

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 3/30/2017

GAIN Report Number: TH7039

Thailand

Cotton and Products Annual

2017

Approved By:

Paul Welcher, Agricultural Attaché

Prepared By:

Ponnarong Prasertsri, Agricultural Specialist

Report Highlights:

MY2017/18 cotton imports are forecasted to increase 3-4 percent from MY2016/17 in anticipation of a sustained recovery by spinning mills that have been in a downturn since 2014. Cotton yarn inventories are likely to decline to a record low in MY2016/17.

Executive Summary:

MY2016/17 and MY2017/18 cotton imports are forecasted to increase to 1.3 – 1.4 million bales in line with a recovery in the spinning industry. In MY2016/17, spinning mills are expected to run down large inventories of cotton yarn accumulated during the economic downturn over the past couple of years due to a surge in domestic demand for black clothes during the mourning period for the passing of King Bhumibol Adulyadej. Spinners will also likely increase their cotton yarn production capacity utilization in MY2017/18. While large-scale spinning mills still maintain their competitive edge in domestic and export markets, small and medium-scale spinning mills struggle with competition from imported cotton yarn and fabric, particularly from India, China, and Vietnam.

Commodities:

Cotton

1. Production

Cotton production remains marginal in Thailand totaling approximately 1,500 to 1,600 metric tons (2,300 – 2,500 bales) due to unattractive returns compared to other field crops like sugarcane. This production accounts for less than one percent of total demand which is unlikely to change as the government does not provide any incentives for farmers to expand cotton acreage. Additionally, the government still bans the domestic production of all transgenic or biotech plant varieties, including cotton.

2. Consumption

MY2017/18 cotton consumption is forecasted to increase to around 1.4 million bales, up around 4 percent from MY2016/17 in anticipation of a recovery in the spinning industry. Spinning mills are expected to increase their cotton yarn production capacity utilization as their stock-to-use ratio is currently at record lows due to high domestic demand. Additionally, according to the National Economic and Social Development Board's (NESDB) official economic forecast, the Thai economy is expected to grow at a rate of 3-4 percent in 2017.

MY2016/17 cotton consumption is expected to increase to 1.3 million bales, up 2 percent from MY2015/16 as the Thai economy gradually expands in 2016 (Figure 1). According to the Ministry of Industry's (MOI) Manufacturing Production Index (Figure 2), total cotton yarn production increased 15 percent in the first half of MY2016/17. This increase is due to a 33 percent increase in cotton-blended yarn production, which has become an increasingly popular fabric for clothing manufacturers. The increase in total cotton yarn production was also driven by strong demand for black clothes during the mourning period for the passing of King Bhumibol Adulyadej. The mourning period began on October 13, 2016, and will end in October 2017. The demand for black clothes helped spinning mills further reduce cotton yarn inventories by 24 percent in the first half of MY2016/17. The stock-to-use ratio has also declined by 30 percent from the same period last year (Figure 3). Despite the increase in total cotton yarn production, pure cotton yarn production declined around 1 percent from the same period last year due to competition from imported cotton yarn and fabric, particularly from India, China, and Vietnam. The MOI's Department of Industrial Works reported that 17 small and medium-scale textile manufacturers, including spinning, weaving, and garment manufacturers, shut down in the first half of MY2016/17 due to liquidity problems. However, large-scale spinning mills have largely escaped these problems and are running at similar average production capacity utilization levels as last year.

