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Report Highlights:

In MY 2019/20, cotton production is estimated at 1.67 million bales, up 18.8 percent from the previous season due to significant area increase, favorable weather conditions during harvest, and good yields for the second consecutive year in the major cotton growing districts of Thessaly and Macedonia. Greece is a major cotton exporter. Turkey was the main destination in MY 2018/19, accounting for approximately 33 percent of all exports.

Cotton Lint

Table 1: Production, Supply, and Demand (1000 480 lb. Bales)

Cotton	2018/2019		2019/2020		2020/2021	
	Market Year Begin: Aug 2018		Market Year Begin: Aug 2019		Market Year Begin: Aug 2020	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	245	245	280	285		280
Beginning Stocks	94	94	65	65		58
Production	1,410	1,410	1,650	1,675		1,640
Imports	31	31	30	33		31
Total Supply	1,535	1,535	1,745	1,773		1,729
Exports	1,355	1,355	1,550	1,600		1,530
Use	90	90	90	90		90
Loss	25	25	25	25		25
Total Dom. Cons.	115	115	115	115		115
Ending Stocks	65	65	80	58		84
Total Distribution	1,535	1,535	1,745	1,773		1,729

(1000 HA), 1000 480 lb. Bales

Source: FAS estimates based on Greek industry contacts

Production

Greece is the EU's main cotton grower, accounting for more than 80 percent of total European production. Cotton is a crop of high importance for Greek agricultural production, accounting for more than 8 percent of total agricultural output. Thessaly, Macedonia, Thrace and Mainland Greece are the major cotton-producing areas. Cotton in Greece is planted from March 1 to April 15 and the crop life cycle is usually 170 to 210 days, depending on the variety and weather conditions. The harvest normally occurs from October 1 to November 30, and most of the cotton is machine harvested.

Greece's MY 2019/20 cotton production is estimated at 1.67 million 480 lb. bales, up 18.8 percent from the previous season due to the significant area increase, favorable weather conditions during harvest, and good yields anticipated for the second consecutive year in the major cotton growing districts of Thessaly and Macedonia. MY 2019/20 cotton acreage increased 16.3 percent, registering 285,000 ha, at the expense of durum wheat and corn acreage. Area planted to cotton in MY2020/21 is expected to remain flat.

The Ministry of Rural Development and Food granted cotton farmers five special exemptions for acaricides, and two for herbicides for use during the period between March and December, 2019.

Greek ginning companies have a high production capacity, as most of the ginning units were built in the

90's, but cotton production has significantly decreased since then. Nearly 80 percent of the companies are privately owned while the remainder are cooperatives. Greece's financial crisis has negatively affected the cotton market, creating greater risk and uncertainty. Without help from the banks many ginners and cooperatives are unable to store their stocks with current market prices. There is also debate concerning the survival of cooperatives that accustomed to receiving large agricultural loans that are no longer available. Ginners generally do not contract with growers but compete with each other to purchase the crop.

Consumption

Domestic spinners consume approximately 10 percent of lint production and the remainder is exported. The supply of ginned cotton is fragmented, since even the largest enterprises cover only a small part of domestic production. Most production units are involved in intense export activity, selling their products to foreign markets. About 55 percent of cottonseed production is crushed for oil and oilseed cake or retained for seed. Cottonseed meal is used for feed for sheep and goat livestock; cottonseed oil is traditionally used in foods and snack-food manufacturing industries or converted into biodiesel.

Trade

Greece is a major cotton exporter. Cotton lint exports during MY 2018/19 rose by 25.9 percent driven by increased production. Turkey was the main destination, representing 33.4 percent of total exports, followed by Egypt (17.6 percent), China (11.1 percent), and Indonesia (10.7 percent). In MY2019/20, Turkish imports are expected to increase significantly to meet demand driven by reduced domestic production and quality, positively affecting total Greek exports. Cotton lint imports slightly increased 1.4 percent during MY 2018/19. Generally only small amounts of cotton are imported for blending by the domestic spinning industry.

