

Required Report: Required - Public Distribution

Date: November 27,2019

Report Number: TU2019-0033

Report Name: Cotton and Products Update

Country: Turkey

Post: Ankara

Report Category: Cotton and Products

Prepared By: Ibrahim Sirtioglu

Approved By: Christine Strossman

Report Highlights:

The Turkish cotton crop for MY 2019/20 is now estimated at 590,000 hectares and 800,000 MT (3.6 million bales). While planting area was higher than early season estimates, production was down due to pest damage taking a major toll in the Southeast Anatolian region. Domestic cotton consumption for MY 2018/19 was up to about 1.5 million metric tons - MMT (6.9 million bales). Cotton imports for MY 2019/20 are now expected to increase to 850,000 MT (3.9 million bales), to compensate for the loss of domestic production and increase in domestic consumption. The U.S. continues to be the major cotton supplier for Turkey.

Production

Market Year (MY) 2019/20 cotton planting area and production is now estimated at about 590,000 hectares and 800,000 MT. Production was down about 100,000 MT compared to early season estimates due to delayed planting, higher temperatures during the growing season and pest attacks. Excessive rains and cool weather during spring months delayed planting and forced some farmers to replant. Large price increases for seeds, fuel, fertilizer, and pesticides forced farmers to reduce usage or use lower quality products, which affected yields adversely. Additionally, low quality pesticides were not as effective against pests and local cotton crop quality was adversely affected.

The Turkish government supports seed cotton production with a bonus program and usually announces the amount after planting in a given year. This year, however, the bonus for MY 2019/20 seed cotton was announced in late October and despite the high increases in raw material prices, the bonus was kept the same as last year. In view of high local inflation, which was about 20 percent, and a large increase in raw material prices, producers associations were demanding an almost fifty percent increase to 1.20 TL per kilogram. However, the government kept the production bonus at 0.80 TL per kilogram like the past two years. Low field yields, current low world and local cotton prices, and lower than expected production support amounts are foreseen to adversely affect local cotton planting for the upcoming crop year. (As of Nov. 15, 2019, 1 US\$ = 5.80 TL)

“Better Cotton Initiative (BCI)” production is continuing to increase year by year and Turkey is expected to produce about 80,000 MT of BCI cotton in MY 2019/20.

Consumption

Domestic consumption for MY 2018/19 has recovered somewhat during the second half of the year and is now estimated at 1.5 MMT (6.9 Million bales), due to an increase in textile exports. Turkish mills are benefiting from the currency depreciation that helps them export to foreign markets, particularly to the European Union. An increase in the number of tourists visiting Turkey particularly from Middle Eastern countries in 2019 also helps local textile sales. Additionally, an increase in exports to newly emerging markets such as Northern African countries supported the increase in textile exports.

Following a major depreciation during the summer of 2018 when the Turkish Lira lost approximately forty percent of its value, but in later months recovered partially, the lira has been relatively stable since the beginning of 2019. Also, domestic interest rates have been declining which helps the domestic textile industry. MY 2019/20 domestic consumption is now projected to increase further to 1.55 MMT (7.1 million bales) due to continued strong textile exports.

Trade

Total cotton imports for MY 2018/19 were 761,891 MT (3.5 million bales). The United States provided about 47 percent of the imports at 360,538 MT (1.6 million bales), despite the three percent anti-dumping tax on U.S. cotton. Greece (98,844 MT), Brazil (97,153 MT) and Azerbaijan (70,174 MT) were the other leading suppliers during the same period. Marketing year end imports for MY 2018/19 are down 13 percent compared to MY 2017/18 due to the decrease in domestic consumption. In MY2019/20 however, imports are expected to increase significantly to meet the local demand, reaching 850,000 MT, up about twelve percent, due to reduced domestic production and an increase in consumption. Additionally, there is a need for higher quality cotton since local cotton quality was adversely affected by the growing conditions. The increase in imports is expected to increase domestic year-end cotton stocks as well.

Turkish total cotton exports reached 104,858 MT (481,000 bales) for MY 2018/19, of which 63,862 MT was for textile use - the highest in recent years - due to attractive local prices because of the currency depreciation. Bangladesh (16,786 MT), Indonesia (11,976 MT), and Pakistan (7,548 MT) were the leading foreign destinations for Turkish cotton. About 10,000 MT of cotton was exported to local free trade zones by international cotton trading firms with the possibility of some amounts being re-imported later. Additionally, Turkey exported about 40,996 MT (188,000 bales) of hydrophilic cotton for medical use during the same period, which added to exports in the production, supply and distribution estimate (PSD).

Turkish cotton yarn imports were up about two percent to 129,873 MT during the first nine months of CY 2019. Cotton yarn exports were down about 8 percent to 107,534 MT during the same period. While Central Asian countries, such as Turkmenistan and Uzbekistan, were the main sources for yarn imports, European Union member countries, such as Italy and Portugal, as well as Pakistan were the main destination for Turkish yarn exports.

