

Table 7: Cotton Fabric Exports (480 lb. bales)

	2018	2019	2020
EU-27	5,369	6,770	4,005
Italy	3,734	5,048	2,825
Bulgaria	1,309	1,116	707
Romania	46	184	211
Extra EU-27	1,663	1,341	1,341
Turkey	455	537	721
Albania	749	528	432
North Macedonia	308	243	115
World	7,032	8,111	5,346

Source: TDM

Abbreviations and Definitions Used in this Report

The PSD tables are prepared based on an August 1 to July 31 marketing year.

HS codes considered for Lint Cotton trade data: 5201

HS codes considered for Yarn Cotton trade data: 5204, 5205, 5207

HS codes considered for Fabric Cotton trade data: 5208, 5209

EU European Union

Ha hectare; 1 ha = 2.471 acres

MT Metric ton = 1,000 kg

1 MT = 4.593 480 lb. bales

480 lb. bale equivalent to 218 kg bale

Attachments:

No Attachments