Figure 1: Quarterly GDP Growth

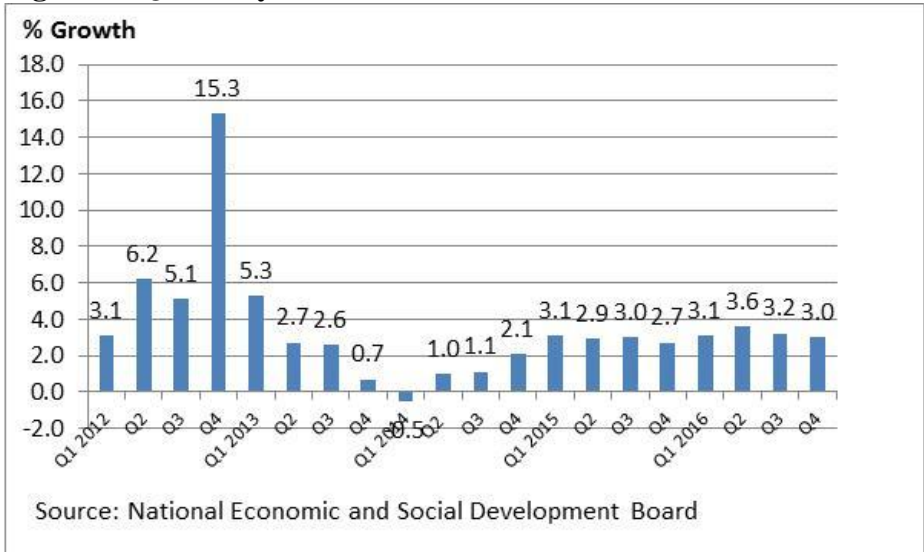


Figure 2: Manufacturing Production Index (MPI)

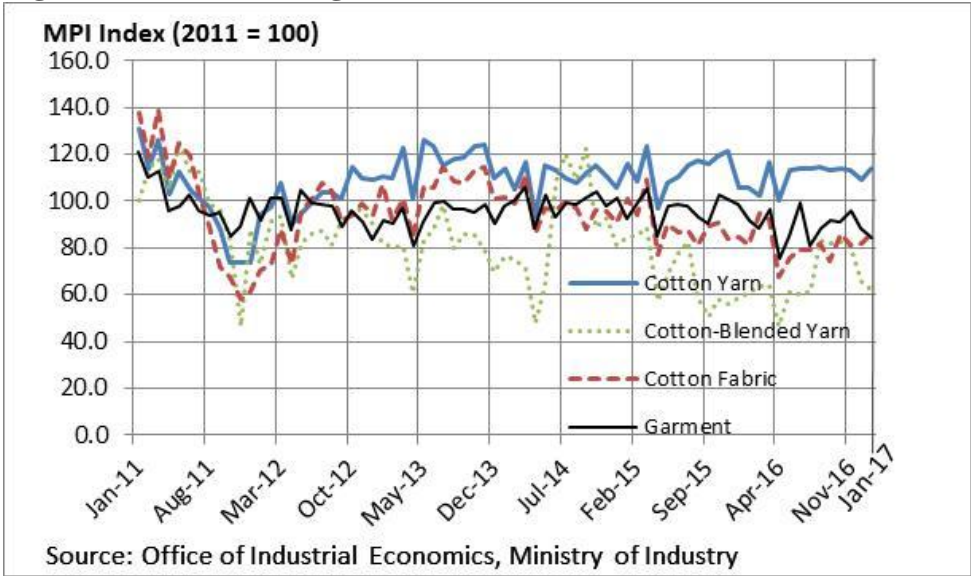
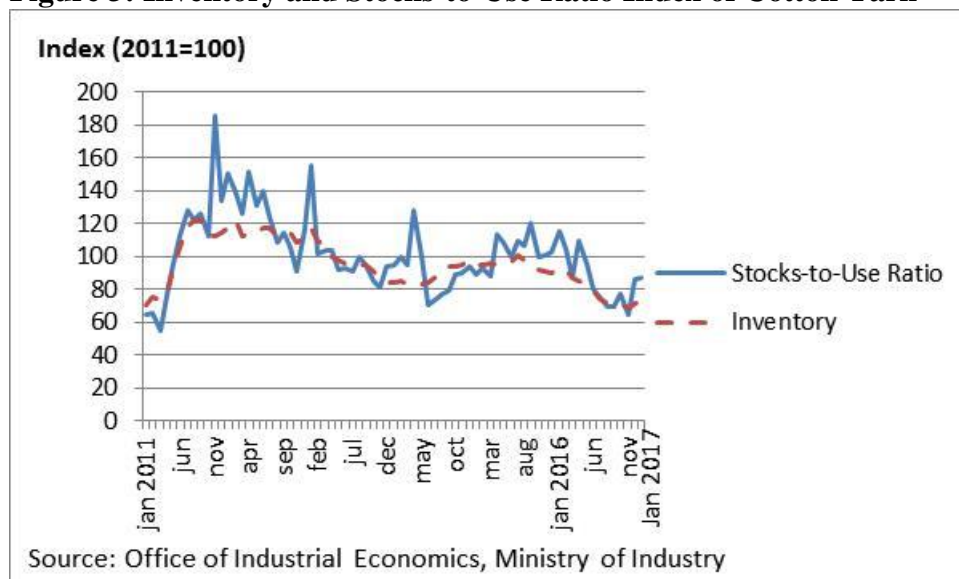


