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Thailand

Cotton and Products Annual

2019

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Report Highlights:

MY2018/19 and MY2019/20 cotton imports are expected to grow at a slow pace due to high cotton prices and economic uncertainty. Imports of U.S. cotton are expected to decline significantly in MY2018/19.

Executive Summary:

MY2019/20 cotton imports are forecast to increase to approximately 1.2 million bales, up 2 percent from MY2018/19 due to a gradual increase in cotton and cotton-blended yarn production. This is in line with forecast textile production which is expected to experience limited growth due to lower economic growth in 2019 and 2020. Imports of U.S. cotton are expected to increase to 510,000 bales as competitive spinning mills rely on high-quality cotton from the United States for their medium and fine count yarn production.

MY2018/19 cotton imports are expected to increase about 2 percent from MY2017/18. This is significantly lower than the 7 percent increase seen in the first half of MY2018/19 as spinners are concerned about high cotton prices and slower global economic growth which will affect textile exports in 2019. Also, imports of U.S. cotton are expected to decline significantly from the record imports in MY2017/18 as spinning mills will likely blend U.S. cotton with relatively cheaper cotton from other origins.

Commodities:

Cotton

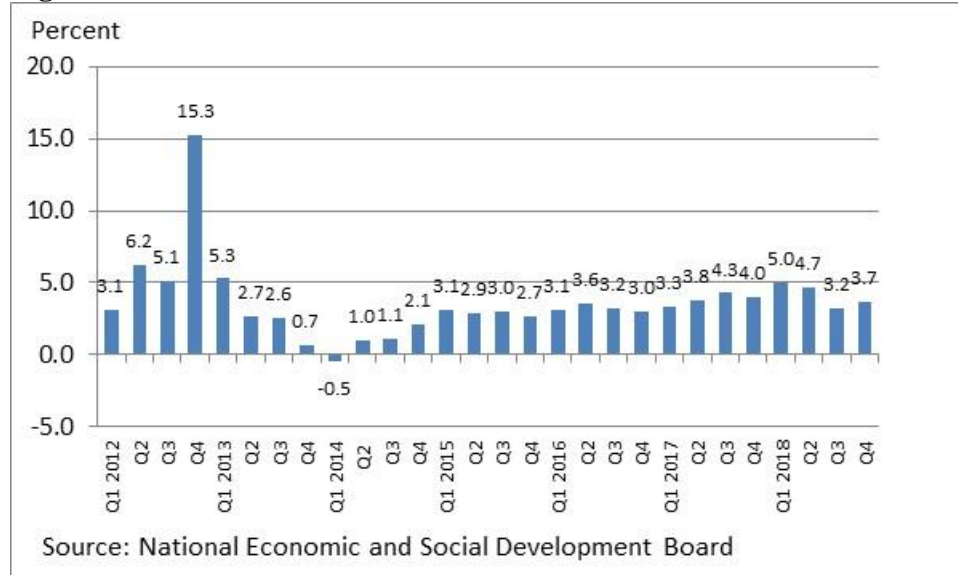
1. Production

Cotton production remains marginal in Thailand totaling approximately 1,500 – 1,600 metric tons (2,300 – 2,500 bales) due to unattractive returns compared to other field crops like corn. This production accounts for less than one percent of total demand. The government does not provide any incentives for farmers to produce cotton. Also, the government bans domestic production of all transgenic (biotech) plant varieties, including cotton.

2. Consumption

MY2019/20 cotton consumption is forecast to increase to 1.16 million bales, up 1-2 percent from MY2018/19. This slow growth pace is in line with expected slower economic growth in 2019 and 2020. According to the recent official economic forecast by the Bank of Thailand, Thai economic growth in 2019 is revised down to 3.8 percent from the previous forecast of 4.0 percent. This is lower than the 4.1 percent economic growth of 2018 due mainly to reduced export growth caused by the slower global economy (Figure 2.1). The forecast for Thai export growth in 2019 is revised down from 3.8 percent to 3.0 percent, significantly lower than the 7.2 percent export growth of 2018. Additionally, the Thai economy is expected to grow by 3.9 percent in 2020 which is still slower than the economic growth in 2018.

Figure 2.1: Thai Economic Growth



In the first half of MY2018/19, cotton yarn production increased 3 percent from the same period last year (Figure 2.2). The increased cotton yarn production reflected the re-opening of previously closed spinning mills. The Ministry of Industry's Department of Industrial Works reported that the number of operational spinning mills increased to 166 mills in the second half of 2018 compared to 161 mills in the same time span in 2017. Additionally, spinning mills built up cotton yarn stocks in the first half of MY2018/19 as they had run down their cotton yarn inventories in MY2017/18. Cotton yarn inventory declined by 20 percent in the third quarter of 2018 (Figure 2.3).

