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Prepared By: Caglar Erdogan, Senior Agriculture Marketing Specialist

Approved By: Michael Conlon

Report Highlights:

The Turkish cotton crop for MY 2021/22 is forecast at 450,000 hectares and 750,000 metric tons (MT) (3.45 million bales). Good yields, attractive cotton prices, favorable weather conditions, mandatory rotation already undertaken during the previous year, and increased subsidies from the Government of Turkey (GoT) are the major reasons for the expected increase in planted area. Domestic cotton consumption for MY 2020/21 is estimated to increase from the previous year to about 1.65 million MT (8.38 million bales). Cotton imports for MY 2020/21 also went up to 1,059,332 MT (4.86 million bales) during the first eleven months of the marketing year due to low domestic supplies and increased demand. The United States continues to be the largest cotton supplier to Turkey.

I. Production

Post forecasts the cotton planted area in Turkey for Marketing Year (MY) 2021/22 to be 450,000 hectares (ha). This represents a considerable increase in the production area compared to MY 2020/21, which was one of the smallest areas of production in the last decade for cotton in Turkey. The cotton production amount is now projected as 750,000 metric tons (MT) (3.45 million bales) for MY 2021/22, a bit higher than our earlier forecast.

Several reasons contributed to the increase in the planted area. The increase in cotton prices in global markets encouraged farmers to plant more. Likewise, the increase in the subsidy level of the Government of Turkey (GoT) for production encouraged cotton farmers to plant more cotton compared to the previous marketing year. In addition, many farmers rotated to other crops in the previous marketing year due to the Turkish Ministry of Agriculture and Forestry (MinAF) mandatory rotation requirements, so this marketing year farmers planted more cotton. Better weather conditions and less pest issues in MY 2020/21 compared to previous years also encouraged farmers to increase their planting area for MY 2021/22.

As of August 2021, it has been a good year in the Southeast of Turkey (the GAP region), while the harvest is about a month away. Thanks to the water of the Euphrates River managed by the GAP project irrigation systems, Urfa and the surrounding area were well irrigated, hence the drought conditions effecting much of Turkey did not affect the crop. The wind and heat conditions were also very positive in the whole region. There were no special pest problems. Market sources indicate that cotton farmers used less pesticides this year because of good growing conditions, which should also contribute to the profitability of cotton farmers in the area. Yields are expected to be even better than MY 2020/21 for the GAP region. This better-than-expected yields in the GAP area caused the increase in production compared to the earlier report this year.

However, drought conditions as mentioned in earlier report this year, have affected the cotton production in west of Turkey, in the Aegean region, especially in Soke and surrounding areas. It is normal that the crop is irrigated three times throughout the summer for this region, but this year because of the dry weather and the lack of water in reservoirs, the third irrigation could not be done. This will decrease the yield of the area, which is high under normal conditions.

The projected increase of the yield in the GAP region will more than make up for the yield decrease in the Aegean region. Therefore, Post is increasing the forecast slightly for MY 2021/22 production compared to our previous report in March.

Better Cotton Initiative (BCI) production is continuing to increase year-by-year and Turkey is expected to produce about 200,000 MT (919 thousand bales) of BCI cotton in MY 2021/22, according to the Better Cotton Practices Association of Turkey (IPUD).

II. Consumption

The Post projects the consumption in Turkey will be 1,825,000 MT (8.38 million bales) for MY 2021/22. MY 2020/21 consumption is now estimated at 1,650,000 MT (7.58 million bales).

Lock downs due to coronavirus in Europe, the United States and Turkey and more home office practices encouraged consumers to purchase more comfortable and “healthy” cotton apparel in the fall/winter/spring of 2021, which increased cotton consumption. In addition, the improvement in the coronavirus situation because of vaccines in Europe, the United States and Turkey helped to increase demand for cotton products by the summer 2021. Malls and stores opened, for example, and pent-up consumer demand helped to increase sales of cotton garments and apparel. This increase in demand should continue for the rest of 2021 and into 2022. Furthermore, Turkish cotton traders have indicate to Post that because of the unstable pandemic conditions in India, European textile/ready-to-wear-apparel orders moved to Turkey, a closer producer. However, this is probably a temporary situation, and most of these orders will go back to India when the pandemic eases as India is less expensive than Turkey.

