

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Greece

### Cotton and Products Annual

### Cotton and Products Annual 2014

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**Report Highlights:**

Cotton is a major agricultural crop in Greece, accounting for more than 8 percent of total agricultural output. Greece's MY 2013/14 cotton production is estimated at 298,000 MT (Metric Tons), 14.6 percent up from the previous season thanks to exceptional yields (around 322 kg per hectare) and more effective pest control. Greece is a major cotton exporter. During MY2012/13, Turkey has been the main destination for Greek cotton, accounting for approximately 37 percent of total exports.

#### Cotton Lint

**Table 1: Production, Supply, and Demand (MT)**

Cotton	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Aug 2012		Market Year Begin: Aug 2013		Market Year Begin: Aug 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Area Harvested</b>	285,000	285,000	220,000	245,000		300,000
<b>Beginning Stocks</b>	5,000	5,000	1,000	1,000		1,000
<b>Production</b>	265,000	260,000	200,000	298,000		330,000
<b>Imports</b>	1,000	4,841	3,000	2,000		1,600
<b>MY Imports from U.S.</b>	0	0	0	0		0
<b>Total Supply</b>	271,000	264,841	204,000	301,000		332,600
<b>Exports</b>	244,000	242,841	171,000	267,000		274,000
<b>Use</b>	20,000	15,000	27,000	27,000		51,600
<b>Loss</b>	6,000	6,000	6,000	6,000		6,000
<b>Total Dom. Cons.</b>	26,000	21,000	33,000	33,000		57,600
<b>Ending Stocks</b>	1,000	1,000	0	1,000		1,000
<b>Total Distribution</b>	271,000	264,841	204,000	301,000		332,600

1000 HA, 1000 MT

Source: FAS estimates based on Greek industry contacts

## Production

Cotton is a major agricultural crop in Greece, accounting for more than 8 percent of total agricultural output. More than 75,000 farmers grow cotton, producing about 80 percent of the EU-28 crop. Thessaly, Macedonia, and Mainland Greece are the major cotton-producing areas. Cotton is planted from March 1 to April 15 and the harvest occurs from October 1 to November 30. Most cotton is irrigated and machine harvested.

Greece's MY 2013/14 cotton production is estimated at 298,000 MT (Metric Tons), 14.6 percent up from the previous season thanks to exceptional yields (around 322 kg per hectare) and more effective pest control. Quality is reported to be very good. MY 2013/14 cotton acreage registered a decrease of 14 percent, in favor of corn and durum wheat—especially in Thessaly—because of cheaper production costs and the strong rebound in durum wheat farm-gate prices from 0.22-0.23 €/Kg in May/June 2013 to 0.26 €/Kg in February 2013. However, Greece's MY 2014/15 cotton area is forecast to recover by 22.4 percent—at the expense of corn—thanks to improved seed cotton farm-gate prices from 0.48-0.50 €/Kg in September 2013 to approximately 0.50-0.52 €/Kg in November 2013. Provided the yields remain high,

MY 2014/15 cotton production is forecast to easily meet or exceed the 2013/14 range of production.

There are roughly 30 ginning companies in Greece with a total of approximately 65 ginning units. About 80 percent of the companies are private and the remainder are cooperatives. The top 5 companies handle about 70 percent of ginning capacity. Greece's financial crisis has negatively affected the cotton market, creating risks and uncertainty. Without bank assistance, many ginners and cooperatives cannot store their stocks until prices improve. There is also a lot of debate about the survival of cooperatives that used to receive a large percentage of agricultural loans. Moreover, international cotton merchants have decided to narrow their focus and buy only from the top ginners/exporters based on last season's performance. Ginners generally do not contract with growers, but compete with each other to purchase the crop.

### Consumption

Domestic spinners consume approximately 10 percent of lint production and the remainder is exported. About 58 percent of cottonseed production is exported (mainly to Italy), and the remainder is crushed for oil and oilseed cake, or retained for seed.

### Trade

Greece is a major cotton exporter. Turkey was the main destination for Greek cotton during MY 2012/13 representing approximately 37 percent of total exports. Greek ginners are expanding their distribution channels rather than selling only to traditional buyers. Thus, during MY 2012/13, Greece exported increased quantities of cotton to Pakistan, Egypt, and Malaysia. Small amounts of cotton are imported for blending in the domestic spinning industry.

**Table 2: Cotton Lint Exports (MT)**

	<b>Aug-Jul 11/12</b>	<b>Aug-Jul 12/13</b>
<b>EU-28</b>	<b>21,478</b>	<b>24,358</b>
Italy	9,691	9,276
Germany	4,518	6,388
Bulgaria	2,504	4,108
United Kingdom	21	1,081
<b>Extra EU-28</b>	<b>227,689</b>	<b>221,717</b>
Turkey	87,551	91,891
Pakistan	6,636	26,668
China	63,482	24,737
Indonesia	35,553	23,045
Egypt	10,944	16,346
<b>World</b>	<b>249,167</b>	<b>246,075</b>

Source: GTA (Global Trade Atlas)

**Table 3: Cotton Lint Imports (MT)**

	<b>Aug-Jul 11/12</b>	<b>Aug-Jul 12/13</b>
<b>EU-28</b>	<b>1,035</b>	<b>1,511</b>
Spain	11	557
Bulgaria	543	530
Germany	193	124
<b>Extra EU-28</b>	<b>4,374</b>	<b>3,330</b>
Turkey	3,192	2,595
India	159	374
Togo	0	200
Pakistan	261	98
Paraguay	0	42
<b>World</b>	<b>5,409</b>	<b>4,841</b>

