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Prepared By:

Approved By: Rishan Chaudhry

Report Highlights:

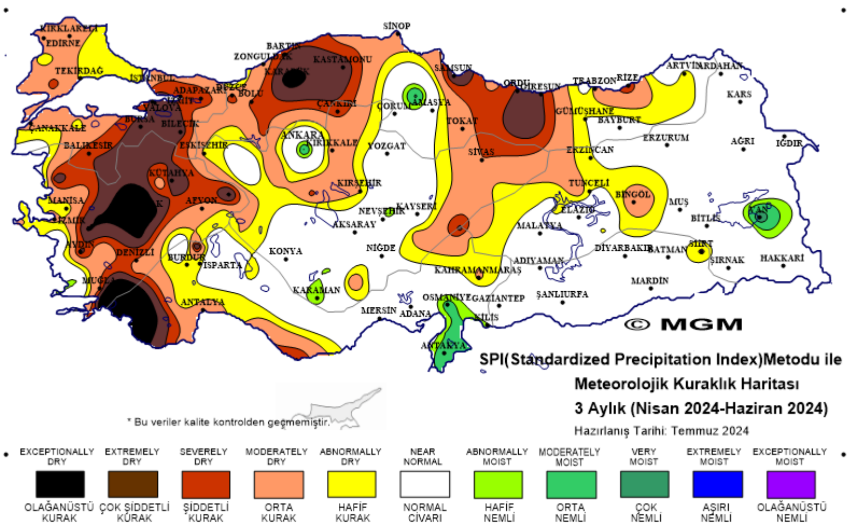
Turkish cotton production in Marketing Year 2024/25 is projected to increase to 870,000 metric tons due to better weather and improved yields, in addition to forecast increases in area. Consumption is forecast to remain stagnant at 1.55 million metric tons. Cotton imports for MY 2024/25 are estimated to increase to 830,000 MT, with the U.S. remaining the top supplier, while exports are forecast to decrease to 250,000 MT due to parity in domestic and global cotton prices. The Turkish textile industry faces challenges, like reduced demand from key markets and knock-on effects of an unstable local currency, but continues to be a crucial part of the economy. The industry continues to push for policy changes in sustainable practices and biotechnology.

I. Production

The MY 2024/25 cotton production forecast is adjusted slightly upward to 870,000 metric tons (MT) (4 million bales) compared to Post's report earlier this year. This estimate is up year-over-year by 175,000 MT, or 25 percent, following better-than-expected yields due good weather conditions and no reported major pest issues, especially in the GAP area of southeastern Türkiye. The planting area for MY 2024/25 is now estimated at 465,000 hectares (ha), which is 25,000 ha or 6 percent higher than the previous year, but 4 percent lower than Post's previous forecast.

Modest increases in global cotton prices from January to March this year encouraged some farmers to plant cotton for MY 2024/25, leading to the increased forecast in planting area compared to MY 2023/24. However, since prices started to decline in April, late planters and farmers who plant cotton as a second crop after wheat/barley have decided not to plant cotton.

Map 1: Standard Precipitation Index (SPI) Method Draught Map for 3 Months (Apr. 2024 – June 2024)



Source: General Directorate of Meteorology of Turkiye.

Precipitation in fall 2023 and into early 2024 was good, leading to improved reservoir levels. Reservoir levels are particularly important in the cotton-growing regions, as they are relied upon for irrigation during the region's hot and dry summers.

Spring 2024 rains were average for most of the cotton growing regions (see Map 1). Since above-average spring precipitation can be harmful to cotton growth, local farmers were pleased. The acceptable precipitation, combined with good sun exposure, contributed to improved yield conditions. July and August 2024 were dry and warm, with lots of sunshine in the cotton growing regions. There had been concerns about various summer crops, including cotton, getting stressed due to excessive heat leading to lower yields, however market sources indicate that irrigation has been successfully implemented so far for most cotton fields, and the crop's development is good overall. As reported by market sources, there have been some challenges in the management of irrigation in the Aegean region, but this is unlikely to affect predicted yields.