The Central Bank of Turkey (CBT) reported that as of July 2021 the capacity utilization rates in the textile industry were up to 80 percent, the highest level since 2018. Similarly, the capacity utilization rates are at about 78 percent in ready-to-wear-apparel industry in Turkey, the highest rate in the last two years. Moreover, many textile/ready-to-wear-apparel producers are working at 85 percent and higher capacities (up to 100 percent) in the western part of Turkey this summer. Normal capacity utilization rates were around 60 percent for summer months, as summers are known to be slower.

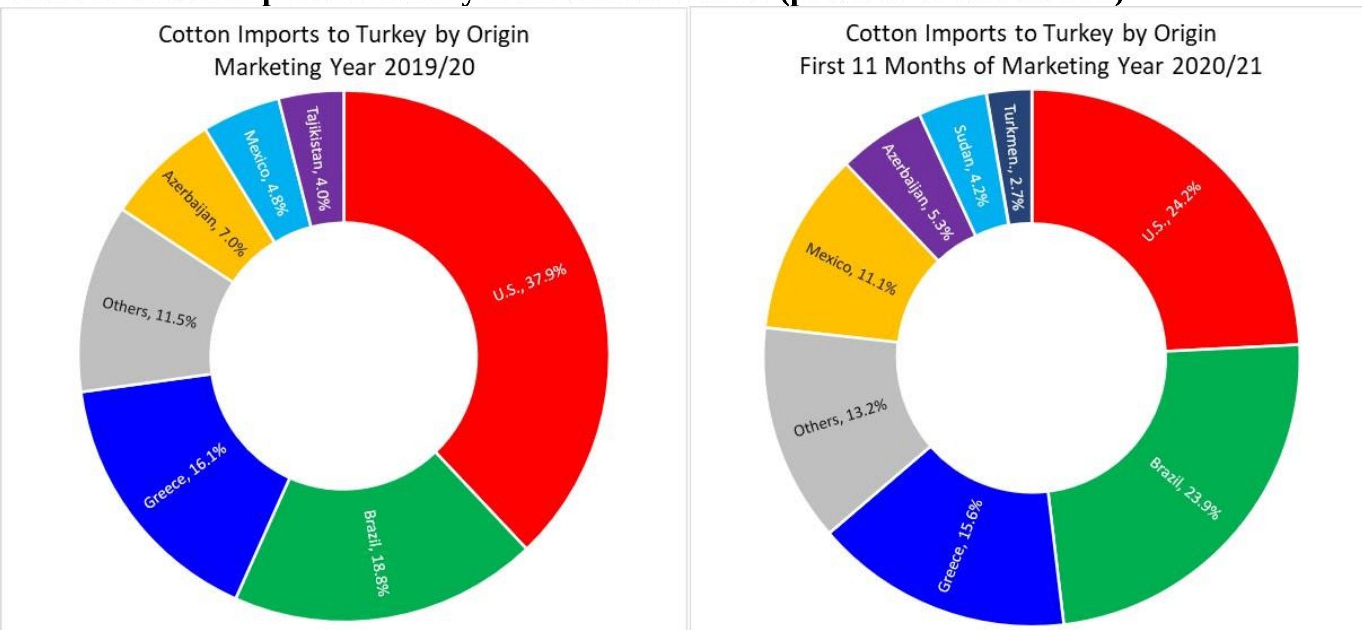
There were talks of lack of cotton yarn in the Turkish market in winter 2021. Spinners were taking orders for more than three months ahead as the normalization started in markets with increased vaccination. GoT announced in May 2021 that they have approved investment licenses for 11 new cotton yarn production facilities. The approximate investment amount is around USD 130 million[1]. This was on top of the already declared investments in cotton yarn production earlier in 2021. So far this year, the total investments in yarn production is USD 474,000,000 for 2021. These investments should help increase demand for cotton in Turkey in years to come.

