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Syria

Cotton

Cotton Annual Report

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Report Highlights:

Syria's 1998/99 cotton crop is estimated at 1,018,000 tons of seed cotton grown on 272,000 hectares, 9 percent above the planned area. The yield was relatively good in spite of water shortages in some areas. Lint production is calculated at 335,000 tons. Total domestic lint consumption is estimated at 85,000 tons. The balance of about 250,000 tons is to be exported.

Includes PSD changes: Yes
Includes Trade Matrix: Yes
Annual Report
Cairo [EG1], EG

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Production

Cotton is planted in the north, east, and central parts of Syria. Only upland cotton is produced 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 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 1998/99 crop was three percent below the record crop of 1997/98. The ginning rate through January 1999 is reported at 33.94 percent.

High temperature in summer with water shortages in some areas affected the crop. Good weather conditions during October and November 1998 enabled the bolls to open and the crop was in general very good. Syrian cotton quality is considered to be very good because all the crop is hand picked. No major incidence of insect or disease infestation was reported in 1998.

The Cotton Bureau estimates the 1998/99 crop at 1,018,000 tons of seed cotton. The Cotton Marketing Organization (CMO) purchased 994,918 tons from the 1998/99 crop, 3 percent below the purchases from the previous crop. The procurement price for the 1998/99 crop was kept at the same level of 30.75 SP per kilogram for seed cotton delivered by the middle of November 1998, 26.25 SP per kilogram for seed cotton delivered through November, and 19.75 SP per kilogram delivered after November (bank exchange rate is 46 SP/USD, free market rate is about 52 SP/USD). This method of pricing encourages the farmer to plant early and harvest the crop as early as possible.

For MY 1999, the Cotton Bureau's original plans called for planting 255,000 hectares of irrigated cotton. The plan was reduced to 225,000 hectares due to the drought problem. Actual planted area is reported in the press at 242,000 hectares, 8 percent above planned area and production is forecast at 900,000 tons.

Consumption

Domestic consumption of cotton from the 1998/99 season is estimated at 85,000 tons of lint cotton mostly consumed by spinning mills that are monopolized by the public sector. These spinning mills produced 53,724 tons of cotton yarn in 1997. The private sector utilizes some quantities of lint for the production of mattresses, pillows, baby diapers, and other sanitary products. Total production of cotton textiles is reported at 22,902 tons as compared to 13,387 tons of textiles made from synthetic fibers in 1997.

The Government's goal is to increase production of cotton yarn and textiles and to increase exports of these products in lieu of cotton lint. More government spinning facilities are planned to be constructed in the long run to enable Syria to process all its lint production and export yarn and textiles instead of lint. Cotton lint is marketed by the CMO. Selling prices of cotton lint, yarn and textiles are not available.

According to private trade sources, the quality of the cotton yarn produced from the old spinning

facilities requires much improvement. Such an improvement cannot be achieved with the antiquated spinning facilities belonging to the public sector monopoly. 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 to produce garments from cotton lint. If the private sector is permitted to spin cotton yarn, local cotton consumption will increase and Syria will be able to export high quality cotton yarn and textiles.

Garments are not permitted to be imported. The private sector produces about 68 percent of underwear garments and about 97 percent of outer garments.

Trade

Syria does not import any lint cotton. The CMO exports cotton in excess of domestic needs. At the present time, cotton exports rank second after petroleum. Syria's major export markets for cotton lint are Europe, Arab countries and the Far East. Cotton exports are expected to be a record in volume in 1998/99 due to the good crops in two consecutive years.

However, Syria is unable to export all planned quantities due to low international prices. As shown in the trade matrix table, Syria exported only 11,319 tons of lint from the 1998/99 crop from August through the end of January 1999, but it is expected to export 250,000 MT by the end of the marketing year.

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 69,233 tons of synthetic fibers in 1997. Textile and yarn trade statistics for 1998 are not available.

The private sector is becoming more active in the export trade of garments. Underwear and T-shirts made from cotton are gaining more importance in the export markets. Some private sector companies are established to produce such garments of high quality for exports. Recently, one company was established to produce these products for exports to the United States. 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 stock to a minimum. Actual stock figures are not available, but stocks are expected to increase in 1998/99 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 1998/99 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 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 are increasing every year.

Marketing

Local seed cotton procurement and ginning are monopolized by the Cotton Marketing Organization. This organization also handles the domestic and export marketing of Syria's lint cotton. Marketing is undertaken by trade delegations sent at the beginning of the marketing season to Syria's traditional export markets. The CMO maintains agents abroad.

Barriers to Trade

Syria does not import any lint cotton and does not intend to produce extra long staple cotton in the foreseeable future.

The Syrian Government does not subsidize cotton exports. However, when international market prices are low, and because of the unrealistic exchange rate utilized by the CMO (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, but trade sources indicate that it is about 16 percent. This is a major barrier for export, especially since the local cotton yarn prices are reported to be significantly above prevailing international prices for the similar quality. Imports of garments are not expected to be permitted in the foreseeable future.

PSD Table						
Country:	Syria					
Commodity:	Cotton					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		08/1997		08/1998		08\1999
Area Planted	220000	250600	250000	272000	255000	242000
Area Harvested	220000	250600	250000	272000	255000	242000
Beginning Stocks	36102	36102	17313	101041	93187	101041
Production	261272	345000	348363	335000	310000	300000
Imports	0	0	0	0	0	0
TOTAL SUPPLY	297374	381102	365676	436041	403187	401041
Exports	197061	197061	172335	250000	250000	250000
USE Dom. Consumption	83000	83000	100154	85000	93187	90000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	83000	83000	100154	85000	93187	90000
Ending Stocks	17313	101041	93187	101041	60000	61041
TOTAL DISTRIBUTION	297374	381102	365676	436041	403187	401041

Export Trade Matrix			
Country:		Units:	MT
Commodity:			
Time period:	MY AUG		
Exports for	1997		1998
U.S.	0	U.S.	0
Others		Others	
Turkey	47535	Algeria	3390
Italy	28533	Indonesia	1220
China	23491	Greece	1185
Switzerland	9860	Italy	907
Thailand	8131	Japan	747
Germany	8073	Spain	714
Algeria	7599	Portugal	490
Indonesia	7099	Morocco	377
Portugal	6953	Switzerland	373
Belgum	6214	China	346
Total for Others	153488		9749
Others not listed	43573		1570
Grand Total	197061		11319