The production of cotton under the Better Cotton Initiative (BCI) is forecast at about 130,000 MT (597,000 bales) for MY 2024/25 according to the Better Cotton Practices Association of Türkiye (IPUD). The MY 2023/24 harvest of BCI cotton in Türkiye was 98,868 MT (454,000 bales). BCI production is increasingly important as the Turkish textile and apparel industry seeks to produce sustainable and traceable products to meet the demands of high-end consumers in Europe and the United States. IPUD has received an "Outstanding Contribution Award" from the Better Cotton Initiative this year, after working 10 years towards “better cotton” in Türkiye [1]. With the contributions of the European Bank for Reconstruction and Development, IPUD continues to provide improvements for cotton producers, including the placement of trap cameras in BCI cotton fields for early warning of pests. Furthermore, IPUD continues to give trainings in the GAP region for women and children, hoping to create awareness in the areas of hygiene, privacy, child labor, working conditions, etc. under a project called “Humane Work.”

Photo 1: Cotton field in Turkish Aegean region two weeks before harvest, Late-August 2024

II. Consumption

The MY 2024/25 cotton consumption forecast is 1.55 MMT (7.12 million bales), a decrease of 85,000 MT or 5 percent compared to our earlier 2024 estimate. This forecast represents no change compared to last MY.

Since there are no immediate improvements in Türkiye's macro-economic conditions, market sources continue to indicate that the Turkish lira (TL) is overvalued compared to major currencies like the US dollar and Euro, and therefore no increases are expected with regard to orders to Turkish ready-to-wear garment and apparel producers from domestic, European or US brands. Because of the high-valued TL, apparel/garment brands have found Far Eastern garment producer countries like India, Pakistan, and Vietnam more attractive for production. Some orders will come back to Türkiye as the TL depreciates

[1] News in Turkish https://www.ekonomim.com/sehirler/better-cottondan-iyi-pamuk-uygulamalari-dernegine-odul-haberi-751922 and https://bettercotton.org/better-cotton-announces-2024-member-award-winners/

and the economy stabilizes, though when that might happen is unknown. If a devaluation of the TL occurs during this MY, the cotton consumption estimate will be revised.

Hostilities in the Middle East and Ukraine have each contributed to significant decreases in demand from Türkiye, historically a main supplier to those regions. Furthermore, the purchasing sentiments of European consumers has been affected by the wars, and they are unwilling to spend as much on discretionary purchases. This, in turn, affects Turkish garment and apparel production, as Europe is Türkiye's number one market for this industry.

News reports continue to indicate that the labor force in the textile and garment industries are decreasing. Türkiye's Textile Workers Union indicated that from July 2023 until July 2024, 250,000 textile/garment workers left the industry; this number would be considerably higher if unregistered workers were included[2]. According to the Social Security Institution of Türkiye, in 2023, 649 textile companies and more than 2,000 garment/apparel producers ceased their operations. With that, 198,000 people lost their jobs. While the industry can manage the effects of these losses now, there are major concerns about being able to find qualified workers when business improves.

According to market sources, yarn factories across Türkiye are still operating at reduced capacity, with some as low as 50 percent. According to the Central Bank of Türkiye, the capacity utilization rate (CUR) for the textile industry is at 72 percent as of July 2024, up about 1.75 percent compared to same time last year and down about 4.5 percent compared to July 2022. The CUR in the ready-to-wear apparel industry fell to about 77 percent as of July 2024, down about 2 percent compared to July 2023 and about 8 percent compared to July 2022.