Figure 3: Inventory and Stocks-to-Use Ratio Index of Cotton Yarn

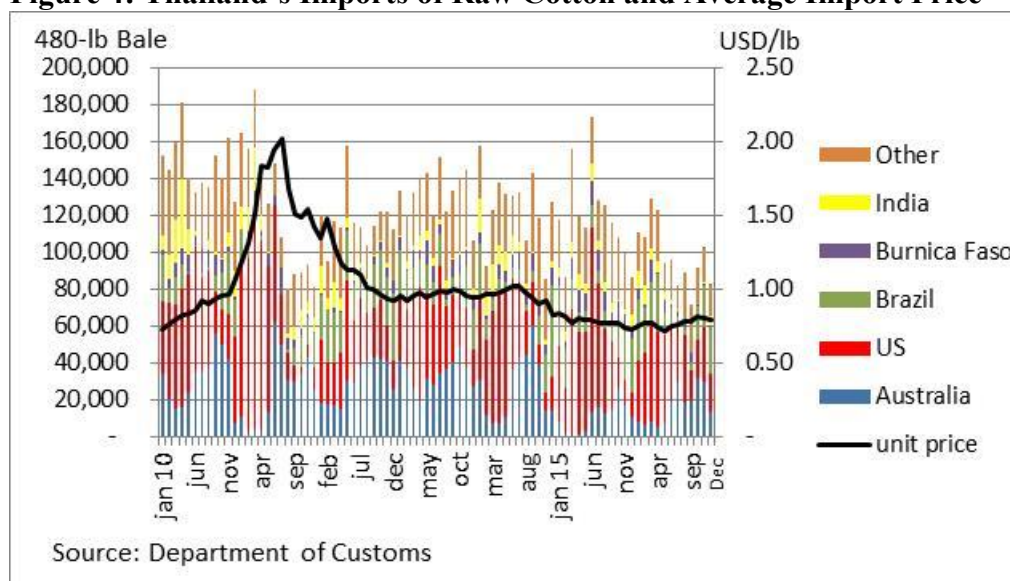


3. Trade

MY2017/18 cotton imports are forecasted to increase to around 1.4 million bales, up 4 percent from MY2016/17 in line with an anticipated recovery in the spinning industry and a run-down of raw cotton inventory. Import demand for U.S. cotton will likely increase to 460,000 bales, up approximately 2 percent from MY2016/17 due to competitive prices and high-quality standards.

MY2016/17 cotton imports are expected to increase to 1.3 million bales. This is a 2-3 percent increase from MY2015/16 as spinners have reportedly run down their raw cotton and large inventories of cotton yarn in the first half of MY2016/17. In the first five months of MY2016/17, cotton imports totaled 0.4 million bales. This is an 18 percent reduction from the same period last year as spinners reportedly limited their purchases while world cotton prices were rising. In the first five months of MY2015/16, average imported prices of cotton increased to \$79 cents/lb, up approximately 28 percent from the same period last year (Figure 4). Imports of U.S. cotton declined around 2 percent, much less than Brazilian and Indian cotton imports which declined significantly (Table 2). Meanwhile, imports of Australian cotton increase 42 percent due to a recovery in Australian cotton production. Imports of U.S. cotton are expected to increase to 450,000 bales in MY2016/17, up 6 percent from MY2015/16 as small and medium-scale spinning mills prefer U.S. cotton to cotton from other origins, particularly for mixed grade cotton due to its competitive prices and high-quality standards. U.S. cotton is likely to maintain its market share of around one-third of the market.

Figure 4: Thailand's Imports of Raw Cotton and Average Import Price



Spinners have faced competition from relatively cheaper imported cotton yarn and fabric. In the first five months of MY2016/17, imports of cotton yarn increased 66 percent from the same period last year, mainly from India, China, and Vietnam. Imports of Indian cotton yarn and fabric doubled in 2016 (Table 9). Meanwhile, exports of cotton yarn declined 30 percent in 2016 (Table 8) and in the first half of MY2016/17.

4. Stocks

MY2016/17 and MY2017/18 cotton stocks are expected to remain at minimum levels of around 1 to 2 months of use. Despite a 30 percent reduction in stock-to-use ratio of cotton yarn in the first half of MY2016/17, spinning mills remain cautious in building up stocks of cotton due to concerns about possible price volatility.