Figure 2.2: Yarn Production Index

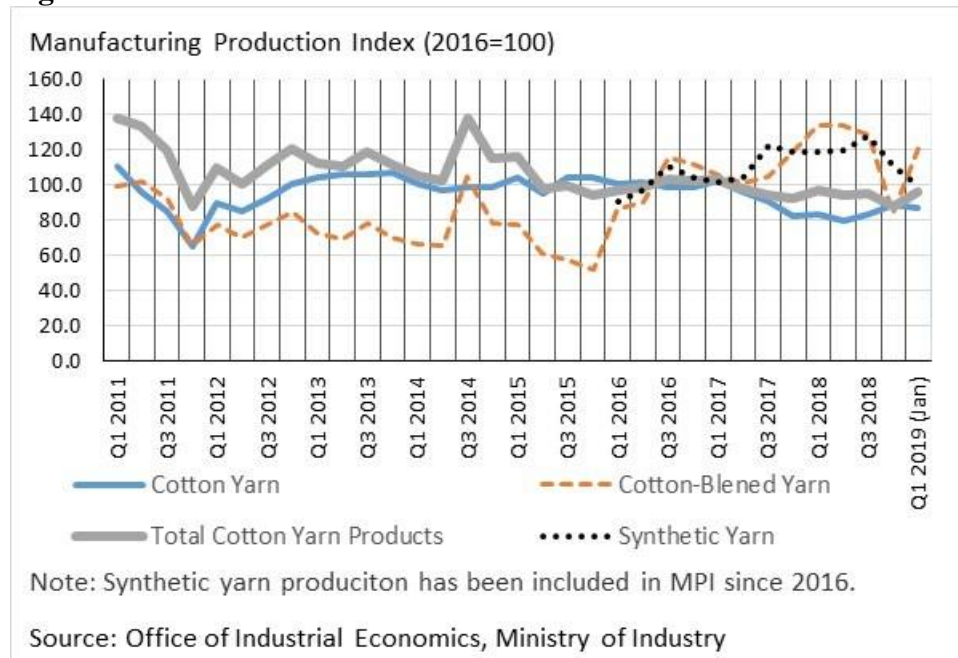
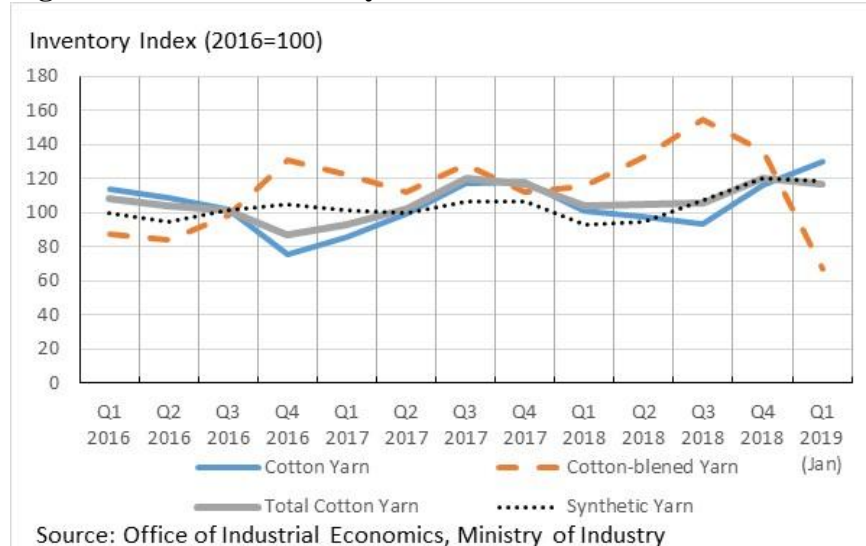
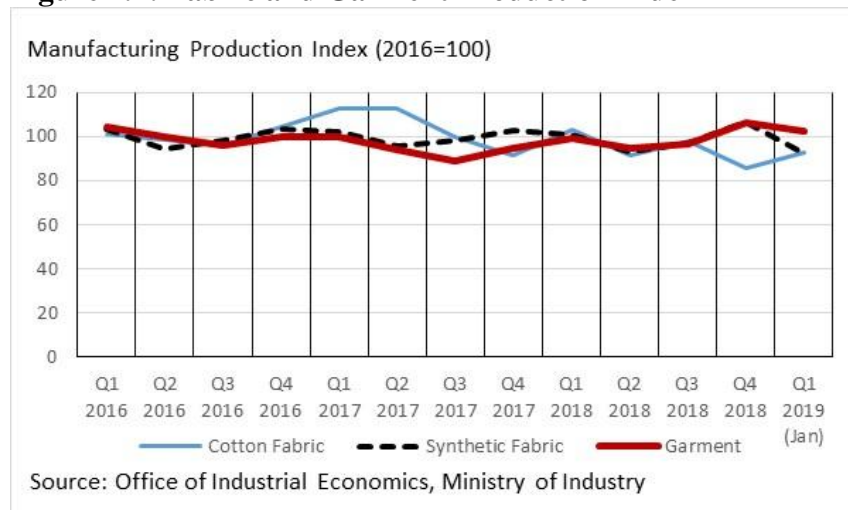


