



Foreign Agricultural Service

GAIN Report

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GAIN Report #TU0009

Turkey

Cotton and Products

Cotton Situation Update

2000

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Report Highlights:

A sudden increase in domestic prices, resulting from increased textile exports, lowered stock levels and increased speculation, have led to significant increases in cotton imports by Turkish mills. With industry contacts reporting over 250,000 MT import contracts to date, FAS Ankara has increased its MY 1999 import projection to 350,000 MT.

Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

Ankara [TU1], TU

Executive Summary

Industry contacts have lowered their MY1999 cotton production by about three percent to 840,000MT, to reflect lower than expected yields in the Southeast Anatolian region.

A sixty percent increase in local cotton prices during the last two months, which reflected higher textile and yarn production and reduced stocks, caused a panic among Turkish cotton mills and triggered widespread imports. Turkish mills are reported to have contracted about 200,000 MT of foreign cotton during this period leading to a revised MY1999 import estimate of about 350,000 MT. February Izmir cotton is quoted about US\$200 per ton higher than Memphis cotton. Turkish garment exporters are warning the government and industry that if local cotton prices continue to be this high, they may lose their competitive edge and export contracts.

U.S. cotton is benefitting from the recent import boom. GSM-102 cotton registrations increased significantly and have surpassed US\$80 million in FY2000. With 295,00 bales in outstanding sales and 215,000 bales in accumulated exports through February 11, Turkey became the second largest buyer of US upland cotton, following Mexico, during the first half of MY 1999. Turkish mills are reported to have already signed 270,000 MT in import contracts, including 115,000MT from the United States, 80,000 MT from Greece, 30,000 MT from Syria, 30,000 MT from Uzbekistan, and about 15,0000 MT from Israel and Egypt.

The quasi-government co-op, TARIS, is reported to have sold about 50,000 MT of cotton during the same period with good profits. TARIS announced that it will give its members an additional three cents per kg. bonus for seed cotton, on top of the twelve cents bonus that the Government is providing to them. In addition to simply sharing profits with its members, the co-op hopes to convince Aegean farmers to plant more cotton next season.

PSD Table						
Country	Turkey					
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	756566	0	731362	0	740000
Area Harvested	757000	757275	730000	731362	0	740000
Beginning Stocks	121491	143097	108428	151740	119314	151740
Production	838247	840000	849134	840000	0	860000
Imports	200308	247881	239499	350000	0	330000
TOTAL SUPPLY	1160046	1230978	1197061	1341740	119314	1341740
Exports	81647	79238	32659	40000	0	40000
USE Dom. Consumption	969972	1000000	1045087	1150000	0	1150000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	969972	1000000	1045087	1150000	0	1150000
Ending Stocks	108428	151740	119314	151740	0	151740
TOTAL DISTRIBUTION	1160047	1230978	1197060	1341740	0	1341740