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GAIN Report

Global Agricultural Information Network

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Turkey

Cotton and Products Update

November 2014 Cotton and Products Update

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Report Highlights:

The marketing year MY 2014 Turkish cotton crop is now projected at 430,000 hectares and 700,000 metric tons (MT) (3.2 million bales). While the production is higher, excessive rains during the picking season affected quality adversely in some parts of the GAP region where the majority of local cotton is grown. Domestic cotton consumption increased to 1.38 million metric tons (MMT) (6.33 million bales) in MY 2013 due to an increase in demand from textile and garment exports. Total cotton imports during MY 2013 reached 924,000 MT, (4.2 million bales), an increase of about 15 percent compared to last year, of which 443,000 MT (2 million bales) were US cotton. The government of Turkey (GOT) initiated an antidumping investigation on US cotton exports to Turkey, causing a great disturbance in the Turkish textile industry since Turkey produce less than half of its needs, and about half of the total imports are sourced from the United States.

Post:
Ankara

Commodities:
Cotton

Author Defined:

Production

Post now estimates MY 2014/5 cotton planting area and production at 430,000 hectares and 700,000 MT (3.2 million bales). The increase is due to a greater area planted and high yields in all regions. Despite the increase in yields, continuing rains during the cotton picking season delayed the harvest and adversely affected the quality in some parts of the GAP region. Also, about 1,000 MT of cotton was lost due to rain storms in Antalya region.

Continuing low world cotton prices due to China's policies has caused an outcry among the local producers and farmers have been asking the government to increase the cotton production bonus to 0.70 Turkish Lira (TL) per kilogram for seed cotton from 0.55 TL earlier this year (as of November 11, 2014, US\$ 1 = 2.24 TL). Farmer leaders had expressed that if the production bonus is not increased planting of cotton will definitely decrease in coming season. Prior to planting in MY 2014 the GOT had increased the seed cotton production bonus about ten percent to 0.55 TL per kilogram, which had a positive effect on planting. The GOT also trying to introduce new facilities to cotton farmers to increase their income. Accordingly, it has announced 7 TL/kg monthly support payments to farmers who utilize bonded warehouses for future sales. Presently, there is only one such storage facility in Izmir, Turkey which has a capacity of 15,000 MT. The Sanliurfa Commodity Exchange at the GAP region is building 20,000 MT capacity bonded warehouse. Turkish farmers had not been using these facilities since it requires being within the registered economy.

Turkey became part of the Better Cotton Initiative (BCI) last year and expected to produce about 25,000 MT of BCI cotton in MY 2014, mostly in the Aegean region. BCI cotton production is expected to increase in the coming years as higher profitability has generated interest in other regions as well.

Consumption

MY 2013 domestic cotton consumption was about 1.38 MMT (6.33 million bales). MY 2014 consumption is projected to be the same due to possible losses in the export market due to the uncertainties created by the recent antidumping investigation which may cause price increases for Turkish textile exports.

Turkish exports of textiles and garments have increased 7.5 percent and 10.4 percent respectively during the last twelve months and total exports reached US\$ 27.7 billion.

Policy

On October 18, 2014, the GOT initiated an antidumping investigation on US cotton exports to Turkey. The investigation has caused confusion in the market and US cotton orders have slowed down as importers are worried about a possible temporary import duty while the investigation is continuing. The local textile industry met the investigation with anger, pointing out that domestic production can only meet less than half of the sector's needs, and that the US supplies about half of required the imports. The Turkish textile industry is preparing to fight against the possible anti-dumping duty, claiming that such a move will make Turkish textile exports more expensive and may cause Turkish products to lose market share in international markets. The textile industry is one of the crucial industries in Turkey, providing about fifteen percent of total exports and about 2.5 million jobs.

Trade

Total cotton imports for MY 2013 were 924,000 MT (4.2 Million bales), up about fifteen percent compared to MY 2012. The US provided about half of imported cotton at 444,000 MT (2.03 million Bales). Turkmenistan (165,000 MT), Greece (145,000 MT), and India (52,000 MT) were the other leading suppliers during the same period. Despite the conflict along Turkey's southern border, about 43,000 MT of Syrian cotton also found its way to the Turkish market.