Source: GTA

## Policy

The future of the cotton sector in Greece is strictly related to the subsidy scheme and how the CAP reform is implemented. Cotton policy is detailed in EU Regulation No. 1307/2013 of December 17, 2013, establishing rules for direct payments to farmers under support schemes within the framework of the common agricultural policy and repealing Council Regulation (EC) No 637/2008 and Council Regulation (EC) No 73/2009. Because of the risk of production disruptions in the cotton producing regions, the payment has two components: 65 percent of the aid is "decoupled" and 35 percent is "coupled." "Decoupling" means that priority is given to supporting the income of producers, rather than the product they produce. Producers receive the aid in return for respecting strict standards of environmental protection, animal welfare, and food safety ('cross compliance'), and are free to produce whatever they wish. In "coupling," the aid is linked to cotton production and granted per hectare of eligible area of cotton. In order to be eligible, the area must be located on agricultural land authorized by the Member State for cotton production, sown under authorized varieties, and actually harvested under normal growing conditions. The aid is paid for cotton of fair and marketable quality. Greece's base area is established at 250,000 Ha. The amount of the aid per eligible hectare in Greece is established by multiplying fixed yields (3,2 tons/ha) with a reference amount of €234,18. If the eligible area exceeds the maximum base area, the aid per hectare is reduced proportionally by the excess area over the base area. For 2013/14, the amount of Greece's direct subsidies allocated by the Greek Payment Authority for CAP Aid Schemes (OPEKEPE) to 45,151 beneficiaries is estimated at €190 million, or approximately €805,6 per hectare (compared to €720 per hectare last year).

## Textile products

According to the Hellenic Fashion Industry Association (SEPEE), the Greek textile industry is facing tough times as the sector’s production declined 21 percent in 2013 and domestic orders also slumped 17.6 percent. Meanwhile, exports were flat. The Greek textile industry’s problems are being compounded by an absence of liquidity in the market, with banks pulling the plug on all sources of funding, forcing a number of businesses to seriously consider closing down entirely. The Greek textile industry is also complaining about current interest rates for loans, which can exceed 10 percent. A number of Greek businesses are exploring alternative avenues of funding by approaching potential investors as far afield as the United States and China. According to the President of the Association of Hellenic Textile Industries (SEVK), Mr. Eleftherios Kourtalis, the Greek textile industry also is suffering from high-energy costs. The cost of electricity for domestic textile industries is double the European average, thus affecting the international competitiveness and sustainability of the energy-intensive Greek textile sector. Things are not better in retail. According to the latest data from the National Confederation of Hellenic Commerce, almost one-third of businesses in Athens have closed since last year.

**Table 4: Cotton Yarn Imports (MT)**

	<b>Aug-Jul 11/12</b>	<b>Aug-Jul 12/13</b>
<b>EU-28</b>	<b>1,116</b>	<b>1,266</b>
Bulgaria	203	799
Italy	331	246
Germany	133	71
Austria	17	68
<b>Extra EU-28</b>	<b>4,387</b>	<b>4,132</b>
Turkey	3,468	3,376
India	667	503
Egypt	166	194
Pakistan	45	44
<b>World</b>	<b>5,503</b>	<b>5,398</b>

Source: GTA

**Table 5: Cotton Yarn Exports (MT)**

	<b>Aug-Jul 11/12</b>	<b>Aug-Jul 12/13</b>
<b>EU-28</b>	<b>8,840</b>	<b>10,306</b>
Germany	2,366	2,957

Spain	1,446	1,796
Italy	926	1,134
Portugal	671	882
<b>Extra EU-28</b>	<b>548</b>	<b>501</b>
Switzerland	297	315
Bosnia & Herzegovina	0	50
Macedonia	65	44
Morocco	0	31
<b>World</b>	<b>9,388</b>	<b>10,807</b>

Source: GTA

**Table 6: Cotton Fabric Imports (MT)**

	<b>Aug-Jul 11/12</b>	<b>Aug-Jul 12/13</b>
<b>EU-28</b>	<b>1,266</b>	<b>2,121</b>
Bulgaria	112	809
Italy	601	712
Spain	189	193
Germany	126	144
<b>Extra EU-28</b>	<b>3,036</b>	<b>2,850</b>
Pakistan	1,127	997
Turkey	968	833
China	739	737
Israel	81	151
<b>World</b>	<b>4,302</b>	<b>4,971</b>

Source: GTA

**Table 7: Cotton Fabric Exports (MT)**

	<b>Aug-Jul 11/12</b>	<b>Aug-Jul 12/13</b>
<b>EU-28</b>	<b>2,404</b>	<b>2,652</b>
Bulgaria	1,208	1,306

The Netherlands	3	429
Germany	198	281
Italy	463	267
<b>Extra EU-28</b>	<b>2,416</b>	<b>2,000</b>
Turkey	1,044	959
Morocco	284	241
Serbia	206	198
Egypt	26	141
<b>World</b>	<b>4,820</b>	<b>4,652</b>

Source: GTA

### **Abbreviations and Definitions Used in this Report**

The PSD tables are prepared based on an August 1 to July 31 marketing year.

HS codes considered for Lint Cotton trade data: 5201, 5202, 5203.

HS codes considered for Yarn Cotton trade data: 5204, 5205, 5206, 5207.

HS codes considered for Fabric Cotton trade data: 5208, 5209, 5210, 5211, 5212

EU European Union

Ha hectare; 1 ha = 2.471 acres

MT Metric ton = 1,000 kg