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Report Highlights:

MY2019/20 cotton imports are expected to decrease in line with decreased yarn production. MY2018/19 cotton imports declined 5.8 percent as imported yarn and textile products substituted locally produced yarn and textile products.

Executive Summary

MY2019/20 cotton imports are expected to decrease to 970 thousand bales, down 10 percent from MY2018/19. The lower imports are in line with decreased yarn production as spinning mills had excess yarn inventories. In the first two months of MY2019/20, U.S. cotton imports decreased significantly by 20 percent compared to the same period of MY2018/19. Higher competition from imported cotton yarn and fabric, and an economic slowdown, contributed to lower U.S. cotton imports.

Cotton imports in MY2018/19 declined to 1.07 million bales, down 5.8 percent from MY2017/18. Several domestic spinning mills closed due to increased competition from imported cotton yarn and garments. U.S. cotton imports decreased to 0.58 million bales, down 6.2 percent from MY2017/18.

Updated Market Situation and Outlook for Upland and Value-Added Cotton

Cotton imports in MY2019/20 are expected to decrease to around 970 thousand bales (Table 1). This is a 10 percent decrease from MY2018/19 due to a significant drop in cotton yarn production as spinners had excess yarn inventories. Import demand for U.S. cotton in MY2019/20 is expected to decrease to 560,000 bales, down 5 percent from MY2018/19.

According to the Ministry of Industry's Office of Industrial Economics (OIE)'s Manufacturing Index (MPI), yarn production in the first quarter of MY2019/20 decreased 10 percent from the same period of MY2018/19 (Figure 1). Cotton and cotton-blended yarn production also decreased by 11 and 9 percent, respectively, from the same period of MY2018/19. Total yarn inventory increased by 29 percent with cotton inventories seeing the largest increase of 59 percent from the same period of MY2018/19 (Figure 2).

Figure 1: Manufacturing Production Index of Yarn Products

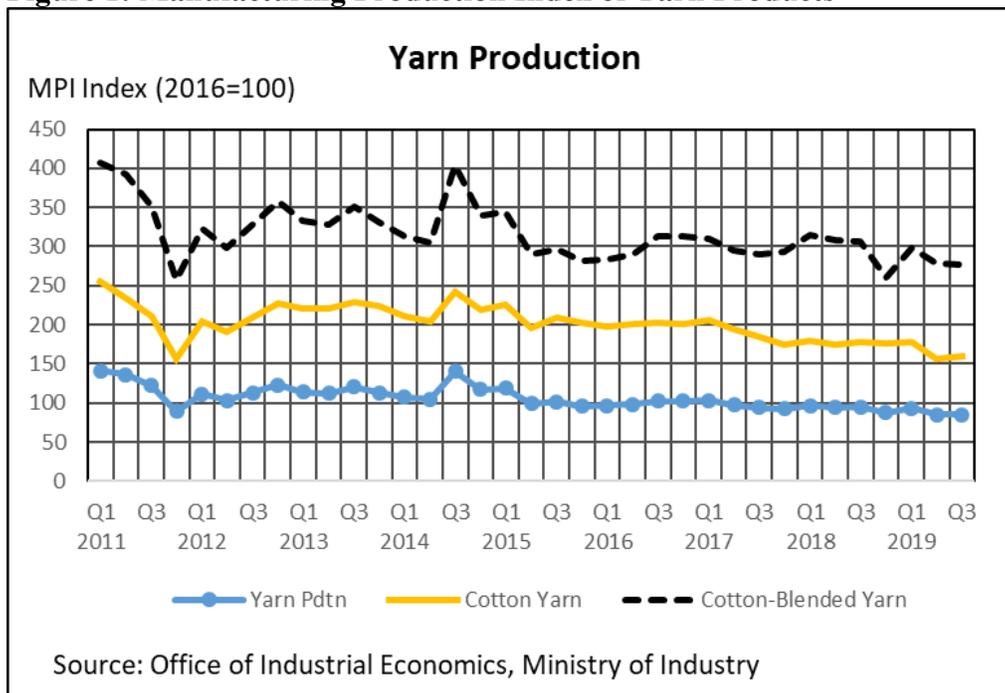
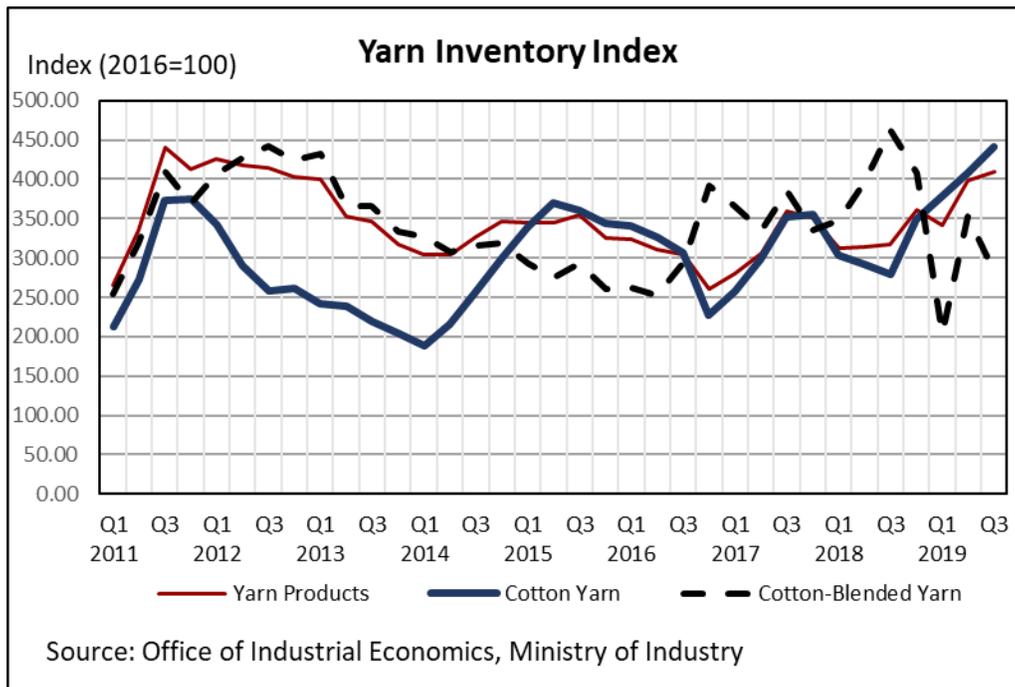


