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Report Highlights:

MY2020/21 cotton imports are expected to rise slightly after a large drop in MY2019/20. MY2019/20 cotton imports declined 35 percent due to an abrupt fall in demand for textile and garment products caused by the COVID-19 outbreak.

Executive Summary

MY2020/21 cotton imports are expected to increase to 730 thousand bales, up 4 percent from MY2019/20. The moderate increase in imports is in line with the projected gradual economic recovery in 2021 following the economic downturn caused by COVID-19 in 2020. In the first two months of MY2020/21, U.S. cotton imports decreased significantly by 30 percent compared to the same period of MY2019/20 due to the drop in overall demand for garments and textile products because of the COVID-19 outbreak.

Cotton imports in MY2019/20 declined to 700 thousand bales, down 35 percent from MY2018/19. U.S. cotton imports decreased to 420 thousand bales, down 29 percent from MY2018/19.

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

Cotton imports in MY2020/21 are expected to increase to 730 thousand bales (Table 1). Cotton imports had fallen by the end of MY2019/20 but are expected to increase slowly (4 percent) as the Thai economy recovers in MY2020/21. Imports of cotton in MY2019/20 decreased to 700,407 bales, down 35 percent from MY2018/19.

Spinning mills are reportedly running down their cotton yarn inventories, holding 13 percent less in the first two months of MY2020/21 compared to the same period in MY2019/20. Yarn production in the first two months of MY2020/21 decreased 30 percent from the same period of MY2019/20 (Figure 1), according to the Ministry of Industry's Office of Industrial Economics (OIE). Cotton and cotton-blended yarn production decreased by 28 and 44 percent respectively from the same period in MY2019/20. Synthetic yarn production decreased by 29 percent. Total yarn inventory increased by 7 percent with synthetic yarn inventory seeing the largest increase of 14 percent, while cotton and cotton-blended inventories decreased sharply by 13 and 16 percent from the same period of MY2018/19 (Figure 2).