Appendix Tables

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

Cotton	2015/2016		2016/2017		2017/2018	
Market Begin Year	Aug 2015		Aug 2016		Aug 2017	
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	217	217	219	200	0	186
Production	2	2	2	2	0	0
Imports	1275	1277	1200	1310	0	1360
MY Imports from U.S.	0	424	0	450	0	460
Total Supply	1494	1496	1421	1512	0	1546
Exports	0	1	0	1	0	0
Use	1250	1270	1175	1300	0	1350
Loss	25	25	25	25	0	25
Total Dom. Cons.	1275	1295	1200	1325	0	1375
Ending Stocks	219	200	221	186	0	171
Total Distribution	1494	1496	1421	1512	0	1546

(1000 HA) ,1000 480 lb. Bales

Table 2: Thailand's Imports of Raw Cotton in Bales (Marketing Year: August/July)

Unit 480-lb bale								
	MY2011/12	MY2012/13	MY2013/14	MY2014/15	MY2015/16	August - December		
						MY2015/16	MY2016/17	% Change
United States	282,144	446,398	530,639	496,126	424,113	127,868	124,803	-2.4
Australia	325,603	409,080	334,533	213,526	162,152	78,821	111,691	41.7
Brazil	228,095	246,196	137,640	208,438	233,993	95,613	74,410	-22.2
Mali	20,730	29,783	86,590	122,410	107,453	50,427	33,965	-32.6
Burkina Faso	23,974	74,522	84,689	104,546	73,575	41,439	11,358	-72.6
Cote d'Ivoire	21,990	26,422	58,430	64,269	60,474	32,371	15,005	-53.6
India	86,607	34,221	93,615	56,090	61,148	22,101	7,179	-67.5
Tanzania	16,913	20,743	32,339	30,027	7,390	1,691	11,184	561.6
Pakistan	88,189	16,407	20,556	27,450	10,988	15,816	2,191	-86.1
Argentina	27,009	21,947	21,696	23,980	13,670	10,550	10,628	0.7
Mexico	8,374	9,150	5,785	16,795	2,750	872	482	-44.7
Zimbabwe	45,765	34,376	12,831	14,839	5,305	2,330	-	-
Spain	943	4,995	16,138	13,031	3,809	800	960	20.0
Benin	5,202	10,472	16,221	10,424	17,032	12,295	896	-92.7
Others	90,616	129,928	98,823	70,895	92,872	41,268	32,440	-21.4
World	1,272,153	1,514,639	1,550,525	1,472,847	1,276,724	534,262	437,191	-18.2

Source: Department of Customs

Unit Metric Ton								
	MY2011/12	MY2012/13	MY2013/14	MY2014/15	MY2015/16	August - December		
						MY2015/16	MY2016/17	% Change
United States	61,430	97,193	115,534	108,020	92,341	27,840	27,173	-2.4
Australia	70,892	89,068	72,837	46,490	35,305	17,161	24,318	41.7
Brazil	49,662	53,604	29,968	45,382	50,947	20,817	16,201	-22.2
Mali	4,513	6,484	18,853	26,652	23,395	10,979	7,395	-32.6
Burkina Faso	5,220	16,225	18,439	22,763	16,019	9,022	2,473	-72.6
Cote d'Ivoire	4,788	5,753	12,722	13,993	13,167	7,048	3,267	-53.6
India	18,857	7,451	20,383	12,212	13,314	4,812	1,563	-67.5
Tanzania	3,682	4,516	7,041	6,538	1,609	368	2,435	561.6
Pakistan	19,201	3,572	4,476	5,977	3,982	3,444	477	-86.1
Argentina	5,881	4,779	4,724	5,221	2,976	2,297	2,314	0.7
Mexico	1,823	1,992	1,259	3,657	599	190	105	-44.7
Zimbabwe	9,964	7,485	2,794	3,231	1,155	507	-	-
Spain	205	1,088	3,514	2,837	829	174	209	20.0
Benin	1,133	2,280	3,532	2,270	3,708	2,677	195	-92.7
Others	19,730	28,289	21,516	15,436	18,561	8,985	7,063	-21.4
World	276,981	329,777	337,591	320,678	277,907	116,323	95,188	-18.2

Source: Department of Customs

Source: Department of Customs

Table 4: Thailand's Imports of Raw Cotton in Bales (Calendar Year)