III. Trade

Turkey's cotton imports were 1,059,332 MT (4.87 million bales) for the first eleven months of the MY 2020/21. This amount is 15 percent higher than the first eleven months of the previous marketing year. The United States, as the top supplier, supplied 24.2 percent (256,394 MT) of these imports. Other major suppliers were Brazil (252,986 MT), Greece (164,812 MY) and Mexico (117,305 MT). MY 2020/21 total imports are expected to be 1,160,000 MT (5.32 million bales), a bit higher than the previous marketing year's imports of cotton. Since the production of cotton domestically was low for MY 2020/21, imports increased since the industrial production continued to be strong. The demand for comfortable cotton made home wear increased due to COVID-19 because people in target markets for Turkish textiles/ready-to-wear-apparel spent more time at home.

[1] The exchange rate used is 8.44 TRL/USD, the original amount is 1.1 billion TRL. News in Turkish can be reached at https://www.dunya.com/sektorler/pamuk-ipligi-yatirimi-1-ayda-11-milyar-lirayi-asti-haberi-627733

Chart 1: Cotton imports to Turkey from various sources (previous & current MY)



Source: Trade Data Monitor

Turkey's cotton exports were 120,102 MT (551,624 bales) for the first eleven months of the MY 2020/21. Pakistan (37,980 MT), China (12,479 MT) and Bangladesh (11,558 MT) were the most important buyers of the Turkish cotton for textiles. Market sources indicate that this is mostly organic cotton. Good market prices of organic cotton encouraged organic cotton to be exported out of Turkey. Around 40,000 MT of the total cotton exports were hydrophilic cotton for medical use during the same period. This amount is shown as included to total exports numbers in the production, supply and distribution (PSD) tables below. Top buyers of Turkish hydrophilic cotton for medical use are European countries and Russia. Total Turkish cotton exports are projected to reach 130,000 MT at the end of MY 2020/21.

Turkey imported 104,828 MT of cotton yarn in the first six months of the calendar year (CY) 2021, representing an 18.53 percent increase compared to same period of the previous CY. Cotton yarn exports for the first half of the CY 2021 from Turkey increased by 101.2 percent to 105,732 MT, compared to the same period in CY 2020. Turkey purchased cotton yarn mostly from Central and South Asian countries such as Uzbekistan, Turkmenistan, Azerbaijan, India and Pakistan. The major destinations for Turkish cotton yarn are countries such as Portugal, Italy, Egypt, Pakistan, and Bangladesh. Germany and Spain continue to be customers of Turkish cotton yarn. Cotton yarn exports more than doubled compared to first half of 2020 since demand for textiles increased compared to 2020 with relatively more stabilized conditions of COVID-19 in major markets like the United States and Europe. Increasing textile/ready-to-wear-apparel orders increased the demand for cotton yarn in production countries.

Cotton fabric imports and exports were 150 million square meters (m^2) and 259 million m^2, respectively, for the first six months of the CY 2021. Cotton fabric imports grew by 33.7 percent during the first half of CY 2021 and exports grew by 50.6 percent during the same time comparing to the first half of CY 2021. Most important suppliers of fabric to Turkey were Pakistan (50 million m^2), Turkmenistan (40 million m^2), China (29 million m^2) and Egypt (11 million m^2). Major buyers of the Turkish cotton fabric for the first half of the CY 2021 were Italy (47 million m^2), Pakistan (33 million m^2), Belgium (13 million m^2) and Spain (13 million m^2). France and Portugal also continued to be strong customers.

As the COVID-19 lock downs eased in Europe and the United States, as well as domestically in Turkey, the textile/fashion/ready-to-wear clothing industry started to work at higher capacities since people started to get an appetite for clothes shopping. This caused increased imports of cotton, cotton yarn and fabric compared to the same time periods of the previous market year/calendar year. By the same token, exports of cotton yarn and specially cotton fabrics have increased.

