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## Turkey

### **Cotton Update: Domestic Production Is Steady As Trade Slowly Improves**

#### **Cotton and Products Update**

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**Report Highlights:**

The Turkish cotton crop for MY 2019/20 is now estimated at 570,000 hectares and 900,000 MT (4.1 million bales). While planting was higher than early season estimates, production projections remained the same due to pest damage taking major toll in all regions. Domestic cotton consumption for MY 2018/19 has recovered to about 1.47 million metric tons - MMT (6.7 million bales) as result of the increasing exports of textiles. Cotton imports for MY 2018/19 also went up to 670,000 MT (3.07 million bales), during the first eleven months of the marketing year, due to lower local supplies and increase in domestic consumption. The U.S.

continues to be the major cotton supplier for Turkey.

### **Production**

MY 2019/20 cotton planting area and production is now estimated at about 570,000 hectares and 900,000 MT. While planting was up about 30,000 hectares compared to early season estimates, production is expected to remain about the same due to pest attacks. Excessive rains and cool weather during spring months delayed planting and forced some farmers to replant. Large increases in raw material and chemical prices such as seeds, fuel, fertilizer, and pesticides that forced farmers to reduce usage or use lower quality products affected yields adversely.

The Turkish government supports seed cotton production with a bonus program and usually announces the amount after planting in a given year. This year, however, the bonus for MY 2019/20 seed cotton has not been announced. In view of high local inflation, which is about 20 percent, and a large increase in raw material prices, producers associations are demanding an almost fifty percent increase to 1.20 TL per kilogram from last year's 0.80 kilogram. (As of Aug. 26 2019, 1 US\$ = 5.80 TL)

Better Cotton Indefinite production is continuing to increase year by year and Turkey is expected to produce about 90,000 MT of BCI cotton in MY 2019/20.

### **Consumption**

Domestic consumption for MY 2018/19 has recovered somewhat during the second half of the year and is now estimated at 1.47 MMT (6.7 Million bales), up about 75,000 MT due to an increase in textile exports. Turkish mills are benefiting from the currency depreciation that helps them export to foreign markets, particularly to the European Union.

Following a major depreciation during the summer of 2018 when the Turkish Lira lost approximately forty percent of its value, but in later months recovered partially, the lira has been relatively stable since the beginning of 2019. Also, domestic interest rates have been declining which helps the domestic textile industry. MY 2019/20 domestic consumption is now projected to increase further to 1.52 MMT (7 million bales).

### **Trade**

Total cotton imports for the first eleven months of MY 2018/19 were 662,000 MT (3 million bales). The United States provided about 45 percent of the imports, 298,000 MT, despite the three percent anti-dumping tax on U.S. cotton. Greece (97,000 MT), Brazil (85,000 MT) and Azerbaijan (66,000 MT) were the other leading suppliers during the same period. Marketing year end imports are expected to be about 750,000 MT (3.3 million bales), down about 14 percent compared to MY 2017/18 due to decrease in domestic consumption.

Turkish cotton exports reached 56,000 MT during the first eleven months of MY 2018/19 the highest in recent years due to attractive local prices as result of currency depreciation.

Bangladesh (16,000 MT), Indonesia (12,000 MT), and Pakistan (7,500 MT) were the leading foreign destinations for Turkish cotton. About 10,000 MT of cotton was exported to local free trade zones by international cotton trading firms with the possibility of some amounts being re-imported later. Additionally, Turkey exported about 44,000 MT of hydrophilic cotton for medical use during the same period, which added to exports in the production, supply and distribution estimate (PSD). Total Turkish cotton exports are projected to reach 105,000 MT at the end of MY 2018/19.

Turkish cotton yarn imports were down about 11 percent to 84,000 MT during first half of CY 2019. Cotton yarn exports were also down about 6 percent to 72,000 MT during the same period. While central Asian and south Asian countries were the main sources for yarn imports, European Union member countries were the main destination for Turkish yarn exports.

Turkish cotton fabric imports and exports during the first half of CY 2019 were 134,000 mm<sup>2</sup> and 208,000 mm<sup>2</sup>, respectively. While cotton fabric imports were down about 22 percent, exports were down only 8 percent. Asian countries were the main sources for imports and European countries continue to be the main destination for Turkish cotton fabric exports.

**Policy**

U.S. cotton imports to Turkey are subject to a three percent anti-dumping duty. Yet, Turkish importers of U.S. cotton are able to benefit from the inward processing regime under which importers are not required to pay the three percent import tax if they are ultimately exporting the materials produced from imported cotton. Cotton imports from other origins are subject to zero import tax. Additionally, Turkey recently renewed import taxes for cotton yarn, ranging from 5 to 8 percent, from mostly Asian sources and the U.S. The inward processing regime exemption also applies for imported yarn.