Figure 1: Manufacturing Production of Yarn Products

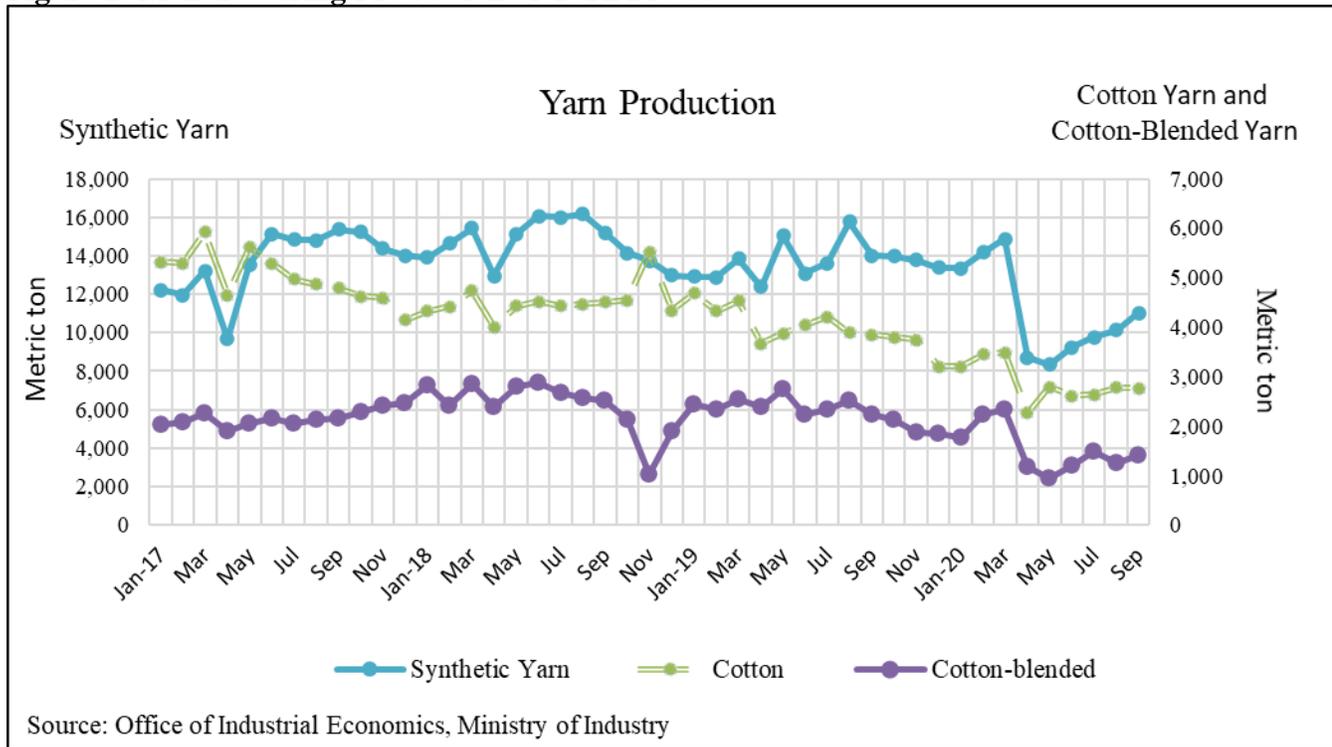
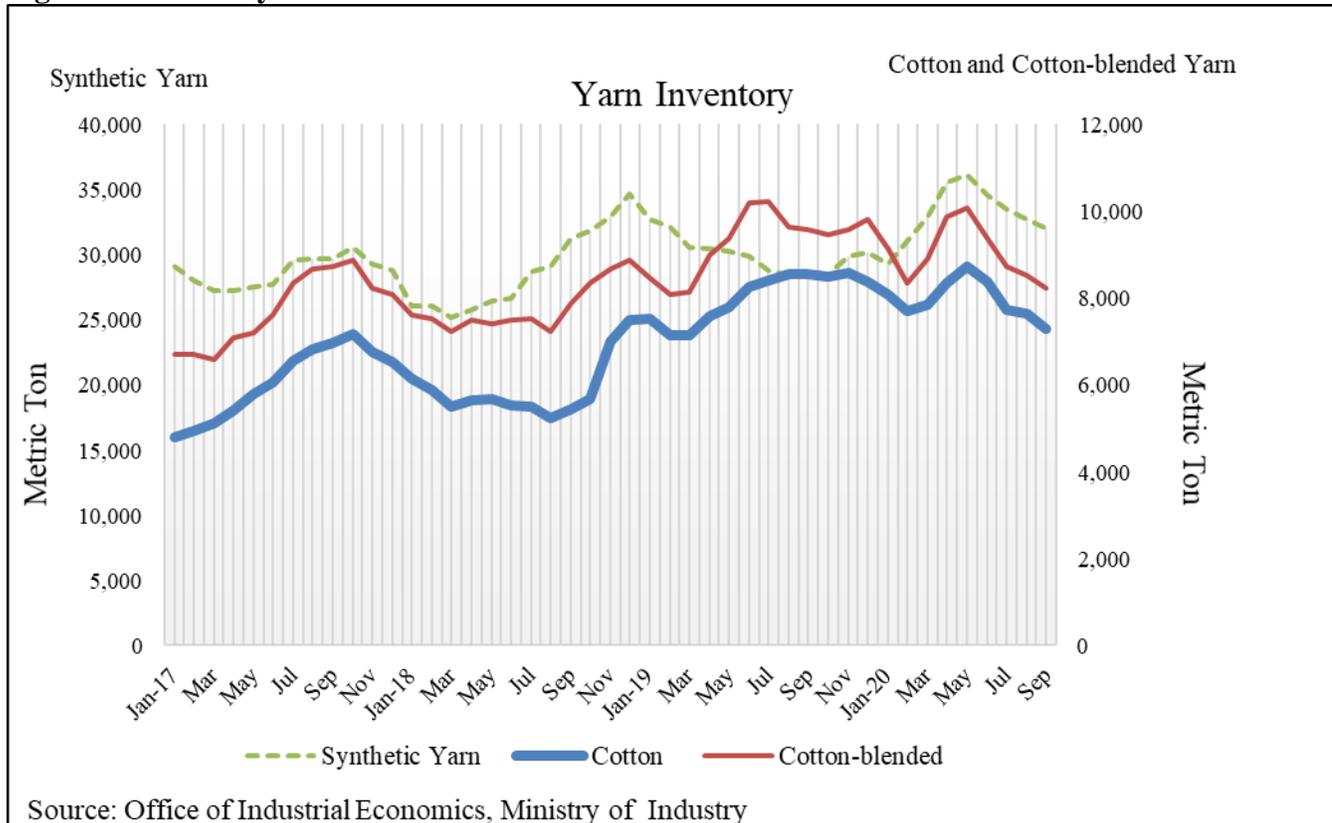