Market sources report that there is a trend of importing more Brazilian and Mexican cotton as the price of cotton from these countries is cheaper compared to U.S. cotton. Post still expects that the United States will be the main supplier for cotton in the short to medium term.

IV. Policy

The Government of Turkey eliminated the three percent anti-dumping duty on U.S. cotton imports on April 16, 2021 as explained in detail in our report about the subject. This tax was imposed on the cotton imported from the United States since 2016 after an investigation initiated in 2013 that was triggered by the Turkish cotton producers. Turkish textile/fashion/ready-to-wear-apparel industry and cotton yarn/fabric producers in Turkey were supportive of removing the anti-dumping duty since they were the ones paying this tax as buyers of the cotton or cotton yarn/fabric. Cotton traders in Turkey indicate that not only U.S. originated cotton will become cheaper, but it will also cause other major suppliers to cut prices to compete with the supreme quality of U.S. cotton.

Furthermore, news articles in the Turkish media[2] have indicated that fabric and textile/ready-to-wear-apparel producers have had many challenges due to the increasing prices of cotton yarn, which was caused by a scarcity in the market. Producers would like the extra tax imposed on cotton yarn imports removed, at least temporarily, until prices of cotton yarn stabilize. In January 2019, Turkey issued an import tax on imported cotton yarn to stem imports from countries such as Turkmenistan, India and Pakistan, which have been exporting large quantities of cotton yarn to Turkey.

In addition, the textile industry in Turkey is lobbying the Turkish government to ban exports of organic cotton since they are unable to source organic cotton. There are also expectations in the market that the GoT will increase subsidies for organic cotton in order to increase the production in Turkey.

Better Cotton Practices Association of Turkey (IPUD) is working on a project called the "Supporting Cotton Value Chains in Turkey" that is designed with European Bank for Reconstruction and Development (EBRD). As of this summer, climate stations and sensors are being installed to the fields of the member farmers. Farmers will have quick access to weather forecasts, plant disease models, soil moisture, and more throughout the season. With the project, it is expected that better yields will be cultivated with less resources on Better Cotton Initiative (BCI) fields in Turkey, hence sustainability and profitability will increase.

Due to drought conditions in Turkey, farmers from different regions of the country claim that GoT should ease the regulations for GMOs for cotton production and let GMO seeds be sold in Turkey. So far, GoT has strict rules against GMOs.

[2] News in Turkish can be reached at https://www.dunya.com/sektorler/iplikte-ikinci-zam-dalgasi-haberi-631363

Turkey has a large textile industry driving the demand for cotton, and due to low domestic cotton production and the slow pace of the GAP development project, the country will continue to import cotton for years to come.

V. Production, Supply and Distribution Tables

Table 1: Production, Supply and Distribution, Bales
(thousands of hectares, thousands of 480lb. bales)

Cotton	2019/2020		2020/2021		2021/2022	
Market Begin Year	August 2019		August 2020		August 2021	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	570	570	350	350	450	450
Beginning Stocks	1,694	1,366	2,766	2,363	2,716	2,409
Production	3,450	3,445	2,900	2,894	3,400	3,445
Imports	4,672	4,671	5,350	5,328	5,200	5,420
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	9,816	9,482	11,016	10,584	11,316	11,273
Exports	450	459	600	597	500	505
Use	6,600	6,660	7,700	7,578	8,200	8,382
Loss	0	0	0	0	0	0
Total Dom. Cons.	6,600	6,660	7,700	7,578	8,200	8,382
Ending Stocks	2,766	2,363	2,716	2,409	2,616	2,386
Total Distribution	9,816	9,482	11,016	10,584	11,316	11,273

Source: USDA forecasts, FAS Istanbul forecasts.