Graph 1. Greece's Cotton Lint Exports in MY2018/19 (percent %)

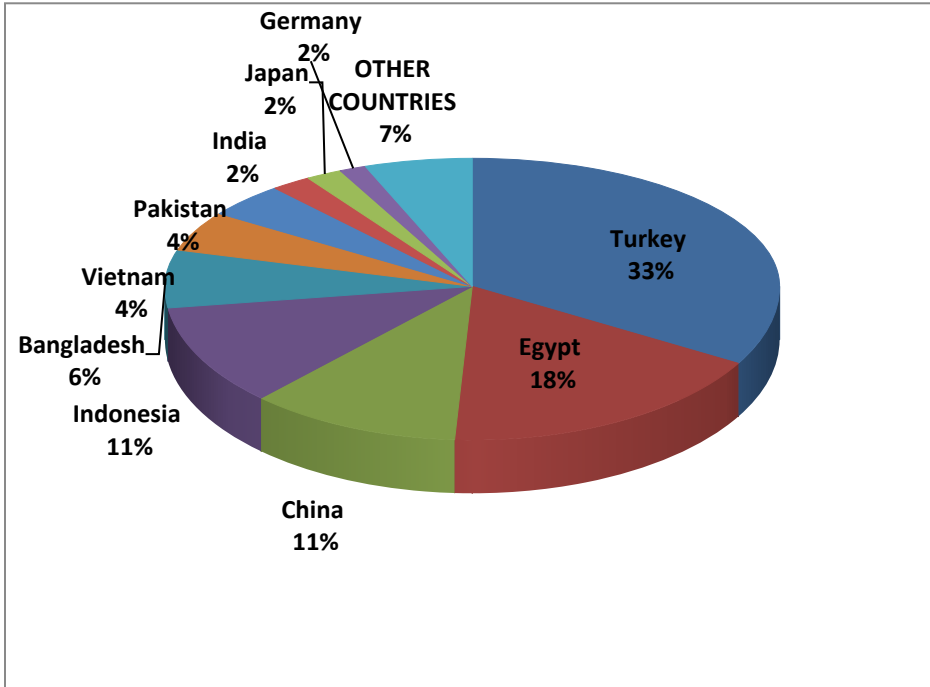


Table 2: Cotton Lint Exports (480 lb. bales)

	Aug-Jul 16/17	Aug-Jul 17/18	Aug-Jul 18/19
EU-28	46,279	52,815	50,206
Germany	18,225	25,091	21,435
Netherlands	2,499	0	13,673
Italy	13,572	7,560	7,923
Bulgaria	4,873	5,158	4,859
Extra EU-28	970,328	1,023,390	1,305,228
Turkey	364,589	480,006	451,966
Egypt	152,969	220,490	238,177
China	63,737	33,065	151,026
Indonesia	176,668	85,071	144,995
Bangladesh	42,889	45,686	82,724
Vietnam	71,145	21,821	60,315
Pakistan	2,549	38,709	56,232
World	1,016,607	1,076,205	1,355,434

Source: TDM (Trade Data Monitor)

Table 3: Cotton Lint Imports (480 lb. bales)

	Aug-Jul 16/17	Aug-Jul 17/18	Aug-Jul 18/19
EU-28	7,294	7,294	8,607
Germany	1,364	987	4,731
Bulgaria	3,922	6,274	3,504
Cyprus	0	0	312
Extra EU-28	19,764	23,006	22,129
Turkey	12,897	13,434	15,014
Israel	822	3,835	4,813
Pakistan	1,888	1,819	1,089
World	27,057	30,300	30,736

Source: TDM

Policy

The future of the cotton sector in Greece is strictly related to the subsidy scheme and how CAP reform is implemented. Starting in 2015, the new CAP amended Greek farmers' historical rights, determining that should a farmer not cultivate more than 50 percent of their land they would not qualify for aid. In order to link Greece with the Europe 2020 strategy for smart, sustainable and inclusive growth, the European Commission organized an extensive public outreach effort to develop the new CAP in Europe. In October 2018, the Ministry of Rural Development and Food announced that the digital transformation of Greek agriculture project, the first national digital agriculture infrastructure in Europe, has received EU approval. The project is designed to cover half of the arable land in Greece, approximately 15 million acres and 20 of the country's most exported crops, including cotton. The data will be classified into a data warehouse in cloud infrastructures where it will be processed to provide tailored services to meet the needs of each producer.

