



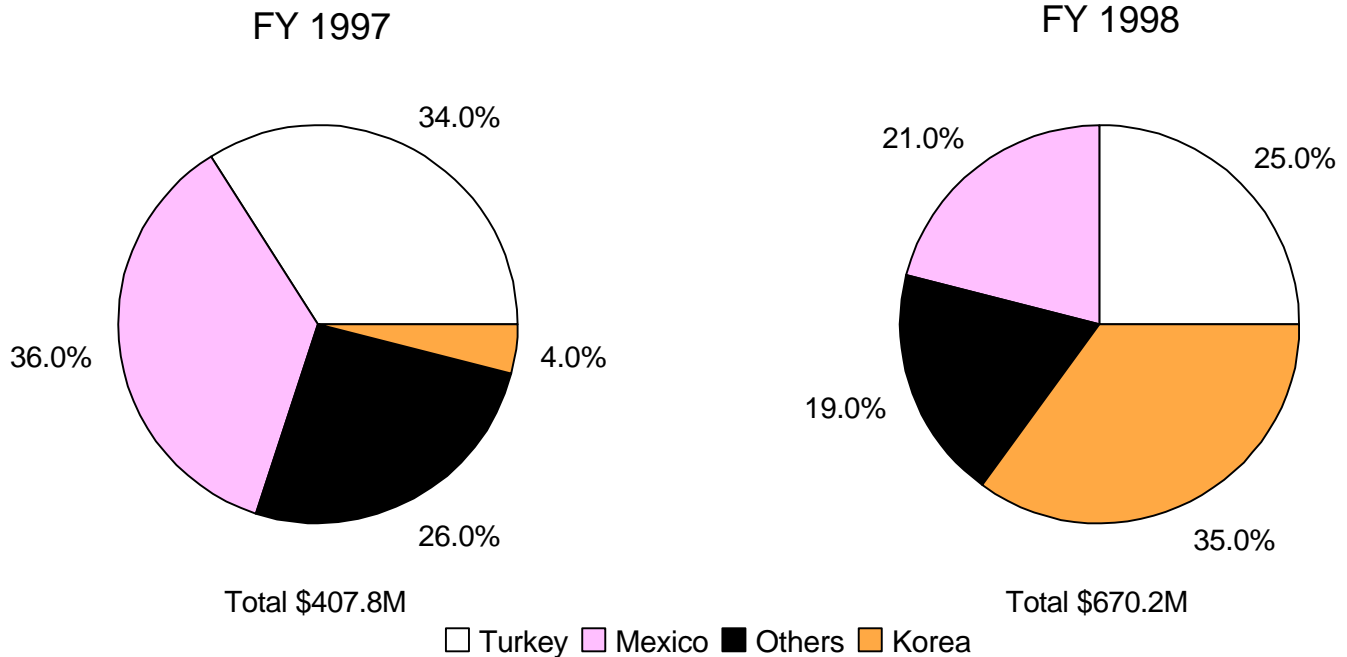
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Cotton: World Markets and Trade

GSM-102 Cotton Registrations Increase 60 Percent in FY 1998; Korea Takes the Lion's Share



FY 1998 GSM-102 usage reached a record \$670.2 million, as Korea took the lead with \$237.3 million. Korea's FY 1998 cotton usage was \$223.2 million above FY 1997. Korea's ability to purchase over 645 thousand bales under the GSM-102 program accounted for approximately 100 percent of their total U.S. cotton imports. When the economic crisis in Korea forced banks to require 100 percent collateral on loans issued, GSM-102 was the only means of financing cotton imports and heavily influenced the shift toward U.S. cotton.

Turkey's FY 1998 GSM-102 cotton purchases also increased from FY 1997, from 367,463 bales to 485,406 bales. Turkey's cotton imports have expanded due to its export-oriented textile industry. And as long as Turkey's cotton production is not sufficient enough to meet the rising demand of the growing textile industry, cotton imports will continue to increase. Turkey has historically been a consistent user of GSM-102; however, in FY 1997 Turkey significantly increased cotton purchases under the GSM-102, program from only \$2.8 million in FY 1996 to \$138.7 million. To date, the FY99 GSM-102 allocation stands at \$350 million, which is \$100 million above the October FY98 allocation.

(Prepared by Celeste Tanner)