

Voluntary Report – Voluntary - Public Distribution

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Report Name: Cotton and Products Update

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Post: Bangkok

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Report Highlights:

Post forecasts MY2022/23 cotton imports to increase 4 percent but remain well below the 5-year average annual import demand from MY2017/18 – MY2021/22 in anticipation of slow economic recovery in 2023. MY2021/22 cotton imports expanded 25 percent from MY2020/21 amid shrinking U.S. cotton market share due to strong competition from Australian cotton.

Executive Summary

FAS Bangkok (Post) forecasts MY2022/23 cotton imports to increase 4 percent from MY2021/22 but remain well below the 5-year average annual import demand prior to the COVID-19 pandemic, in anticipation of a slow economic recovery in 2023. Posts expects imports of U.S. cotton to increase to 290,000 bales, up around 6 percent from the previous year, as spinning mills rely on high-quality cotton for their fine-count yarn production. However, yarn production and consumption growth in the first three months of MY2022/23 declined 11 and 26 percent, respectively, from the same period last year due to the slow economic recovery in 2022 and concerns of trading partners about an economic recession in 2023.

MY2021/22 cotton imports totaled 749,598 bales, up 25 percent from MY2020/21 in line with cotton yarn production, which grew 33 percent from MY2020/21, driven by strong exports of textile products. Imports of U.S. cotton declined 4 percent due to competition from Australian cotton.

Cotton and Products Update

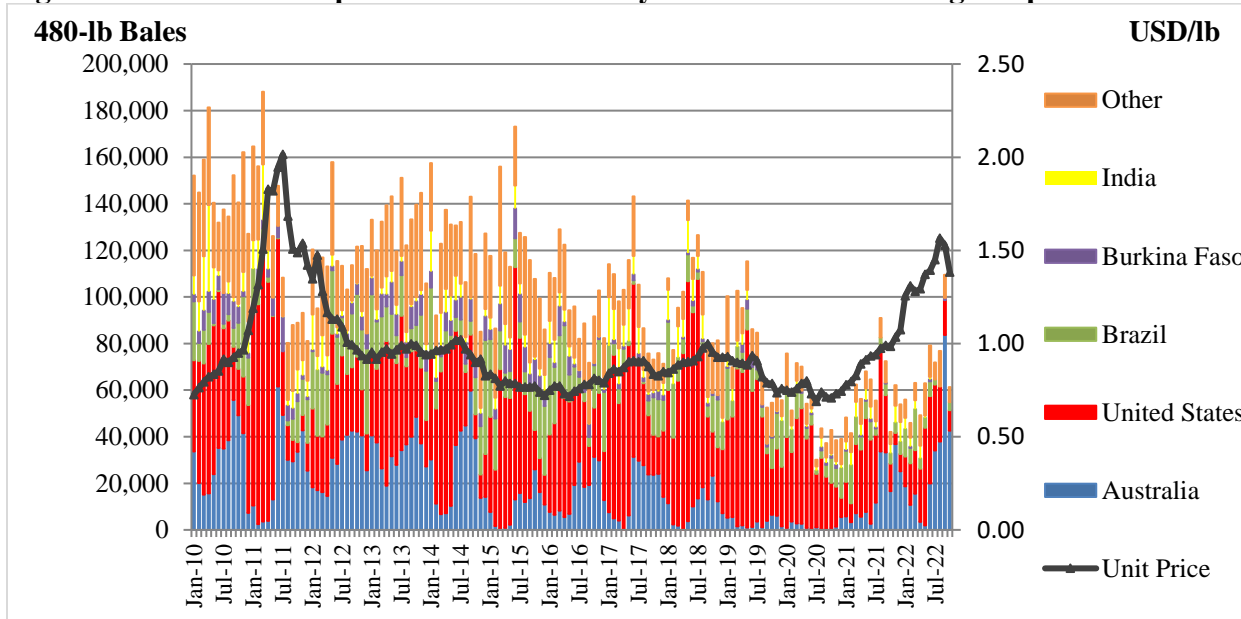
Post forecast MY2022/23 cotton imports to increase to 780,000 bales, up 4 percent from MY2021/22. Cotton imports remain well below the 5-year average of 854,440 bales due to an expected slow economic recovery 3.3 percent in 2022 and 3.8 percent in 2023. The number of foreign tourist arrivals remains well below the number of tourists that arrived before the COVID-19 pandemic. The Ministry of Tourism and Sports reported that over 11.1 million tourists arrived in 2022 and anticipate that 30 million will visit Thailand in 2023, which remains below the 40 million that arrived prior to the pandemic.

