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Syria

Cotton and Products

Annual

2000

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Report Highlights

Syria's 1999/2000 cotton area planted is estimated at 245,000 HA and total production is estimated at 926,000 tons of seed cotton. The yield was relatively good inspite of the water shortages in some areas. Lint production is estimated at 312,000 tons, while total domestic lint consumption is estimated at 100,000 tons. The balance of about 212,000 tons is to be exported. For MY 2000/2001, the crop is forecast at 886,000 tons of seed cotton producing 290,000 tons of cotton lint.

Includes PSD changes: Yes
Includes Trade Matrix: Yes

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PSD Table						
Country:	Syria					
Commodity:	Cotton					
		1998		1999		2000
	Old	New	Old	New	Old	New
Market Year Begin		08/1998		08/1999		08/2000
Area Planted	272000	274600	242000	245000		229100
Area Harvested	272000	274600	242000	245000		229100
Beginning Stocks	101041	101041	101041	181568		193568
Production	336000	340000	300000	312000		290000
Imports	0	0	0	0		0
TOTAL SUPPLY	437041	441041	401041	493568	0	483568
Exports	250000	169473	250000	200000		250000
USE Dom. Consumption	86000	90000	90000	100000		110000
Loss Dom. Consumption	0	0	0	0		0
TOTAL Dom. Consumption	86000	90000	90000	100000	0	110000
Ending Stocks	101041	181568	61041	193568		123568
TOTAL DISTRIBUTION	437041	441041	401041	493568	0	483568

Production

Cotton is planted in the north, east, and central parts of Syria. Only upland cotton varieties are grown in Syria. The major planted variety is Aleppo 40 which was developed by the Cotton Bureau in Aleppo, in the early eighties. The Cotton Bureau is currently introducing new varieties, basically of U.S. origin, in certain parts of the country. Cotton is planted in April/May and harvested in September-December. The Cotton Bureau encourages early planting and harvesting. The government subsidizes the price of diesel fuel and irrigation water. The 1999/2000 crop was nine percent below the previous crop. The ginning rate through February 2000 is reported at 33.4 percent.

As was the case during the previous season, high temperature in the summer of 1999 along with water shortages in some areas negatively affected the crop. However, good weather conditions during October and November 1999 enabled the bolls to open and the crop to be a good crop. No major incidence of insect or disease infestation was reported in 1999.

The Cotton Bureau estimates the 1999/2000 crop at 926,000 tons of seed cotton. The Cotton Marketing Organization (CMO) purchased 905,008 tons from the 1999/2000 crop, 9 percent below the purchases from the previous crop. The procurement price for the 1999/2000 crop was kept at the same level of 30.75 SP per kilogram for seed cotton delivered by the middle of November, 26.25 SP per kilogram for seed cotton delivered through the end of November, and at 19.75 SP per kilogram delivered after November (bank exchange rate is 46 SP/USD, free market rate is about 48-50 SP/USD). This method of pricing encourages the farmer to plant early and harvest the crop as early as possible. Cotton lint production is forecast at 312,000 tons in 1999/2000.

Cotton planted area in 2000/2001 is reported to be 229,109 hectares, 4 percent above planned area, while production is forecast at 886,000 tons.

Consumption

Domestic consumption of cotton from the 1999/2000 season is estimated at 100,000 tons of cotton lint mostly consumed by the public sector spinning facilities. These spinning facilities produced 59,867 tons of cotton yarn in 1998. The private sector utilizes some quantities of lint for the production of mattresses, pillows, baby diapers, and other sanitary products. In 1998, total production of cotton textiles is reported at 23,480 tons as compared to 15,637 tons of textiles made from synthetic fibers.

The Government's goal is to increase production of cotton yarn and textiles and to increase exports of these products instead of raw cotton. The government is planning to construct new spinning facilities to enable Syria to process all of its cotton production and increase the exports of yarn and textiles. Cotton marketing is a monopoly of the Cotton Marketing Organization. Selling prices of cotton lint, yarn, and textiles are not available.

