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Greece

Cotton and Products

Annual

2000

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Report Highlights:

The 2000 cotton crop is estimated to be 1,300,000 mt of seed cotton, down slightly from 1999. Acreage in 2000 has remained stable at 445,000 ha as the larger farms rent out excess land in order to work around EU regulations limiting farm size to 6 ha. Total cotton lint exports from Greece are expected to reach 235,000 mt in MY 1999/00, destined mainly for other EU countries and Turkey. Imports of cotton seed this year were tightly controlled by the Ministry of Agriculture in response to allegations that they may contain transgenic material. Expectations are that import requirements for the next season will be even more rigid, which depending on the certification needed, could hinder imports.

Includes PSD changes: Yes

Includes Trade Matrix: Yes
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Executive Summary

According to the Hellenic Cotton Board and Ministry of Agriculture, the 2000 cotton crop will be approximately 1,300,000 MT (seed cotton), from an estimated acreage of 445,000 Ha assuming continued good weather conditions. For 1999, ginners report that cotton was delivered on time and the ginning period was shorter due to excellent harvesting conditions and ginning plant technical improvements. The number of ginning plants operating in 1999 was reduced, but the capacity of the others increased making total national capacity stable.

The 1999 crop is currently estimated at 1,350,000 MT (seed cotton basis) corresponding to an amount of 440,000 MT of lint or 2,020,000 Bales (of 480 pounds each). The 1999 crop quality was satisfactory with good micronaire value (over 28mm) and limited neps, without discoloration. Ginning yield also improved from 32.5% to 32.6%.

The production quota set for the 1999 & 2000 Greek crops is 1,150,000 MT (seed cotton). (The quota level is expected to remain the same for 2001 as well). In 1999, farmers received approximately 220-225 Drs/kg in September- December 1999 (\$0.72-0.74) and 250-260 Drs/kg (\$0.82-0.85) since February 2000.

Total cotton lint exports from Greece reached 210,000 MT in MY 1998/99 and are expected to reach 235,000 MT in MY 1999/00 (preliminary estimates). The main export markets for Greek cotton lint are the EU with approximately 45% of the total amount exported followed by Turkey (25%), and Bulgaria (8%).

Imports of cotton seed this year took place under strict control of the GOG Ministry of Agriculture due to allegations by environmental organizations that seed imported into Greece included transgenic material. However, results of laboratory tests reportedly conducted in Germany have not been made public.

PRODUCTION

General

According to official information published by the Hellenic Cotton Board (HCB), final cotton output for 1999 is estimated at 440,000 tons lint (1,350,000 MT of seed cotton, revised from that reported in GR9003). This amount is equal to about 2,020,000 bales (480 lbs net). These numbers have been revised upward by the HCB since our last report in January 2000 (see also GR 9003).

Cotton has become the major field crop in Greece for both planted area and farmer income. Due to less water demand, cotton has proved to be more profitable than other irrigated crops in Greece such as cereals and sugar beets. This, together with the heavy subsidization of the sector, is one of the many reasons for its growth in the past decade. For the current year, it is reported that the total cotton planted area is estimated at approximately 445,000 hectares which under normal conditions will yield approximately 1,300,000 MT of seed cotton or 420,000 MT of lint. The ginning yield has improved to a 32.6% ratio with normal weather conditions until harvest time.

Production Policy

No changes are expected for the cotton production sector under the new CAP framework until MY 2003/2004. The GOG proposed a maximum increase in the EU cotton quota, with a parallel reduction in the corresponsibility levy and direct payments of price subsidies to farmers, but not to the ginnerers. The GOG felt this was justified because 70% of the EU's cotton demand is met by imports.

The EU Commission did not respond positively to these requests and, in fact, asked the Greek government to take measures to reduce acreage, starting with the 2000 planting season. Growers with large areas (over 6 Hectares) were instructed to reduce their planted area to 6 Hectares in order to be eligible for the EU price subsidy. Although this measure was expected to reduce total national acreage, it did not work in practice. Big farmers rented their extra land to smaller farmers or family members and the total acreage balance is expected to stay high.

Crop Area

Planted area in 1999 increased 30,000 hectares, reaching 4,450,000 stremmas (445,000 hectares) compared to 415,000 hectares in 1998. Although in 1999 the planted acreage was higher than that of 1998, output did not rise proportionally due to expansion into less fertile areas, which resulted in lower yields. Also, according to the HCB, soils which have produced cotton continuously for the last 30 years show signs of decreased fertility. These soils are those of Thessaly (Central Greece) and Central Macedonia. For the 2000 planting period, it is estimated that cotton crop planted area will remain stable at about 445,000 Ha (preliminary estimate), corresponding to an output of approximately 420,000 MT of lint, providing ideal weather conditions. The cotton area per region for 2000 is estimated as follows:

	2000
Thrace	65,000 Ha
Macedonia	115,000 Ha
Thessaly	145,000 Ha
W. Greece	20,000 Ha
Central Greece	100,000 Ha
TOTAL	445,000 Ha

Inputs

In the 80's most of the seed supplied to the farmers was domestically produced by the Hellenic Cotton Board. Currently, however, most of the cotton seed for planting is imported. The SJ2 Acala type of variety, the most commonly used, is of U.S., Israeli and Spanish origin. This variety has been researched extensively by the Cotton Institute of the Ministry of Agriculture, which found that the U.S. origin seeds have the best germination performance. SJ2 is similar to the Greek variety ZETA 2 (created by the Greek Cotton Institute from ACALA parent stock). Imported seed is handled by private importers and is estimated to be 10,000-12,000 MT (out of a total of 16,000 MT-16,500 MT planted every year). 60%-65% of the imported seed originated in the U.S.