Figure 2.3: Yarn Inventory Index



Meanwhile, cotton-blended yarn production in the first half of MY2018/19 declined 12 percent from the same period last year due mainly to high inventories of cotton-blended yarn in the beginning of MY2018/19 (Figure 2.3). Cotton and cotton-blended yarn production accounts for approximately 20-30 percent of total cotton yarn production. Also, in the first half of MY2018/19, synthetic yarn production, which accounts for approximately 70-80 percent of total yarn production, declined 4 percent from the same period last year due to reduced man-made fabric production which declined around 1 percent (Figure 2.4). However, garment production increased 10 percent in the first half of MY2018/19 reflecting increased usage of imported fabric for production, particularly for both cotton and synthetic fabric from India and Vietnam. The quantity of imported cotton fabric is only 15-20 percent of the quantity of cotton fabric produced locally. Meanwhile, the ratio of synthetic fabric to domestic synthetic fabric has risen to 35 percent in 2018, up from approximately 20 percent in 2013.

Figure 2.4: Fabric and Garment Production Index



MY 2018/19 cotton consumption is expected to increase to 1.14 million bales, up around 1 percent from MY2017/18. This is lower than the previous forecast ([TH8155: Cotton and Products Update, November](#)

[2018](#)) as cotton spinners are likely to be cautious in building up cotton yarn stocks in the second half of MY2018/19 due to their concerns about global economic growth in 2019, which will affect domestic textile production, particularly for export-oriented textile products. Additionally, many cotton spinners have reportedly shifted to cotton-blended yarn production which is more competitive in the yarn market. Prices of cotton-blended yarn is reportedly 20-30 percent cheaper than cotton yarn.

3. Trade

MY2019/20 cotton imports are forecast to increase to around 1.2 million bales, up 2 percent from MY2018/19 in anticipation of gradual increases in cotton and cotton-blended yarn production. Import demand for U.S. cotton is expected to increase to 510,000 bales, up approximately 2 percent from MY2018/19, as medium-scale spinning mills continue to diversify their cotton yarn production from coarse-count yarn to medium and fine-count yarn as locally produced coarse-count yarn cannot compete with imported yarn. Spinning mills typically rely on high-quality cotton from the United States for fine-count yarn production.

In the first half of MY2018/19, cotton imports totaled 0.5 million bales, up 7 percent from the same period in MY2017/18 (Figure 3.1 and Table 2). Imports of U.S. cotton increased to 0.3 million bales, up 21 percent from the same period last year, driven by import demand from spinning mills that are competitive in both domestic and export markets. These spinning mills mainly produce medium and fine count yarns. Additionally, imports of cotton from Argentina and Tanzania, which are approximately 7-8 percent cheaper than U.S. cotton, increased significantly as spinning mills blend cotton from these origins with U.S. cotton to make their cotton yarn production more competitive with imported cotton yarn from India and Vietnam. Thailand has been a net importer of cotton yarn since 2016/17 as many cotton fabric manufacturers increasingly use imported cotton yarn for their domestic-oriented production. In the first half of MY2018/19, cotton yarn imports increased by 30 percent from the same period last year, mainly from India and Vietnam which respectively increased by 88 and 34 percent (Figure 3.2 and Table 3). Meanwhile, exports of cotton yarn further declined by 22 percent from the same period last year. Imports of cotton fabric increased 17 percent from the same period last year as garment manufacturers reportedly shifted to relatively cheaper imported fabric (Figure 3.3 and Table 5 and 6).