	2014		2015		2016		% Change	
	(,000 USD)	480-lb Bale	(,000 USD)	480-lb Bale	(,000 USD)	480-lb Bale	(,000 USD)	480-lb Bale
United States	228,293	465,412	219,571	538,172	163,672	421,051	-25.5	-21.8
Brazil	73,078	163,748	77,948	209,066	76,566	212,788	-1.8	1.8
Australia	146,198	316,764	45,658	120,577	73,183	195,023	60.3	61.7
Mali	41,743	93,517	44,508	129,086	31,062	90,993	-30.2	-29.5
India	38,746	89,838	23,499	69,285	15,502	46,228	-34.0	-33.3
Burkina Faso	35,108	82,638	34,895	105,970	14,782	43,494	-57.6	-59.0
Cote d'Ivoire	27,162	62,733	23,333	69,743	14,338	43,109	-38.5	-38.2
Tanzania	14,794	35,337	3,908	10,565	5,852	16,471	49.7	55.9
Chad	551	1,376	1,763	5,321	4,653	13,604	164.0	155.7
Argentina	12,030	30,535	5,214	17,241	4,604	13,746	-11.7	-20.3
Greece	2,437	5,425	1,702	4,829	4,001	10,849	135.1	124.7
Turkmenistan	1,992	4,993	2,175	6,263	2,702	7,595	24.2	21.3
Uganda	1,091	2,494	2,322	7,008	2,500	7,938	7.7	13.3
Benin	5,684	12,804	6,715	19,922	1,856	5,632	-72.4	-71.7
Mozambique	1,134	2,855	753	2,002	1,682	4,492	123.5	124.4
Togo	1,859	4,109	4,074	12,176	1,588	5,211	-61.0	-57.2
Pakistan	10,020	27,487	7,699	25,498	1,574	4,665	-79.6	-81.7
Guinea	-	-	1,388	3,912	1,498	4,710	7.9	20.4
Spain	5,305	12,196	3,519	10,971	1,317	3,972	-62.6	-63.8
Other	31,185	69,570	20,949	56,914	10,433	27,752	-50.2	-51.2
Total	678,410	1,483,832	531,596	1,424,521	433,367	1,179,321	-18.5	-17.2

Source: Department of Customs

Table 5: Thailand's Imports of Raw Cotton in Metric Tons (Calendar Year)

	2014		2015		2016		% Change	
	(,000 USD)	480-lb Bale	(,000 USD)	480-lb Bale	(,000 USD)	480-lb Bale	(,000 USD)	480-lb Bale
United States	228,293	465,412	219,571	538,172	163,672	421,051	-25.5	-21.8
Brazil	73,078	163,748	77,948	209,066	76,566	212,788	-1.8	1.8
Australia	146,198	316,764	45,658	120,577	73,183	195,023	60.3	61.7
Mali	41,743	93,517	44,508	129,086	31,062	90,993	-30.2	-29.5
India	38,746	89,838	23,499	69,285	15,502	46,228	-34.0	-33.3
Burkina Faso	35,108	82,638	34,895	105,970	14,782	43,494	-57.6	-59.0
Cote d'Ivoire	27,162	62,733	23,333	69,743	14,338	43,109	-38.5	-38.2
Tanzania	14,794	35,337	3,908	10,565	5,852	16,471	49.7	55.9
Chad	551	1,376	1,763	5,321	4,653	13,604	164.0	155.7
Argentina	12,030	30,535	5,214	17,241	4,604	13,746	-11.7	-20.3
Greece	2,437	5,425	1,702	4,829	4,001	10,849	135.1	124.7
Turkmenistan	1,992	4,993	2,175	6,263	2,702	7,595	24.2	21.3
Uganda	1,091	2,494	2,322	7,008	2,500	7,938	7.7	13.3
Benin	5,684	12,804	6,715	19,922	1,856	5,632	-72.4	-71.7
Mozambique	1,134	2,855	753	2,002	1,682	4,492	123.5	124.4
Togo	1,859	4,109	4,074	12,176	1,588	5,211	-61.0	-57.2
Pakistan	10,020	27,487	7,699	25,498	1,574	4,665	-79.6	-81.7
Guinea	-	-	1,388	3,912	1,498	4,710	7.9	20.4
Spain	5,305	12,196	3,519	10,971	1,317	3,972	-62.6	-63.8
Other	31,185	69,570	20,949	56,914	10,433	27,752	-50.2	-51.2
Total	678,410	1,483,832	531,596	1,424,521	433,367	1,179,321	-18.5	-17.2