Figure 2: Inventory Index of Yarn Products



In the first two months of MY2019/20, cotton imports decreased 5.8 percent from the same period last year (Table 2 and Figure 3), which included a 20 percent decrease in U.S. cotton imports, due to high level of cotton yarn stock. In addition, cotton yarn imports continued to increase and outpaced cotton yarn exports (Table 3, Table 4, and Figure 4). Cotton yarn imports increased 24 percent in MY2018/19.

According to the Ministry of Industry’s Department of Industrial works, three spinning mills and eight garment factories have closed since 2018 because of higher labor costs than neighboring countries. There have also been rumors that the Thai Government will further increase the minimum wage over the last two years. Spinning mills and garment and textile factories have been attempting to replace manpower with machinery as the older skilled labors retire due to increased labor costs and difficulties in finding Thai laborers (0 percent of the textile industry workforce are migrant workers). Additionally, imports of cotton fabric in the first two months of MY2019/20 continued an upward trend (Table 5 and Figure 5). Meanwhile, exports of cotton fabric declined 20 percent in MY2018/19 from the same period last year (Table 6 and Figure 5).

Figure 3: Thailand's Imports of Raw Cotton and Average Import Prices

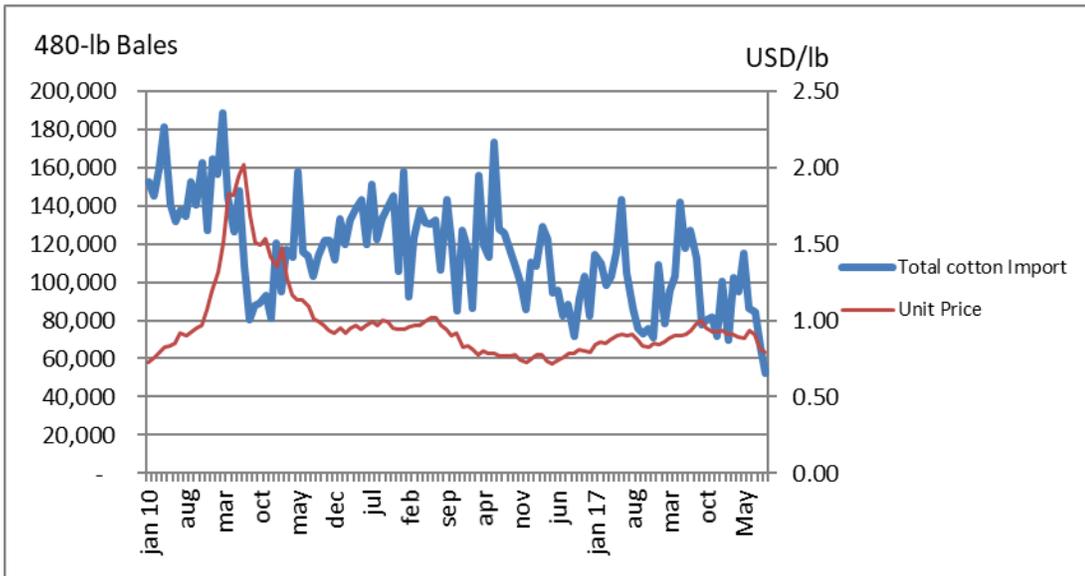


Figure 4: Cotton Yarn Exports and Imports

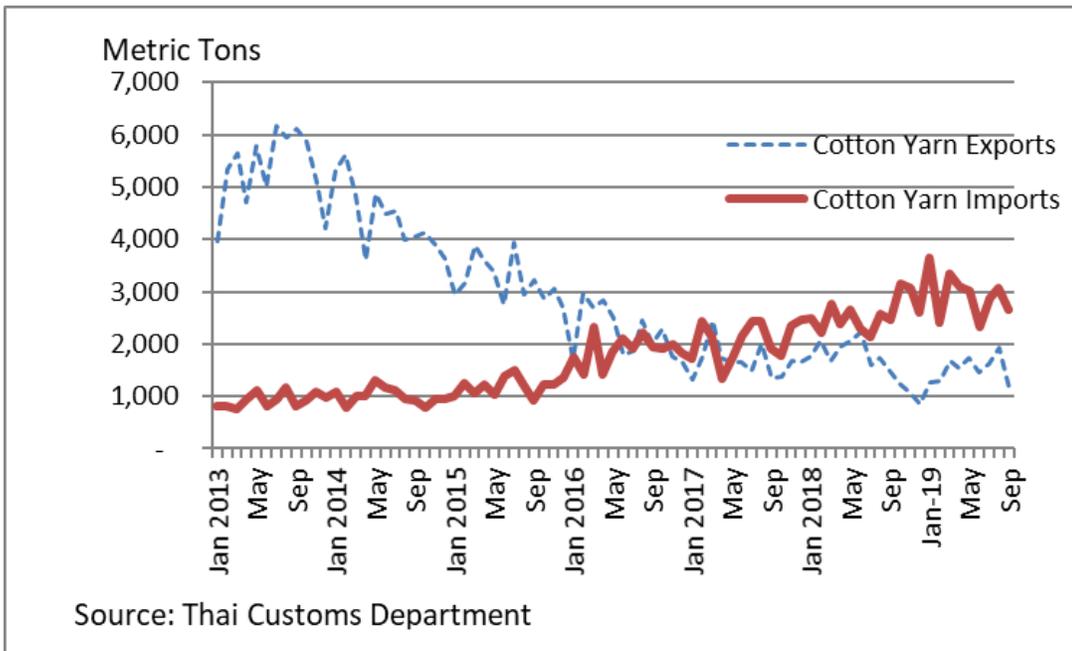
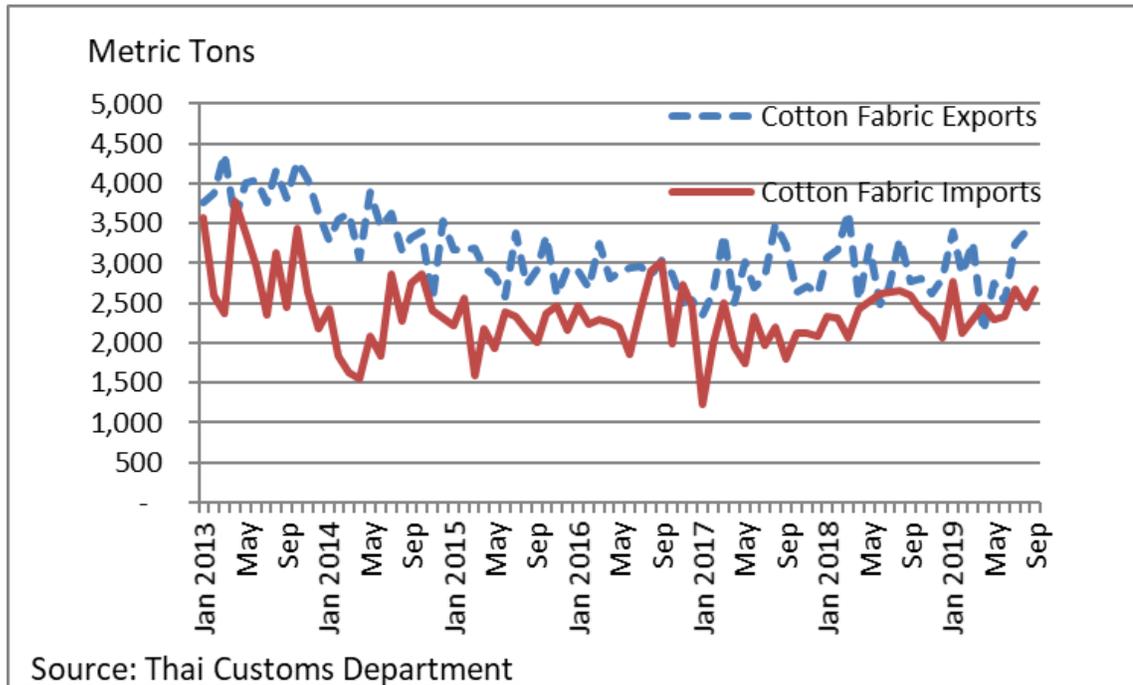
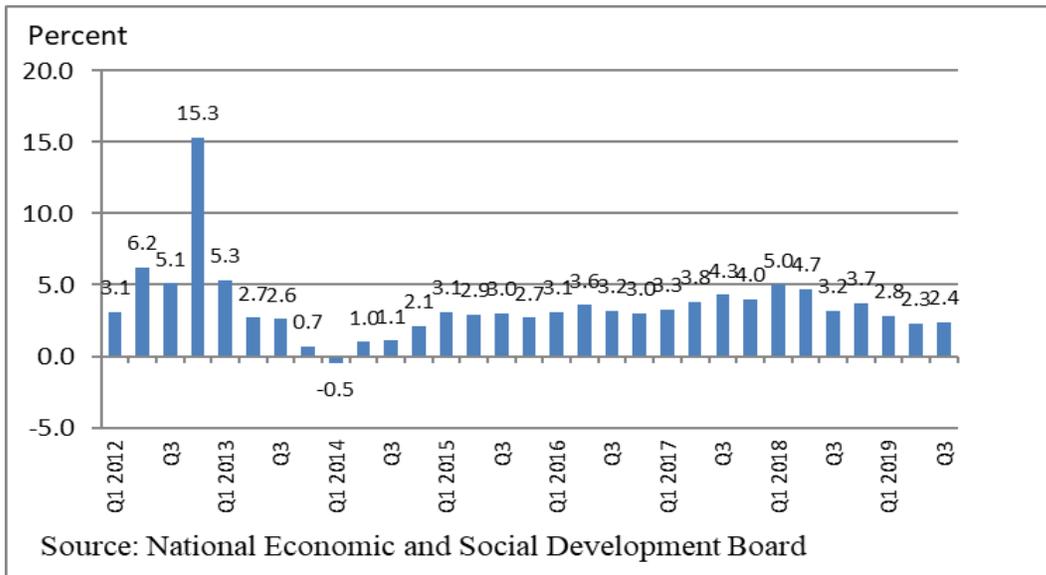


Figure 5: Cotton Fabric Exports and Imports



In MY2018/19, cotton imports declined to 1.075 million bales (Table 1, Table 2, and Figure 3). This is a 5.8 percent reduction from MY2017/18 due mainly to reduced domestic production of coarse-count yarn. According to the Office of Industrial Economics' manufacturing production index, cotton yarn production in MY2018/19 declined approximately 3 percent from MY2017/18 as imports replaced domestic production. Imports of cotton yarn increased 24 percent in MY2018/19, largely from India and Vietnam (Table 3 and Figure 4). Additionally, imports of cotton fabric in MY2018/19 increased 6 percent from MY2017/18 (Table 5 and Figure 5). Also, exports of cotton yarn in MY2018/19 continued to decline, decreasing by 20 percent from MY2017/18 (Table 4). The continued economic slowdown since 2018 (Figure 6) has decreased overall demand for cotton fabric, textile, and garment products, which are also increasingly being replaced by imported textile and garment products. Imports of garment products have trended upwards over the past three years and continued to increase in 2019. According to the Thai Customs Department, imports of garment products during January – September 2019 increased approximately 8 percent from the same period last year, particularly imported garments from Vietnam that increased by 34 percent.

