

Voluntary Report – Voluntary - Public Distribution

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Report Name: Turkey Removes the Anti-dumping Duty on US Cotton

Country: Turkey

Post: Ankara

Report Category: Cotton and Products, Export Accomplishments - Market Access, Country/Regional FTA's, Trade Policy Incident Report, Trade Policy Monitoring, WTO Notifications, Market Development Reports

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Report Highlights:

On April 16, 2021, the Government of Turkey (GoT) removed the three percent anti-dumping duty on U.S. cotton. GoT imposed this duty on U.S. cotton imports in 2016 for five years after the conclusion of their anti-dumping investigation. Industry sources expect a slight increase in market share for U.S. cotton in the Turkish market because of the removal of the duty.

Turkey Eliminates the Three Percent Anti-dumping Duty on U.S. Cotton

The Government of Turkey eliminated the three percent anti-dumping duty on U.S. cotton imports on April 16, 2021. At the request of domestic cotton producers, the Turkish government initiated an anti-dumping investigation on October 18, 2014. The investigation resulted in the GoT imposing a three percent anti-dumping duty on U.S. cotton for five years, starting on April 16, 2016. However, some of the U.S. cotton imports came under Turkey's inward processing regime and were not subject to the anti-dumping duty. Under the inward processing regime, importers are not required to pay a duty if they ultimately export the materials produced from the imported product.

In marketing year (MY) 2012/13, before the investigation started, the U.S. market share for Turkish cotton imports was 57 percent, or 456,663 metric tons (MT). The share of U.S. cotton went down to 36 percent in MY 2015/2016, mainly due to uncertainty after the start of the anti-dumping investigation. However, after the Turkish government finished the investigation and imposed the three percent duty, U.S. market share increased. U.S. market share dropped to 38 percent in 2019/20 because of increased competition from Brazil and Greece. The Turkish textile industry believed the three percent duty was tolerable as they needed the high-quality U.S. cotton for production.

Table 1: Turkish Cotton Imports from the United States, and Total Imports (Metric Tons)

Marketing Year (Aug-July)	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21 *
Imports from the USA	456,663	443,855	338,534	329,384	380,820	388,076	360,538	385,502	113,756
Total Imports	803,760	924,373	800,068	918,307	801,007	876,211	761,891	1,017,127	514,663
US Share of Imports	57%	48%	42%	36%	48%	44%	47%	38%	22%
* First half of the MY (Aug - Jan)									

During the five years span of the anti-dumping duty, Brazil and Greece become more active in the Turkish market. Brazilian cotton became more prevalent in Turkey as its quality improved and the price was lower than U.S. cotton. During the first half of the MY 2020/21, Brazilian market share overtook the United States in the Turkish market. Nonetheless, we estimate that U.S. cotton will still be the market leader by the end of MY 2020/21.

The removal of the three percent anti-dumping duty will lower the costs for the Turkish textile industry, not only because U.S. cotton will become cheaper but also because Brazilian and Greek cotton traders will lower their prices to keep their market share. Trade sources indicate that the market share for U.S. cotton will increase a few percentage points, settling somewhere between 40 to 45 percent in the coming marketing year.

Attachments:

No Attachments.