Source: Department of Customs

Table 6: Status of Textile Industry in Thailand

Table 6: Status of Textile Industry in Thailand							
	Calendar Year						
	2009	2010	2011	2012	2013	2014	2015
Number of Employment							
- Synthetic fiber	14,000	14,300	13,300	12,300	12,200	12,200	12,200
- Spinning	60,075	60,040	57,200	57,010	57,650	56,990	57,150
- Weaving	51,980	51,890	52,160	52,310	52,630	52,590	51,070
- Knitting	62,420	61,790	62,400	62,580	61,900	61,510	61,650
- Dyeing and Printing	45,880	43,860	41,940	41,580	41,330	41,434	41,110
- Clothing	810,850	808,690	795,880	350,000	346,250	341,857	332,010
TOTAL	1,045,205	1,040,570	1,022,880	575,780	571,960	566,581	555,190
Number of Textile Machinery							
- Spinning (No. of spindles)	3,779,210	3,669,613	3,770,550	3,700,860	3,750,000	3,930,000	3,921,000
- Weaving (No. of looms)	128,300	130,230	131,740	132,200	134,600	135,273	132,600
- Knitting (No. of machines)	123,080	118,150	118,490	119,200	119,160	118,803	113,730
- Clothing (No. of machines)	737,875	736,000	724,250	623,350	623,280	622,033	619,103

Source: Thailand Textile Institute

Table 7: Thailand Production of Yarn

Unit: Thousand Metric Tons								
	Calendar Year							
	2008	2009	2010	2011	2012	2013	2014	2015
Production								
Cotton yarn	376.7	353.8	351.1	315.9	303.8	293.5	292.6	333.0
Synthetic yarn	587.1	614.0	626.1	493.0	502.3	541.0	582.3	521.6
Total production	963.8	967.8	977.2	808.9	806.1	834.5	874.9	854.6

Source: Thailand Textile Institute

	2014		2015		2016		% Change	
	,000 USD	Metric Ton	,000 USD	Metric Ton	,000 USD	Metric Ton	,000 USD	Metric Ton
China	91,277	34,146	55,180	25,298	32,755	14,963	-40.6	-40.9
Japan	38,907	6,440	26,750	4,924	22,165	4,006	-17.1	-18.6
Korea South	14,068	3,853	13,962	4,244	13,359	4,913	-4.3	15.8
Vietnam	3,397	611	2,567	414	3,880	660	51.1	59.3
Taiwan	15	4	281	79	1,647	537	485.1	578.9
Hong Kong	4,197	1,046	4,619	1,372	1,128	268	-75.6	-80.5
Philippines	1,918	563	594	202	658	214	10.8	5.7
Bangladesh	2,383	787	1,486	433	579	133	-61.1	-69.2
Papua New Guinea	719	112	578	95	456	78	-21.0	-18.2
Italy	1,215	268	536	133	365	93	-31.9	-29.7
United Kingdom	77	3	363	30	322	27	-11.3	-9.6
Laos	36	2	84	10	280	38	231.3	278.8
Mauritius	198	45	149	28	263	55	76.1	94.5
Germany	836	107	270	35	247	39	-8.7	13.2
Myanmar	377	69	314	47	243	27	-22.4	-41.6
United States	2,645	705	168	40	210	48	25.5	18.9
Other	17,762	4,254	3,729	1,053	1,523	427	-59.2	-59.4
Total	180,028	53,013	111,631	38,438	80,080	26,527	-28.3	-31.0

Table 9: Thailand's Imports of Cotton Yarn

	2014		2015		2016		% Change	
	,000 USD	Metric Ton	,000 USD	Metric Ton	,000 USD	Metric Ton	,000 USD	Metric Ton
India	17,183	4,544	17,151	5,486	29,873	11,135	74.2	103.0
China	30,024	4,397	24,463	3,758	26,829	4,784	9.7	27.3
Vietnam	2,425	627	6,793	2,210	11,812	3,923	73.9	77.5
Japan	3,177	821	4,397	807	8,823	1,609	100.6	99.5
Pakistan	2,997	1,134	3,304	1,544	850	420	-74.3	-72.8
Korea South	183	14	551	106	596	176	8.3	65.5
Indonesia	963	164	755	149	448	141	-40.7	-6.0
Taiwan	384	41	334	45	421	140	26.0	210.5
Italy	324	16	312	13	385	14	23.4	13.3
Egypt	1,109	154	525	56	359	40	-31.7	-27.6
Malaysia	1	0	779	217	329	200	-57.8	-7.6
Other	762	76	602	55	458	78	-24.0	41.4
Total	59,532	11,988	59,965	14,445	81,181	22,660	35.4	56.9