MY2022/23 import demand for U.S. cotton is likely to increase to 290,000 bales, up 6 percent from MY2021/22 as Thai spinning mills typically rely on high-quality cotton from the United States for fine-count yarn production. In addition, the United States' ban on Chinese textile products from the Xinjiang Uyghur Autonomous Region under the Uyghur Forced Labor Prevention Act (UFLPA), which came into force on June 21, 2022, is likely to benefit Thai textile exports in MY2022/23.

Cotton imports in the first three months of MY2022/23 grew 20 percent from the same period last year as spinners reportedly ran down raw cotton inventories in the second half of MY2021/22 following the surge in garment and textile demand after the government began to remove its stringent measure on COVID-19 in May 2022. However, import demand for U.S. cotton largely dropped 41 percent from the same period last year. The market share of U.S. cotton declined to 19 percent of total imports, compared to 39 and 66 percent in the first three months of MY2021/22 and MY2020/21, respectively, due to competition from the Australian cotton.

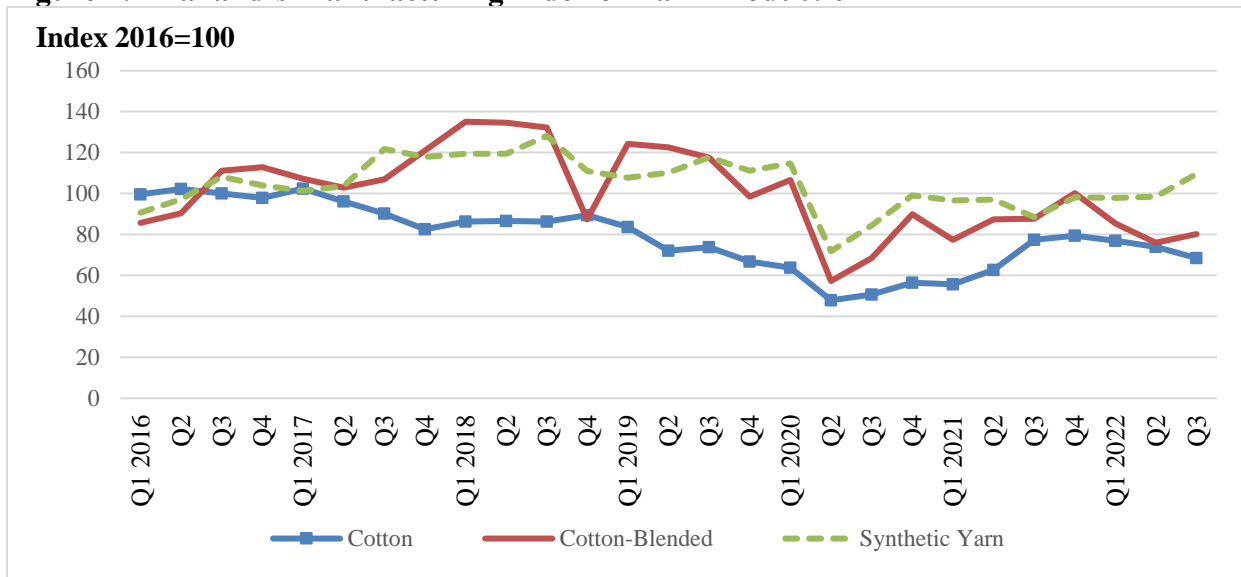
Yarn production in the first quarter of MY2022/23 declined 11 percent from the same period last year in line with reduced production of cotton and cotton-blended yarn, which declined 20 and 2 percent, respectively, as spinners held large inventories of yarn. In addition, yarn imports in the first three months of MY2022/23 increased by more than 100 percent from the same period last year, reducing domestic demand for locally produced cotton yarn. The rising cost of production, which has risen 30 percent during the COVID-19 outbreak, also put pressure on domestic textile production. Cotton and cotton-blended yarn inventories in the first three months of MY2022/23 increased more than 95 percent from the same period last year (Figure 3) as domestic consumption and exports of cotton and cotton-blended yarn dropped 31 and 35 percent, respectively, from the same period last year due to the slow economic recovery in the second half of 2022 and concerns of trading partners about an economic recession in 2023.