Photo 2: U.S. cotton bales (blue) in Turkish yarn factory warehouse, Late-August 2024

[2] News in Turkish https://www.egedesonsoz.com/haber/1-yilda-400-bin-kisi-issiz-kaldi-Tekstil-coktu/1189045 and https://www.cumhuriyet.com.tr/ekonomi/tekstilci-kaciyor-issizlik-artiyor-2184232

III. Trade

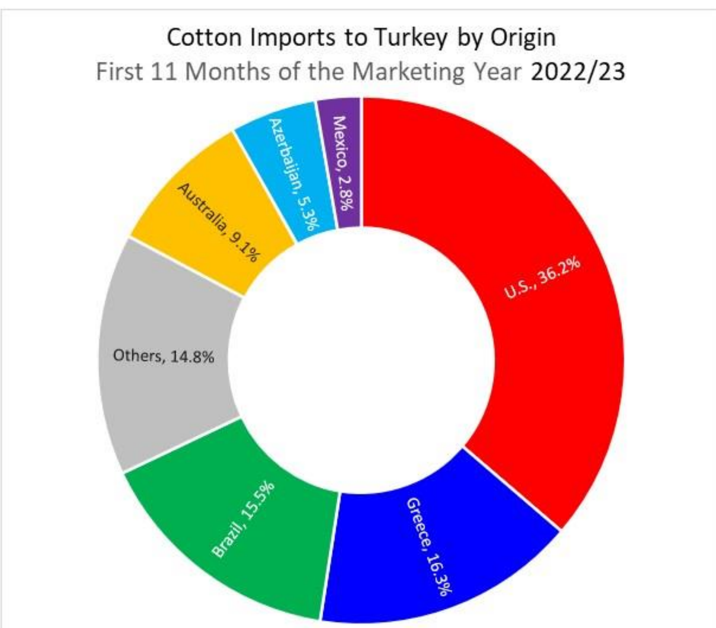
Cotton Imports

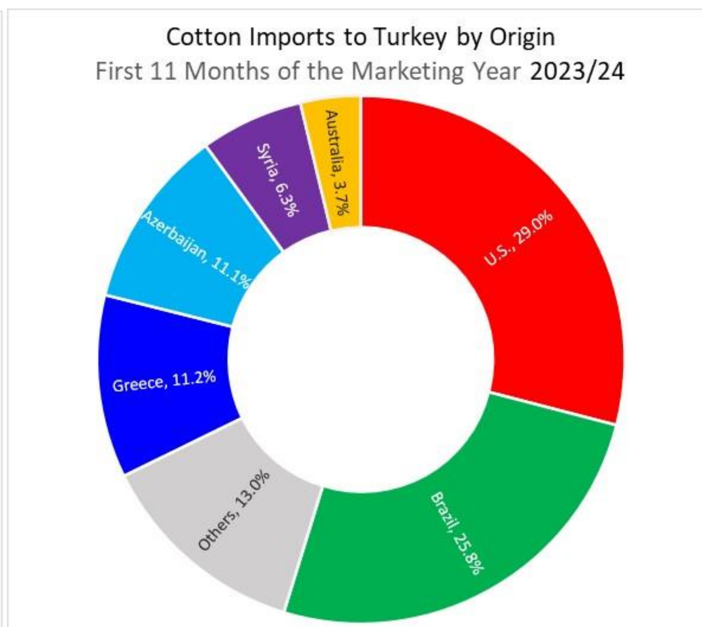
The MY 2024/25 cotton import estimate is 830,000 MT or 3.81 million bales, 1.2 percent higher than Post's March 2024 forecast.

The MY 2023/24 cotton import forecast is adjusted slightly upward to 755,000 MT or 3.47 million bales, which is 5,000 MT higher than Post's earlier forecast, but still 157,000 MT lower than MY 2022/23. According to official import statistics, cotton imports to Türkiye were 690,387 MT (3.17 million bales) during the first eleven months of the marketing year, down 17 percent compared to the same period of the previous MY. The United States was the top supplier with about 30 percent (~200,000 MT) market share, which is 100,000 MT less compared to the same period in the previous MY. Other major suppliers were Brazil (~177,800 MT), Greece (~77,500 MT), Azerbaijan (~76,500 MT), and Syria (~43,500). The United States is expected to remain the top supplier of cotton to Türkiye for the near future amid continued competition.