Figure 3.1: Thailand's Imports of Raw Cotton and Average Import Prices

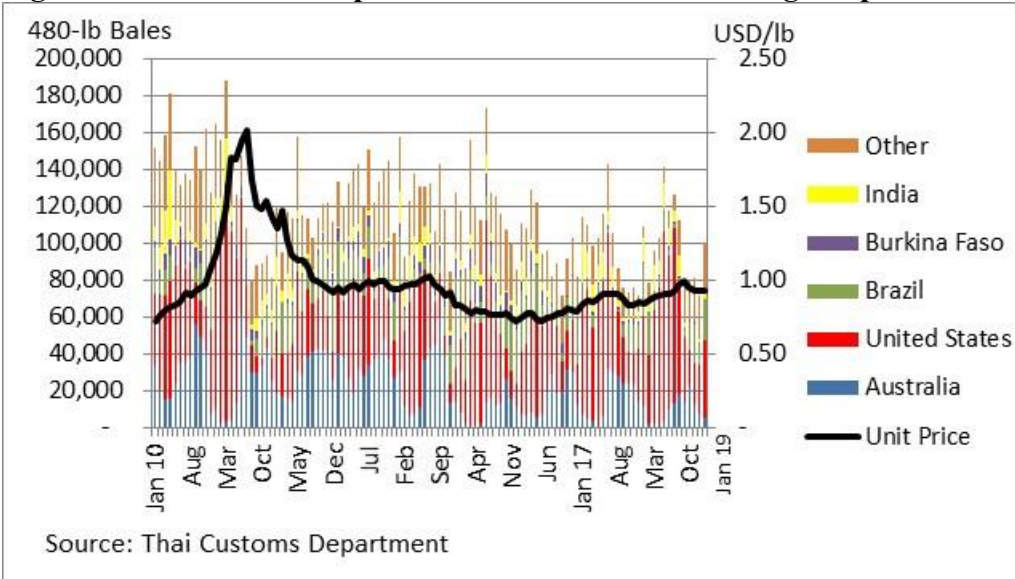


Figure 3.2: Cotton Yarn Exports and Imports

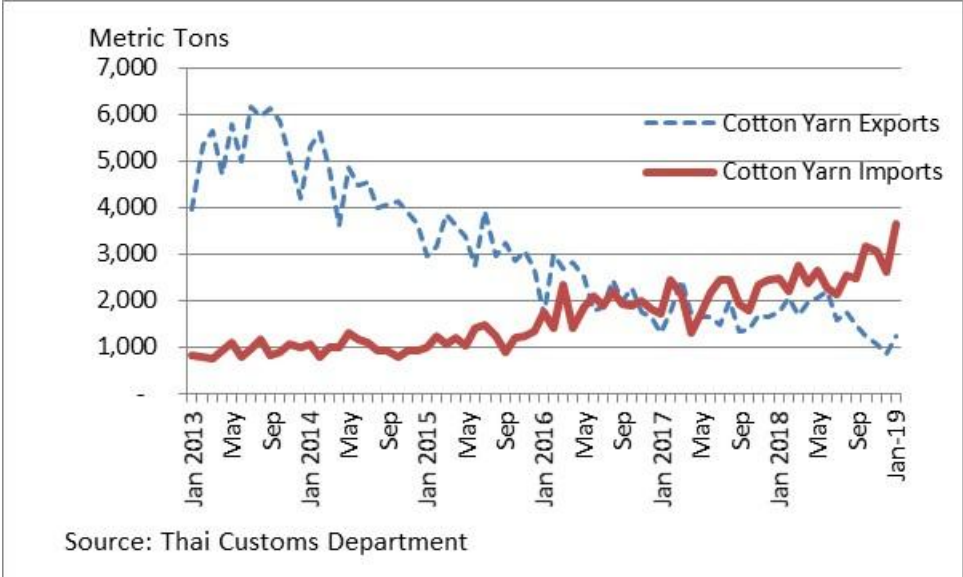
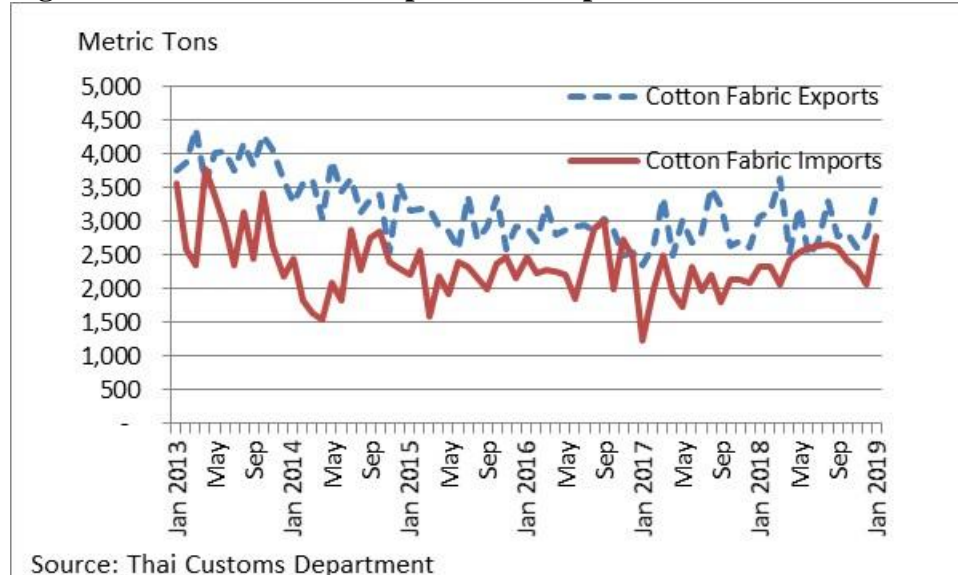