Figure 1: Thailand's Imports of Raw Cotton by Countries and Average Import Prices



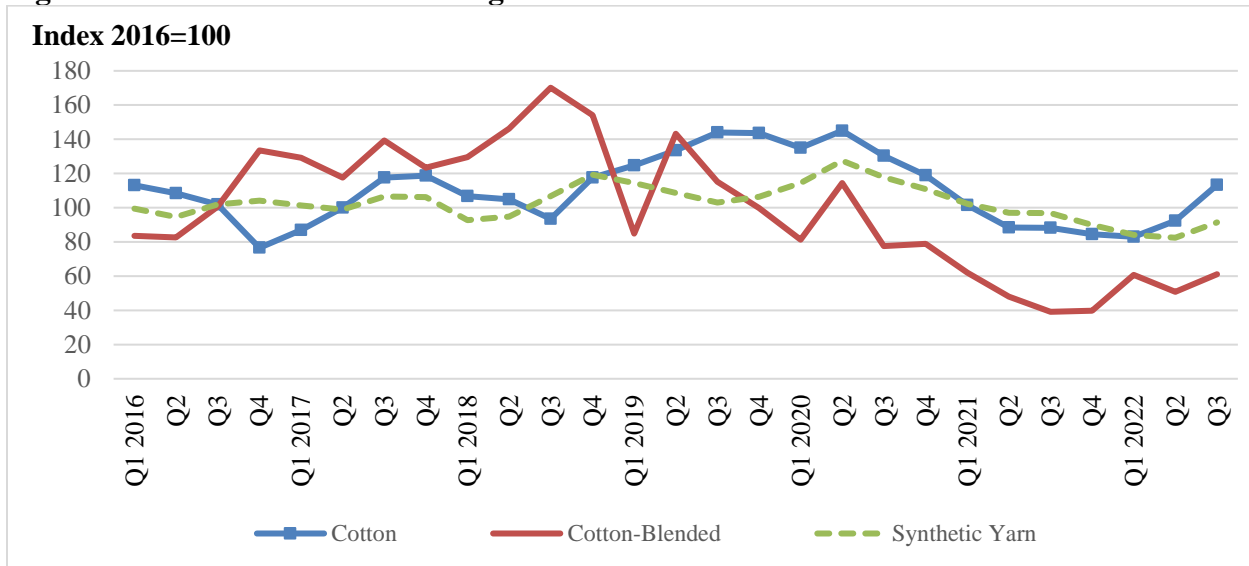
Source: Thai Customs Department, Ministry of Finance and Thai Chamber of Commerce