Figure 2: Inventory Index of Yarn Products



Several garment factories that source most of their raw material from China could not operate at their usual capacity due to logistical disruptions from the COVID-19 outbreak. Imports of cotton fabric in the first two months of MY2020/21 declined 7 percent (Table 5 and Figure 6). Additionally, many foreign customers cancelled their orders, forcing several factories to go out of business. Exports of cotton fabric declined 7 percent in MY2020/21 from the same period last year (Table 6 and Figure 6).

In the first two months of MY2020/21, cotton imports decreased 32 percent from the same period last year (Table 2 and Figure 3), which included a 29 percent decrease in U.S. cotton imports. Cotton yarn imports saw a slight increase at 4 percent (Table 3 and Figure 4) due to a 4 percent increase in cotton-blended fabric production (Figure 5). In addition, cotton yarn exports declined sharply at 70 percent (Table 4 and Figure 4).

MY2019/20 cotton imports declined to 700 million bales (Table 1, Table 2, and Figure 3), a 35 percent reduction from MY2017/18 due mainly to the impact of COVID-19. Cotton yarn production dropped 9 percent in MY2019/20 compared to MY2018/20. According to the Ministry of Industry’s Department of Industrial works, one spinning mill, two weaving factories, seven knitting factories, and twenty garment factories have closed in the first nine months of 2020, causing 3,565 labors to be unemployed. The textile industry has adjusted its production lines to meet the increased demand for masks and personal protective equipment (PPE). However, cotton did not contribute much to the production of those products.