According to trade sources, the quality of the cotton yarn produced from the old spinning facilities requires much improvement and cannot be achieved with the antiquated spinning equipment. The private sector is now permitted to produce yarn from synthetic fiber. The private sector has been permitted to spin cotton as a part of an integrated industry for garment production. This should help Syria increase its exports of high quality cotton yarn and textiles.

Garment imports are not permitted in Syria. The private sector produces about 68 percent of underwear garments and about 97 percent of outer garments.

Trade

Export Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:	MY Aug		MY Aug
Exports for	1998		1999
U.S.	15922	U.S.	0
Others		Others	
Pakistan	28263	Turkey	50000
Turkey	18139	Italy	21000
Italy	15038	Indonesia	10000
Indonesia	13607	Portugal	10000
Algeria	12177	Lebanon	10000
Japan	9690	France	10000
Portugal	7658	Thailand	5000
Korea	6952	Algeria	10000
Spain	6808	Spain	30000
Thailand	5102	Japan	11000
Total for Others	123434		167000
Others not listed	30117		33000
Grand Total	169473		200000

Syria does not import any cotton lint. The Cotton Marketing Organization exports cotton lint in excess of domestic needs. Cotton lint exports rank second after petroleum. Cotton lint exports were expected to be a record in volume in 1998/99 due to the good crops in two consecutive years. However, Syria was unable to export all planned quantities due to low international prices. Syria exported only 169,473 tons from the 1998/99 crop. The United States imported Syrian cotton for the first time in 1998/99. Through the end of February 2000, Syria exported only 39,066 tons of lint from the 1999/2000 crop. No contracts for exporting lint to the United States were reported for the 1999/2000 crop.

Cotton yarn and textiles are not permitted to be imported. However, very small quantities of certain cotton yarn and textiles that are not produced locally are permitted to be imported. Syria imported 130,131 tons of synthetic fibers and 12,823 tons of synthetic textiles in 1998. Yarn and textile trade statistics for 1999 are not yet available.

The private sector is becoming more active in garment exports. Syrian cotton underwear and T-shirts made from cotton are gaining more recognition in the export markets. Some private sector companies are established to produce such garments of high quality for exports. The private sector has modern weaving machinery and can increase its capacity in a short time if pricing policy for locally produced cotton yarn is adjusted to equalize it with international yarn prices.

Stocks

The Cotton Marketing Organization usually tries to keep its stocks to a minimum. Actual stock figures held at any given time are not readily available. Stocks are estimated to increase this year due to the inability of the Cotton Marketing Organization to export all surplus production due to low international cotton prices.

Farmers keep a small part of the crop for their use in villages or household industries. The Cotton Marketing Organization bought 98 percent of the 1999/2000 crop; the balance is sold to illegal private gins.

The public sector holds a large quantity of cotton textiles that they are unable to sell locally or to export due to quality and price problems. These products are produced by antiquated equipment. The exchange rate as well as the export taxes are other problems hindering exports. Unfortunately, these stocks have been increasing. However, the government seems to be working on solving this problem by selling below cost.

Trade Policy

Syria does not import any cotton lint and does not intend to produce extra long staple cotton in the foreseeable future. At present, the Syrian Government does not provide any subsidy for cotton exports. However, when international market prices are low, and because of the unrealistic exchange rate utilized by the CMO (sometimes 12 percent below the free market rate of exchange), as well as the export tax imposed on cotton exports, the CMO loses money.

Customs duties on cotton yarn and textiles range from 15-50 percent depending on the quality, while such customs duties on synthetic fiber and textiles range from 1-30 percent, also depending on quality. The export tax on yarn and textiles is not available. Some trade sources believe it exceeds 16 percent. This is a major barrier for export, especially since the local cotton yarn prices are reported to be above prevailing international prices for the similar quality.

Imports of garments are not expected to be permitted in the foreseeable future.

Marketing

The CMO has a monopoly in cotton procurement and ginning. It also handles the domestic and export marketing of Syria's cotton lint. Marketing of Syria's cotton is undertaken by trade delegations sent to Syria's traditional export markets at the beginning of each marketing season. The CMO maintains agents in some major export markets.