Figure 2: Thailand's Manufacturing Index of Yarn Production



Source: Office of Industrial Economic, Ministry of Industry

Figure 3: Thailand’s Manufacturing Index of Cotton Yarn Inventories

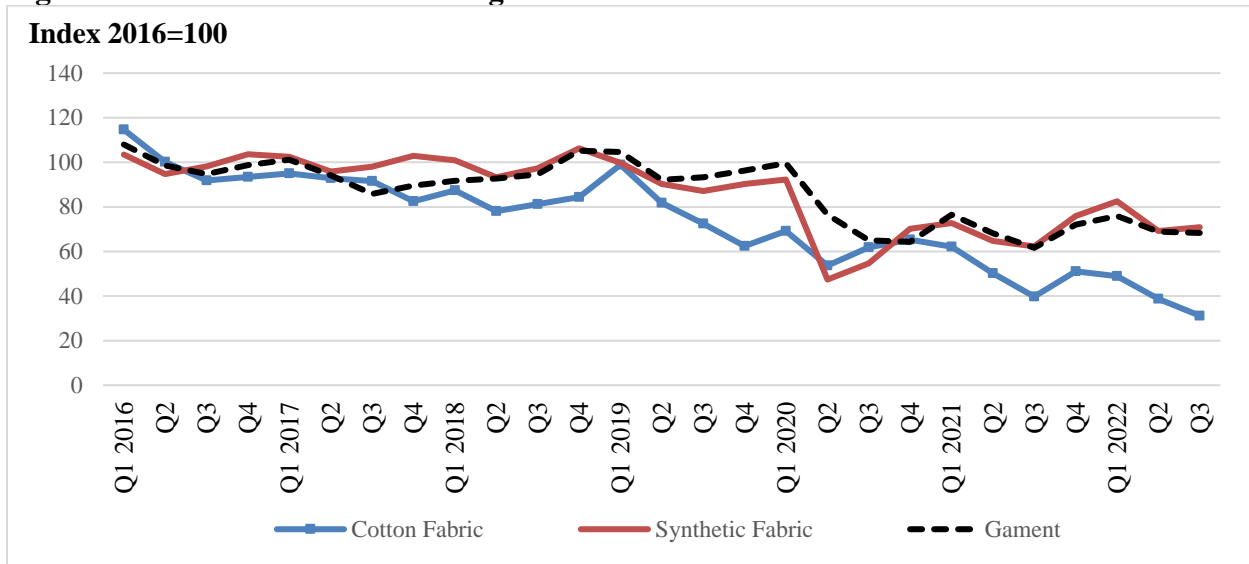


Source: Office of Industrial Economic, Ministry of Industry

The average annual import demand for raw cotton was around 1.4 million bales prior to the COVID-19 outbreak. Annual cotton imports declined drastically to only 600,000 bales during the pandemic. The textile industry recovered during the second half of 2021 with raw cotton imports reaching 749,598 bales in MY2021/22, which was a 25 percent increase from MY2020/21. However, cotton imports remained far below the 5-year average as the Thai economy slowly recovered from the pandemic with a GDP growth of 1.6 percent in 2021 and 2.6 percent in 2022. Imports of U.S. cotton totaled 272,462 bales, down 4 percent from MY2020/21 as the United States lost market share to Australian cotton. Imports of Australian cotton totaled 250,018 bales in MY2021/22, up significantly from the previous year due to the recovery in Australian cotton production.