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

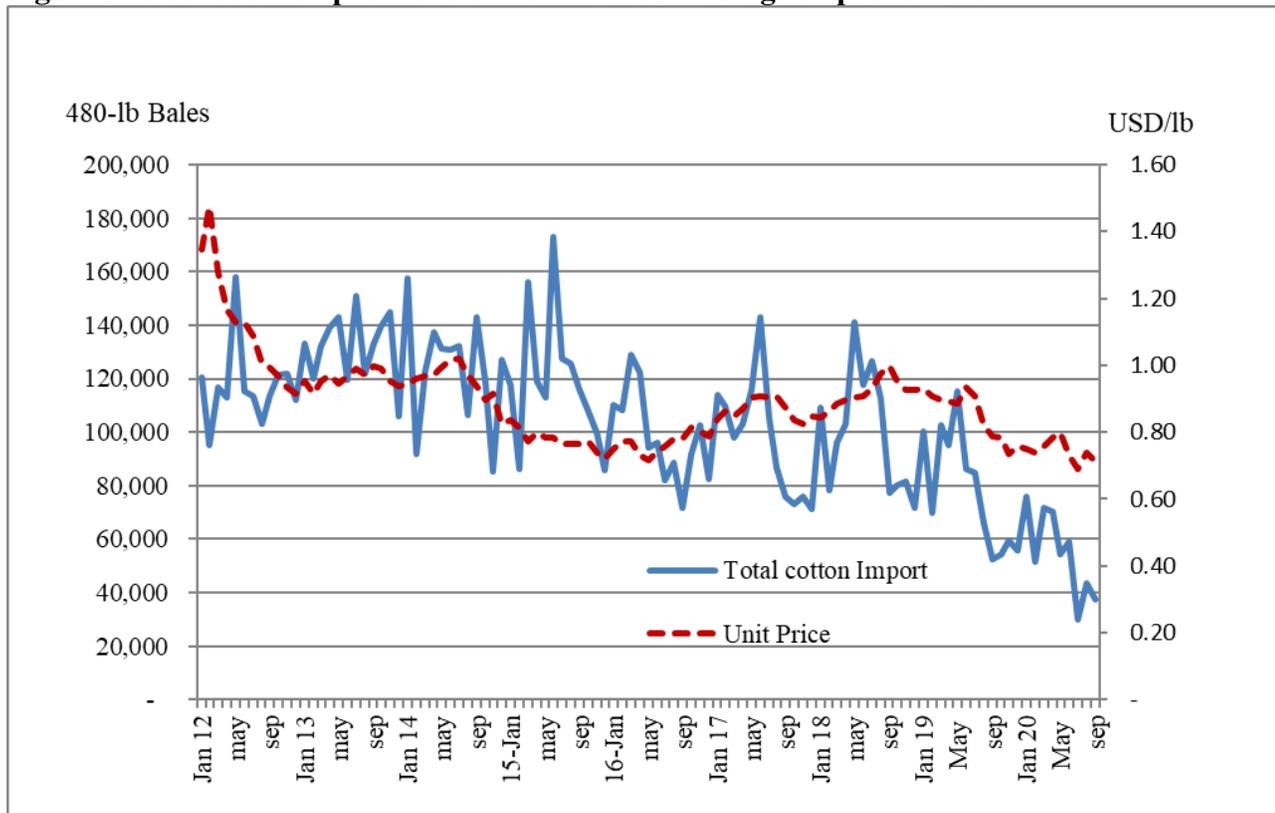


Figure 4: Cotton