The demand for ready-to-wear apparel from the EU and United States remains especially low, partly due to the perception of high inflation and partly because of the relatively high value of the Turkish Lira. These issues hindered incoming ready-to-wear garment and apparel orders that could have been placed in Türkiye, but instead were placed in Far East destinations with cheaper production prices.

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





Source: Trade Data Monitor, LLC

Cotton Exports

Cotton exports from Türkiye in MY 2024/25 are forecast at 250,000 MT or 1.15 million bales, 55,000 MT or 18 percent lower than the previous MY's revised estimate. This decrease is due to expectations that Turkish cotton prices will be on par with global prices, unlike the last MY, impacting exports.

Marketing Year 2023/24 exports are estimated at 305,000 MT (1.40 million bales). For the first eleven months of MY 2022/23, cotton exports reached about 292,000 MT (~1.34 million bales). Leading export destinations were China (~70,000 MT), Bangladesh (~60,000 MT), Vietnam (~40,500 MT), and Pakistan (~29,500 MT). Around 36,000 MT of Türkiye's total cotton exports were hydrophilic cotton for medical use; this amount is included in the export number in the production, supply and distribution (PS&D) table. The top buyers of Turkish hydrophilic cotton are European countries and the United States. Market contacts indicate that some of Türkiye's cotton exports are organic.

Cotton Yarn Trade

During the first half of calendar year (CY) 2024, Türkiye imported about 103,000 MT of cotton yarn, representing a decrease of nearly 18 percent compared to the same period last year. There was an increase in yarn imports during the same period last CY because of the severe earthquakes that occurred in February 2023 in Türkiye, which caused damage in some cotton yarn producing facilities; even the factories that were not severely damaged (or damaged at all) had to halt operations to calibrate machinery. Additionally, garment orders sent to Turkish producers are below average this year, leading to less fabric production and hence less yarn demand. Furthermore, tariff increases on yarn imports (as mentioned in Post's March 2024 report) have discourage trade. The main suppliers of cotton yarn to Türkiye are Uzbekistan, Turkmenistan, and India.

Cotton yarn exports during the first half of CY 2024 increased by 68 percent year-on-year to about 92,000 MT. This increase was the result of industry's inability to export much yarn during the same period of the last CY. Also, decreased demand from local industry has encouraged exports. Market sources report that in some cases, yarn factories that were holding high inventories have started to sell yarn at or below their cost, in order to service payables like wages, electricity bills, etc. The major export destinations for Turkish yarn in CY 2024 are Portugal, Egypt, Italy, Morocco, and Pakistan.

Cotton Fabric Trade

For the first half of CY 2024, cotton fabric imports were 88 million square meters (m^2), down about 25 percent from the same time last year. Leading cotton fabric suppliers to Türkiye were Pakistan (~28 million m^2), Turkmenistan (~24 million m^2), China (~13 million m^2), and Egypt (~11 million m^2).

During the same six-month period, cotton fabric exports totaled about 211 million m^2, up about 13 percent from the same period a year ago. Major destinations for Turkish cotton fabric were Italy (~32 million m^2), Pakistan (~24 million m^2), Spain (~19 million m^2), and Tunisia (~13 million m^2).

IV. Policy

Türkiye's textile and apparel sector are a major part of the country's economy, accounting for approximately 15 percent of all exports. The sector depends on domestic and imported cotton to produce finished products, most of which are exported around the globe. As previously mentioned, Türkiye's economic troubles, a global economic slowdown, and geopolitical distress around Türkiye have cut into the industry's ability to receive orders. Furthermore, the overvaluation of the Turkish lira against major currencies, despite high levels of inflation, affects the competitiveness of the textile and ready-to-war-apparel industry, as they must cover input costs in TL. However, despite these all too familiar headwinds, the sector is expected to overcome these challenges and remain an integral part of the country's economy for years to come.