Figure 3.3: Cotton Fabric Exports and Imports

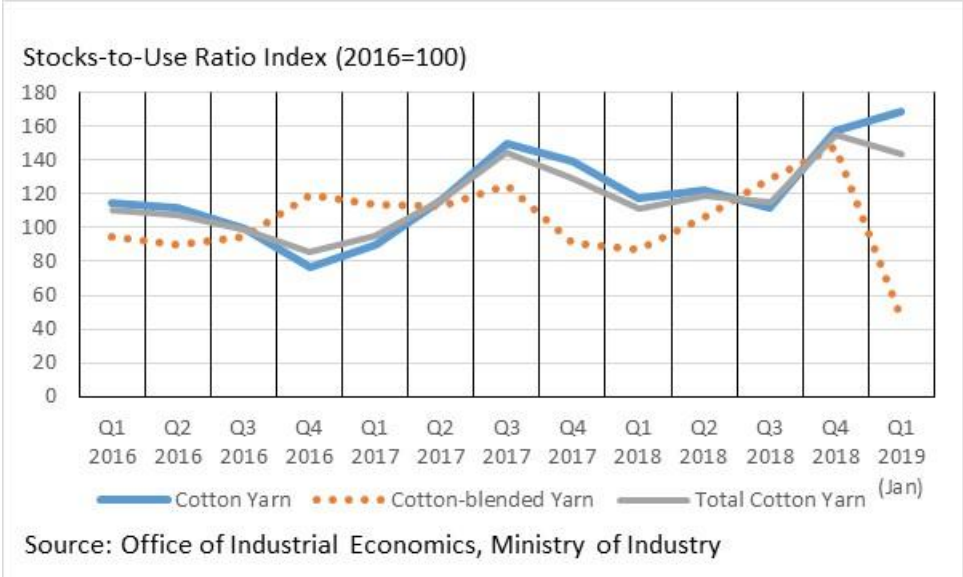


Post's forecast for MY2018/19 cotton imports is expected to increase to 1.17 million bales, up approximately 2 percent from MY2017/18. This is slower than the previous forecast ([TH8155: Cotton and Products Update, November 2018](#)) as textile product exports are likely to be affected by slower global economic growth in 2019. Additionally, import prices of cotton are likely to remain high in MY2018/19. Presently, the average import prices for cotton is 10-15 percent higher than the previous year. Import demand for U.S. cotton is expected to decline to 500,000 bales, down approximately 20 percent from the record imports in MY2017/18 as U.S. cotton prices are presently 8-10 percent higher than the previous year's price levels. U.S. cotton imports are expected to decline significantly in the second half of MY2018/19, which will more than offset the 21 percent increase in the first half of MY2018/19.

4. Stocks

MY2018/19 and MY2019/20 cotton stocks are expected to remain at minimum levels of around 2 months of use. Spinning mills are likely to be cautious about building up stocks of cotton, particularly in the second half of MY2018/19 due to concerns about slower economic growth affecting both domestic and export markets in 2019 and 2020. In the first half of MY2018/19, the stocks-to-use ratio of cotton yarn increased by 2 percent from the same period last year (Figure 4.1). However, since then the stocks-to-use ratio has leveled off.

Figure 4.1: Cotton Yarn Stocks-to-Use Ratio



Appendix Table

Table 1: Thailand’s Cotton Production, Supply and Demand

Cotton Market Begin Year	2017/2018		2018/2019		2019/2020	
	Aug 2017		Aug 2018		Aug 2019	
Thailand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	1	0	1	0	1
Area Harvested	1	1	1	1	0	1
Beginning Stocks	200	200	176	206	0	217
Production	2	2	2	2	0	2
Imports	1149	1149	1175	1170	0	1190
MY Imports from U.S.	0	627	0	500	0	510
Total Supply	1351	1351	1353	1378	0	1409
Exports	0	0	0	1	0	1
Use	1150	1120	1150	1135	0	1160
Loss	25	25	25	25	0	25
Total Dom. Cons.	1175	1145	1175	1160	0	1185
Ending Stocks	176	206	178	217	0	223
Total Distribution	1351	1351	1353	1378	0	1409
Stock to Use %	15.3	18.39	15.48	19.1	0	19.21
Yield	435	435	435	435	0	435

(1000 HA) ,1000 480 lb. Bales ,(PERCENT) ,(KG/HA)