Yarn Exports and Imports

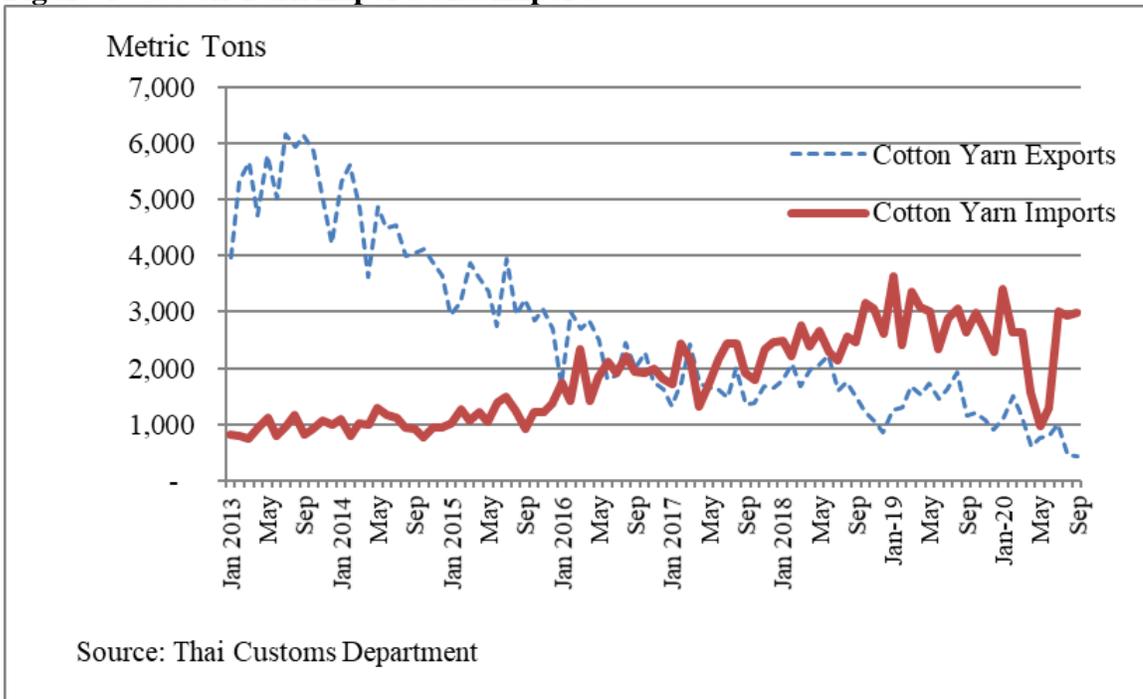


Figure 5: Thailand's Fabric Production