In response to allegations from an environmental group a few weeks before the 2000 planting season (beginning of March 2000), the Ministry of Agriculture in Athens issued a decision requiring all the seed companies in Greece, to certify that all seed lots traded in Greece are free of transgenic material. The GOG Ministry of Agriculture also asked the companies to stop distribution of seed and asked the Hellenic Cotton Board (HCB) to provide samples of all lots (kept in HCBs seed bank), for testing.

These developments did not affect the actual sale of cotton seed to the farmers because by the time the decision was announced most of the seed had already been distributed to farmers.

For the next planting season (2001), the Ministry of Agriculture is planning to take additional measures to prevent importation of cotton seed containing transgenic material into Greece. Depending on the resolution of a case now working its way through the legal system the GOG may require a zero tolerance level for transgenic material (unless the EC comes up with an ad hoc minimum tolerance level until more extensive legislation can be developed). Many scientists disagree with such an approach due to the lack of a reliable testing methodology, which can accurately identify GM cotton. Additionally there is no method of analysis accepted by all parties (Ministry of Agriculture, scientist and traders) which could be used reliably.

Yields

The weighted average cotton yield in Greece for 1999 is estimated at 3,037 kgs/Hectare with favorable weather during planting and harvesting (from the 6 major cotton producing regions). Factors affecting yields are seed, soil, disease, rainfall and adverse weather in critical periods during the planting, growing and harvesting stage. Fluctuations are usually between 2,800 kgs/Ha and 3,100 kgs/Ha. Lint yield was 32.6 percent in the 1999/00 ginning period, which is one of the highest since Greece's accession into the EU in 1981. This achievement is due to a good crop harvested in autumn 1999, more usage of improved varieties through the years, and mostly to the modernization of ginning plants and improving management practices during harvest and processing.

Crop Quality

Crop quality in 1999/00 was slightly higher than a year earlier because of favorable weather during harvesting. The good weather in the spring of 2000 which continued until mid May, will aid in the development of young plants for the new crop.

Quality characteristics and the corresponding crop percentages per quality grade for the 1999 cotton crop are given in the following table:

Quality Grades	Grading until March 2000
Boxes	(Crop 1999)
A' (3-4.5 WH)	26.00
B' (5-5.5 WH. & 3-4L. Sp & L.Gr)	54.50
C' (6.6.5 WH & 5L. Spott.)	7.30
D' (7WH & 3-4 Sp & 5L. Gr & 6L. Sp)	8.40
E (7.5-9 WH & Other Sp-L. Sp-GR & Ting	3.80
TOTAL	100,000

Source: Hellenic Cotton Board

The quantity and quality of cotton produced in Greece is sufficient to cover requirements of domestic consumption and leave a considerable surplus for export.

Consumption within Greece fluctuates between 150-155,000 MT of lint, including both domestically produced cotton and imported. Domestic consumption of domestically produced cotton plus some imported amounts (5,000-6,000 MT) shows a slight increase, due to a larger lint utilization by the domestic spinning industry.

Yarn production in Greece (1999) is estimated at approximately 138,000 MT (annual basis) compared to only 80,000 MT ten years ago. Yarn produced of natural cotton accounts for almost 65 percent of total yarn production in Greece, while synthetic blends account for about 15 percent.

Other types of yarn produced in Greece include natural silk (1.5 percent), rayon (4.5 percent), wool (7.0 percent) and polypropylene (7 percent). According to our sources in the industry, a preference for cotton fabrics far exceeds that of synthetics.

The cotton spinning industry in Greece in 1999 had 1,354,000 ring swindles and 36,500 open end rotors.

The total number of ginneries operating in Greece was 70 in MY 1999/00, 30 of which were cooperative and 40 private. The ginning period ends in March/early April. Capacity is stable but the number of ginning plants is decreasing as some coop units go out of operation due to high debts.

TRADE

Greek exports of cotton show an upward trend. In CY 1998, exports reached 227,000 MT of cotton lint for a total value of \$308.8 million. Preliminary estimates for total annual exports of cotton lint for CY 1999 and CY 2000 are 230,000 MT and 245,000 MT respectively. The biggest importers of Greek cotton are Turkey and the EU.