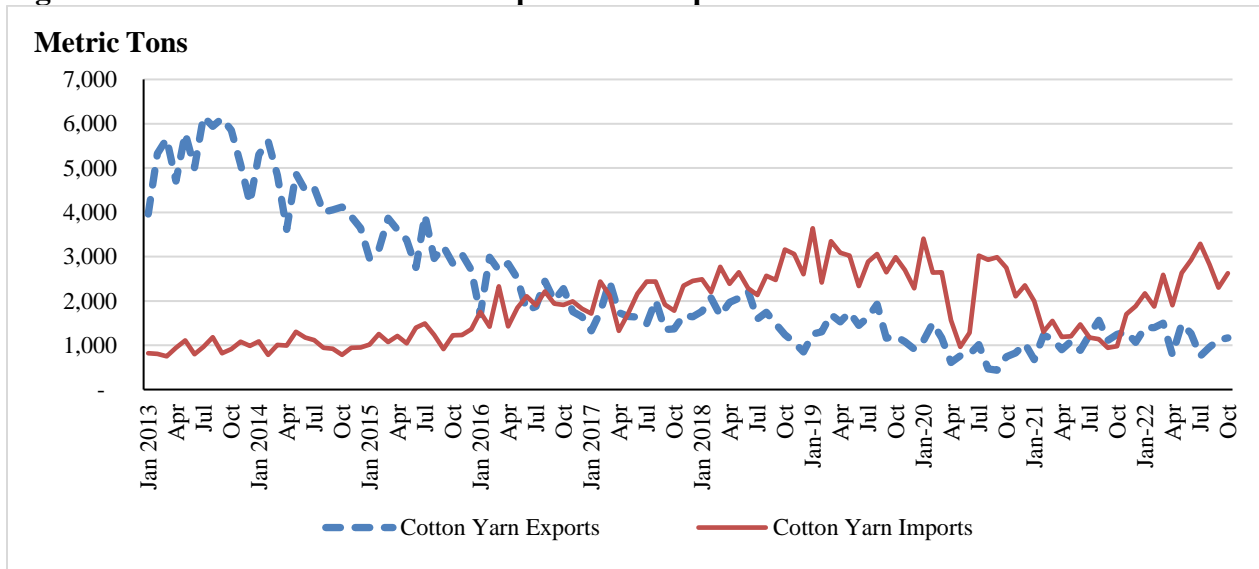
MY2021/22 cotton and cotton-blended yarn production increased 22 percent from the previous year in line with strong export demand for Thai garment and textile products following the economic recovery of Thailand’s trading partners. In addition, the Office of Industrial Economic (OIE), Ministry of Industry reported that domestic yarn consumption in MY2021/22 was up 7 percent from the previous year. MY2021/22 cotton and cotton-blended yarn inventories dropped by 17 percent from the previous year as spinners were cautious in building up their yarn inventories due to concerns about global economic uncertainties and high cotton prices, which increased by approximately 50 percent to a record decade high.

Figure 4: Thailand's Manufacturing Production Index of Fabric and Garment



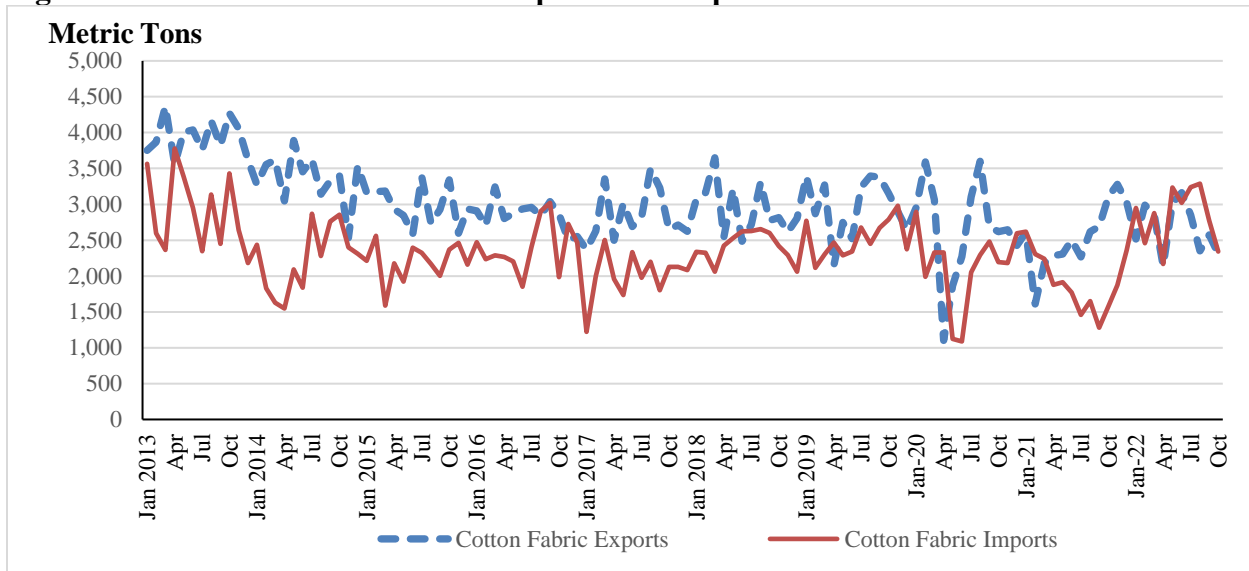
Source: Office of Industrial Economic, Ministry of Industry