Turkish cotton fabric imports and exports during the first nine months of CY 2019 were 206 million m² and 310 million m², respectively. While cotton fabric imports were down about 13 percent, exports were down only 4.4 percent. Asian countries, such as Pakistan and China, were the main sources for imports and European countries, such as Italy and Belgium, continue to be the main destination for Turkish cotton fabric exports.

Policy

U.S. cotton imports to Turkey are subject to a three percent anti-dumping duty. However, Turkish importers of U.S. cotton can benefit from the inward processing regime under which importers are not required to pay the three percent import tax if they are ultimately exporting the materials produced from imported cotton. Cotton imports from other origins are subject to zero import tax. Additionally, Turkey recently renewed import taxes for cotton yarn,

ranging from 5 to 8 percent, from mostly Asian sources and the United States. The inward processing regime exemption also applies for imported yarn.

PSD, Turkey, Bales (1000 Hectares/1000 bales)

Cotton	2017/2018		2018/2019		2019/2020	
Market Begin Year	Aug 2017		Aug 2018		Aug 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	470	480	520	525	560	590
Beginning Stocks	1,528	1,193	1,777	1,471	1,594	1,366
Production	4,000	4,039	3,700	3,764	3,800	3,672
Imports	4,024	4,022	3,499	3,497	3,800	3,902
Total Supply	9,552	9,209	8,976	8,732	9,194	8,939
Exports	325	325	482	481	350	320
Use	7,450	7,459	6,900	6,885	7,100	7,115
Loss	0	0	0	0	0	0
Total Dom. Cons.	7,450	7,459	6,900	6,885	7,100	7,115
Ending Stocks	1,777	1,471	1,594	1,366	1,744	1,504
Total Distribution	9,552	9,209	8,976	8,732	9,194	8,939

PSD, Turkey, Metric Tons (1000 HECTARES, 1000 MT)

Cotton	2017/2018		2018/2019		2019/2020	
Market Begin Year	Aug 2017		Aug 2018		Aug 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	470000	480000	520000	530000	560000	590000
Area Harvested	470000	480000	520000	525000	560000	590000
Beginning Stocks	332,898	260,002	387,146	320,490	347,277	297,523
Production	871,460	880,000	806,100	820,000	827,887	800,000
Imports	876,688	876,211	762,309	761,891	827,887	850,000
Total Supply	2,081,046	2,006,213	1,955,556	1,902,381	2,003,050	1,947,523
Exports	70,806	70,723	105,011	104,858	76,253	70,000
Use	1,623,094	1,625,000	1,503,268	1,500,000	1,546,841	1,550,000
Loss	0	0	0	0	0	0
Total Dom. Cons.	1,623,094	1,625,000	1,503,268	1,500,000	1,546,841	1,550,000
Ending Stocks	387,146	320,490	347,277	297,523	379,956	327,523
Total Distribution	2,081,046	2,006,213	1,955,556	1,902,381	2,003,050	1,947,523

Cotton Import Trade Matrix, Metric Tons

TURKEY					
COTTON					
Import Trade Matrix					
Units:	Metric Tons				
Time Period	Aug/July		Aug/July		Aug/Sept
Imports for:	MY 2017/18		MY 2018/19		MY 2019/20
U.S.	388,075	U.S.	360,538	U.S.	90,226
Others		Others		Others	
Brazil	104,815	Greece	98,844	Brazil	15,190
Greece	103,525	Brazil	97,153	Turkmenistan	9,430
Turkmenistan	49,997	Azerbaijan	70,174	Mexico	6,130
Australia	49,638	Australia	20,211	Azerbaijan	4,904
Azerbaijan	26,638	Turkmenistan	15,741	Argentina	4,543
Syria	19,832	Mexico	15,654	Sudan	3,451
Tajikistan	19,070	Argentina	12,949	Benin	2,086
Mali	18,812	Tajikistan	10,921	Togo	1,668
Sudan	16,090	Burkina Faso	8,264	Mali	1,610
Benin	15,805	Kyrgyzstan	8,045	Greece	1,526
Total of others	424,222	Total of others	357,956	Total of others	50,538
Others not listed	63,915	Others not listed	43,397	Others not listed	5,703
GRAND TOTAL	876,212	GRAND TOTAL	761,891	GRAND TOTAL	146,467