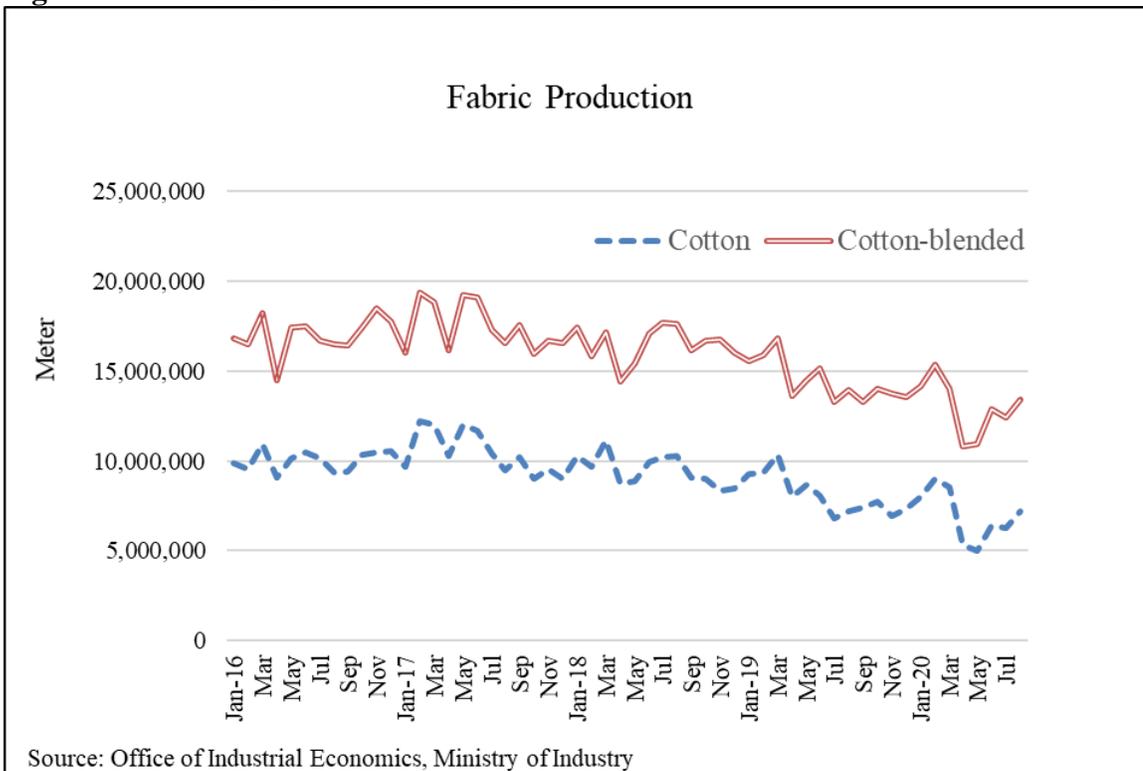
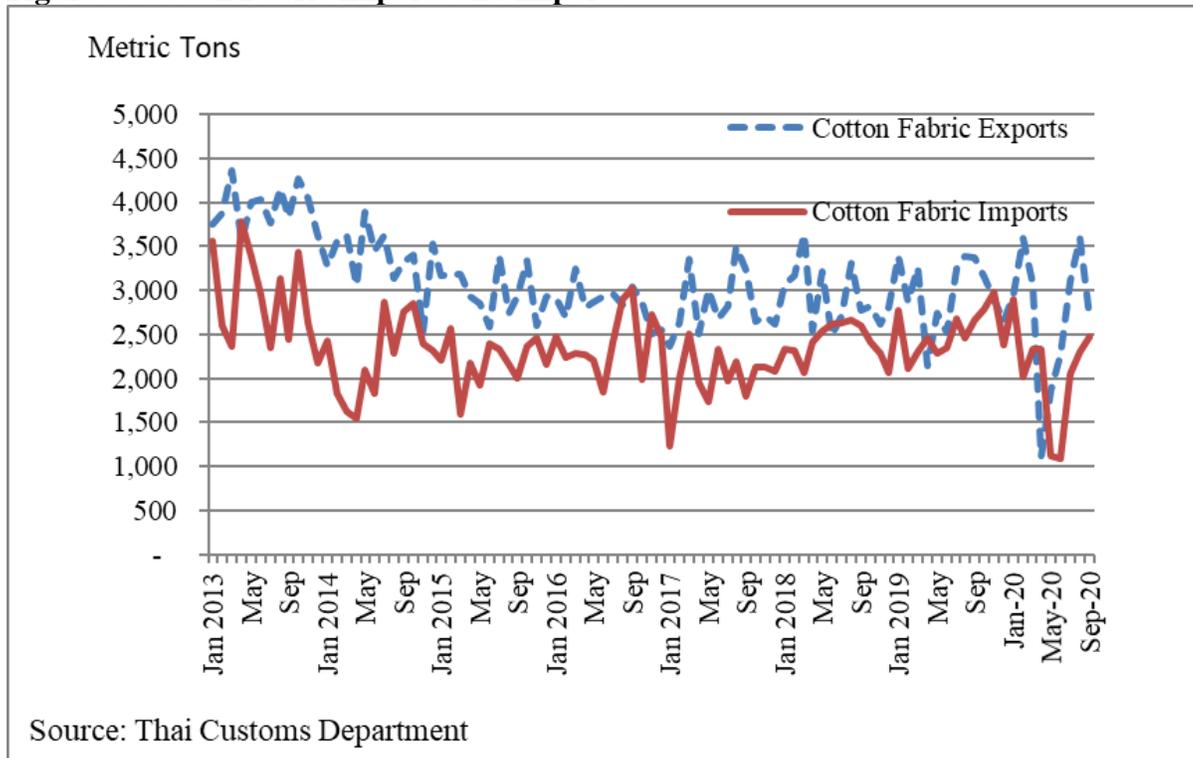
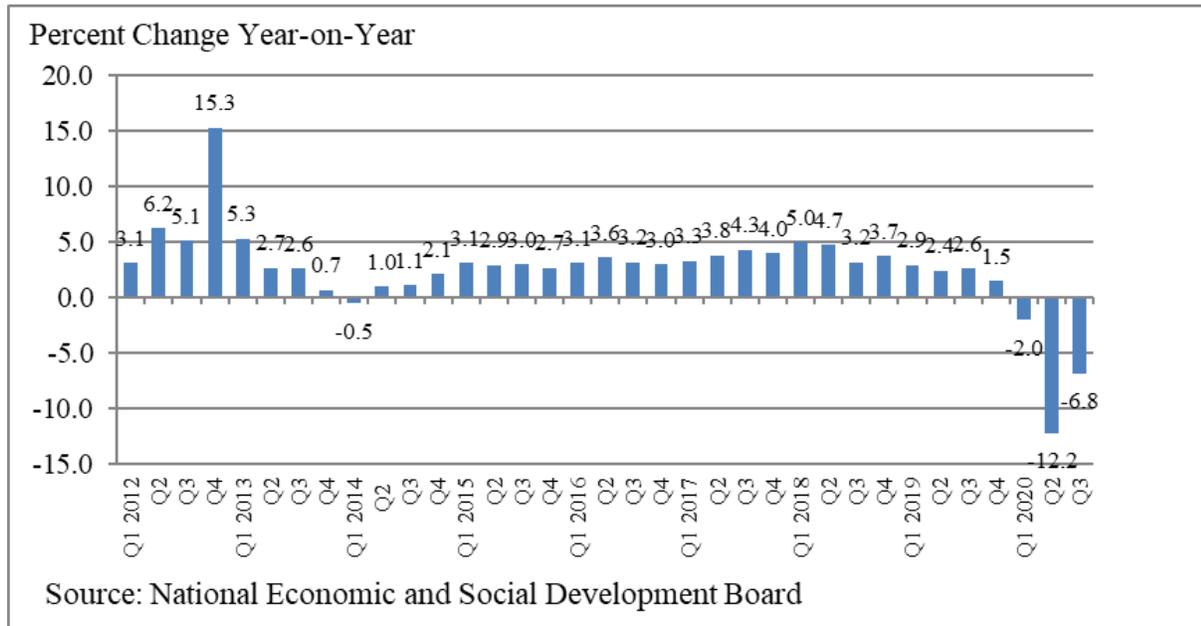