Table 2: Production, Supply and Distribution, Metric Tons
(thousands of hectares, thousands of MT)

Cotton	2019/2020		2020/2021		2021/2022	
Market Begin Year	August 2019		August 2020		August 2021	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	570	570	350	350	450	450
Beginning Stocks	369	297	602	514	591	524
Production	751	750	631	630	740	750
Imports	1,017	1,017	1,165	1,160	1,132	1,180
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	2,137	2,064	2,398	2,304	2,464	2,454
Exports	98	100	131	130	109	110
Use	1,437	1,450	1,676	1,650	1,785	1,825
Loss	0	0	0	0	0	0
Total Dom. Cons.	1,437	1,450	1,676	1,650	1,785	1,825
Ending Stocks	602	514	591	524	570	519
Total Distribution	2,137	2,064	2,398	2,304	2,464	2,454

Source: USDA forecasts, FAS Istanbul forecasts

VI. Trade Matrices

a. Cotton Trade Matrices

Table 3: Cotton Imports to Turkey (HS Code: 5201), 480lb. Bales

TURKEY					
COTTON					
Import Trade Matrix					
Units:	**Bales**				
Time Period	**Aug/July**		**Aug/July**		**Aug/June (11 Months)**
Imports for:	**MY 2018/19**		**MY 2019/20**		**MY 2020/21**
U.S.	1,651,125	U.S.	1,770,597	U.S.	1,177,608
Others		**Others**		**Others**	
Greece	453,013	Brazil	878,666	Brazil	1,161,956
Brazil	426,245	Greece	752,925	Greece	756,976
Azerbaijan	315,481	Azerbaijan	327,129	Mexico	538,778
Tajikistan	181,895	Mexico	222,364	Azerbaijan	255,520
Australia	92,828	Tajikistan	184,706	Sudan	203,110
Mexico	71,898	Turkmenistan	85,815	Turkmenistan	131,708
Turkmenistan	67,737	Kyrgyzstan	69,133	Tajikistan	118,374
Argentina	62,763	Sudan	63,622	Cote d'Ivoire	78,328
Kyrgyzstan	40,138	Uzbekistan	60,296	India	76,248
Burkina Faso	37,956	Kazakhstan	52,346	Australia	74,415
Total of others	1,749,956	**Total of others**	2,697,002	**Total of others**	3,395,413
Others not listed	206,109	Others not listed	204,038	Others not listed	292,452
GRAND TOTAL	3,607,190	**GRAND TOTAL**	4,671,637	**GRAND TOTAL**	4,865,474

Source: Trade Data Monitor

Table 4: Cotton Imports to Turkey (HS Code: 5201), metric tons (MT)

TURKEY					
COTTON					
Import Trade Matrix					
Units:	**Metric Tons**				
Time Period	**Aug/July**		**Aug/July**		**Aug/June (11 Months)**
Imports for:	**MY 2018/19**		**MY 2019/20**		**MY 2020/21**
U.S.	359,490	U.S.	385,502	U.S.	256,394
Others		**Others**		**Others**	
Greece	98,632	Brazil	191,307	Brazil	252,986
Brazil	92,804	Greece	163,930	Greece	164,812
Azerbaijan	68,688	Azerbaijan	71,224	Mexico	117,305
Tajikistan	39,603	Mexico	48,414	Azerbaijan	55,633
Australia	20,211	Tajikistan	40,215	Sudan	44,222
Mexico	15,654	Turkmenistan	18,684	Turkmenistan	28,676
Turkmenistan	14,748	Kyrgyzstan	15,052	Tajikistan	25,773
Argentina	13,665	Sudan	13,852	Cote d'Ivoire	17,054
Kyrgyzstan	8,739	Uzbekistan	13,128	India	16,601
Burkina Faso	8,264	Kazakhstan	11,397	Australia	16,202
Total of others	381,008	**Total of others**	587,203	**Total of others**	739,264
Others not listed	44,875	Others not listed	44,424	Others not listed	63,674
GRAND TOTAL	785,373	**GRAND TOTAL**	1,017,129	**GRAND TOTAL**	1,059,332

Source: Trade Data Monitor

b. Cotton Yarn Trade Matrices

Table 5: Cotton Yarn Imports to Turkey, metric tons (MT)