Cotton Import Trade Matrix, Bales

TURKEY					
COTTON					
Import Trade Matrix					
Units:	Bales				
Time Period	Aug/July		Aug/July		Aug/Sept
Imports for:	MY 2017/18		MY 2018/19		MY 2019/20
U.S.	1,781,264	U.S.	1,654,869	U.S.	414,137
Others		Others		Others	
Brazil	481,101	Greece	453,694	Brazil	69,722
Greece	475,180	Brazil	445,932	Turkmenistan	43,284
Turkmenistan	229,486	Azerbaijan	322,099	Mexico	28,137
Australia	227,838	Australia	92,768	Azerbaijan	22,509
Azerbaijan	122,268	Turkmenistan	72,251	Argentina	20,852
Syria	91,029	Mexico	71,852	Sudan	15,840
Tajikistan	87,531	Argentina	59,436	Benin	9,575
Mali	86,347	Tajikistan	50,127	Togo	7,656
Sudan	73,853	Burkina Faso	37,932	Mali	7,390
Benin	72,545	Kyrgyzstan	36,927	Greece	7,004
Total of others	1,947,179	Total of others	1,643,018	Total of others	231,969
Others not listed	293,370	Others not listed	199,192	Others not listed	26,177
GRAND TOTAL	4,021,813	GRAND TOTAL	3,497,080	GRAND TOTAL	672,284

TURKEY		COTTON YARN	
Import Trade Matrix		Units:	MT
Time Period	Jan-Dec	Jan-Dec	Jan-Sept.
Import from:	CY 2017	CY 2018	CY 2019
U.S.	115	51	0
Others			
Turkmenistan	51,448	49,991	38,311
Uzbekistan	39,998	41,815	46,347
India	23,584	16,851	9,500
Pakistan	22,918	13,700	10,980
Vietnam	18,972	10,444	7,609
Tajikistan	10,455	7,237	3,934
Turkey (Free Trade Zone)	6,497	3,851	932
Azerbaijan	2,432	3,729	5,733
Egypt	3,753	3,575	3,736
China	3,400	1,963	1613
Total of others	183,457	153,156	128,695
Others not listed	5,490	3,676	1,178
GRAND TOTAL	189,062	156,883	129,873

TURKEY	COTTON YARN		
Export Trade Matrix		Units:	MT
Time Period	Jan-Dec	Jan-Dec	Jan-Sept.
Export to:	CY 2017	CY 2018	CY 2019
U.S.	574	632	762
Others			
Portugal	24,019	30,356	21,029
Italy	27,855	27,627	20,228
Pakistan	3,544	15,493	5,268
Egypt	7,523	10,817	10,374
Spain	8,007	9,702	6,258
Germany	9,723	8,409	5,889
Poland	7,695	7,883	4,188
Turkey (Free Trade Zone)	4,528	5,641	3,094
Bulgaria	4,302	4,407	3,496
Greece	3,775	3,991	3168
Total of others	100,971	124,326	82,992
Others not listed	29,097	31,753	23,780
GRAND TOTAL	130,642	156,711	107,534

TURKEY	COTTON FABRIC		
Import Trade Matrix		Units:	1000 M2
Time Period	Jan-Dec	Jan-Dec	Jan-Sept.
Import from:	CY 2017	CY 2018	CY 2019
U.S.	263	121	53
Others			
Pakistan	76,748	92,094	63,166
China	94,629	67,272	42,109
Turkey (Free Trade Zone)	30,692	33,486	20,451
Egypt	42,985	32,470	19,921
Turkmenistan	89,032	22,952	19,056
Italy	12,765	10,773	5,759
India	11,930	7,268	7,313
Ethiopia	3,257	4,486	2,251
Spain	4,874	4,320	2,670
Bahrain	4,043	3,907	2,150
Total of others	370,953	279,028	184,846
Others not listed	17,434	19,659	21,237
GRAND TOTAL	388,651	298,807	206,136

TURKEY	COTTON FABRIC		
Export Trade Matrix		Units:	1000 M2
Time Period	Jan-Dec	Jan-Dec	Jan-Sept.
Export to:	CY 2017	CY 2018	CY 2019
U.S.	4,814	4,846	2,608
Others			
Italy	69,553	72,405	54,903
Egypt	14,929	34,965	11,036
Spain	24,568	29,907	20,133
Germany	27,725	22,783	12,625
Romania	29,107	21,452	15,337
Belgium	4,779	19,961	21,758
Tunisia	18,543	19,194	14,900
Morocco	21,926	17,461	12,860
Bulgaria	12,400	15,524	9,373
France	14,801	15,430	10,551
Total of others	238,331	269,082	183,476
Others not listed	165,998	157,727	123,652
GRAND TOTAL	409,143	431,655	309,736

TURKEY	
Aegean Cotton Price	Color Grade 41
MY 2018/19	US cent per liber
2018 August	74.63
2018 September	* Not Announced
2018 October	71.24
2018 November	77.51
2018 December	77.72
2019 January	81.63
2019 February	83.04
2019 March	87.21
2019 April	87.81
2019 May	85.28
2019 June	83.81
2019 July	82.23
2019 August	75.26
2009 September	70.05

Attachments:

No Attachments