Figure 6: Cotton Fabric Exports and Imports



Cotton yarn imports also saw a decline in imports in MY2019/20. Cotton yarn imports have been increasing over the last few years, replacing locally produced yarn and textile products. MY2019/20 cotton yarn imports, however, decreased 16 percent from MY2018/20, particularly in the second half of MY2019/20. According to the Office of Industrial Economics' manufacturing production index, domestic cotton fabric production fell by 15 percent in the third and fourth quarters of MY2019/20 compared to the same period in MY2018/19 (Figure 5). Additionally, imports of cotton fabric in MY2019/20 decreased 7 percent from MY2018/19 (Table 5 and Figure 6). Exports of cotton yarn in MY2019/20 continued to decline, decreasing by 22 percent from MY2018/19 (Table 4, Figure 4). Exports of garment products between January and September 2020 decreased approximately 8.5 percent from the same period last year.

Figure 7: Thai Economic Growth by Quarter



The Thai economy faces a negative growth rate of 6 percent for 2020, based on the latest forecast by the Bank of Thailand in November 2020. The Thai economic growth is expected to fall by 8 percent in the second half of 2020 as the hotel and restaurant sectors are still struggling from the reduced number of tourists caused by the COVID-19 outbreak. The estimated number of tourists in 2020 has been revised down to 6.7 million from the previous estimate of 8 million, compared to 39.8 million in 2019. Additionally, the economic recovery in 2021 is expected to be slower at 3.6 percent, compared to the previous forecast of 5 percent. The expected number of foreign tourists for 2021 was revised down from 16 million to 9 million. The continued economic slowdown since 2019 (Figure 7) and the impacts from the outbreak of COVID-19 has decreased overall demand for cotton fabric, textile, and garment products. Imports of U.S. cotton in MY2019/20 decreased to 420 thousand bales, down 29 percent from MY2018/19 (Table 2).

Appendix Tables

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

Cotton	2018/2019		2019/2020		2020/2021	
	Aug 2018		Aug 2019		Aug 2020	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	1	0	1	0	1
Area Harvested (1000 HA)	1	1	1	1	1	1
Beginning Stocks 1000 480 lb. Bales	201	201	177	202	153	104
Production 1000 480 lb. Bales	2	2	2	2	2	2
Imports 1000 480 lb. Bales	1075	1075	700	700	850	730
MY Imports from U.S. 1000 480 lb. Bales	0	589	0	420	0	320
Total Supply 1000 480 lb. Bales	1278	1278	879	904	1005	836
Exports 1000 480 lb. Bales	1	1	1	0	1	1
Use 1000 480 lb. Bales	1075	1050	700	780	825	700
Loss 1000 480 lb. Bales	25	25	25	20	25	25
Total Dom. Cons. 1000 480 lb. Bales	1100	1075	725	800	850	725
Ending Stocks 1000 480 lb. Bales	177	202	153	104	154	110
Total Distribution 1000 480 lb. Bales	1278	1278	879	904	1005	836
Stock to Use % (PERCENT)	16.45	19.22	21.83	13.33	18.64	15.69
Yield (KG/HA)	435	435	435	435	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	MY2016/17	MY2017/18	MY2018/19	MY2019/20	% change 18/19-19/20	August - September		
						MY2019/20	MY2020/21	% change
United States	564,806	627,254	588,625	420,579	-29	76,522	53,237	-30
Australia	195,539	156,121	94,068	31,468	-67	5,057	582	-88
Brazil	110,488	138,559	125,210	111,045	-11	6,895	8,173	19
Mali	95,206	49,364	37,102	29,605	-20	14,237	2,295	-84
Burkina Faso	19,500	15,311	16,005	4,742	-70	2,060	2,267	10
Cote d'Ivoire	29,539	8,673	20,685	9,177	-56	467	459	-2
India	99,487	83,498	38,565	17,037	-56	443	6,376	1339
Tanzania	10,771	10,626	28,431	10,948	-61	1,942	766	-61
Pakistan	5,617	13,094	5,070	182	-96	-	-	-
Argentina	19,507	1,607	43,215	15,347	-64	685	2,596	279
Mexico	3,198	4,572	3,801	2,654	-30	81	-	-100
Zimbabwe	-	451	1,667	2,329	40	467	946	103
Spain	962	2,515	20,582	5,428	-74	1,337	-	-100
Benin	4,182	6,233	4,184	2,293	-45	-	454	-
Others	67,776	37,258	48,263	37,573	-22	8,657	2,767	-68
World	1,226,580	1,155,137	1,075,473	700,407	-35	118,580	80,918	-32