Source: Department of Customs

Table 10: Thailand's Production of Woven Fabric

Unit: Thousand Metric Tons								
	Calendar Year							
	2008	2009	2010	2011	2012	2013	2014	2015
Production								
Cotton fabric	209.4	192.4	197.9	185.6	176.0	148.8	154.8	154.8
Synthetic fabric	227.6	277.5	285.4	254.5	272.7	281.9	317.0	317.0
Total production	437.0	469.9	483.3	440.1	448.7	430.7	471.8	471.8

Source: Thailand Textile Institute

Table 11: Thailand's Exports of Cotton Fabric

	2014		2015		2016		% Change	
	,000 USD	Metric Ton	,000 USD	Metric Ton	,000 USD	Metric Ton	,000 USD	Metric Ton
Myanmar	62,961	7,609	69,826	7,632	64,681	7,918	-7.4	3.8
Bangladesh	45,380	5,568	49,763	6,013	34,743	4,997	-30.2	-16.9
Vietnam	34,786	3,490	23,288	2,260	23,444	2,541	0.7	12.5
Japan	19,578	2,683	22,474	3,957	23,008	4,619	2.4	16.7
Cambodia	10,401	1,237	12,408	1,768	14,402	1,957	16.1	10.7
Sri Lanka	9,606	1,154	10,603	1,298	10,724	1,415	1.1	9.0
Netherlands	15,151	1,127	10,191	839	10,378	1,020	1.8	21.5
United States	12,509	1,629	12,203	1,474	9,500	1,254	-22.1	-14.9
United Arab Emirates	7,448	589	9,535	798	8,791	737	-7.8	-7.7
Pakistan	5,425	446	4,863	485	8,176	660	68.1	36.2
Laos	9,717	910	8,912	918	7,253	822	-18.6	-10.4
United Kingdom	7,487	690	5,339	560	4,169	388	-21.9	-30.7
Korea South	6,197	1,433	3,973	932	3,701	858	-6.9	-8.0
Germany	9,224	1,523	4,417	751	3,553	667	-19.6	-11.2
Indonesia	4,461	549	5,983	701	3,532	447	-41.0	-36.3
Singapore	1,556	106	6,961	455	3,465	195	-50.2	-57.2
Philippines	5,195	564	2,502	282	3,000	398	19.9	40.9
China	7,980	750	7,140	669	2,864	259	-59.9	-61.3
Other	72,452	8,346	36,499	4,010	27,739	3,058	-24.0	-23.7
Total	347,514	40,404	306,877	35,802	267,123	34,209	-13.0	-4.4

Source: Department of Customs

Table 12: Thailand's Imports of Cotton Fabric

	2014		2015		2016		% Change	
	,000 USD	Metric Ton	,000 USD	Metric Ton	,000 USD	Metric Ton	,000 USD	Metric Ton
China	124,827	22,223	102,525	19,947	109,084	21,524	6.4	7.9
India	11,462	1,766	12,642	2,244	18,929	4,456	49.7	98.5
Japan	6,554	686	5,448	603	4,725	478	-13.3	-20.7
Italy	4,522	87	4,046	79	3,474	76	-14.1	-4.0
Taiwan	2,947	153	3,121	171	3,393	186	8.7	8.3
Indonesia	5,049	529	3,653	593	2,835	555	-22.4	-6.4
Pakistan	2,426	611	6,192	1,858	2,506	656	-59.5	-64.7
Hong Kong	1,968	185	1,765	132	1,775	106	0.6	-19.8
Turkey	1,601	89	896	64	961	61	7.3	-5.9
Korea								
South	1,211	58	511	52	880	53	72.1	1.3
Myanmar	281	68	483	176	720	304	49.0	73.0
Vietnam	668	83	760	139	657	102	-13.5	-26.8
United Kingdom	874	40	539	29	508	38	-5.7	32.2
United States	289	12	676	31	494	34	-26.9	11.7
Other	4,367	256	2,331	225	2,241	195	-3.9	-13.5
Total	169,046	26,847	145,587	26,342	153,181	28,822	5.2	9.4

Source: Department of Customs