Figure 6: Thai Economic Growth by Quarter



Even though imports of U.S. cotton decreased to 589 thousand bales, down 6.2 percent from MY2017/18 (Table 2), U.S. cotton market share remained at 54 percent of total cotton imports in MY2018/19 due to competitive prices and high-quality standards.

Appendix Tables

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

Cotton Market Begin Year Thailand	2017/2018		2018/2019		2019/2020	
	Aug 2017		Aug 2018		Aug 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	1	0	0	0	1
Area Harvested	1	1	1	0	1	1
Beginning Stocks	200	200	201	206	177	233
Production	2	2	2	2	2	2
Imports	1149	1149	1075	1075	1050	970
MY Imports from U.S.	0	627	0	589	0	560
Total Supply	1351	1351	1278	1283	1229	1205
Exports	0	0	1	0	0	1
Use	1125	1120	1075	1050	1025	945
Loss	25	25	25	0	25	25
Total Dom. Cons.	1150	1145	1100	1050	1050	970
Ending Stocks	201	206	177	233	179	234
Total Distribution	1351	1351	1278	1283	1229	1205
Stock to Use %	17.87	18.39	16.45	22.19	17.46	24.74
Yield	435	435	435	0	435	435

(1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA)

Table 2: Thailand's Imports of Raw Cotton (Marketing Year: August/July)

Unit: 480-lb bale	MY2015/16	MY2016/17	MY2017/18	MY2018/19	%Change	August - Sept		
						MY2018/19	MY2019/20	% Change
United States	424,113	564,806	627,254	588,625	-6.2	95,499	76,522	-19.9
Australia	162,152	195,539	156,121	94,068	-39.7	31,387	5,057	-83.9
Brazil	233,993	110,488	138,559	125,210	-9.6	7,434	6,895	-7.3
Mali	107,453	95,206	49,364	37,102	-24.8	9,474	14,237	50.3
Burkina Faso	73,575	19,500	15,311	16,005	4.5	1,841	2,060	11.9
Cote d'Ivoire	60,474	29,539	8,673	20,685	138.5	4,597	467	-89.8
India	61,148	99,487	83,498	38,565	-53.8	13,322	443	-96.7
Tanzania	7,390	10,771	10,626	28,431	167.6	1,112	1,942	74.6
Pakistan	10,988	5,617	13,094	5,070	-61.3	8,065	-	-100.0
Argentina	13,670	19,507	1,607	43,215	2,589.0	7,711	685	-91.1
Mexico	2,750	3,198	4,572	3,801	-16.9	-	81	-
Zimbabwe	5,305	-	451	1,667	269.6	-	467	-
Spain	3,809	962	2,515	20,582	718.4	1,711	1,337	-21.9
Benin	17,032	4,182	6,233	4,184	-32.9	457	-	-100.0
Others	92,872	67,776	37,258	48,263	29.5	5,576	8,657	55.3
World	1,276,724	1,226,580	1,155,137	1,075,473	-5.8	188,186	118,580	-37.0

Source: Thai Customs Department

Table 3: Thailand's Imports of Cotton Yarn (Marketing Year: August/July)

Marketing Year (August/July)	MY2014/15	MY2015/16	MY2016/17	MY2017/18	MY2018/19	August - September		
						MY2017/18	MY2018/19	%change
Unit: Metric Tons								
India	4,518	8,811	12,012	12,529	18,460	2,892	2,681	-7.3
Vietnam	1,402	3,112	4,189	6,809	9,254	1,165	1,774	52.3
China	4,481	3,894	4,191	3,673	3,410	705	700	-0.7
Japan	529	1,745	1,641	2,711	2,104	200	215	7.5
Indonesia	183	77	190	626	356	10	315	3050.0
Korea South	41	158	401	834	454	20	7	-65.0
Malaysia	175	50	201	0	294	0	-	-100.0
Taiwan	48	130	71	40	42	2	1	-50.0
Italy	15	13	14	18	19	-	-	-
Pakistan	1,487	644	314	218	133	26	2	-92.3
Germany	3	4	1	1	2	0	1	325.5
United States	0	0	1	2	2	-	-	-
Hong Kong	17	18	10	25	28	16	3	-81.3
Other	123	80	568	356	35	4	2	-46.5
World	13,022	18,736	23,803	27,844	34,593	5,040	5,701	13.1