Source: Thai Customs Department

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

Unit: Metric Tons	MY2016/17	MY2017/18	MY2018/19	MY2019/20	August - September		
					MY2019/20	MY2020/21	% change
India	12,012	12,529	18,460	13,362	2,681	2,285	-14.8
Vietnam	4,189	6,809	9,254	10,066	1,774	2,387	34.6
China	4,191	3,673	3,410	3,334	700	700	-
Japan	1,641	2,711	2,104	731	215	11	-94.9
Indonesia	190	626	356	1,365	315	470	49.2
Korea South	401	834	454	10	7	-	-100.0
Malaysia	201	-	294	116	-	39	-
Taiwan	71	40	42	13	1	9	800.0
Italy	14	18	19	21	-	-	-
Pakistan	314	218	133	37	2	-	-100.0
Germany	1	1	2	2	1	-	-100.0
United States	1	2	2	-	-	-	-
Hong Kong	10	25	28	4	3	-	-100.0
Other	568	356	35	127	2	14	600.0
World	23,803	27,844	34,593	29,188	5,701	5,915	3.8

Source: Thai Customs Department

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

Marketing Year: August/July Unit: Metric Tons	MY2016/17	MY2017/18	MY2018/19	MY2019/20	August to September		
					MY2019/20	MY2020/21	%change
China	12,222	10,489	7,450	4,273	1,309	127	-90.3
Korea South	3,724	4,947	4,134	3,730	737	172	-76.7
Japan	4,137	3,102	2,904	3,417	782	352	-55.0
Indonesia	15	500	600	539	71	98	38.0
India	17	96	140	43	20	29	45.0
Italy	184	249	156	128	53	6	-88.7
Vietnam	283	194	285	390	56	27	-51.8
Cambodia	1	0	61	94	6	11	-
Papua New Guinea	70	40	30	-	-	-	-
Australia	10	20	14	11	4	1	-
Hong Kong	266	162	45	42	11	6	-45.5
Laos	44	46	37	61	7	20	185.7
Bangladesh	180	1,122	575	6	2	11	450.0
Other	1,031	497	666	543	28	45	60.7
World	22,173	21,416	16,983	13,234	3,086	905	-70.7

Source: Thai Customs Department

Table 5: Thailand's Imports of Cotton Fabric (Marketing Year: August/July)

Marketing Year: August/July Unit: Metric Tons	MY2015/16	MY2016/17	MY2017/18	MY2018/19	MY2019/20	August - September		
						MY2019/20	MY2020/21	% change
China	19,451	20,748	17,706	15,863	15,823	2,958	2,371	-19.8
India	3,741	4,222	7,665	10,844	9,582	1,943	2,173	11.8
Indonesia	706	227	188	374	404	57	44	-22.8
Japan	524	434	423	394	395	48	67	39.6
Egypt	1	3	29	103	39	4	3	0.0
Italy	72	96	97	133	111	20	10	-50.0
Taiwan	193	160	225	118	64	3	4	0.0
Pakistan	1,230	298	307	394	86	17	8	-52.9
South Korea	59	65	60	105	115	8	20	150.0
Portugal	4	9	33	32	15	3	-	-
Vietnam	118	72	60	320	243	32	57	78.1
Laos	31	13	13	19	19	2	1	20.0
United Kingdom	37	33	21	16	16	1	1	0.0
Other	713	449	425	275	176	25	13	-48.0
World	26,881	26,828	27,253	28,990	27,087	5,121	4,772	-6.8

Source: Thai Customs Department

Table 6: Thailand's Exports of Cotton Fabric

Marketing Year: August/July Unit: Metric Tons	MY2015/16	MY2016/17	MY2017/18	MY2018/19	August - September		
					MY2019/20	MY2020/21	% change
Myanmar	8,166	7,098	7,833	8,182	1,347	1,569	16
Bangladesh	5,310	5,412	6,829	4,280	1,266	693	-45
Japan	4,491	3,667	2,453	2,027	377	462	23
China	388	205	999	2,340	600	265	-56
Indonesia	550	489	608	1,671	368	297	-19
South Korea	823	863	1,012	1,292	283	203	-28
India	17	73	34	1,761	308	532	73
Cambodia	1,979	2,120	2,123	1,541	280	325	16
Netherlands	968	935	742	819	116	114	-2
Sri Lanka	1,356	1,277	1,183	928	211	121	-43
Vietnam	2,221	2,465	3,706	1,960	249	210	-16
Philippines	222	714	813	1,019	384	209	-46
Pakistan	707	547	642	556	73	42	-42
Other	7,747	7,298	6,549	6,128	911	1,247	37
World	34,944	33,162	35,526	34,504	6,773	6,289	-7

Source: Thai Customs Department

End of report.

Attachments:

No Attachments