Table 2: Thailand's Imports of Raw Cotton

Marketing Year (August/July)	MY2014/15	MY2015/16	MY2016/17	MY2017/18	August - January		
Unit: 480-lb Bales					MY2017/18	MY2018/19	%change
United States	496,125	424,113	564,806	627,254	171,082	207,356	21.2
Brazil	208,438	233,993	110,488	138,559	81,875	77,282	-5.6
Australia	213,526	162,152	195,539	156,121	124,698	79,273	-36.4
Greece	1,977	8,515	12,568	6,658	5,122	9,712	89.6
Tanzania	30,027	7,390	10,771	10,626	8,988	25,204	180.4
Argentina	23,980	13,670	19,507	1,607	1,382	32,821	2274.4
Mali	122,410	107,453	95,206	49,364	25,142	18,794	-25.2
India	55,874	60,925	99,223	82,067	25,505	18,885	-26.0
Spain	13,031	3,809	962	2,515	2,515	15,375	511.4
Cote d Ivoire	64,269	60,474	29,539	8,650	3,842	13,340	247.2
Turkey	453	814	3,899	413	102	2,913	2755.9
Togo	7,209	10,620	1,401	3,335	2,183	1,652	-24.3
South Africa	-	923	373	-	-	924	-
Other	232,835	179,964	81,503	61,708	36,775	18,267	-50.3
World	1,470,156	1,274,815	1,225,785	1,148,877	489,212	521,800	6.7

Source: Thai Customs Department

Calendar Year	2015	2016	2017	2018	% Change	January		
Unit: 480-lb Bales						2018	2019	%Change
United States	538,172	421,051	562,347	670,072	19.2	48,735	42,192	-13.4
Brazil	209,066	212,788	88,708	141,061	59.0	29,248	22,153	-24.3
Australia	120,577	195,023	197,180	116,850	-40.7	11,364	5,210	-54.2
Greece	4,829	10,849	9,895	7,681	-22.4	1,419	4,986	251.5
Tanzania	10,565	16,471	8,988	22,109	146.0	-	4,733	-
Argentina	17,241	13,746	10,263	28,828	180.9	-	4,218	-
Mali	129,086	90,993	85,566	40,111	-53.1	815	3,720	356.5
India	69,285	46,005	104,494	84,976	-18.7	13,053	3,525	-73.0
Spain	10,971	3,972	2,515	12,932	414.2	-	2,443	-
Cote d Ivoire	69,743	43,109	18,375	16,492	-10.2	-	1,656	-
Turkey	859	1,495	2,914	2,201	-24.5	-	1,023	-
Togo	12,176	5,211	2,183	1,851	-15.2	-	953	-
South Africa	923	373	-	-	-	-	924	-
Other	230,486	117,735	76,352	43,994	-42.4	3,392	2,596	-23.4
World	1,423,979	1,178,820	1,169,781	1,189,159	1.7	108,026	100,331	-7.1

Source: Thai Customs Department

Table 3: Thailand's Imports of Cotton Yarn

Marketing Year (August/July)	MY2014/15	MY2015/16	MY2016/17	MY2017/18	August - January		
Unit: Metric Tons					MY2017/18	MY2018/19	%change
India	4,518	8,811	12,012	12,529	5,309	9,961	87.6
Vietnam	1,402	3,112	4,189	6,809	3,273	4,373	33.6
China	4,481	3,894	4,191	3,673	1,888	1,796	-4.9
Japan	529	1,745	1,641	2,711	1,482	999	-32.6
Indonesia	183	77	190	626	349	103	-70.6
Korea South	41	158	401	834	637	122	-80.8
Malaysia	175	50	201	0	0	20	72718.5
Taiwan	48	130	71	40	29	13	-56.5
Italy	15	13	14	18	16	17	7.3
Pakistan	1,487	644	314	218	92	64	-30.4
Germany	3	4	1	1	0	1	428.1
United States	0	0	1	2	1	2	33.3
Hong Kong	17	18	10	25	21	22	5.6
Other	123	80	568	356	317	13	-95.8
World	13,022	18,736	23,803	27,844	13,414	17,505	30.5

Source: Thai Customs Department

Calendar Year	2015	2016	2017	2018	% Change	January		
Unit: Metric Tons						2018	2019	% change
India	5,486	11,135	11,206	16,324	45.7	1,005	1,862	85.2
Vietnam	2,210	3,923	4,988	7,517	50.7	729	1,121	53.8
China	3,758	4,784	3,575	3,713	3.8	390	258	-33.8
Japan	807	1,609	2,560	2,204	-13.9	224	249	11.1
Indonesia	149	141	345	403	16.7	84	60	-27.6
Korea South	106	176	918	301	-67.3	37	55	50.1
Malaysia	217	200	8	0	-99.1	0	20	-
Taiwan	45	140	67	23	-65.1	8	8	5.5
Italy	13	14	13	21	59.1	6	3	-43.6
Pakistan	1,544	420	306	189	-38.2	0	1	3084.2
Germany	3	2	1	1	-0.1	0	1	1091.9
United States	0	0	2	2	-18.2	-	1	-
Hong Kong	24	8	26	27	1.1	1	1	-44.6
Other	85	109	835	54	-93.5	1	0	-77.6
World	14,445	22,660	24,852	30,779	23.8	2,485	3,640	46.5