In October 2023 the Government of Türkiye levied additional customs tariffs (CTs) on hundreds of textiles and ready-to-wear apparel items, including all man-made and natural-fiber yarns and woven and knitted fabric made of man-made and/or natural fibers. Türkiye has 23 Free Trade Agreements in force, and those countries are exempt from these tariff increase. For yarn the CT rates are now between 10 and 13 percent, and for fabrics 27 percent (up from 5 and 8 percent, respectively). For ready-to-wear-garments/apparel and home textiles and garnishing, the CT was increased to 39 and 29 percent, respectively. Previously, Uzbekistan and Pakistan were also exempt from the CT, however they are now included, which is important because these countries are where Türkiye imports a significant amount of yarn and fabric from. These new CTs went into effect November 15, 2023, according to Presidential Decision Decree (PDD) No:7709 published on October 16, 2023. The customs tariff rate for cotton is still 0 percent from all origins.

With growing awareness about the effects of climate change and the need for greater sustainability, there are changes afoot across the Turkish cotton value chain. For instance, farmers from Türkiye's cotton-growing regions are reportedly interested in having the government ease its stance on biotechnology to allow for the use of biotech cotton seeds. Despite this interest, however, the government is unlikely to relax its strict rules against planting of genetically engineered cotton for the foreseeable future. In addition to improved cotton seed, farmers are calling on the government to start providing low-cost, long-term credit to farmers who are interested in adopting precision irrigation systems to save on increasingly scarce water resources. Most cotton in Türkiye is watered using furrow irrigation, which is less efficient than newer precision irrigation systems. Moreover, according to research by a Turkish environmental and climate economy scientist, cotton is the crop that is most affected by heat and drought among the five (cotton, wheat, barley, sunflower, tea) that were examined between 1968–2018[3]. The study's author recommends using more effective irrigation techniques and utilizing drought resistant seeds.

In June 2024 a seed company in Türkiye announced that for the past two years they have been exporting cotton seed to the U.S. market for farmers looking for non-GMO seeds. The company informed the public that this particular non-GMO seed is drought and disease resistant, with high yields and increased adaptability for new regions[4].

[3] News in Turkish https://www.ekonomim.com/kose-yazisi/kuraklik-en-cok-pamuk-aycicegi-ve-bugdayi-vurdu/697190
[4] News in Turkish https://www.ekonomim.com/sirketler/may-yeni-pamuk-tohumunu-abdde-koruma-altina-aldi-haberi-751379#google_vignette

On May 25, 2021, the Turkish Ministry of Trade published a communiqué making the registration of cotton exports mandatory. The intention behind this registration requirement is to discourage organic cotton exports and promote the domestic use of organic cotton to make higher-valued textile and apparel products for eventual export. The Turkish ready-to-wear apparel industry continues to face challenges in sourcing organic cotton/yarn/fabric locally, at a time when demand from Europe for garments made from organic cotton is increasing.

In the past, one of the major policy issues confronting imports of U.S. cotton was a 3 percent anti-dumping duty. The duty was lifted in April 2021 after having been in place for the preceding five years (see GAIN report - TU2021-0021 for details). Turkish yarn and fabric producers, as well as the textile, fashion, and apparel industries were all supportive of having the duty removed to reduce the cost of high-quality U.S. cotton.

V. Production, Supply and Distribution Tables

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

Cotton	2022/2023		2023/2024		2024/2025	
Market Begin Year	August 2022		August 2023		August 2024	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	555	555	440	440	485	465
Beginning Stocks	1,915	2,556	2,629	4,149	1,429	2,289
Production	4,900	4,937	3,200	3,192	4,000	3,996
Imports	4,189	4,189	3,500	3,468	4,700	3,812
Total Supply	11,004	11,682	9,329	10,809	10,129	10,097
Exports	860	859	1,400	1,401	800	1,148
Domestic Use	7,500	6,660	6,500	7,119	7,500	7,119
Loss	15	14	0	0	0	0
Domestic Use & Loss	7,515	6,674	6,500	7,119	7,500	7,119
Ending Stocks	2,629	4,149	1,429	2,289	1,829	1,830
Total Distribution	11,004	11,682	9,329	10,809	10,129	10,097
Stock to use %	31.45	55.19	18.09	26.87	22.04	22.13
Yield (kg/HA)	1,922	1,937	1,583	1,580	1,796	1,871

Source: USDA forecasts, FAS Istanbul forecasts.