**PSD, Turkey, Bales (1000 Hectares/1000 bales)**

Cotton	2017/2018		2018/2019		2019/2020	
Market Begin Year	Aug 2017		Aug 2018		Aug 2019	
Turkey	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post

Area Planted	0	0	0	0	0	0
Area Harvested	470	480	520	520	540	570
Beginning Stocks	1528	1194	1777	1482	1677	1438
Production	4000	4040	3700	3765	4100	4131
Imports	4024	4020	3400	3443	3000	3305
MY Imports from U.S.	0	0	0	0	0	0
Total Supply	9552	9254	8877	8690	8777	8874
Exports	325	322	500	482	375	372
Use	7450	7450	6700	6770	6700	7000
Loss	0	0	0	0	0	0
Total Dom. Cons.	7450	7450	6700	6770	6700	7000
Ending Stocks	1777	1482	1677	1438	1702	1502
Total Distribution	9552	9254	8877	8690	8777	8874

PSD, Turkey, Metric Tons (1000 HECTARES, 1000 MT)

Turkey						
Cotton (HECTARES)(MT)						
	2017	Revised	2018	Estimate	2019	Forecast
	USDA Official	Post Estimate New	USDA Official	Post Estimate New	USDA Official	Post Estimate New
Market Year Begin		17-Aug		18-Aug		19-Aug
Area Planted	470000	480000	520000	530000	540000	570000
Area Harvested	470000	480000	520000	525000	540000	570000
Beginning Stocks	333,00 0	260002	387000	320490	364000	310490
Production	871000	880000	806000	820000	893000	900000
Imports	877000	876211	740000	750000	654000	720000
MY Imp. from U.S.	0	0	0	0	0	0
TOTAL SUPPLY	208100 0	2006213	193300 0	1890490	191100 0	1931490
Exports	71000	70723	109000	105000	82000	81000
USE Dom. Consumption	163000 0	1625000	146000 0	1475000	146000 0	1525000
Loss Dom. Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	163000 0	1625000	146000 0	1475000	146000 0	1525000
Ending Stocks	387000	320490	364000	310490	369000	325490
TOTAL DISTRIBUTION	208100 0	2006213	193300 0	1890490	191100 0	1931490

Cotton Import Trade Matrix, Metric Tons

<b>TURKEY COTTON</b>
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Import Trade Matrix					
Units:	Metric Tons				
Time Period	Aug/July		Aug/July		Aug/June
Imports for:	MY 2016/17		MY 2017/18		MY 2018/19
U.S.	380,820	U.S.	388,076	U.S.	298,090
<b>Others</b>		<b>Others</b>		<b>Others</b>	
Brazil	84,830	Brazil	104,815	Greece	96,623
Turkmenistan	77,538	Greece	103,525	Brazil	84,882
Greece	74,685	Turkmenistan	49,998	Azerbaijan	65,473
Syria	25,691	Australia	49,637	Australia	20,211
Burkina Faso	24,721	Azerbaijan	26,638	Turkmenistan	13,811
Sudan	17,322	Syria	19,831	Mexico	11,875
Azerbaijan	17,106	Tajikistan	19,069	Tajikistan	9,702
Tajikistan	14,772	Mali	18,814	Kirgizstan	7,794
Australia	14,189	Sudan	16,091	Argentina	7,628
Argentina	9,986	Benin	15,806	Spain	5,217
Total of others	360,840	Total of others	424,224	Total of others	323,216
Others not listed	59,347	Others not listed	63,911	Others not listed	40,197
GRAND TOTAL	801,007	GRAND TOTAL	876,211	GRAND TOTAL	661,503

**Cotton Import Trade Matrix, Bales**

TURKEY COTTON					
Import Trade Matrix					
Units: Bales					
Time Period	Aug/July		Aug/July		Aug/June
Imports for:	MY2016/17		MY 2017/18		MY 2018/19
U.S.	1,747,963	U.S.	1,781,269	U.S.	1,368,233
<b>Others</b>					
Brazil	389,370	Brazil	481,101	Greece	443,500
Turkmenistan	355,900	Greece	475,180	Brazil	389,608
Greece	342,804	Turkmenistan	229,491	Azerbaijan	300,521
Syria	117,920	Australia	227,834	Australia	92,768
Burkina Faso	113,470	Azerbaijan	122,268	Turkmenistan	63,392
Sudan	70,508	Syria	91,024	Mexico	54,506
Azerbaijan	78,516	Tajikistan	86,955	Tajikistan	44,532
Tajikistan	67,803	Mali	86,356	Kirgizstan	35,774
Australia	65,127	Sudan	73,858	Argentina	35,013
Argentina	45,835	Benin	72,550	Spain	23,946
Total of others	1,656,255	Total of others	1,946,617	Total of others	1,483,560
Others not listed	272,402	Others not listed	293,922	Others not listed	184,504
GRAND TOTAL	3,676,622	GRAND TOTAL	4,021,808	GRAND TOTAL	3,036,298