Source: Thai Customs Department

Table 4: Thailand's Exports of Cotton Yarn

Marketing Year (August/July)	MY2014/15	MY2015/16	MY2016/17	MY2017/18	August - January		
Unit: Metric Tons					MY2017/18	MY2018/19	%change
China	29,330	18,694	12,222	10,489	5,399	2,921	-45.9
Korea South	3,537	5,041	3,724	4,947	2,075	1,913	-7.8
Japan	5,491	4,155	4,137	3,102	1,428	1,488	4.2
Indonesia	256	55	15	500	56	322	476.1
Egypt	106	32	7	48	30	26	-12.5
Italy	162	132	184	249	96	86	-10.9
Vietnam	301	747	283	194	117	144	23.8
Cambodia	24	0	1	0	0	16	-
Guinea	109	78	70	40	21	18	-15.5
Australia	3	10	10	20	11	13	17.5
Hong Kong	1,198	774	266	162	79	25	-68.7
Laos	4	28	44	46	26	19	-25.8
Bangladesh	618	165	180	1,122	235	387	64.5
Other	2,252	1,251	1,031	497	256	257	0.5
World	43,390	31,163	22,173	21,416	9,829	7,636	-22.3

Source: Thai Customs Department

Calendar Year	2015	2016	2017	2018	% Change	January		
Unit: Metric Tons						2018	2019	%change
China	25,298	14,963	11,491	8,377	-27.1	810	443	-45.3
Korea South	4,244	4,913	3,421	4,827	41.1	460	418	-9.1
Japan	4,924	4,006	3,488	3,142	-9.9	213	233	9.4
Indonesia	105	9	63	713	1032.3	4	57	1511.6
Egypt	124	14	19	36	84.9	17	26	48.4
Italy	133	93	188	259	37.5	42	22	-48.6
Vietnam	414	660	215	218	1.1	12	16	38.9
Cambodia	23	0	1	1	106.6	0	15	-
Guinea	95	78	55	29	-46.8	0	7	-
Australia	6	6	21	18	-13.3	0	4	-
Hong Kong	1,372	268	144	129	-10.4	25	4	-85.0
Laos	10	38	48	41	-16.3	5	4	-19.3
Bangladesh	433	133	226	1,389	513.4	118	3	-97.1
Other	1,256	1,347	710	557	-21.6	63	4	-93.6
World	38,438	26,527	20,093	19,735	-1.8	1,768	1,256	-29.0

Source: Thai Customs Department

Table 5: Thailand's Imports of Cotton Fabric

Marketing Year (August/July)	MY2014/15	MY2015/16	MY2016/17	MY2017/18	August - January		
Unit: Metric Tons					MY2017/18	MY2018/19	%change
China	22,214	19,451	20,748	17,706	8,891	7,963	-10.4
India	1,722	3,741	4,222	7,665	2,835	5,535	95.2
Indonesia	489	706	227	188	84	220	162.2
Japan	672	524	434	423	229	239	4.2
Egypt	0	1	3	29	8	84	894.9
Italy	77	72	96	97	58	70	21.8
Taiwan	151	193	160	225	121	74	-38.6
Pakistan	1,688	1,230	298	307	101	176	75.2
Korea South	63	59	65	60	27	66	139.9
Portugal	5	4	9	33	14	23	62.4
Vietnam	129	118	72	60	42	174	317.6
Laos	33	31	13	13	6	9	52.7
United Kingdom	25	37	33	21	7	8	7.7
Other	525	713	449	425	256	162	-36.9
World	27,792	26,881	26,828	27,253	12,678	14,801	16.7

Source: Thai Customs Department

Calendar Year	2015	2016	2017	2018	% Change	January		
Unit: Metric Tons						2018	2019	% Change
China	19,947	21,524	17,711	16,693	-5.7	1,510	1,595	5.6
India	2,244	4,456	4,469	10,049	124.9	680	995	46.4
Indonesia	593	555	181	295	62.6	12	42	246.8
Japan	603	478	432	430	-0.5	33	36	9.0
Egypt	0	4	9	74	753.0	0	31	-
Italy	79	76	105	95	-9.8	9	23	164.1
Taiwan	171	186	179	190	6.0	32	20	-36.9
Pakistan	1,858	656	320	390	21.8	18	10	-40.6
Korea South	52	53	65	97	49.1	5	6	39.0
Portugal	3	3	21	41	98.0	2	3	84.8
Vietnam	139	102	86	190	121.2	1	3	166.4
Laos	35	25	10	16	63.6	2	2	31.0
United Kingdom	29	38	20	21	8.6	1	1	85.0
Other	589	668	460	361	-21.5	36	5	-86.8
World	26,342	28,822	24,067	28,943	20.3	2,338	2,772	18.6