Source: Thai Customs Department

Table 4: Thailand's Exports of Cotton Yarn (Marketing Year: August/July)

Marketing Year (August/July)	MY2014/15	MY2015/16	MY2016/17	MY2017/18	MY2018/19	August - September		
						MY2017/18	MY2018/19	%change
Unit: Metric Tons								
China	29,330	18,694	12,222	10,489	7,450	1,673	1,309	-21.8
Korea South	3,537	5,041	3,724	4,947	4,134	532	737	38.5
Japan	5,491	4,155	4,137	3,102	2,904	537	782	45.6
Indonesia	256	55	15	500	600	113	71	-37.2
Egypt	106	32	7	48	26	-	-	-
Italy	162	132	184	249	156	32	53	65.6
Vietnam	301	747	283	194	285	63	56	-11.1
Cambodia	24	0	1	0	61	0	6	-
Guinea	109	78	70	40	30	-	-	-
Australia	3	10	10	20	14	-	4	-
Hong Kong	1,198	774	266	162	45	12	11	-8.3
Laos	4	28	44	46	37	7	7	0.0
Bangladesh	618	165	180	1,122	575	169	2	-98.8
Other	2,252	1,251	1,031	497	666	87	48	-44.8
World	43,390	31,163	22,173	21,416	16,983	3,225	3,086	-4.3

Source: Thai Customs Department

Table 5: Thailand's Imports of Cotton Fabric

Marketing Year (August/July)	MY2015/16	MY2016/17	MY2017/18	MY2018/19	August - September		
					MY2017/18	MY2018/19	%change
Unit: Metric Tons							
China	19,451	20,748	17,706	15,863	2,872	2,958	3.0
India	3,741	4,222	7,665	10,844	1,894	1,943	2.6
Indonesia	706	227	188	374	116	57	-50.9
Japan	524	434	423	394	107	48	-55.1
Egypt	1	3	29	103	30	4	-86.7
Italy	72	96	97	133	19	20	5.3
Taiwan	193	160	225	118	36	13	-63.9
Pakistan	1,230	298	307	394	72	17	-76.4
Korea South	59	65	60	105	27	8	-70.4
Portugal	4	9	33	32	6	3	-50.0
Vietnam	118	72	60	320	58	32	-44.8
Laos	31	13	13	19	3	2	-33.3
United Kingdom	37	33	21	16	3	1	-66.7
Other	713	449	425	275	15	15	0.0
World	26,881	26,828	27,253	28,990	5,258	5,121	-2.6

Source: Thai Customs Department

Table 6: Thailand's Exports of Cotton Fabric

Marketing Year (August/July)	MY2015/16	MY2016/17	MY2017/18	MY2018/19	August - September		
					MY2017/18	MY2018/19	%change
Myanmar	8,166	7,098	7,833	2,182	1,199	1,347	12.3
Bangladesh	5,310	5,412	6,829	4,280	965	1,266	31.2
Japan	4,491	3,667	2,453	2,027	297	377	26.9
China	388	205	999	2,340	162	600	270.4
Indonesia	550	489	608	1,671	241	368	52.7
Korea South	823	863	1,012	1,292	264	283	7.2
India	17	73	34	1,761	352	308	-12.5
Cambodia	1,979	2,120	2,123	1,541	264	283	7.2
Netherlands	968	935	742	819	133	116	-12.8
Sri Lanka	1,356	1,277	1,183	1,183	137	211	54.0
Vietnam	2,221	2,465	3,706	1,960	600	249	-58.5
Philippines	222	714	813	1,019	156	384	146.2
Pakistan	707	547	642	556	106	73	-31.1
Other	7,747	7,298	6,549	5,873	6,081	6,773	11.4
World	34,944	33,162	35,526	28,504	17,768	17,706	-0.3

Source: Thai Customs Department

End of report.

Attachments:

No Attachments