TURKEY COTTON YARN			
Import Trade Matrix		Units:	MT

<b>Time Period</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-June</b>
<b>Imports for:</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>
U.S.	114	50	0
Others			
Turkmenistan	51,448	49,991	25,051
Uzbekistan	39,847	41,815	27,968
India	23,565	16,834	6,395
Pakistan	22,918	13,698	7,532
Vietnam	18,972	10,444	5,367
Tajikistan	10,455	7,237	3,136
Kayseri FTZ	6,407	3,821	446
Azerbaijan	2,432	3,729	3,729
Egypt	3,543	3,243	2,315
China	3,397	1,962	1,129
Total of others	182,984	152,774	83,068
Others not listed	5,501	3,667	542
<b>GRAND TOTAL</b>	<b>188,682</b>	<b>156,491</b>	<b>83,610</b>
<b>TURKEY</b>		<b>COTTON YARN</b>	
<b>Export Trade Matrix</b>		<b>Units:</b>	<b>MT</b>
<b>Time Period</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-June</b>
<b>Export for:</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>
U.S.	488	587	0
Others			
Italy	27,847	27,627	14,152
Portugal	24,019	30,356	15,329
Germany	9,722	8,415	3,792
Spain	8,006	9,654	4,556
Poland	7,695	7,834	2,784
Egypt	7,523	7,923	4,993
Bulgaria	4,303	4,228	2,140
Greece	3,774	3,913	2,163
Kayseri FTZ	3,646	4,840	1,720
Pakistan	3,544	15,491	4,093
Total of others	100,079	120,281	55,722
Others not listed	26,776	35,830	18,917
<b>GRAND TOTAL</b>	<b>127,343</b>	<b>156,698</b>	<b>74,639</b>

<b>TURKEY</b>		<b>COTTON FABRIC</b>	
<b>Import Trade Matrix</b>		<b>Units:</b>	<b>1000 M2</b>
<b>Time Period</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-June</b>
<b>Export for:</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>

U.S.	0	0	0
Others			
China	94,612	67,271	24,957
Turkmenistan	89,032	22,951	11,111
Pakistan	76,748	92,093	41,700
Egypt	42,985	32,469	13,386
Italy	13,767	10,773	3,962
India	11,930	7,269	4,200
Spain	4,874	4,319	1,740
Bahrain	4,043	3,905	1,715
Ethiopia	3,257	4,486	1,443
Tunisia	1,697	2,251	841
Total of others	342,945	247,787	105,055
Others not listed	44,691	51,020	29,320
GRAND TOTAL	387,636	298,807	134,375
<b>TURKEY</b>		<b>COTTON FABRIC</b>	
<b>Export Trade Matrix</b>		<b>Units:</b>	<b>1000 M2</b>
<b>Time Period</b>	<b>Jan-Dec</b>	<b>Jan-Dec</b>	<b>Jan-June</b>
<b>Export for:</b>	<b>CY 2017</b>	<b>CY 2018</b>	<b>CY 2019</b>
U.S.	4,653	4,229	1,735
Others			
Italy	69,591	72,397	38,457
Romania	29,298	21,451	10,533
Germany	27,725	22,770	10,144
Spain	24,553	29,906	13,657
Morocco	21,926	17,459	9,070
Tunisia	18,557	19,158	9,473
Egypt	14,040	34,059	6,048
France	13,505	15,421	7,887
Belgium	12,839	15,511	15,932
Bulgaria	4,419	19,066	6,529
Total of others	236,453	267,198	127,730
Others not listed	168,315	160,059	78,433
GRAND TOTAL	409,143	431,486	207,898

<b>Turkey</b>	
<b>Aegean cotton price per lb.</b>	<b>color 41 per lb.</b>
MY 2018/19	U.S. cents

2018 August	74.63
2018 September	* N/A
2018 October	71.24
2018 November	77.51
2018 December	72.72
2019 January	81.63
2019 February	83.38
2019 March	90.01
2019 April	88.01
2019 May	85.01
2019 June	84.01

- Not announced