U.S. cotton imports into Greece have drastically declined in the past few years due to stiff competition from domestic cotton and other exporters. Greek spinners consider U.S. S.J.V. Acala (the most preferred) and U.S. Pima cotton lint comparatively expensive relative to other varieties. Limited amounts of HVI certified U.S. cotton (1,000-1,200 MT annually) are purchased by Greek spinners in order to reinforce their blends, because U.S. cotton is strong and uniform. Some extra long staple cotton is purchased by Greek millers from Syria and Egypt.

In 1999, 29 percent of the 138,000 MT domestic yarn production was exported, mainly to Western Europe (40,000 MT) and another 6,000 MT to all other destinations, making a total of 46,000 MT of cotton yarn exports. Imports were 10,000 MT (6,000 from the EU and 4,000 MT from other countries). Another 12,000 MT of synthetic yarn was sold abroad in the same period, 11,000 MT of which went to the EU. Imports of synthetics in 1999 were estimated at 40,000 MT, 30,000 MT of which came from other EU countries.

In the past 3 years, more cotton yarn has been sold for use by the domestic textile industry, but the Greek textile industry faces strong competition from imported items produced at a lower cost. The total value of yarn sales to the Greek textile industry in 1999 is estimated at 540 billion drachmas or \$176 million (with over 100 companies in business).

Stocks in the hands of spinners, traders and ginners of higher quality cotton grades or mixed grades are considered at normal levels. Lower graded cotton is held by farmers or cooperative organizations. The high dollar value against the Greek drachma has benefitted Greek cotton lint and yarn exporters in the first half of 2000.

Quality, Safety and Health

HVI certification developments in Greece were reported in previous annual reports (GR3050 and GR8006) where major agencies and organizations involved in the HVI program and applications were listed.

Exchange Rate

1998	\$1.00=294.30 Drachmas
1999	\$1.00=305.85 Drachmas
2000 Jan-April	1.00= 340.51 Drachmas

PS&D Table Cotton

PSD Table						
Country	Greece					
Commodity	Cotton				(HECTARES)(MT)	
	Revised	1998	Preliminary	1999	Forecast	2000
	Old	New	Old	New	Old	New
Market Year Begin		08/1998		08/1999		08/2000
Area Planted	0	415000	0	445000	0	445000
Area Harvested	412000	412000	430000	430000	0	430000
Beginning Stocks	74680	77978	78817	98178	99501	142178
Production	381675	388200	420212	440000	0	420000
Imports	10886	6000	4355	3000	0	3000
TOTAL SUPPLY	467241	472178	503384	541178	99501	565178
Exports	236886	210000	272158	235000	0	250000
USE Dom. Consumption	141522	152000	130636	153000	0	155000
Loss Dom. Consumption	10015	12000	1089	11000	0	12000
TOTAL Dom. Consumption	151537	164000	131725	164000	0	167000
Ending Stocks	78817	98178	99501	142178	0	148178
TOTAL DISTRIBUTION	467240	472178	503384	541178	0	565178

Cotton, Import Trade Matrix

Import Trade Matrix			
Country	Greece		
Commodity	Cotton		
Time period		Units:	
Imports for:	1997		1998
U.S.	1187	U.S.	782
Others		Others	
>EU Total	1518	>EU Total	859
Italy	636	Italy	565
Germany	165	Belgium&Lux.	262
France	586	Other EU	32
Other EU	131	Egypt	1012
Egypt	1183	Turkey	375
Ivory Coast	1065	Syria	1509
Uzbekistan	1396		
Syria	747		
Total for Others	5909		3755
Others not Listed	4035		1163
Grand Total	11131		5700

Cotton, Export Trade Matrix

Export Trade Matrix			
Country	Greece		
Commodity	Cotton		
Time period		Units:	
Exports for:	1997		1998
U.S.		U.S.	1020
Others		Others	
>EU Total	68669	>EU Total	80000
Germany	16388	Germany	9500
U.K	12624	U.K.	20000
Italy	25401	Italy	30000
France	9925	Spain	4500
Other EU	4331	Other EU	46000
Turkey	93775	Turkey	51000
Bulgaria	17820	Bulgaria	17500
Tunis	4074	Tunis	5000
Total for Others	184338		183500
Others not Listed	29563		43000
Grand Total	213901		227520

Cotton Bales PS&D Table

PSD Table						
Country: Greece			Conversion			0.004593
Commodity: Cotton Bales						
		1998		1999		
	Old	New	Old	New	Old	New
Market Year Begin						2000
Area Planted	0	415000	0	445000	0	445000
Area Harvested	0	412000	0	430000	0	430000
Beginning Stocks	0	358	0	451	0	652
Production	0	1783	0	2020	0	1929
Imports	0	28	0	14	0	14
TOTAL SUPPLY	0	2169	0	2485	0	2595
Exports	0	965	0	1079	0	1148
USE Dom. Consumption	0	698	0	703	0	712
Loss Dom. Consumption	0	55	0	51	0	55
TOTAL Dom. Consumption	0	753	0	754	0	767
Ending Stocks	0	451	0	652	0	680
TOTAL DISTRIBUTION	0	2169	0	2485	0	2595