Source: Thai Customs Department

Table 6: Thailand's Exports of Cotton Fabric

Marketing Year (August/July)	MY2014/15	MY2015/16	MY2016/17	MY2017/18	August - January		
					MY2017/18	MY2018/19	%change
Unit: Metric Tons							
Myanmar	7,336	8,166	7,098	7,833	4,143	4,247	2.5
Bangladesh	5,847	5,310	5,412	6,829	2,833	2,457	-13.3
Japan	3,429	4,491	3,667	2,453	1,306	1,042	-20.2
China	800	388	205	999	629	887	40.9
Indonesia	692	550	489	608	345	900	161.1
Korea South	1,054	823	863	1,012	390	659	69.0
India	60	17	73	34	14	872	6200.2
Cambodia	1,464	1,979	2,120	2,123	857	919	7.3
Netherlands	997	968	935	742	339	475	40.1
Sri Lanka	1,251	1,356	1,277	1,183	660	530	-19.7
Vietnam	2,856	2,221	2,465	3,706	1,943	1,206	-37.9
Philippines	444	222	714	813	431	411	-4.7
Pakistan	392	707	547	642	310	329	6.2
Other	10,586	7,747	7,298	6,549	3,569	2,772	-22.3
World	37,206	34,944	33,162	35,526	17,768	17,706	-0.3

Source: Thai Customs Department

Calendar Year	2015	2016	2017	2018	% Change	January		
						2018	2019	% Change
Unit: Metric Tons								
Myanmar	7,632	7,918	7,232	7,813	8.0	670	795	18.6
Bangladesh	6,013	4,997	5,615	6,843	21.9	771	381	-50.6
Japan	3,957	4,619	2,931	2,041	-30.3	193	340	76.5
China	669	259	673	1,065	58.2	81	273	238.5
Indonesia	701	447	582	959	64.8	49	254	421.6
Korea South	932	858	761	1,166	53.3	101	215	113.0
India	15	37	60	722	1104.8	2	172	8717.7
Cambodia	1,768	1,957	2,071	2,198	6.2	131	119	-9.3
Netherlands	839	1,020	848	815	-3.9	48	112	130.8
Sri Lanka	1,298	1,415	1,187	1,065	-10.3	106	95	-10.7
Vietnam	2,260	2,541	3,072	3,134	2.0	254	89	-65.1
Philippines	282	398	787	810	2.9	96	79	-18.1
Pakistan	485	660	580	678	17.1	87	70	-20.2
Other	8,951	7,083	7,670	5,832	-24.0	479	399	-16.7
World	35,802	34,209	34,068	35,142	3.2	3,068	3,391	10.5

Source: Thai Customs Department

Table 7: Employment and Machinery for Thailand's Textile Industry

	Calendar Year							
	2010	2011	2012	2013	2014	2015	2016	2017
Number of Employees								
- Synthetic fiber	14,300	13,300	12,300	12,200	12,200	12,200	12,200	12,967
- Spinning	60,040	57,200	57,010	57,650	56,990	57,150	57,226	56,331
- Weaving	51,890	52,160	52,310	52,630	52,590	51,070	51,859	51,515
- Knitting	61,790	62,400	62,580	61,900	61,510	61,650	60,285	59,780
- Dyeing and Printing	43,860	41,940	41,580	41,330	41,434	41,110	41,117	41,922
- Clothing	808,690	795,880	350,000	346,250	341,857	332,010	331,380	329,085
TOTAL	1,040,570	1,022,880	575,780	571,960	566,581	555,190	554,067	551,600
Number of Textile Machinery								
- Spinning (No. of spindles)	3,669,613	3,770,550	3,700,860	3,750,000	3,930,000	3,921,000	3,940,820	3,992,050
- Weaving (No. of looms)	130,230	131,740	132,200	134,600	135,273	132,600	133,330	133,730
- Knitting (No. of machines)	118,150	118,490	119,200	119,160	118,803	113,730	122,200	111,980
- Clothing (No. of machines)	736,000	724,250	623,350	623,280	622,033	619,103	610,750	616,250

Source: Thailand Textile Institute

Table 8: Yarn Production in Thailand

Unit: Thousand Metric Tons								
	Calendar Year							
	2010	2011	2012	2013	2014	2015	2016	2017
Production								
Cotton yarn	351.1	315.9	303.8	293.5	292.6	333.0	321.5	308.8
Synthetic yarn	626.1	493.0	502.3	541.0	582.3	521.6	521.7	547.8
Total production	977.2	808.9	806.1	834.5	874.9	854.6	843.2	856.6

Source: Thailand Textile Institute

Table 9: Woven Fabric Production in Thailand

Unit: Thousand Metric Tons								
	Calendar Year							
	2010	2011	2012	2013	2014	2015	2016	2017
Production								
Cotton fabric	197.9	185.6	176.0	148.8	154.8	154.8	199.1	196.6
Synthetic fabric	285.4	254.5	272.7	281.9	317.0	317.0	271.1	290.0
Total production	483.3	440.1	448.7	430.7	471.8	471.8	470.2	486.6

Source: Thailand Textile Institute

End of report.