Figure 5: Thailand's Cotton Yarn Imports and Exports



Source: Thai Customs Department, Ministry of Finance and Thai Chamber of Commerce

Figure 6: Thailand's Cotton Fabric Imports and Exports



Source: Thai Customs Department, Ministry of Finance and Thai Chamber of Commerce

Appendix Tables

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

Cotton Market Year Begins	2020/2021		2021/2022		2022/2023	
	Aug 2020		Aug 2021		Aug 2022	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	1	0	1
Area Harvested (1000 HA)	1	1	1	1	1	1
Beginning Stocks 1000 480 lb. Bales	103	103	82	77	99	93
Production 1000 480 lb. Bales	2	2	2	2	2	2
Imports 1000 480 lb. Bales	598	598	750	750	700	780
MY Imports from U.S. 1000 480 lb. Bales	0	285	0	273	0	290
Total Supply 1000 480 lb. Bales	703	703	834	829	801	875
Exports 1000 480 lb. Bales	1	1	0	1	1	1
Domestic Use 1000 480 lb. Bales	610	610	725	720	700	750
Loss 1000 480 lb. Bales	10	15	10	15	10	15
Total Dom. Cons. 1000 480 lb. Bales	620	625	735	735	710	765
Ending Stocks 1000 480 lb. Bales	82	77	99	93	90	109
Total Distribution 1000 480 lb. Bales	703	703	834	829	801	875
Stock to Use % (PERCENT)	13.42	12.6	13.66	12.9	12.84	14.51
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

	MY19/20	MY20/21	MY21/22	% Change	August - October		% Change
					MY21/22	MY22/23	
Australia	31,468	52,148	250,018	379.4	83,545	164,253	96.6
United States	420,580	284,949	272,462	-4.4	80,523	47,313	-41.2
Argentina	15,347	17,281	16,983	-1.7	932	13,869	1387.4
Brazil	111,046	104,652	76,872	-26.5	14,211	3,397	-76.1
Cote d'Ivoire	9,177	16,690	11,913	-28.6	2,331	9,864	323.1
Mali	29,606	22,032	17,157	-22.1	6,374	2,389	-62.5
Chad	-	2,295	4,609	100.8	1,378	1,251	-9.2
Burkina Faso	4,742	7,222	1,825	-74.7	451	913	102.5
Tanzania	10,948	3,703	2,255	-39.1	1,639	844	-48.5
Benin	2,293	2,935	-	-100.0	-	902	-
Others	65,204	83,930	95,504	13.8	14,107	2,521	-82.1
World	700,409	597,838	749,598	25.4	205,491	247,517	20.5

Source: Thai Customs Department, Ministry of Finance and Thai Chamber of Commerce

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

Unit: Metric Tons

	MY18/19	MY19/20	MY20/21	MY21/22	% Change	August - October		% Change
						MY21/22	MY22/23	
Vietnam	9,254	10,067	8,279	9,135	10.3	554	4,934	791.4
China	3,410	3,334	3,191	3,888	21.8	580	1,190	105.2
India	18,460	13,362	9,691	8,032	-17.1	1,290	730	-43.4
Japan	2,104	731	35	1,199	3,313.9	283	567	100.3
Indonesia	356	1,365	1,217	1,320	8.5	235	189	-19.7
Pakistan	133	37	82	187	128.0	79	122	55.6
Cambodia	42	13	30	18	-39.2	0	3	-
Czech Republic	9	-	18	2	-88.2	0	2	-
France	19	22	6	9	33.1	0	1	388.9
Taiwan	4	4	4	4	12.6	1	1	-2.8
Others	802	253	438	228	-48	38	3	-92
World	34,593	29,188	22,993	24,023	4.5	3,060	7,744	153.0