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

Cotton	2022/2023		2023/2024		2024/2025	
Market Begin Year	August 2022		August 2023		August 2024	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	555	555	440	440	485	465
Beginning Stocks	417	556	572	903	311	498
Production	1,067	1,075	697	695	871	870
Imports	912	912	762	755	1,023	830
Total Supply	2,396	2,543	2,031	2,353	2,205	2,198
Exports	187	187	305	305	174	250
Domestic Use	1,633	1,450	1,415	1,550	1,633	1,550
Loss	3	3	0	0	0	0
Domestic Use & Loss	1,636	1,453	1,415	1,550	1,633	1,550
Ending Stocks	572	903	311	498	398	398
Total Distribution	2,396	2,543	2,031	2,353	2,205	2,198
Stock to use %	31.45	55.19	18.09	26.87	22.04	22.13
Yield (kg/HA)	1,922	1,937	1,583	1,580	1,796	1,871

Source: USDA forecasts, FAS Istanbul forecasts

VI. Trade Matrices

a. Cotton Trade Matrices

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

TURKEY					
COTTON					
Import Trade Matrix					
Units:					**Metric Tons**
Time Period	**Aug/July**		**Aug/July**		**Aug/June (11 Months)**
Imports for:	**MY 2021/22**		**MY 2022/23**		**MY 2023/24**
U.S.	363,399	U.S.	349,238	U.S.	200,111
Others		**Others**		**Others**	
Brazil	233,279	Brazil	137,672	Brazil	177,815
Greece	184,664	Greece	137,579	Greece	77,415
Azerbaijan	86,312	Australia	77,912	Azerbaijan	76,501
Australia	56,219	Azerbaijan	49,333	Syria	43,522
Sudan	43,293	Mexico	27,186	Australia	25,432
Tajikistan	34,782	Kazakhstan	21,834	Tajikistan	25,129
Turkmenistan	32,879	Sudan	21,226	Kazakhstan	20,329
Mexico	25,573	Syria	21,159	Sudan	7,419
Spain	19,800	Tajikistan	15,842	Kyrgyzstan	6,639
Mali	16,208	Cameroon	7,312	Argentina	6,626
Total of others	**733,009**	**Total of others**	**517,055**	**Total of others**	**466,827**
Others not listed	106,279	Others not listed	45,667	Others not listed	23,449
GRAND TOTAL	**1,202,687**	**GRAND TOTAL**	**911,960**	**GRAND TOTAL**	**690,387**

Source: Trade Data Monitor, LLC

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

TURKEY					
COTTON					
Import Trade Matrix					
Units:	**Bales**				
Time Period	**Aug/July**		**Aug/July**		**Aug/June (11 Months)**
Imports for:	**MY 2021/22**		**MY 2022/23**		**MY 2023/24**
U.S.	1,669,078	U.S.	1,604,037	U.S.	919,103
Others		**Others**		**Others**	
Brazil	1,071,442	Brazil	632,323	Brazil	816,698
Greece	848,155	Greece	631,895	Greece	355,564
Azerbaijan	396,428	Australia	357,847	Azerbaijan	351,366
Australia	258,212	Azerbaijan	226,585	Syria	199,895
Sudan	198,843	Mexico	124,864	Australia	116,808
Tajikistan	159,752	Kazakhstan	100,283	Tajikistan	115,417
Turkmenistan	151,012	Sudan	97,490	Kazakhstan	93,370
Mexico	117,456	Syria	97,183	Sudan	34,075
Spain	90,941	Tajikistan	72,762	Kyrgyzstan	30,493
Mali	74,443	Cameroon	33,584	Argentina	30,433
Total of others	3,366,684	**Total of others**	2,374,815	**Total of others**	2,144,120
Others not listed	488,136	Others not listed	209,747	Others not listed	107,700
GRAND TOTAL	**5,523,898**	**GRAND TOTAL**	**4,188,599**	**GRAND TOTAL**	**3,170,922**