TURKEY	COTTON YARN		
Import Trade Matrix	**Units: Metric Ton**		
Time Period	**Jan-Dec**	**Jan-Dec**	**Jan-June**
Import from:	**CY 2019**	**CY 2020**	**2021**
U.S.	4	7	0
Others			
Uzbekistan	76,167	90,183	52,706
Turkmenistan	51,769	50,529	32,336
Azerbaijan	7,874	5,315	6,818
India	14,157	25,233	6,553
Pakistan	16,181	12,563	2,297
Tajikistan	6,290	5,987	1,566
Egypt	5,043	4,655	989
China	1,965	1,363	530
Spain	6	10	200
Portugal	179	102	117
Total of others	**179,631**	**195,940**	**104,112**
Others not listed	11,162	6,643	716
GRAND TOTAL	**190,797**	**202,590**	**104,828**

Source: Trade Data Monitor

Table 6: Cotton Yarn Exports from Turkey, metric tons (MT)

TURKEY	COTTON YARN		
Export Trade Matrix	**Units: Metric Ton**		
Time Period	**Jan-Dec**	**Jan-Dec**	**Jan-June**
Export to:	**CY 2019**	**CY 2020**	**2021**
U.S.	1,329	1,417	1,036
Others			
Portugal	26,015	21,304	25,804
Italy	25,680	20,867	15,677
Egypt	17,301	16,600	12,294
Pakistan	7,773	16,805	9,342
Bangladesh	1,575	1,100	6,686
Germany	7,987	8,137	4,369
Spain	8,618	6,123	3,427
Bulgaria	4,723	4,449	2,856
Greece	4,004	4,237	2,619
North Macedonia	2,216	2,900	1872
Total of others	105,892	102,522	84,946
Others not listed	33,487	26,579	19,741
GRAND TOTAL	**140,708**	**130,518**	**105,723**

Source: Trade Data Monitor

c. Cotton Fabric Trade Matrices

Table 7: Cotton Fabric Imports to Turkey, thousands of square meters (m^2)

TURKEY	COTTON FABRIC		
Import Trade Matrix	**Units: 1,000 m2**		
Time Period	**Jan-Dec**	**Jan-Dec**	**Jan-Dec**
Import from:	**CY 2019**	**CY 2020**	**CY 2021**
U.S.	97	40	36
Others			
Pakistan	89,242	81,424	50,117
Turkmenistan	72,759	65,039	40,463
China	58,323	50,993	28,555
Egypt	27,514	28,001	11,282
Italy	10,487	10,254	5,298
India	12,125	4,985	3,184
North Macedonia	999	1,993	2,596
Malaysia	5,699	1,422	1,977
Germany	4,024	3,337	1,588
Spain	3,756	2,268	1,332
Total of others	284,929	249,715	146,392
Others not listed	25,248	14,233	3,278
GRAND TOTAL	**310,274**	**263,988**	**149,706**

Source: Trade Data Monitor

Table 8: Cotton Fabric Exports from Turkey, thousands of Square Meters (m^2)

TURKEY	COTTON FABRIC		
Export Trade Matrix	**Units: 1,000 m2**		
Time Period	**Jan-Dec**	**Jan-Dec**	**Jan-Dec**
Export to:	**CY 2019**	**CY 2020**	**CY 2021**
U.S.	3,665	3,003	1,411
Others			
Italy	72,344	67,847	47,432
Pakistan	36,582	31,021	33,013
Belgium	29,275	28,600	13,427
Spain	25,570	21,537	13,029
Romania	20,595	20,329	12,746
Tunisia	19,677	21,191	11,784
Egypt	19,816	14,747	11,216
Morocco	19,114	16,681	11,088
France	14,705	18,625	9,750
Portugal	11,731	11,901	9,600
Total of others	269,407	252,481	173,086
Others not listed	181,256	173,928	84,900
GRAND TOTAL	**454,328**	**429,413**	**259,397**

Source: Trade Data Monitor

Attachments:

No Attachments