Source: Thai Customs Department, Ministry of Finance and Thai Chamber of Commerce

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

Unit: Metric Tons

	MY18/19	MY19/20	MY20/21	MY21/22	% Change	August - October		% Change
						MY21/22	MY22/23	
China	7,450	4,273	23,416	4,658	-80	1,020	1,705	67
Japan	2,904	3,417	2,863	3,187	11	898	811	-10
Bangladesh	575	6	443	1,894	328	250	201	-19
Indonesia	600	539	661	846	28	136	130	-4
Cambodia	61	94	118	155	32	30	67	120
Laos	37	61	140	200	43	35	60	69
India	140	43	10	103	914	24	55	132
South Korea	4,134	3,730	1,621	1,571	-3	717	77	-89
Italy	156	128	6	124	1827	44	27	-39
Pakistan	109	224	458	912	99	584	22	-96
Others	891	682	833	1,462	75.5	444	37	-91.7
World	16,983	13,234	10,668	14,880	39.5	2,679	2,075	-22.6

Source: Thai Customs Department, Ministry of Finance and Thai Chamber of Commerce

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

Unit: Metric Tons

	MY2018/19	MY2019/20	MY2020/21	MY2021/22	% Change	August - October		% Change
						MY21/22	MY22/23	
China	15,862	15,823	15,263	17,930	17.5	2,811	5,715	103.3
India	10,844	9,582	9,367	9,574	2.2	1,527	2,207	44.6
Vietnam	320	243	355	239	-32.5	20	207	950.4
Indonesia	374	405	158	295	86.2	40	120	201.3
Japan	394	374	245	205	-16.0	30	50	65.2
Pakistan	133	112	92	63	-31.5	23	21	-10.5
Italy	118	21	18	21	16.2	3	17	535.5
Others	669	444	383	229	-40.1	54	54	-0.7
World	28,990	27,068	25,928	28,687	10.6	4,510	8,401	86.3

Source: Thai Customs Department, Ministry of Finance and Thai Chamber of Commerce

Table 6: Thailand's Exports of Cotton Fabric (Marketing Year: August/July)

Unit: Metric Tons

	MY18/19	MY19/20	MY20/21	MY21/22	% Change	August - October		% Change
						MY21/22	MY22/23	
Myanmar	8,182	7,882	7,754	8,486	9.4	1,249	1,902	52.3
Bangladesh	4,280	5,165	5,086	6,516	28.1	2,505	830	-66.9
Cambodia	1,960	1,190	1,356	2,164	99.3	333	660	34.0
India	1,541	1,414	1,383	2,756	-2.3	467	626	48.5
China	2,348	1,979	1,031	3,483	237.7	879	564	-35.9
Vietnam	1,761	2,695	1,359	1,328	13.7	369	548	16.5
Laos	2,027	1,801	2,231	2,332	59.6	664	451	98.2
Japan	565	1,625	1,428	1,624	4.5	377	440	-32.1
Fiji	1,292	1,610	1,167	1,124	39.8	281	198	375.0
United States	1,124	1,130	1,376	736	-46.5	193	167	-13.6
Indonesia	928	717	466	327	-50.0	99	111	-29.2
South Korea	395	220	160	223	-30.0	22	103	11.6
Sri Lanka	1,671	884	681	341	-3.6	101	71	-29.4
New Zealand	179	106	125	118	45.6	26	69	-46.6
United Arab Emirates	312	171	168	245	-5.2	50	27	170.0
Others	5,937	4,829	3,584	2,448	-31.7	804	470	-41.6
World	34,504	33,420	29,355	34,251	16.7	8,418	7,235	-14.0

Source: Thai Customs Department, Ministry of Finance and Thai Chamber of Commerce

Attachments:

No Attachments.