Source: Trade Data Monitor, LLC

b. Cotton Yarn Trade Matrices

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

TURKEY	COTTON YARN		
Import Trade Matrix	**Units: Metric Ton**		
Time Period	**Jan-Dec**	**Jan-Dec**	**Jan-June**
Import from:	**CY 2022**	**CY 2023**	**2024**
U.S.	3	9	0
Others			
Uzbekistan	141,371	107,669	69,698
Turkmenistan	40,879	41,292	19,767
India	35,555	42,685	7,210
Azerbaijan	6,763	8,546	3,387
Pakistan	9,313	7,387	1,447
Egypt	3,364	1,807	863
Tajikistan	3,453	2,325	483
Germany	157	123	174
Italy	546	371	109
China	1,508	262	64
Total of others	**242,909**	**212,467**	**103,202**
Others not listed	3,406	643	77
GRAND TOTAL	**246,318**	**213,119**	**103,279**

Source: Trade Data Monitor, LLC

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

TURKEY	COTTON YARN		
Export Trade Matrix	**Units: Metric Ton**		
Time Period	**Jan-Dec**	**Jan-Dec**	**Jan-June**
Export to:	**CY 2022**	**CY 2023**	**2024**
U.S.	1,615	949	531
Others			
Portugal	27,419	21,588	21,300
Egypt	18,233	17,513	17,512
Italy	23,336	17,446	11,208
Pakistan	3,915	3,955	8,148
Morocco	11,359	9,285	6,437
Bangladesh	3,965	3,013	2,952
Germany	6,699	5,353	2,941
Bulgaria	4,123	4,164	2,180
Spain	4,537	5,335	2,159
Greece	4,197	4,202	1971
Total of others	107,783	91,854	76,808
Others not listed	26,388	27,726	14,770
GRAND TOTAL	**135,786**	**120,529**	**92,109**

Source: Trade Data Monitor, LLC

c. Cotton Fabric Trade Matrices

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

TURKEY	COTTON FABRIC		
Import Trade Matrix	**Units: 1,000 m2**		
Time Period	**Jan-Dec**	**Jan-Dec**	**Jan-June**
Import from:	**CY 2022**	**CY 2023**	**2024**
U.S.	161	34	16
Others			
Pakistan	88,546	89,546	27,804
Turkmenistan	61,299	45,465	24,437
China	59,577	29,533	12,673
Egypt	28,047	23,090	11,045
Italy	12,239	7,941	2,841
India	9,027	6,412	2,035
Algeria	2,197	563	1,147
Germany	4,388	3,262	1,136
Greece	13	1,808	972
Malaysia	1,928	2,229	604
Total of others	267,262	209,848	84,693
Others not listed	22,815	9,932	3,388
GRAND TOTAL	**290,237**	**219,814**	**88,098**

Source: Trade Data Monitor, LLC

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

TURKEY	COTTON FABRIC		
Export Trade Matrix	**Units: 1,000 m2**		
Time Period	**Jan-Dec**	**Jan-Dec**	**Jan-June**
Export to:	**CY 2022**	**CY 2023**	**2024**
U.S.	8,066	5,287	1,687
Others			
Italy	85,468	55,366	32,483
Pakistan	11,126	16,553	24,413
Spain	26,054	23,704	18,898
Tunisia	31,547	24,612	13,310
Egypt	21,896	24,849	12,401
Belgium	20,512	12,116	10,577
Portugal	15,685	10,207	8,502
Morocco	27,408	21,170	8,441
Bulgaria	8,870	11,739	7,748
Serbia	10,127	9,560	7,357
Total of others	258,693	209,877	144,130
Others not listed	156,262	148,098	65,306
GRAND TOTAL	**423,022**	**363,262**	**211,122**

Source: Trade Data Monitor, LLC

Attachments:

No Attachments