From 2014 onwards, the allocation of direct payments dedicated to coupled support depends upon the choices made by Member States. The crop-specific payment for cotton is a coupled payment granted per hectare of eligible area of cotton. The area is only eligible if it is located on Greek agricultural land authorized for cotton production, sown with certified varieties and actually harvested under normal growing conditions. Additionally, the Ministry of Rural Development and Food publishes an annual list in the Government Gazette that sets the minimum amounts of cotton delivered to the ginners in order to receive the subsidy. Three categories of producers are identified according to the size of the land cultivated: cotton producers with less than 10 hectares; cotton producers with 10-15 hectares; and cotton producers with more than 15 hectares. Producers with less than 10 hectares receive the basic area payment (70 percent) and a green aid (30 percent). Producers that cultivate an area from 10-15 hectares need to follow different rules to obtain the green aid. These farmers must cultivate at least two crops and the main crop cannot exceed 75 percent of the total cultivated area. Producers with more than 15 hectares must also maintain an "ecological focus area", equivalent to at least 5 percent of the total arable area of the farm. The ecological focus area can be cultivated with alfalfa, legumes, vetch (*Vicia sativa*

plant), or left uncultivated. The second pillar is focused on increasing competitiveness and innovation and managing climate change and the environment. Its purpose is to set the EU's rural development policy. The future of Europe's post-2020 agricultural policy is currently being discussed specifically focusing on direct payments, environmental measures, and rural development.

Textile products

According to the Hellenic Association of Textile Industries (SEVK), the Greek textile industry has been suffering from increased third-country imports (mainly from China, Pakistan, and Turkey). This has affected the sector in Greece, forcing many small Greek companies to shut down. As a consequence, the sector has shrank approximately 70 percent compared to the 80's, with a high unemployment rate.

According to the Hellenic Fashion Industry Association (SEPEE), the economic crisis has also affected the textile manufacturing industry. Cotton yarn exports in 2019 decreased by 24.7 percent, mostly due to decreased exports to Italy and Germany, while imports increased 10.4 percent with the main suppliers being Turkey, Bulgaria, India, and Croatia.

Table 4: Cotton Yarn Imports (480 lb. bales)

	2017	2018	2019
EU-28	6,926	6,775	7,482
Bulgaria	3,417	4,083	5,038
Croatia	1,548	1,571	992
Germany	1,456	528	592
Italy	119	207	386
Extra EU-28	19,993	22,120	21,789
Turkey	17,164	18,638	18,900
India	1,640	2,448	2,269
Egypt	730	836	372
Pakistan	280	161	129
World	26,919	28,894	29,271

Source: TDM

Table 5: Cotton Yarn Exports (480 lb. bales)

	2017	2018	2019
EU-28	41,360	39,839	29,988
Germany	11,459	11,960	10,238
Italy	8,984	8,387	5,695
Austria	2,508	3,178	3,293
Bulgaria	4,005	3,716	3,045
Extra EU-28	2,572	3,610	2,756
Switzerland	1,419	2,182	1,924
Turkey	9	675	514

Tunisia	671	294	87
North Macedonia	161	87	73
World	43,932	43,449	32,743

Source: TDM

Table 6: Cotton Fabric Imports (480 lb. bales)

	2017	2018	2019
EU-28	4,529	5,135	2,705
Italy	2,329	1,814	1,286
Bulgaria	514	418	390
Germany	326	335	280
Netherlands	211	1,438	243
Extra EU-28	18,193	13,871	16,025
China	8,557	6,035	8,414
Pakistan	5,819	5,470	5,195
Turkey	2,958	1,929	2,108
Israel	285	179	138
World	22,721	19,006	18,730

Source: TDM

Table 7: Cotton Fabric Exports (480 lb. bales)

	2017	2018	2019
EU-28	8,639	5,374	6,471
Italy	5,691	3,734	4,777
Bulgaria	2,535	1,309	1,111
Germany	23	28	207
Extra EU-28	1,860	1,640	1,337
Turkey	243	455	537
Albania	1,075	749	528
North Macedonia	367	308	243
World	10,499	7,013	7,808

Source: TDM

Abbreviations and Definitions Used in this Report

The PSD tables are prepared based on an August 1 to July 31 marketing year.

HS codes considered for Lint Cotton trade data: 5201

HS codes considered for Yarn Cotton trade data: 5204, 5205, 5207

HS codes considered for Fabric Cotton trade data: 5208, 5209

EU European Union

Ha hectare; 1 ha = 2.471 acres

MT Metric ton = 1,000 kg

1 MT = 4.593 480 lb. bales

480 lb. bale equivalent to 218 kg bale

Attachments:

No Attachments