Turkey also imported about 93,000 MT of cotton during the first two months of MY 2014, of which 50,000 MT were US cotton.

In MY 2013 Turkish total cotton exports (including hydrofoil cotton for medical use) reached 44,300 MT, of which 10,400 MT were lint cotton for textile use and the rest 34,000 MT were hydrofoil cotton for medical use. About 3,300 MT of Turkish lint cotton exports were to the Mersin Free Trade Zone that can be re-imported later. China was the leading destination for Turkish cotton with 2,700 MT, followed by Taiwan at about 1,000 MT.



Turkey Cotton Import Trade Matrix				
Units	Metric Tons		Bales	
Marketing Year (MY)	MY 2012	MY 2013	MY 2012	MY 2013
	Aug/July	Aug/July	Aug/July	Aug/July
U.S.	456,663	443,855	2,096,083	2,037,294
Turkmenistan	104,442	165,065	479,389	757,648
Greece	9,4480	144,974	433,663	665,430
Brazil	56,055	17,903	257,293	82,175
Tajikistan	30,668	18,162	140,766	83,363
Syria	21,451	42,993	98,460	197,338
India	7,478	52,220	34,324	239,690
Uzbekistan	5,608	11,885	25,741	54,552
Burkina Faso	0	8,731	0	40,075
Kyrgyzstan	0	3,655	0	16,776
Azerbaijan	4,935	0	22,652	0
Argentina	4,785	0	21,953	0
FTZ Mersin	0	2980	0	13,678
Egypt	3,972	0	18,231	0
Total of Others	333,874	468,568	1,532,472	2,150,725
Others not listed	13,223	11,950	60,701	54,850
Grand Total	803,760	924,373	3,689,258	4,242,872

PSD Turkey Cotton Bales

Cotton Turkey	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
Area Planted	0	0	0	0	0	0
Area Harvested	410	410	330	0	430	430
Beginning Stocks	1,241	888	1,315	821	1,357	825
Production	2,650	2,662	2,300	2,295	3,150	3,213
Imports	3,692	3,689	4,246	4,243	3,800	3,442
MY Imports from U.S.	0	2,096	0	2,037	0	1,606
Total Supply	7,583	7,239	7,861	7,359	8,307	7,480
Exports	218	218	204	204	200	230
Use	6,050	6,200	6,300	6,330	6,500	6,330
Loss	0	0	0	0	0	0
Total Dom. Cons.	6,050	6,200	6,300	6,330	6,500	6,330
Ending Stocks	1,315	821	1,357	825	1,607	920
Total Distribution	7,583	7,239	7,861	7,359	8,307	7,480
Stock to Use %	21	13	21	13	24	14
Yield	1,407	1,414	1,517	0	1,595.	1,627

Turkey Cotton (HECTARES)(MT)						
	2012	Revised	2013	Estimate	2014	Forecast
	Post Estimate [Old]	Post Estimate [New]	Post Estimate [Old]	Post Estimate [New]	Post Estimate [Old]	Post Estimate [New]
Market Year Begin		Aug-12		13-Aug		14-Aug
Area Planted	410,000	410,000	330,000	330,000	430,000	430,000
Area Harvested	410,000	410,000	330,000	330,000	430,000	430,000
Beginning Stocks	193,618	193,618	180,014	180,014	180,014	180,055
Production	580,000	580,000	500,000	500,000	680,000	700,000
Imports	803,760	803,760	920,000	924,373	770,000	750,000
MY Imp. from U.S.	456,663	456,663	450,000	443,855	400,000	350,000
TOTAL SUPPLY	1,577,378	1,577,378	1,600,014	1,604,387	1,630,014	1,639,055
Exports	47,364	47,364	45,000	44,332	50,000	50,000
USE Dom. Consumption	1,350,000	1,350,000	1,375,000	1,380,000	1,375,000	1,380,000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	1,340,000	1,340,000	1,375,000	1,380,000	1,375,000	1,380,000
Ending Stocks	180,014	180,014	180,014	180,055	205,014	200,055
TOTAL DISTRIBUTION	1,577,378	1,577,378	1,600,014	1,600,014	1,630,014	1,639,055